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Congressional Record

SEVENTY-THIRD CONGRESS, FIRST SESSION

SENATE

THURSDAY, JUNE 8, 1933

(Legislative day of Tuesday, June 6, 1933)

The Senate met at 10 o'clock a.m., on the expiration of the recess.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the second amendment of the committee.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Coolidge	Harrison	McKellar
Bachman	Davis	Kendrick	Robinson, Ark.
Bankhead	Erickson	Keyes	Steiwer
Bratton	Fletcher	Logan	Thompson
Brown	George	Lonergan	Townsend
Clark	Hale	Long	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate by reason of his attendance as a delegate representing our Government at the London Economic Conference.

Mr. KENDRICK. I desire to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from Indiana [Mr. VAN NUYS], the Senator from Oklahoma [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], and the Senator from Virginia [Mr. BYRD].

I desire also to announce that the following Senators are detained from the Senate on departmental matters:

The Senator from Arizona [Mr. ASHURST], the Senator from North Carolina [Mr. BAILEY], the junior Senator from Washington [Mr. BONE], the Senator from South Dakota [Mr. BULOW], the junior Senator from Illinois [Mr. DIETERICH], the senior Senator from Washington [Mr. DILL], the Senator from Wisconsin [Mr. DUFFY], the senior Senator from Illinois [Mr. LEWIS], the Senator from Iowa [Mr. MURPHY], and the Senator from Montana [Mr. WHEELER].

I wish further to announce that the following Senators are detained in committee meetings:

The junior Senator from Colorado [Mr. ADAMS], the Senator from Alabama [Mr. BLACK], the junior Senator from South Carolina [Mr. BYRNES], the senior Senator from Colorado [Mr. COSTIGAN], the Senator from Utah [Mr. KING], the Senator from California [Mr. MCADOO], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. GORE], the Senator from Kentucky [Mr. BARKLEY], the Senator from Arkansas [Mrs. CARAWAY], the Senator from North Carolina [Mr. REYNOLDS], the senior Senator from South Carolina [Mr. SMITH], and the Senator from Massachusetts [Mr. WALSH].

The VICE PRESIDENT. Twenty-three Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. MCCARRAN, Mr. MCGILL, and Mr. STEPHENS answered to their names when called.

Mr. CAPPER, Mr. FRAZIER, and Mr. POPE entered the Chamber and answered to their names.

The VICE PRESIDENT. Twenty-nine Senators have answered to their names. There is not a quorum present.

Mr. ROBINSON of Arkansas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will carry out the direction of the Senate.

Mr. BORAH, Mr. BULKLEY, Mr. CONNALLY, Mr. COPELAND, Mr. DICKINSON, Mr. FESS, Mr. HASTINGS, Mr. HATFIELD, Mr. HAYDEN, Mr. KEAN, Mr. MCNARY, Mr. NEELY, Mr. OVERTON, Mr. PATTERSON, Mr. RUSSELL, Mr. SHEPPARD, Mr. THOMAS of Utah, Mr. TRAMMELL, Mr. WAGNER, and Mr. WHITE entered the Chamber and answered to their names.

Mr. MCNARY. I wish to announce that the Senator from Michigan [Mr. COUZENS] is absent en route to the London Economic Conference.

I also wish to announce that the Senator from South Dakota [Mr. NORBECK] is unavoidably detained from the Senate.

Mr. FESS. I desire to announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Wyoming [Mr. CAREY], the Senator from Rhode Island [Mr. METCALF], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Rhode Island [Mr. HEBERT], the Senator from Pennsylvania [Mr. REED], the Senator from Indiana [Mr. ROBINSON], the Senator from Connecticut [Mr. WALCOTT], and the Senator from Minnesota [Mr. SHIPSTEAD] are detained from the Senate in attendance on committee meetings.

The VICE PRESIDENT. Forty-nine Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Pennsylvania Commandery of the Military Order of the Loyal Legion of the United States, Philadelphia, Pa., favoring the building up and maintenance of the Navy to the full London Treaty specifications, and also favoring the adequate maintenance of both the Army and the Navy, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Council of the City of Oakland, Calif., favoring the adoption of the manufacturers' sales tax in lieu of increased income taxes in pending tax legislation, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Pride of Washington Council, No. 6, Sons and Daughters of Liberty, of Washington, D.C., favoring the passage of the so-called "Dies bill", fixing a quota pertaining to the admission of alien immigrants to the United States, which was referred to the Committee on Immigration.

He also laid before the Senate a letter in the nature of a petition from Mrs. J. Louis Smith, of Covington, La., praying for a continuation of the senatorial investigation of the Louisiana senatorial election of 1932, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate a petition of sundry citizens of Covington, La., praying for a senatorial investigation relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter in the nature of a memorial from G. W. Toler, of New Orleans, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him and remonstrating against a senatorial investigation of his alleged acts and conduct, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter from C. R. Israel, of New Orleans, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, and condemning attacks made upon him, which was referred to the Committee on the Judiciary.

He also laid before the Senate a memorial of sundry citizens of Bayou Chene, St. Martin Parish, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation relative to his alleged acts and conduct, which was referred to the Committee on the Judiciary.

Mr. BARBOUR presented a resolution adopted by the New Jersey Branches of the Catholic Central Verein of America and the Catholic Women's Union of America at Newark, N.Y., favoring the passage of legislation regulating the use of machinery, hours of labor, minimum wages paid labor, both male and female, the amount of profit to be made upon the manufacture, sale, and distribution of the products of industry, etc., which was referred to the Committee on Education and Labor.

Mr. TYDINGS presented a memorial of sundry citizens of Baltimore, Md., remonstrating against increase of income taxes on the smaller taxpayer in the lower brackets as a means of raising revenue in connection with the so-called "industrial control and public works bill", which was referred to the Committee on Finance.

Mr. SHIPSTEAD presented a resolution adopted by Halvorson-Bowers Post, No. 187, Veterans of Foreign Wars, of Minneapolis, Minn., favoring modification of the reductions made in war veterans' benefits under the so-called "Economy Act", which was referred to the Committee on Finance.

He also presented resolutions adopted by members of Freemond Madison Post, No. 447, Veterans of Foreign Wars, of Albert Lea, Minn., favoring postponement of the construction of new post-office buildings in cities of less than 100,000 population and the transfer of the duties of postmaster to the assistant postmaster in such cities as measures of economy, which were referred to the Committee on Post Offices and Post Roads.

Mr. DILL presented petitions transmitted by the Chicago Teachers' Federation, numerously signed by sundry citizens of Chicago and vicinity, in the State of Illinois, praying for the prompt passage of legislation extending the powers of the Postal Savings System by removing the $2,500 limitation on deposits and making it possible to deposit checks and also to withdraw money by check by a procedure similar to that in use in the ordinary bank, which were referred to the Committee on Post Offices and Post Roads.

WOMEN'S BUREAU OF THE METROPOLITAN POLICE DEPARTMENT

Mr. COPELAND presented a letter from John L. Haynes, secretary of the Kalorama Citizens Association of the District of Columbia, embodying a resolution adopted by that association, which was referred to the Committee on the District of Columbia and ordered to be printed in the RECORD, as follows:

KALORAMA CITIZENS ASSOCIATION,
DISTRICT OF COLUMBIA,
June 5, 1933.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D.C.

MY DEAR MR. COPELAND: I have been directed by the Kalorama Citizens Association to transmit to you the following resolution:

"Whereas the Women's Bureau of the Washington (D.C.) Police Department is not established by an organic act; and

"Whereas the Kalorama Citizens Association is acquainted with the good work of that bureau and desires its continuance; and

"Whereas the Kalorama Citizens Association understands that there is proposed legislation including clauses providing for:

"1. The continuation of the Women's Bureau of the District of Columbia Police Department (by law).

"2. The maintenance of the present Civil Service standards in the Women's Bureau.

"3. An increase in the personnel of the Women's Bureau.

"Be it therefore

"*Resolved*, That the Kalorama Citizens Association advocate the passage of the measures cited above."

Very truly yours,

JOHN L. HAYNES, *Secretary.*

REPORT OF THE COMMITTEE ON RULES

Mr. COPELAND, from the Committee on Rules, to which was referred the resolution (S.Res. 96) to increase the membership on the Special Committee for the Conservation of Wild Life Resources from 5 to 7 members, reported it without amendment.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 7, 1933, that committee presented to the President of the United States the following enrolled bills:

S. 604. An act amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454);

S. 687. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

S. 1278. An act to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.; and

S. 1815. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEELY:

A bill (S. 1856) granting an increase of pension to Margaret E. Gorrell; to the Committee on Pensions.

By Mr. BAILEY:

A bill (S. 1857) for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes;

A bill (S. 1858) for the relief of the Washington Post Co. (with accompanying papers);

A bill (S. 1859) authorizing adjustment of the claim of the Rio Grande Southern Railroad Co. (with accompanying papers); and

A bill (S. 1860) authorizing adjustment of the claim of the Western Union Telegraph Co. (with accompanying papers); to the Committee on Claims.

By Mr. JOHNSON:

A bill (S. 1861) for the relief of John F. Considine; to the Committee on Claims.

A bill (S. 1862) for the relief of Edward C. Joslyn; to the Committee on Military Affairs.

A bill (S. 1863) granting a pension to Kate Thompson; to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 1865) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

A bill (S. 1866) to authorize appropriations for construction at military posts, and for other purposes; to the Committee on Military Affairs.

By Mr. VAN NUYS:

A bill (S. 1867) authorizing an appropriation to provide for the completion of the George Rogers Clark Memorial at Vincennes, Ind.; to the Committee on the Library.

AMENDMENT OF THE BANKRUPTCY ACT

Mr. ASHURST. I ask leave to introduce a bill which proposes to amend the present bankruptcy law as follows: To extend the operation of the bankruptcy law to any county, city, borough, village, town, parish, township, or any unincorporated tax, or special assessment district, any political subdivision of a State and any school, drainage, irrigation, levee, sewer, paving, sanitary, port, or other taxing district, and so forth. I ask that it be referred to the Judiciary Committee.

The VICE PRESIDENT. The bill will be received.

The bill (S. 1868) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto was read twice by its title.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Arizona if this is the same bill which has been reported favorably from the House Judiciary Committee?

Mr. ASHURST. No; that bill did not refer to municipal corporations. The bill which I have just introduced extends the operations of the bankruptcy law to municipal corporations like counties, towns, cities, districts, and so forth.

Mr. VANDENBERG. It includes municipalities?

Mr. ASHURST. Yes.

The VICE PRESIDENT. The bill will be referred to the Committee on the Judiciary.

NATIONAL INDUSTRIAL RECOVERY—AMENDMENT

Mr. HEBERT submitted the amendment intended to be proposed by him to House bill 5755, the so-called "industrial control and public works bill", which was ordered to lie on the table and to be printed.

LOANS TO HOME OWNERS—CONFERENCE REPORT

Mr. BULKLEY submitted a report, which was ordered to lie on the table, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That this act may be cited as the 'Home Owners' Loan Act of 1933.'

"DEFINITIONS

"SEC. 2. As used in this act—

"(a) The term 'Board' means the Federal Home Loan Bank Board created under the Federal Home Loan Bank Act.

"(b) The term 'Corporation' means the Home Owners' Loan Corporation created under section 4 of this act.

"(c) The term 'home mortgage' means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than four families, used by the owner as a home or held by him as his homestead, and having a value not exceeding $20,000; and the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

"(d) The term 'association' means a Federal savings and loan association chartered by the Board as provided in section 5 of this act.

"REPEAL OF DIRECT LOAN PROVISION OF FEDERAL HOME LOAN BANK ACT

"SEC. 3. Subsection (d) of section 4 of the Federal Home Loan Bank Act (providing for direct loans to home owners) is hereby repealed.

"CREATION OF HOME OWNERS' LOAN CORPORATION

"SEC. 4. (a) The Board is hereby authorized and directed to create a corporation to be known as the 'Home Owners' Loan Corporation,' which shall be an instrumentality of the United States, which shall have authority to sue and to be sued in any court of competent jurisdiction, Federal or State, and which shall be under the direction of the Board and operated by it under such bylaws, rules, and regulations as it may prescribe for the accomplishment of the purposes and intent of this section. The members of the Board shall constitute the board of directors of the Corporation and shall serve as such directors without additional compensation.

"(b) The Board shall determine the minimum amount of capital stock of the Corporation and is authorized to increase such capital stock from time to time in such amounts as may be necessary, but not to exceed in the aggregate $200,000,000. Such stock shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the Board and shall be made at such time or times as the Secretary of the Treasury deems advisable. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. In order to enable the Secretary of the Treasury to make such payments when called, the Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Secretary of the Treasury the sum of $200,000,000, or so much thereof as may be necessary, and for such purpose the amount of the notes, bonds, debentures, or other obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time, is hereby increased by such amounts as may be necessary.

"(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be issued in such denominations as the Board shall prescribe, shall mature within a period of not more than 18 years from the date of their issue, shall bear interest at a rate not to exceed 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest only by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay to the Corporation the amount of such interest, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and the Corporation shall pay the amount of such interest to the holders of the bonds. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the Corporation and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed.

"(d) The Corporation is authorized, for a period of 3 years after the date of enactment of this act, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract) recorded or filed in the proper office or executed prior to the date of the enactment of this act, and (2) in connection with any such exchange, to make advances in cash to pay the taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to pay such amounts, not exceeding $50, to the holder of the mortgage, obligation, or lien acquired as may be the difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien. The face value of the bonds so exchanged plus accrued interest thereon and the cash so advanced shall not exceed in any case $14,000, or 80 percent of the value of the real estate as determined by an appraisal made by the Corporation, whichever is the smaller. In any case in which the amount of the face value of the bonds exchanged plus accrued interest thereon and the cash advanced is less than the amount the home owner owes with respect to the home mortgage or other obligation or lien so acquired by the Corporation, the Corporation shall credit the difference between such amounts to the home owner and shall reduce the amount owed by the home owner to the Corporation to that extent. Each home mortgage or other obligation or lien so acquired shall be carried as a first lien or refinanced as a home mortgage by the Corporation on the basis of the price paid therefor by the Corporation, and shall be amortized by means of monthly payments sufficient to retire the interest and principal within a period of not to exceed 15 years; but the amortization payments of any home owner may be made quarterly, semiannually, or annually, if in the judgment of the Corporation the situation of the home owner requires it. Interest on the unpaid balance of the obligation of the home owner to the Corporation shall be at a rate not exceeding 5 percent per annum. The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension, and no payment of any installment of principal shall be required during the period of 3 years from the date this act takes effect if the home owner shall not be in default with respect to any other condition or covenant of his mortgage. As used in this subsection, the term 'real estate' includes only real estate held in fee simple or on a leasehold under a lease renewable for not less than 99 years, upon which there is located a dwelling for not more than four families used by the owner as a home or held by him as a homestead and having a value of not exceeding $20,000. No discrimination shall be made under this act against any home mortgage by reason of the fact that the real estate securing such mortgage is located in a municipality, county, or taxing district which is in default upon any of its obligations.

"(e) The Corporation is further authorized, for a period of 3 years from the date of enactment of this act, to make loans in cash subject to the same limitations and for the same purposes for which cash advances may be made under subsection (d) of this section, in cases where the property is not otherwise encumbered; but no such loan shall exceed 50 percent of the value of the property securing the same as determined upon an appraisal made by the Corporation. Each such loan shall be secured by a duly recorded home mortgage, and shall bear interest at the same rate and shall be subject to the same provisions with respect to amortization and extensions as are applicable in the case of obligations refinanced under subsection (d) of this section.

"(f) The Corporation is further authorized, for a period of 3 years from the date of enactment of this act, in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (d) of this section does not accept the bonds of the Corporation in exchange as provided in such subsection and in which the Corporation finds that the home owner cannot obtain a loan from ordinary lending agencies, to make cash advances to such home owner in an amount not to exceed 40 percent of the value of the property for the purposes specified in such subsection (d). Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at a rate of interest which shall be uniform throughout the United States, but which in no event shall exceed a rate of 6 percent per annum, and shall be subject to the same provisions with respect to amortization and extensions as are applicable in cases of obligations refinanced under subsection (d) of this section.

"(g) The Corporation is further authorized, for a period of 3 years from the date of the enactment of this act, to exchange bonds and to advance cash, subject to the limitations provided in subsection (d) of this section, to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee within 2 years prior to such exchange or advance.

"(h) The Board shall make rules for the appraisal of the property on which loans are made under this section so as to accomplish the purposes of this act.

"(i) Any person indebted to the Corporation may make payment to it in part or in full by delivery to it of its bonds which shall be accepted for such purpose at face value.

"(j) The Corporation shall have power to select, employ, and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of the members of the Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds. The Corporation shall pay such proportion of the salary and expenses of the members of the Board and of its officers and employees as the Board may determine to be equitable, and may use the facilities of Federal home-loan banks, upon making reasonable compensation therefor as determined by the Board.

"(k) The Board is authorized to make such bylaws, rules, and regulations, not inconsistent with the provisions of this section, as may be necessary for the proper conduct of the affairs of the Corporation. The Corporation is further authorized and directed to retire and cancel the bonds and stock of the Corporation as rapidly as the resources of the Corporation will permit. Upon the retirement of such stock, the reasonable value thereof as determined by the Board shall be paid into the Treasury of the United States and the receipts issued therefor shall be canceled. The Board shall proceed to liquidate the Corporation when its purposes have been accomplished, and shall pay any surplus or accumulated funds into the Treasury of the United States. The Corporation may declare and pay such dividends to the United States as may be earned and as in the judgment of the Board it is proper for the Corporation to pay.

"FEDERAL SAVINGS AND LOAN ASSOCIATIONS

"SEC. 5. (a) In order to provide local mutual thrift institutions in which people may invest their funds and in order to provide for the financing of homes, the Board is authorized, under such rules and regulations as it may prescribe, to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as 'Federal Savings and Loan Associations' and to issue char-

ters therefor, giving primary consideration to the best practices of local mutual thrift and home-financing institutions in the United States.

"(b) Such associations shall raise their capital only in the form of payments on such shares as are authorized in their charter, which shares may be retired as is therein provided. No deposits shall be accepted and no certificates of indebtedness shall be issued except for such borrowed money as may be authorized by regulations of the Board.

"(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combination of homes and business property within 50 miles of their home office: *Provided*, That not more than $20,000 shall be loaned on the security of a first lien upon any one such property; except that not exceeding 15 percent of the assets of such association may be loaned on other improved real estate without regard to said $20,000 limitation, and without regard to said 50-mile limit, but secured by first lien thereon: *And provided further*, That any portion of the assets of such associations may be invested in obligations of the United States or the stock or bonds of a Federal home-loan bank.

"(d) The Board shall have full power to provide in the rules and regulations herein authorized for the reorganization, consolidation, merger, or liquidation of such associations, including the power to appoint a conservator or a receiver to take charge of the affairs of any such association, and to require an equitable readjustment of the capital structure of the same; and to release any such association from such control and permit its further operation.

"(e) No charter shall be granted except to persons of good character and responsibility, nor unless in the judgment of the Board a necessity exists for such an institution in the community to be served, nor unless there is a reasonable probability of its usefulness and success, nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

"(f) Each such association, upon its incorporation, shall become automatically a member of the Federal home-loan bank of the district in which it is located, or if convenience shall require and the Board approve, shall become a member of a Federal home-loan bank of an adjoining district. Such associations shall qualify for such membership in the manner provided in the Federal Home Loan Bank Act with respect to other members.

"(g) The Secretary of the Treasury is authorized on behalf of the United States to subscribe for preferred shares in such associations which shall be preferred as to the assets of the association and which shall be entitled to a dividend, if earned, after payment of expenses and provision for reasonable reserves, to the same extent as other shareholders. It shall be the duty of the Secretary of the Treasury to subscribe for such preferred shares upon the request of the Board; but the subscription by him to the shares of any one association shall not exceed $100,000, and no such subscription shall be called for unless in the judgment of the Board the funds are necessary for the encouragement of local home financing in the community to be served and for the reasonable financing of homes in such community. Payment on such shares may be called from time to time by the association, subject to the approval of the Board and the Secretary of the Treasury; but the amount paid in by the Secretary of the Treasury shall at no time exceed the amount paid in by all other shareholders, and the aggregate amount of shares held by the Secretary of the Treasury shall not exceed at any time the aggregate amount of shares held by all other shareholders. To enable the Secretary of the Treasury to make such subscriptions when called there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000,000, to be immediately available and to remain available until expended. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by the Board, and such receipts shall be evidence of the interest of the United States in such preferred shares to the extent of the amount so paid. Each such association shall make provision for the retirement of its preferred shares held by the Secretary of the Treasury, and beginning at the expiration of 5 years from the time of the investment in such shares, the association shall set aside one third of the receipts from its investing and borrowing shareholders to be used for the purpose of such retirement. In case of the liquidation of any such association the shares held by the Secretary of the Treasury shall be retired at par before any payments are made to other shareholders.

"(h) Such associations, including their franchises, capital, reserves, and surplus, and their loans and income, shall be exempt from all taxation now or hereafter imposed by the United States, and all shares of such associations shall be exempt both as to their value and the income therefrom from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States; and no State, Territorial, county, municipal, or local taxing authority shall impose any tax on such associations or their franchise, capital, reserves, surplus, loans, or income greater than that imposed by such authority on other similar local mutual or cooperative thrift and home financing institutions.

"(i) Any member of a Federal home-loan bank may convert itself into a Federal savings and loan association under this act upon a vote of its stockholders as provided by the law under which it operates; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act.

"ENCOURAGEMENT OF SAVING AND HOME FINANCING

"SEC. 6. To enable the Board to encourage local thrift and local home financing and to promote, organize, and develop the associations herein provided for or similar associations organized under local laws, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $150,000, to be immediately available and remain available until expended, subject to the call of the Board, which sum, or so much thereof as may be necessary, the Board is authorized to use in its discretion for the accomplishment of the purposes of this section without regard to the provisions of any other law governing the expenditure of public funds.

"SEC. 7. The provisions of this act shall apply to the continental United States, to the Territories of Alaska and Hawaii, and to Puerto Rico and the Virgin Islands.

"PENALTIES

"SEC. 8. (a) Whoever makes any statement, knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Home Owners' Loan Corporation or the Board or an association upon any application, advance, discount, purchase, or repurchase agreement, or loan, under this act, or any extension thereof by renewal deferment, or action or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Home Owners' Loan Corporation or an association; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Home Owners' Loan Corporation or an association, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond or other obligation, or coupon, issued or purporting to have been issued by the Home Owners' Loan Corporation or an association; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Home Owners' Loan Corporation or an association, knowing the same to be falsely

altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

"(c) Whoever, being connected in any capacity with the Board or the Home Owners' Loan Corporation or an association (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it; or (2) with intent to defraud the Board or the Home Owners' Loan Corporation or an association, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiners of the Board or the Home Owners' Loan Corporation or an association, makes any false entry in any book, report, or statement of or to the Board or the Home Owners' Loan Corporation or an association, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

"(d) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U.S.C., title 18, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements of the Home Owners' Loan Corporation and an association under this act, which, for the purposes hereof, shall be held to include advances, loans, discounts, and purchase and repurchase agreements; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

"(e) No person, partnership, association, or corporation shall make any charge in connection with a loan by the Corporation or an exchange of bonds or cash advance under this act, except ordinary charges authorized and required by the Corporation for services actually rendered for examination and perfecting of title, appraisal, and like necessary services. Any person, partnership, association, or corporation violating the provisions of this subsection shall, upon conviction thereof, be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"SEPARABILITY PROVISION

"SEC. 9. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

And the Senate agree to the same.

ROBERT J. BULKLEY,
ROBERT F. WAGNER,
J. G. TOWNSEND, JR.,
Managers on the part of the Senate.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ROBERT LUCE,
Managers on the part of the House.

INVESTIGATION BY BANKING AND CURRENCY COMMITTEE—EXTENSION OF AUTHORITY

Mr. FLETCHER. Mr. President, may I interrupt the consideration of the pending bill for just a moment in order to secure the consideration of the resolution which was discussed last evening? It will take but a few moments to dispose of it. I ask unanimous consent for the present consideration of Senate Resolution 97.

Mr. HARRISON. I understand there will be no debate on the resolution?

Mr. FLETCHER. I think it will require no debate.

Mr. HARRISON. If there shall be debate, I hope the Senator will withdraw the request.

Mr. FLETCHER. Very well.

The VICE PRESIDENT. Is there objection to the request of the Senator from Florida for the consideration of the resolution indicated by him?

There being no objection, the Senate proceeded to consider the resolution (S.Res. 97) submitted on June 7, 1932, by Mr. FLETCHER on behalf of himself and Mr. STEIWER, and reported from the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That the Committee on Banking and Currency, or any duly authorized subcommittee thereof, in addition to and supplementing the authority granted under Senate Resolution 84, Seventy-second Congress, agreed to March 4, 1932, and continued and supplemented by Senate Resolution 239, Seventy-second Congress, agreed to June 21, 1932, Senate Resolution 371, Seventy-second Congress, agreed to February 28, 1933, and Senate Resolution 56, Seventy-third Congress, agreed to April 4, 1933, shall have authority to investigate any transactions or activities relating to any sale, exchange, purchase, acquisition, borrowing, lending, financing, issuing, distributing or other disposition of, or dealing in, securities or credit by any person, firm, partnership, company, association, corporation or other entity, and/or any other acts or operations of any one or more of them or of agents, affiliates, or subsidiaries of any one or more of them or of any entity (corporate or otherwise) directly or indirectly controlled or influenced by any one or more of them, which may affect or bear upon, either directly or indirectly, any of the foregoing transactions or activities. Such investigation shall be made with a view to recommending necessary legislation, under the taxing power or other Federal powers.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, either in the District of Columbia or elsewhere, during the first session of the Seventy-third Congress or any recess thereof, and until the termination of the first regular session thereof, to employ such experts, and clerical, stenographic, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production and impounding of such books, papers, and documents, to administer such oaths, and to take such testimony and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the investigation authorized by this resolution shall be paid out of the sums heretofore or hereafter made available for the investigations authorized under Senate Resolution 84, Seventy-second Congress, as continued by the resolutions above specified and by this resolution. The authority conferred by Senate Resolution 84, Seventy-second Congress, as continued by such resolutions, shall extend until the termination of the first regular session of the Seventy-third Congress.

The VICE PRESIDENT. The question is on agreeing to the resolution.

Mr. CONNALLY. Mr. President, I understand that the resolution proposes to give the Committee on Banking and Currency some additional authority?

Mr. FLETCHER. The resolution proposes to give the committee authority which it is considered it should have.

Mr. CONNALLY. I also understand that an additional appropriation is to be made to enable the committee to conclude its investigations.

Mr. FLETCHER. One of the things accomplished by the resolution is to extend the powers of the committee, which otherwise perhaps would expire with the adjournment of Congress.

Mr. CONNALLY. I am sure that nobody would object to that.

The VICE PRESIDENT. The question is on agreeing to the resolution.

Mr. MCNARY. Mr. President, I objected to consideration of the resolution last evening because of the absence of a number of Senators from the Chamber. I stated to the Senator that after the resolution had gone over for the day and had been printed I would make no objection to its consideration today.

Mr. HATFIELD. Mr. President, I should like to ask the Senator if the committee requested the additional power?

Mr. FLETCHER. Yes.

Mr. HATFIELD. Is it for the purpose of investigating income taxes?

Mr. FLETCHER. It is for the purpose of getting the facts with reference to transactions in the case under investigation.

Mr. HATFIELD. Was the Senator's committee refused the privilege of investigating income taxes?

Mr. FLETCHER. Its authority was challenged.

Mr. HATFIELD. Was the power and privilege not later conceded to it?

Mr. FLETCHER. No.

Mr. HATFIELD. Not at all?

Mr. FLETCHER. No.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

ADDITIONAL FUNDS FOR INVESTIGATION BY BANKING AND CURRENCY COMMITTEE

Mr. FLETCHER. I now ask unanimous consent for the immediate consideration of Senate Resolution 93, providing additional funds for the investigation being conducted by the Committee on Banking and Currency.

The VICE PRESIDENT. The Senator from Florida asks unanimous consent for the immediate consideration of a resolution, which the clerk will read.

The legislative clerk read the resolution (S.Res. 93) submitted by Mr. COSTIGAN on June 6, 1933, and reported favorably from the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That the limit of expenditures under Senate Resolution 84, Seventy-second Congress, agreed to March 4, 1932, to investigate the practice of "short selling" of listed securities upon stock exchanges and its effect on actual values, as continued in force by Senate Resolution 239, Seventy-second Congress, agreed to June 21, 1932, and further continued in force by Senate Resolution 371, Seventy-second Congress, agreed to February 28, 1933, and as supplemented by Senate Resolution 56, Seventy-third Congress, agreed to April 4, 1933, is hereby increased by $100,000.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

PAYMENT FOR SERVICES RENDERED TO DISTRICT ATTORNEY FOR NEBRASKA

Mr. BYRNES. Mr. President, on the desk there are 2 or 3 resolutions reported yesterday by the Committee to Audit and Control the Contingent Expenses of the Senate. I ask unanimous consent that they may be considered at this time.

The VICE PRESIDENT. The first resolution which the Senator from South Carolina asks unanimous consent to have considered will be read.

The legislative clerk read the resolution (S.Res. 87) submitted by Mr. NYE on May 25, 1933, and reported from the Committee to Audit and Control the Contingent Expenses of the Senate with amendments, on line 12, after the name "Andrews" to strike out "$200" and insert "$100", and on line 13, after the name "Healy", to strike out "$750" and insert "$250", so as to make the resolution read:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for expenses of inquiries and investigations, contingent fund of the Senate, fiscal year 1932, to the following-named persons the amounts hereinafter mentioned for professional and other services rendered during the fiscal year 1932 in assisting the United States district attorney for Nebraska in the matter of the United States against Victor Seymour, arising from an indictment for perjury before the special committee of the Senate investigating contributions and expenditures of senatorial candidates, under authority of resolution of April 10, 1930, to wit: John Andrews, $100, William M. Day, $160; Frank Healy, $250.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The VICE PRESIDENT. The question is on agreeing to the amendments reported by the committee.

The amendments were agreed to.

The resolution, as amended, was agreed to.

AUTHORIZATION OF SURVEY OF INDIAN CONDITIONS

The VICE PRESIDENT. The clerk will state the next resolution, which the Senator from South Carolina asks to have considered.

The Senate proceeded to consider the resolution (S.Res. 79) submitted by Mr. KING on May 12, which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment, in line 4, to strike out "$15,000" and insert "$10,000", so as to read:

Resolved, That the Committee on Indian Affairs, or any subcommittee thereof, authorized and directed by Senate resolution to make a general survey of Indian conditions in the United States, is hereby authorized to expend $10,000 from the contingent fund of the Senate in addition to the sums previously authorized for said purpose.

The amendment was agreed to.

The resolution as amended was agreed to.

HARRIMAN NATIONAL BANK INVESTIGATION

The VICE PRESIDENT. The next resolution for which the Senator from South Carolina asks consideration will be read.

The resolution (S.Res. 89) submitted by Mr. COSTIGAN on May 29, 1933, was read, considered, and agreed to, as follows:

Resolved, That the limit of expenditures under Senate Resolution 55, Seventy-third Congress, agreed to April 18, 1933, to investigate the delay in prosecuting alleged law violations by the Harriman National Bank, New York City, is hereby increased by $500.

INVESTIGATION OF AIR MAIL AND OCEAN MAIL CONTRACTS

The VICE PRESIDENT. The clerk will read the next resolution which the Senator from South Carolina asks to have considered.

The legislative clerk read the resolution (S.Res. 94) submitted by Mr. BLACK on the 6th instant, which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate, with an amendment, in line 5, to strike out "$75,000" and insert "$25,000", so as to make the resolution read:

Resolved, That the limit of expenditures under Senate Resolution 349, Seventy-second Congress, second session, agreed to February 25, 1933, creating a special committee of the Senate to investigate air mail and ocean mail contracts, is hereby increased by $25,000.

Mr. COPELAND. Mr. President, what is this particular proposal?

Mr. BYRNES. It is to carry out the purposes of a resolution heretofore adopted by the Senate authorizing the appointment of a committee to investigate the amounts paid to air mail contractors and to steamship contractors for the carrying of mails.

Mr. COPELAND. In the independent offices appropriation bill we have given the President authority to abrogate or modify contracts. These matters I understand are being studied in the Post Office Department and in the Shipping Board. This seems to me to be a duplication of effort. Certainly for the time being I ask that the resolution go over.

The VICE PRESIDENT. Objection is heard, and the resolution goes over.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the second amendment reported by the committee, which will be stated.

The LEGISLATIVE CLERK. In section 1, page 2, line 2, after the word "interstate", it is proposed to insert the words "and foreign", so as to make the clause read:

It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof.

The amendment was agreed to.

The VICE PRESIDENT. The next amendment of the committee will be stated.

The next amendment of the Committee on Finance was, on page 3, line 7, after the word "appointed", to insert:

Provided, That no officer or employee receiving a salary in excess of $5,000 shall be appointed or designated under this title except with the advice and consent of the Senate; but the provisions of section 1761 of the Revised Statutes shall not apply to any person so appointed or designated.

So as to make the subsection read:

SEC. 2. (a) To effectuate the policy of this title, the President is hereby authorized to establish such agencies, to accept and utilize such voluntary and uncompensated services, to appoint, without regard to the provisions of the Civil Service laws, such officers and employees, and to utilize such Federal officers and employees, and, with the consent of the State, such State and local officers and employees, as he may find necessary to pre-

scribe their authorities, duties, responsibilities, and tenure, and, without regard to the Classification Act of 1923, as amended, to fix the compensation of any officers and employees so appointed: *Provided*, That no officer or employee receiving a salary in excess of $5,000 per annum shall be appointed or designated under this title except with the advice and consent of the Senate; but the provisions of section 1761 of the Revised Statutes shall not apply to any person so appointed or designated.

Mr. KING. Mr. President, I ask the chairman of the committee if he would regard it as inappropriate to offer an amendment to the committee amendment providing the same limitation upon salaries as provided in the bill which was passed a short time ago conferring very great authority upon the Secretary of Agriculture? I am inclined to think perhaps I ought to offer the amendment as an independent amendment in some other part of the bill.

Mr. HARRISON. I hope the Senator will not offer such an amendment to this bill, because it would provoke quite a controversy.

Mr. KING. I think it an amendment which would be very willingly accepted by the Senate, but I have some doubt as to whether I ought to offer it as an amendment to this amendment or offer it perhaps at the close of the bill as a separate section.

Mr. TRAMMELL. Mr. President, I desire to propose an amendment to the committee amendment. On page 3, line 12, following the word "designated", I propose to add the following:

And the salaries of such officers or employees shall not be increased for a period of 90 days after confirmation.

Mr. HARRISON. What is the purpose of the Senator?

Mr. TRAMMELL. I think the 90 days, perhaps, would be better if changed to 6 months. If it is not the law, these salaries might be increased immediately after confirmation.

Mr. HARRISON. In order to conserve time I shall offer no objection if the Senator offers an amendment making it 6 months.

Mr. TRAMMELL. I will modify the amendment accordingly.

The VICE PRESIDENT. The amendment as modified will be stated.

The LEGISLATIVE CLERK. On page 3, line 12, after the word "designated", add the following words:

And the salaries of such officers or employees shall not be increased for a period of 6 months after compensation.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the committee.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

Mr. McKELLAR. Mr. President, I desire to ask the Senator from Mississippi why the amendment is limited to this title? I call his attention to the words "this title" in line 10, on page 3. Why should it not read "this act"?

Mr. HARRISON. There is a similar provision in the next title.

Mr. McKELLAR. It seems to me it ought to apply to the whole measure.

Mr. HARRISON. It applies to the public-construction program as well as to the program covered by this title.

Mr. McKELLAR. Very well.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The VICE PRESIDENT. The next amendment will be stated.

The next amendment of the Committee on Finance was, on page 4, line 13, after the word "title", to insert:

Provided, That where such code or codes affect the services and welfare of persons engaged in other steps of the economic process, nothing in this section shall deprive such persons of the right to be heard prior to approval by the President of such code or codes.

So as to make the subsection read:

CODES OF FAIR COMPETITION

SEC. 3. (a) Upon the application to the President by one or more trade or industrial associations or groups, the President may approve a code or codes of fair competition for the trade or industry or subdivision thereof, represented by the applicant or applicants, if the President finds (1) that such associations or groups impose no inequitable restrictions on admission to membership therein and are truly representative of such trades or industries or subdivisions thereof, and (2) that such code or codes are not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them, and will tend to effectuate the policy of this title: *Provided*, That where such code or codes affect the services and welfare of persons engaged in other steps of the economic process, nothing in this section shall deprive such persons of the right to be heard prior to approval by the President of such code or codes. The President may, as a condition of his approval of any such code, impose such conditions (including requirements for the making of reports and the keeping of accounts) for the protection of consumers, competitors, employees, and others, and in furtherance of the public interest, and may provide such exceptions to and exemptions from the provisions of such code, as the President in his discretion deems necessary to effectuate the policy herein declared.

The amendment was agreed to.

The next amendment was, on page 5, line 5, after the word "interstate", to insert the words "or foreign", and in lines 8, 9, and 10 to strike out "a violation of any provision of any such code shall be a misdemeanor, and upon conviction thereof an offender shall be fined not more than $500 for each offense", so as to make the subsection read:

(b) After the President shall have approved any such code, the provisions of such code shall be the standards of fair competition for such trade or industry or subdivision thereof. Any violation of such standards in any transaction in or affecting interstate or foreign commerce shall be deemed an unfair method of competition in commerce within the meaning of the Federal Trade Commission Act, as amended.

The amendment was agreed to.

The next amendment was, on page 6, after line 3, to insert subsections (e) and (f).

Mr. HARRISON. Mr. President, I ask that that amendment be passed over for the present.

The VICE PRESIDENT. Without objection, the amendment will be passed over for the present and the clerk will report the next amendment.

The next amendment of the Committee on Finance was, on page 7, line 18, after the word "interstate", to insert "or foreign",so as to make the subsection read:

AGREEMENTS AND LICENSES

SEC. 4. (a) The President is authorized to enter into agreements with, and to approve voluntary agreements between and among persons engaged in a trade or industry, labor organizations, and trade or industrial organizations, associations, or groups, relating to any trade or industry, if in his judgment such agreements will aid in effectuating the policy of this title with respect to transactions in or affecting interstate or foreign commerce, and will be consistent with the requirements of clause (2) of subsection (a) of section 3 for a code of fair competition.

The amendment was agreed to.

The next amendment was, on page 7, line 21, after the word "President", to insert "shall find that destructive wage or price cutting or other activities contrary to the policy of this title are being practiced in any geographical area or in any subdivision of any trade or industry, and", so as to make the subsection read:

(b) Whenever the President shall find that destructive wage or price cutting or other activities contrary to the policy of this title are being practiced in any geographical area or in any subdivision of any trade or industry, and, after such public notice and hearing as he shall specify, shall find it essential to license business enterprises in order to make effective a code of fair competition or an agreement under this title or otherwise to effectuate the policy of this title, and shall publicly so announce, etc.

Mr. BLACK. Mr. President, I desire to ask the chairman a question with reference to the pending amendment and the next amendment on page 8. The two amendments are linked together. As I read the amendment and as I understand it, it would authorize the President to adopt and issue rules and regulations governing a particular geographical area, and in addition to that fact it would authorize him to issue rules and regulations which would not apply uniformly throughout the country. I am wondering if the Senator from Mississippi [Mr. HARRISON] would not agree to strike out the words "in any geographical area" where they appear on page 7, and again on page 8.

Frankly, I do not believe that it is wise, if the bill is passed, to authorize powers which might affect one State or one section where they would not be applied uniformly throughout the country. It is with that idea in mind that I have prepared an amendment which I expect to offer at a later time.

Mr. HARRISON. The Senator wants to strike out the words "in any geographical area"?

Mr. BLACK. That is correct.

Mr. HARRISON. If the Senator offers the amendment I shall interpose no objection.

Mr. McNARY. Mr. President, there is so much confusion in the Chamber that I could not catch the nature of the conversation between the two Senators. What is happening over there?

Mr. HARRISON. The Senator from Alabama has suggested that in the committee amendment the words "in any geographical area" be eliminated. I told the Senator that so far as I am concerned, I would not interpose any objection to striking out those words and making the matter apply uniformly.

Mr. McNARY. I certainly would object to the Senator accepting an amendment of that importance. What reason has the Senator at this time to accept the suggestion of the Senator from Alabama over a proposal that has been inserted in the bill by his own committee?

Mr. HARRISON. May I say to the Senator from Oregon that it was acceptable to the junior Senator from New York [Mr. WAGNER] who was most instrumental in drafting the legislation. I prefer to hold the proposition, with some few exceptions perhaps, as the Senate committee recommended it. It would seem to me the committee's action was right in prescribing "in any geographical area"; but rather than precipitate long discussion over a question that might be rather immaterial, so far as I am concerned I am willing to accept the Senator's suggestion.

Mr. REED. Mr. President, it is not an immaterial matter at all. Let us imagine that in some rural county of Pennsylvania unfair practices are resorted to by some 2 or 3 small coal-mining companies. As a result, if the Senator from Alabama succeeds in his suggestion, it would be necessary for the President to impose this licensing system on every coal mine in America, and that would be preposterous. The amendment incorporated in the bill by the committee was brought to the committee, as I recall it, by General Johnson, he saying that he did it with the President's sanction in order to meet just that objection of penalizing thousands of innocent people in different parts of the country because some one man in a particular locality has indulged in unfair practices. I think it is highly important that the phrase should remain in the bill for the protection of innocent men. I hope very much the Senate will adopt the amendment as the President recommended it and as the Finance Committee reported it.

Mr. VANDENBERG. Mr. President, will the Senator from Pennsylvania yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Michigan?

Mr. REED. Gladly.

Mr. VANDENBERG. I should like to ask for an interpretation of the general principle involved. Is it anticipated that the code in a given industry will be uniform throughout the country?

Mr. REED. No; it is not.

Mr. VANDENBERG. Is it contemplated that there can be a code for an industry, we will say, in Michigan and a different code for the same industry in North Carolina.

Mr. REED. Absolutely.

Mr. VANDENBERG. Does the Senator from New York [Mr. WAGNER] concur in that interpretation?

Mr. WAGNER. Yes; that is absolutely essential. Conditions may vary in different sections of the country. A wage scale fair in one locality may not be fair in another. The bill provides that codes and rules and regulations relating to various matters involved, such as unfair practices, undercutting, fraudulent advertising, and matters of that kind may be adopted as a general code for the entire industry, and as a matter of fact for all industries; but there will always be some local condition that will have to be provided for in the code to take care of the change or difference in conditions.

Mr. REED. Now, let me answer the question further. The object of the scheme begins to appear when we consider the results of just such differing regulations. It is stated in many places in the bill that it shall be considered an unfair practice to pay less wages than those fixed in the code. It has been stated by the sponsor of the bill over and over again that the wage scale that prevails in North Carolina or Georgia will not be the same as the wage scale that prevails in Michigan or Massachusetts, let us say. Another unfair practice is to sell at less than cost of production. The result will be that we will have lower wages fixed in North Carolina than in Michigan, and there will be a lower cost of production in North Carolina than in Michigan. That is self-evident. If, then, the Michigan factory sells below its cost of production, it is guilty of unfair practices; but if it does not, it cannot compete with the man in North Carolina, whose cost of production is officially fixed at a lower figure.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. REED. Gladly.

Mr. VANDENBERG. That bears on the precise point upon which I am seeking information, and I should like to be very sure about it. Will the Senator permit me to submit a question to the Senator from New York?

Mr. REED. Certainly.

Mr. VANDENBERG. We will take, for the sake of the argument, the furniture industry in Michigan, which finds its chief competition with the furniture industry in North Carolina. We will say, for the sake of the argument, that the cost of production in North Carolina is substantially lower than it is in Michigan—first, because of lower wages; second, because of longer hours; third, because of release from various factors in cost of production, like coal, for instance. Now, how can the furniture industry in Michigan raise its wage scales and shorten its hours, and thus further increase its cost of production, unless its chief competitor in North Carolina is required to live under precisely the same code?

Mr. WAGNER. Does the Senator mean as to wages?

Mr. VANDENBERG. Precisely.

Mr. WAGNER. There is no attempt here to remove fair competition between industries as it exists today, providing we put that competition on a basis of efficiency rather than a basis of exploitation of labor. I have been trying to emphasize that; and there are some competitive advantages that the industries in one locality will have over those in another. Those advantages cannot be removed, and they ought to remain. What we are trying to do here, which does not seem to be understood, is to lift the standard so that those working may have a living wage and may have some leisure through reasonable hours of labor; and, of course, an additional advantage of cutting down the hours of labor, which I thought was universally accepted, is that it will absorb a good deal of our unemployment.

One of the things we will have to do, if we are going to put people back to work, is to reduce the hours of labor. That sort of thing ought to be as nearly uniform as possible. A minimum wage cannot be made uniform, of course, in different localities. Where they may have one advantage, they may also have certain disadvantages. I mean, if geographical location is an advantage to an industry, it ought to be retained as an advantage; but certainly we want to lift the industry up so that we shall have a living wage and decent hours of labor.

Mr. VANDENBERG. I cordially agree with the Senator's objective; but I ask him how we can lift wages in the same industry in one section of the country, and have any trade out of which to get the money to pay the increased wages or the shorter hours, if the competitor in the same industry has lower wages and longer hours somewhere else in the

country and therefore undersells the commodity? Why cannot those factors, at least, be uniform?

Mr. WAGNER. The factors of hours of labor I think will be uniform. The wages may not be. I mean, there may be some local conditions which we cannot foresee now which may make it unfair to require in one locality a minimum wage as high as in some other localities; but undoubtedly the policy will be as nearly as possible to make those conditions uniform.

Mr. VANDENBERG. And yet we are to have different codes.

Mr. WAGNER. Otherwise we may talk as we like, but what has dragged industry down more than anything else is the exploitation of labor, cutthroat competition. If you inquire of business men all through the country, the thing they will tell you is, that particularly during these days of unemployment they have suffered because their competitors were able to secure people to work for them for long hours and starvation wages.

Mr. VANDENBERG. Exactly; and it is not proposed here to correct that.

Mr. WAGNER. That is the thing we want to prevent.

Mr. VANDENBERG. But you do not correct it if you have one code for the low-wage area and another code for the high-wage area.

Mr. WAGNER. If the Senator pins me down as to whether or not the wage will be exactly the same in every locality in the country, I cannot tell him that it will be until we know all the conditions surrounding the matter; but certainly we are going to lift it up to a wage level of comfort and decency. That is the objective here.

Mr. VANDENBERG. You are not going to lift it up unless it is uniform.

Mr. BORAH. Mr. President——

Mr. WAGNER. Mr. President——

Mr. REED. Mr. President, nobody would guess it, but I believe I have the floor. [Laughter.]

Mr. VANDENBERG. I apologize to the Senator for taking so much of his time.

The VICE PRESIDENT. The Senator from Pennsylvania has the floor. To whom does he yield?

Mr. WAGNER. Will the Senator yield to me for just one more remark?

Mr. REED. I yield.

Mr. WAGNER. After all, what the Senator speaks of is a matter of administration; and if, in order to have the competition fair, a uniform wage level is required, undoubtedly it will be imposed. I mean that is something that we cannot foretell in absolute detail now; but our objective is very clear, notwithstanding that there were some attempts yesterday to divert us from our course.

Mr. REED. Mr. President, I am nearly bursting with some thoughts on this subject that I should like to utter. [Laughter.] I desire, first, to make a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. Will the adoption of the pending amendment interfere with my subsequent motion to strike out the entire paragraph (b) of section 4?

The VICE PRESIDENT. It will not?

Mr. REED. Mr. President, this is as good a time as any to call the attention of the Senate to the real purpose of paragraph (b) of section 4. In all of the debate that took place yesterday I did not notice any reference to that section, although it is probably the most revolutionary part of the entire bill.

Bear in mind that paragraph (b) of this licensing section is put in as an additional threat to compel the performance of the terms of these codes of fair competition.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. Just what are we considering now, may I ask?

The VICE PRESIDENT. The Senate is considering an amendment of the Committee on Finance to the bill under consideration.

Mr. LONG. Which one?

The VICE PRESIDENT. The amendment on page 7, line 21.

Mr. REED. The amendment we are considering is part of this licensing paragraph.

I think Senators ought to understand that before we go further in voting on it.

Bear in mind that these codes of fair competition, once agreed upon and approved by the President, have the force of law. Bear in mind then that a violation of those codes is punishable criminally by fine and imprisonment. In other words, the wrongdoer is punishable by criminal process.

Now the administration insists upon adding to that, over and above the criminal liability, this licensing system, so that by the refusal of a license the wrongdoer may be punished further. His whole right to engage in his vocation is to be taken from him by Presidential order as a further penalty for the violation of these Presidential codes—either agreements made by the industry itself and approved by the President, or, in case of failure to make an agreement as to the terms of competition, the President alone is given power to establish the code. The violation of the code that the President establishes is made a crime; and, in addition to the criminal penalties, the President is empowered to subject that industry to license, and refuse a license to the wrongdoer.

In other words, as the sponsors of the bill explain, the ordinary processes of the criminal law are too slow and not sufficiently emphatic to enable the President to secure the prompt punishment of the person whom he decides to be a criminal in violating the regulations that he, the President, has put forth; and he is given this rather unusual power of denying to the citizen the right to earn his living at his ordinary lawful business if he, the President, alone and unaided, finds this person to be a wrongdoer.

Mr. LONG. Mr. President, I think the Senator is stressing the President too much there, because this finding will be made by whatever appointee or other man may be in charge of the work, away down the line.

Mr. REED. Why, of course.

Mr. LONG. I mean, if a little administrator in a county finds that a tie hacker made a tie 6 inches too short, he can stop that man from making ties; or, in the case of a woodcutter, he can stop that man from chopping wood, as I read the bill.

Mr. REED. Absolutely.

We have been talking about great industries, such as the textile industry and coal; but we must remember that this licensing power and this code of fair competition extend throughout trade and commerce and industry, from the great motor-car industry and the great steel industry right down to the business of running a pushcart; and the President, under this bill, can establish a code of fair competition for pushcarts if he pleases.

Mr. FESS. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. FESS. There is another element that is more distracting yet to me.

The Senator speaks of codes. Under the provision on page 4 the President can impose any condition that he may see fit; and not only that, but he can modify the code, or he can entirely abolish it. Here is a case of fixing a penalty for the violation of a code that has become a standard, when nobody, not even the President, knows what it will be.

Mr. REED. Of course. The doges used to make their laws in secret. They used to find men guilty because a complaint had been dropped in the lion's mouth. This goes further than that.

Mr. BORAH. Mr. President——

Mr. REED. I yield to the Senator from Idaho.

Mr. BORAH. By way of illustration, suppose the case of an industry having its seat of operation in a particular part of the country. There is another industry of the same kind having its seat of operation in another part of the country. Now, suppose the wage conditions and the conditions of production are such in one part of the country that a cer-

tain rule is established with reference to fair competition; and in the other part of the country, where the other branch of the industry exists, taking into consideration wages and coal and such matters as that, another rule is established: Can the first industry compete with the second industry without being guilty of violation of the law, and therefore being punishable as guilty of a crime?

Mr. REED. Presumably that will depend upon the text of the regulations. The Senator from New York had his attention called to such disparities a little while ago; and he said he expected that the President would begin by recognizing the existing fact that wages are lower in the South than they are in the North, and he would allow lower wages to be paid in the South than in the North.

Mr. WAGNER. Mr. President, I do not think the Senator ought to misstate what I said. I did not say anything of the kind. I said there may be local conditions which may affect the fixation of wages. I do not know; but certainly the wages will be put on such a level as to provide fair competition in the industry, and it may be, as I tried to make clear, that in order to provide fair competition the wage scale ought to be the same all over, universally. That, however, is a matter of administration; and we cannot foretell every little detail in this legislation or in any other legislation.

Mr. REED. No; I know you cannot foretell it, and you leave us in a beautiful haze. If you are going to fix wages at their present level and with their present disparity between sections, and then forbid each of those competitors to sell below his cost, you have fixed by law two unequal costs, and made it a crime for either of them to sell below his own cost. Under such conditions the high-cost man is going out of business. The low-cost man is going to get everything.

Mr. WAGNER. May I interrupt the Senator?

Mr. REED. Just a moment. When that is called to the Senator's attention, and when it is called to General Johnson's attention in the committee, the answer is, "Well, if that does not work, we will try the other way and make wages uniform all over the country." That is a wild way for Congress to legislate. We ought at least to know what is expected to be done.

Mr. BORAH. In the first place, wages cannot be made uniform throughout the country. That is an impossibility. We could not make wages uniform throughout the United States. An attempt to do so would put certain industries out of business, the same as would the other plan.

Mr. REED. Of course, it would.

Mr. WAGNER. If we do not make them uniform, we could at least provide a living wage for all. I wanted to ask the Senator this: Does he favor long hours, and does he favor starvation wages? I know the Senator does not believe in those things, but they seem to be the only alternative.

Mr. REED. That is like asking me, when I oppose some of these wild relief appropriations, whether I favor starving people. Of course, I do not favor sweatships.

Mr. WAGNER. Then how else, under present conditions, can we provide a living wage?

Mr. REED. Give industry a chance. You are choking it to death.

Mr. WAGNER. Industry?

Mr. REED. Yes.

Mr. WAGNER. We are trying to take care of only 10 or 15 percent of industry. The majority of industrialists and business men want to do the right thing. They want to pay a decent wage. They want to employ people a reasonable number of hours per day. But they are dragged down by the recalcitrant 10 or 15 percent of the industry, as they will all testify, who, with the cutthroat wages and the long hours, are dragging the industry down. Those trying to do the right thing are unable to compete with the others unless they go into a race with them in wage cutting and in the employment of long hours of labor. We have been talking about international shocks and all that sort of thing. One of the reasons why we have been dragged down to where we are is just that type of cutthroat competition, sweatshop labor, and things like that, which we are trying to eliminate.

Mr. REED. If the Senator will allow me to answer him, I should say that I am quite as much opposed to sweatshops, and quite as much opposed to cutthroat competition, as is the Senator from New York, and I do not think it necessarily follows, because I think his plan is an insane one, and is going to destroy industry more than it is going to help, that I am not animated by the same lofty motives that animate the Senator from New York. I am willing to concede to him the utmost of charity in his views toward long hours, low wages, sweatshops, and all that sort of thing; I concede the Senator has the loftiest ambition to better conditions. All I ask of him is that he be as charitable to me.

To come back to the argument, a moment's reflection on the power attempted to be given to the President here, must shock any reflective person. Remember, please, that under a lot of beautiful phrases are couched the most tremendous powers. We speak of codes of fair competition. It is only by indirection, and by admission of the sponsors of the bill, that we realize that that means not merely planting roses around the factory so that the conditions of employment will be pleasant, but it means fixing prices, it means apportioning output, it means creating, by the sanction of law, the same kind of pools and price-fixing conspiracies within an industry that we have been fighting for so long, for so many decades.

The steel business 25 years ago was tightly regulated by pools secretly made, which fixed the price of every product in every town in the United States, and fixed the proportion of business each factory might enjoy. We drove those things out of existence by a firm application of the antitrust laws, and a healthier condition resulted immediately. Now we are asked to restore that condition with the Presidential blessing; and that the intent is to make it possible to fix prices in that fashion is shown in the amendment we are considering at this moment, which provides that "whenever the President shall find that destructive wage or price cutting or other activities contrary to the policy of this title are being practiced", then he may put on this licensing system.

Mr. SHIPSTEAD. Mr. President, does the Senator find anything to the effect that prices shall be fixed in relation to wages?

Mr. REED. No; but presumably there will be some such consideration. This benevolent dictator who will control our destinies must fix prices in regard to the new wage scale he is going to fix. He must fix prices so high that those wages can be paid. Otherwise the whole industry affected will dry up. Wages have to be paid out of the prices received, and the prices will have to be advanced according to the wages paid.

Mr. LONG. Mr. President, I do not want to interrupt the Senator any more, but if he will pardon me just one moment——

Mr. REED. Certainly.

Mr. LONG. I know the Senator has gone into this proposed law much deeper than I have. This is a point I thought of last night: We make lard in the country. That is a packing-house business. In the wintertime, when we are salting away the meat, this is the common course for millions of people in this country. There are possibly many here who know very little about it. We take what is refused from the meat, what we cannot pack down after we have salted it down, throw it into the washpot, and make lard. We take that lard out in liquid form. We may trade it around in the neighborhood, at 6 cents a pound, at 8 cents a pound, at 10 cents a pound, for just whatever we can get in trade, for sirup, potatoes, turnips, or anything else.

If the packing-house code or the meat-packing code prescribes a rule, every little woman in the South on a farm will either have an injunction over her head or be facing a criminal prosecution or find her license revoked, so that she will be practically forbidden from feeding her

own children. That is the way I view this measure. I can see no other way in which to look at it. They cannot conform to a code.

Mr. REED. Of course, in actual practice such absurdities will not occur, probably——

Mr. LONG. Why will they not?

Mr. REED. But it would be a preposterous thing to pass a law which would make it possible for them to occur.

Mr. LONG. I do not see how they are to be avoided. Let us say that the packing industry is going to be one to be regulated. The dictator, whoever is appointed, comes along and puts 14 cents or 10 cents a pound on lard. In the country, in the seasonal time, when we are gathering up lard, he certainly could not get business out of our community, with us selling at 8 cents a pound, and with him selling at 14 cents. We could make it in that particular season to which I have referred for one third of what he could make it for.

Mr. REED. The Senator understands, of course, that all manufacturers of lard will be compelled to adopt the same system of accounting, so that this housewife to whom he refers will have to keep books and adopt the same method of accounting followed by Swift & Co.

Mr. LONG. Yes; she will have to keep records.

Mr. REED. And those books and those methods of accounting will all be prescribed by the President here in Washington.

Mr. WAGNER. Mr. President, the Senator does not believe that any such program as is suggested will be put into effect?

Mr. REED. No; of course not.

Mr. WAGNER. Let us not get into the realm of amusement, because, after all, the Senator knows that will not be proposed.

Mr. REED. Just a moment. I have the floor. I want to answer that question, and then I will yield for another.

I do not think it will be applied in the case of the Louisiana housewife, but I do believe that it will be applied to many a little Louisiana concern in small country towns, which will not have any more idea of what is in these regulations which bind them than the man in the moon will have. The example of the housewife is perhaps an absurd illustration, but the little corner grocer in some Louisiana town of 500 people will find himself clearly within the code of fair competition that is put on to regulate the A. & P. Co.

Mr. WAGNER. It will be to his advantage; not to his disadvantage.

Mr. REED. That remains to be seen.

Mr. WAGNER. It is the small business man who has been seeking for a number of years in Congress just this type of legislation to protect him against the chain-store system.

Mr. REED. The effect of it remains to be seen.

Mr. WAGNER. Let me make just one suggestion, so that we may not go too far afield.

A suggestion was made that the price at which a particular commodity may be sold in the market would be fixed. The Senator was present during our discussions in the committee. No such thing is contemplated as the fixation of prices. All that will be provided is that there shall not be any sale at a price below the cost of production, and that may differ in different industries in different sections of the country.

That, everyone admits, is an unhealthy situation, where industries are permitted to indulge in rebates, discriminations, and selling below the cost of production in order to destroy some little business man in the community and, when he is wiped out, to restore the old price. It is that type of practice we are seeking to eliminate.

Mr. REED. I have admitted many times that the Senator's motives and purposes are highly commendable, but his methods are awful, and I am trying to point out just why they are.

Mr. LONG. Mr. President——

Mr. REED. Let me answer the price-cutting point first. In this first amendment, brought by General Johnson from President Roosevelt, is found the statement that when the President finds destructive price cutting—in other words, when the President finds that prices are being cut below the point below which he thinks they ought not to go—then he claps on the licensing system. At the point which the President finds is a proper price point the industry must sell or else be refused a license. Is not that price fixation?

Mr. WAGNER. Price fixation? No. It is simply providing that the article shall not be sold at a price below the cost of production, which everybody concedes is what ought to be the rule.

Mr. REED. That is price fixing, is it not?

Mr. WAGNER. The ruthless and predatory practices of large business to destroy small business are the things we want to guard against now. Sooner or later it will be understood by Senators that this is a bill to protect the small business man against the predatory practices of large business.

Mr. REED. This is a bill to protect the small business man, but it is the big business man who has been urging me to support it, and I know why he does——

Mr. WAGNER. And so have the labor organizations.

Mr. REED. Will not the Senator permit me to finish the sentence?

Mr. WAGNER. They have asked us to support it.

Mr. REED. It is quite impossible to debate with the Senator if he is going to interrupt me in the midst of every sentence.

Mr. WAGNER. I beg the Senator's pardon. I shall not interrupt the Senator again.

Mr. REED. I am quite willing to yield to the Senator, but I would like to be able to complete the statement of a thought occasionally.

Mr. LONG. Mr. President——

Mr. REED. Just a moment. I have been approached by such concerns as big steel manufacturing companies, saying that they have thought it over, and, in spite of all the theoretical disadvantages which I have been urging, they think it is going to be a good thing for the industry. They have just one thing in mind, and that is what Mr. Harriman said when he let the cat out of the bag, that this is a repeal of the antitrust laws, and when a man comes and asks my support of this bill with no more creditable motive than that, I am not going to follow his advice.

Mr. BYRNES. Mr. President, has the Senator been requested by labor organizations to support the bill?

Mr. REED. Yes, indeed.

Mr. BLACK. Mr. President, I am very much interested in the Senator's statement that, in his judgment, this bill provides for price fixing.

Mr. REED. Clearly it does.

Mr. BLACK. I am very much interested in that, for this reason. Frankly, it is my judgment that if we take control of an industry and do not at the same time place a reasonable limitation upon profits, so that the unfair proportion which has been going to capital cannot be further diverted from labor, we are going to accomplish very little. My own idea is that if we simply raise wages, and at the same time permit a corresponding rise in the prices of commodities, then the public will have the disadvantage, the consumer will be the one who will be hurt. I am therefore interested to know whether the Senator is of the opinion, not perhaps for the reason which the Senator is discussing, that under this measure somebody will have the right to see that, when the wages of labor are raised so that labor will get a reasonable proportion of its own products, unfair profits shall not be tolerated?

Mr. REED. Clearly I think that is true.

Mr. BLACK. The Senator thinks that is in the bill?

Mr. REED. Prices can be fixed up or they can be fixed down.

Mr. CLARK. As a matter of fact, the whole theory of the bill is based on price fixing to the extent where the committee, by an overwhelming vote, inserted a provision enabling the administrator, or the President, when prices are

jacked up by this artificial system, to impose embargoes absolutely closing the American market to any foreign product.

Mr. REED. That is true.

Mr. CLARK. And that falls under the price-fixing feature of the bill.

Mr. REED. Yes. The whole intent of the bill is to raise the cost of production in the United States. When that happens, we have absolutely handed the market to the foreigner, because we cannot compel him to raise his costs in the same way. Consequently, it is only logical that the embargo power is proposed to be given to the President.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. BLACK. The Senator, then, is of the opinion if this bill shall pass—and I am very much interested in his opinion, having studied the bill—that those who are intrusted with this power will have the authority to protect the public from unfair profits, if there are unfair profits; and the Senator is of the opinion that it would not necessarily follow if all the powers under this bill were used that the price of labor would be raised and that the price of the commodity would be raised in proportion, so that the balance between the two would not be disturbed at all.

Mr. REED. I have not one particle of doubt but that the price will be raised at the same time that wages are raised.

Mr. BLACK. Did I make my question clear?

Mr. REED. The Senator is concerned about prices being held down; he wants them to be held down to prevent undue profits.

Mr. BLACK. In other words, if we are going to protect the whole public, I think the Senator will agree, if we take complete charge and protect the whole public, that it would be absolutely essential and necessary that the public be protected from unfair prices if we do away with the competitive system of regulating prices.

Mr. REED. Quite so. Now let us see how it will work in actual practice. The President, with all these powers loaded onto him, and all these additional duties put upon him, will be the busiest man in the world; it will be humanly impossible for him or for General Johnson or for the higher officials who will manage the machinery we are setting up, to have any personal acquaintance whatsoever with the vast majority of questions that will come up. The President may perfunctorily sign papers from time to time, but the actual decision must necessarily be made by people to whom the power has been deputed by the officials to whom the President has first deputed it. I think that is self-evident. The actual working of such dictatorial powers appears to be pretty well illustrated by the purchase of the camp kits about which we have heard a good deal of late. The President's signature is on the letter suggesting that the kits be bought, but nobody thinks that the President had any interest in that matter or exercised any discretion or judgment about it. He merely relied upon his subordinates, who said, "This is the thing to do." So, in the very simple matter of purchasing camp kits, the United States Government appears to have paid nearly twice as much as they could have been bought for in the open market. No effort whatever was made to protect the public by obtaining a reasonable price. A slick salesman found his price accepted as soon as he quoted it, with no effort to contrast it with the prices of anybody else, and no effort made to beat him down. If the Government cannot buy camp kits without "putting its foot in it" like that, how is it going to administer all the industry of the United States, as it will have to do under this bill?

Mr. FESS. Mr. President, will the Senator yield?

Mr. REED. Let me finish this thought, and then I will be glad to yield. When the administration comes to pick the man who is going to regulate the textile industry, let us say, it will either have to select a greenhorn who knows nothing about it or it will have to pick a man out of that industry. It is probable it will not pick the greenhorn; it will take too long to educate him. So the administration will get a man out of the textile industry; and he will be the man who, in the last analysis, will decide what is a fair price. I do not believe that I want to give dictatorial power to a man in any industry to decide what is a fair price for the product of that industry.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. REED. Yes.

Mr. CLARK. The Senator will recall that before the Finance Committee the proposed administrator of this act mentioned several of the prospective members of his industrial board. I do not desire in any way to reflect upon any of them, because they are all eminent industrialists, but he mentioned, among others, the head of the General Motors Corporation, the head of the International Harvester Co., the heads of the largest companies in several different industries, as the men upon whom he proposed to rely in administering this act. In other words, it seems to me to be absolutely foolish to talk about protecting the little fellow when we are turning him over by this very act, by the express prediction of the administrator of the act, to the head of the largest concern in each industry.

Mr. REED. Precisely. Take the prices for oil products. I understand from the newspapers that Mr. Teagle, the president of the Standard Oil Co. of New Jersey, is expected to come down here and administer the oil industry. I do not believe I want to pay for gasoline the price which Mr. Teagle says he thinks is a fair price, all things considered. He would probably attempt honestly to fix a fair price; but his education, his experience, his self-interest, everything, would lead him to err on the high side when it comes to fixing the price of gasoline.

Mr. WAGNER. Mr. President——

Mr. REED. I yield to the Senator from New York.

Mr. WAGNER. I do not suppose the Senator overlooks the fact that when we passed the so-called "farm bill" we placed therein a license provision which covers today about 40 percent of the industries of the country. Therefore, so far as 40 percent of the industries are concerned, they are already under a licensing provision which may or may not be imposed, just as this bill imposes it.

Mr. REED. I fought that just as hard as I could; it was just as wrong to put it there as it is wrong to put it here.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. REED. Yes.

Mr. BYRNES. The Senator does not want to create the impression that the prospective administrator of this act stated to the committee that the administration of the oil industry would be turned entirely over to Mr. Teagle?

Mr. REED. No; I saw that in the newspapers; I am not ascribing that statement to General Johnson. Whether it is a correct statement or not, I do not know, and I do not care; but it illustrates the point that you cannot take a man whose life has been spent in a particular business, trying to get as high price as he can, without firmly planting in that man's mind the idea that 1929 prices were, after all, about fair.

Mr. BYRNES. Yes; but that is predicated upon the accuracy of the newspaper statement. The Senator says that he saw the statement in the newspapers. If it be true that Mr. Teagle is to be put in absolute control, then the conclusion which the Senator draws follows; but if it be not true, there is no weight to the conclusion.

Mr. REED. I am merely using it as an illustration; I am not finding fault with it. The Senator did not hear what I said at the beginning. I said that in picking the administrators for various industries the administration has two alternatives—one is to pick a man outside the business, who presumably has neither interest in it nor knowledge of it—and, of course, the administration will not do that—and the other is to pick a man from within the business, and in that way we would get a man habituated to regard high prices as only fair to the producers engaged in that industry.

Mr. BYRNES. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield further to the Senator from South Carolina?

Mr. REED. I yield.

Mr. BYRNES. Without having anything to do with the decision or without having heard a discussion of it, I can conceive of a situation where, as administrator, I might call in one versed in the industry, and I might call in the representatives of labor, and then I might call in one representing the public, as an advisory committee, and secure information and advice from that committee, upon which advice I would thereafter act; but not that I would call in one charged with the responsibility of carrying on a private industry today and turn over to him absolutely the enforcement of the act.

Mr. REED. That is the way it will work, just the same.

Mr. BYRNES. The Senator says that is the way it will work, not because of any statement that has been made either by the proponents of the bill or by those who are said to have been selected by the administration. That is his own opinion.

Mr. REED. And it is based on experience. We were told how things were to be done so beautifully in connection with the so-called "conservation camps", but the very first thing that comes to light is a piece of most incredible stupidity on the part of the man who was put in charge of the expenditure of the $300,000,000. One would think that a child would know better than to have made the contract that he made for those kits. That is the way this is going to work under the vast powers to be delegated, for no human being is wise enough or farsighted enough to exercise them successfully.

Mr. VANDENBERG. Mr. President, may I submit a further inquiry to the Senator?

Mr. REED. I gladly yield.

Mr. VANDENBERG. I want to refer to the menace of split codes, which, it seems to me, has within it a complete defeat of the very objects to which the Senator from New York says this measure is dedicated. If we are going to have one code in one section of the country and a different code in another section of the country in the same industry, manifestly we are going to have different costs of production legalized in the two competing areas, and manifestly we are going to have different sales prices as the result. All of those commodities come into the same sales market; they cease to be separate when they reach the ultimate market; and, as I understand the Senator's analysis, the manufacturer in the area with the higher code price entering the common market to sell against the manufacturers in the lower code-price area goes to jail if he meets the price of the manufacturer in the lower-code area.

Mr. REED. That is exactly correct.

Mr. VANDENBERG. And if he does not go to jail, he goes out of business, because he cannot sell his product.

Mr. REED. Or both.

Mr. VANDENBERG. Or both.

Mr. REED. Yes.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. CLARK. It seems to me that the process might work in directly the opposite way. For instance, in the last 25 or 30 years the State of Missouri has taken a great deal of the business of manufacturing shoes away from Massachusetts and other New England States. We were able to do that because the cost of living was cheaper in Missouri than it was in New England. The International Shoe Co., to use an example, the largest unit in the shoe-manufacturing business in the whole world, has some 60 plants in Missouri, located not in St. Louis but in small towns in agricultural sections of Missouri, where the cost of living is cheap; and in certain classes of shoes they have absolutely been able to take the trade away from New England, where the wage scale is higher because the cost of living is higher.

When they come to form one of these associations, to make one of these codes, while the bulk of the shoe trade is in Missouri or the Middle West numerically, in point of number of factories there is a great preponderance in New England and the East. So when they meet to form an association, with 1,300 factories in New England and 300 factories in the Middle West, they may make a code jacking up the wage scale so high to meet New England conditions that the great shoe manufacturers in the Middle West will be absolutely forced out of business, in spite of the fact that a concern like the International Shoe Co. has never had any trouble with its employees, has never had a strike in its entire history, has never laid off anybody even during the depression, and has maintained its wages during the depression, and in spite of the fact that the factories of the International Shoe Co. have been absolute lifesavers to some Missouri communities. But when they get into one of these associations, with the preponderance of votes coming from a number of separate concerns located in New England, it seems to me that the process may work exactly in the opposite way to that suggested by the Senator from Michigan.

Mr. REED. Under those circumstances is it not just ordinary human nature to find the New England manufacturers using these powers to jack up the wages in Missouri so as to make competition more easy?

Mr. CLARK. It seems to me that they would be more than human if they did not use the power in this act to do that.

Mr. REED. With much beating of breasts and saying they are trying to improve working conditions in Missouri, and all that, in the long run they will have their way and the natural competition which existed will be distorted by governmental action.

Mr. VANDENBERG. Mr. President——

Mr. REED. I yield to the Senator from Michigan.

Mr. VANDENBERG. Then the net result of the example used by the able Senator from Missouri and of our joint philosophy in respect to the situation is that if they have one code in the shoe business it will ruin Missouri, and if they have two codes it will ruin New England.

Mr. REED. That is right.

Mr. VANDENBERG. In either event somebody is ruined.

Mr. REED. Yes.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WAGNER. I suppose the conclusion is that after they both provide for a decent living wage the industry is to be ruined. That is the only conclusion I can reach from the statement just made by the Senator from Michigan.

Mr. REED. Mr. President, I do not like the argument in personae that we have had so often expressed that anybody who opposes this bill is in favor of low wages and long hours and sweatshops. I hope I am not unfair when I say that there is no place in the United States where there are so many sweatshops, where people are worked under more horrible conditions, than in the city of New York.

Mr. WAGNER. I am not sure whether the Senator is right or wrong; but if he is right, I want legislation of this kind to eliminate such conditions, and that can only be done on a national scale and through Federal authority.

Mr. REED. The State of New York has far more power under our Constitution to regulate working conditions than has the Federal Government, and it seems to me that it ought to put its house in order before it comes here to ask for this kind of power.

Mr. President, I beg the Senate to bear in mind that this licensing scheme is to impose an additional punishment. It is said it is the life of the bill. It is not anything of the sort, because in other sections it is made a crime to vary from the code. The licensing section makes the President not only the author of the law but the judge of its violations and authorizes him in his uncontrolled discretion to give capital punishment to any industry by refusing it a license. I say it is un-American, it conflicts with the most essential concepts of justice, and it ought not by any means to be passed.

Mr. LONG. Mr. President, the Senator from New York [Mr. WAGNER] and the Senator from Pennsylvania [Mr.

REED] have had so little experience in rural sections that naturally they do not understand the practical application of the bill in rural communities and in small towns, no more probably than I would understand it in its relation to cities had I not lived there the greater part of my lifetime. The bill is not to be thought of only as affecting industries that are organized. In other words, it is not to be thought of only as regulating the employers of men and women. I want to call the attention of the Senators from Pennsylvania and New York, if they will give me just a moment, to the broad aspects of the little man.

I want to preface my statement by saying that there is no one in the Senate who has a record better than mine for having stood for the laboring men in every walk of life. As a lawyer, I never took a lawsuit against a laboring man. I have never voted against a workingman's laws in my life. I am fighting now to keep from enslaving the laboring people and the people who have to work for a living. The big men will wiggle out of this some way. The steel plant and the shoe factory will get together somewhere down the line and make common porridge out of it somehow and in some way. But the little man cannot do it. We are living from hand to mouth in the country. When I saw this depression coming on, I wrote an article for a newspaper that I was publishing at the time, which I headed "Let's swap. Let's forget about making money, and let's swap."

Mr. President, I ask that the Senate be in order. If Senators do not want to listen to me, I do not care; but I do want order while I am talking.

The VICE PRESIDENT. The Senate will be in order.

Mr. LONG. The Senators from Pennsylvania and New York could not conceive of the bill being anything but a requirement that every woman who is making a little lard in her backyard shall be under the regulation of the provisions of the bill; but in carrying out the bill, if it is going to do any good at all, that identical thing will have to be done. That is one of the regulations that will have to be made. For instance, we are going to have a set of some kind of fair prices for the packing-house products, for meat and lard, for sausage, and anything else that is made by them. I have seen the time when in my own family we made washpot after washpot of lard and peddled it out over the community and destroyed any such thing as a market for lard in that community perhaps for as long as 5 or 6 months. There was so much home-made lard in the community that was swapped around for 6 or 7 or 8 cents a pound that there was no such thing as a market because the store could not buy from the packing house and compete with the home-made product.

If the bill is to avail anything, as the Senator from New York thinks it will, certainly we are not going to say we are to have prices fixed for packing-house products and at the same time have ten or twelve million country people selling those products below the fixed prices. If the bill does avail to that extent, then we will have an injunction and a revocation of license issued against every man engaged in his own little home-made industry of making lard in his backyard at hog-killing time in the South.

Do not think this is so insignificant, because among the industries we will have to deal with will be the packing-house industry, and the rules and regulations that will necessarily be prescribed will have to be applied to the millions of people living on the farms and in the rural communities of the South and West and, I suppose, of the North and East.

That is not all. Let me cite another industry. We come to the railroad industry and we get down to the matter of steel and cross ties. I want to call attention to the fact, gentlemen of the Senate, that it costs just as much to buy crossties for a railroad as it does to buy steel for the railroad. That is just as important an industry as anything else. Necessarily when we regulate the steel industry we will regulate the tie industry. We are going to get that regulation down to the point that every little man who takes his water jug and ax across his back and goes into the woods to hack crossties is going to have to comply with some rules and regulations and stand ready to have his license revoked for not complying with the rules and regulations that are issued governing the length and width and breadth and thickness and quality of crossties. That is just a fair sample of what the dictatorial measure here contemplated is going to do.

Mr. CLARK. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. LONG. I yield.

Mr. CLARK. Has the Senator been able to find anything in the bill anywhere giving a definition of the term "industry"?

Mr. LONG. No; I have not.

Mr. CLARK. I am frank to say I have read the bill a number of times. I questioned the Senator from New York [Mr. WAGNER] in his appearance before the committee as to whether there was anywhere in the bill a definition of "industry", and was told in effect that it was up to the President to decide.

Mr. LONG. Not only that, not only is there no definition of what is industry but I should like to know what is the conference that adopts the code. Where have they defined what the conference is or how the conference is to be called?

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from New York.

Mr. WAGNER. In reply to the suggestion of the Senator from Missouri, I wish to say that I did not say it was up to the President to decide. What is industry is a matter of common knowledge, and the definition of it is never provided in any act, of course. What constitutes industry is a matter of common knowledge.

Mr. CLARK. As a matter of fact, the term "industry" is used in many different ways. Many people do not consider farming an industry, while others of us do.

Mr. LONG. Hacking ties is an industry.

Mr. CLARK. The work of a seaman is perhaps not considered an industry, and yet we constantly speak of the maritime industry. The term is generally used and diversely used, and is used in such loose ways that the bill as before us would seem to leave it up to the administrator of the provisions of the bill to determine to what businesses he desires to apply the term.

Mr. WAGNER. The Senator knows that in the act itself agriculture is specifically excluded.

Mr. WHEELER. Mr. President, will the Senator from Louisiana yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. I yield.

Mr. WHEELER. I was a little surprised at the statement made by the Senator from New York. First of all, let me say that I am going to vote for the bill, but I was a little surprised at the statement made by him, because he says this will permit industries to get cost of production. Did not the Senator say that?

Mr. WAGNER. It is a provision similar to the provision for which the Senator contended so hard in the Farm Relief Act.

Mr. WHEELER. It should be remembered that when it come to the farm relief bill the Senator from New York voted against cost of production for the farmers, while the Senator from Louisiana and several of us were fighting for cost of production for the farmers. The Senator from New York was opposed to cost of production for the farmer.

Mr. LONG. So was the President.

Mr. WHEELER. So were most of the other Senators from the East who represent the industrial States. They say we must not give the farmer cost of production, because if we do that will bring about overproduction and will burden our industries, and now in less than 2 weeks' time those same Senators are here insisting upon cost of production for the manufacturers of the country.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. LONG. Certainly.

Mr. CLARK. The Senator will recall that those of us at that time who voted for cost of production for the farming industry, so to speak, were denounced through the public press and elsewhere as mutineers, Bolsheviks, and by other opprobrious terms.

Mr. WHEELER. We were ridiculed by the press from one end of the country to the other because we wanted to give the farmer cost of production. It was said it could not be done. Now it is desired to give the manufacturer cost of production. I favor giving him cost of production, but I want also to give the farmer cost of production, because he is as much entitled to it.

Mr. WAGNER. Mr. President, will the Senator admit me into his camp?

Mr. WHEELER. I am delighted to do so, but the Senator is getting in pretty late, after the farm bill has passed.

Mr. WAGNER. The Senator knows I voted for the farm bill.

Mr. WHEELER. Oh, yes; but the Senator did not want to give the farmer the pre-war prices back to 1913, fixing farm commodities on a parity with prices prior to the war. But when we come to the manufacturer, the Senator does not want to go back to pre-war days, but wants to bring them up to 1926, 1927, 1928, and 1929, just as others of us were contending should be done for the farmer.

Mr. LONG. Not only that, but the President's Cabinet officer sent a message to the Senate in which he showed that the cost of raising those products at one place was different from the cost of raising them in another place. The Senate finally struck out the cost-of-production theory for the farmers, and the Senator from New York was one of the able men who helped to do it.

I voted for a stable price for farm products. I am on record here, and I have a record I do not have to defend. I ought to be the priest who is to pass upon whether or not the Senator from New York should get in on this line, if anyone has to approve his application.

I have never voted against a labor law in my life. I have stood up for labor under the charges of impeachment. I never in my life as a lawyer took a lawsuit against a laboring man. Never in my life did I ever take a lawsuit against a poor man in any court. To come here now and hear somebody pleading that we are going to put little administrators and custodians in charge of these matters, who will have the right to revoke the license of a tie hacker to make a living, or a poor little woman to make lard in her back yard, and enable those administrators and custodians to say they cannot even make lye hominy in the springtime without having their license revoked—to come here and talk about giving a living wage, to hear those who have sat here with the blood of Cain on their hands trying to keep the farmer from having his cost of production and trying to annul the antitrust laws and place this country under a tyranny and under a despotism on the ground that they are giving labor something—to a man who has been in that fight as long as I have and who has had only one side to vote on, I know too well what this thing means.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). Does the Senator from Louisiana yield to the Senator from West Virginia?

Mr. LONG. Yes, sir.

Mr. HATFIELD. In other words, the Senator is impressed with the feeling and knowledge that this bill will not help labor.

Mr. LONG. It will ruin labor.

Mr. HATFIELD. It will nationalize labor. It will destroy the idea of collective bargaining. Is not that true?

Mr. LONG. Yes; and when the bill was first introduced, the Senator from Florida [Mr. TRAMMELL] informs me, there was not a word about labor in this infamous thing. They went and fixed that up a little bit later on. They did not have labor in the bill when they first introduced this monstrosity. They finally found out that they had to put some cinnamon on one side and some jelly on the other to make the Congress of the United States swallow this thing that has been brought in here.

Mr. HATFIELD and Mr. WAGNER addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield further; and if so, to whom?

Mr. LONG. I yield first to the Senator from West Virginia. Then I shall be glad to yield to the Senator from New York.

Mr. HATFIELD. In other words, the Senator from Louisiana takes the position that this bill has for its purpose the destruction of competition.

Mr. LONG. Yes, sir. That is its chief purpose—the repeal of the antitrust laws.

Mr. HATFIELD. The regulation of the sale of commodities upon a parity price.

Mr. LONG. Yes, sir.

Mr. HATFIELD. Which will result in the consumer paying the bill.

Mr. LONG. Not only the consumer; that will be one result. It will result in—I beg the Senator's pardon. I yield to the Senator from New York; then I will answer the Senator from West Virginia.

Mr. WAGNER. Mr. President, I always hesitate to interrupt the Senator from Louisiana, but I do not like to have misstatements stay in the RECORD.

The Senator says that when this bill was originally introduced it did not have any provision in it to take care of labor. I introduced the bill originally, and the provisions for collective bargaining and for outlawing the "yellow dog" contract were in the bill from the very beginning; and the representatives of organized labor, beginning with Mr. Green, the president of the American Federation of Labor, appeared before the House committee strongly advocating the bill because of those provisions. Let the RECORD be clear upon that subject.

Mr. CLARK. Mr. President, I should like to ask the Senator from New York if it is necessary to repeal all the antitrust statutes and set up an industrial dictatorship in order to guarantee the right of collective bargaining and outlaw the "yellow dog" contract. Is there any logical connection on earth between them?

Mr. LONG. Well, it is this kind of a case—that if we are going to allow you to drink spring water you will have to put a rope around your neck before we will let you have the water. That is what this means. Apparently, as the Senator from Florida [Mr. TRAMMELL] informs me, there have been some amendments made to give labor a great deal more mention.

Mr. TRAMMELL. Mr. President——

Mr. LONG. I yield to the Senator from Florida.

Mr. TRAMMELL. I made that statement because, as I understand, the bill was not satisfactory to labor, and the Senate committee has written into the bill certain amendments that were requested by labor for the purpose of making labor secure. So I say that in its origin the bill was not satisfactory to labor; and it did not attempt, in its primary purpose and object, to protect labor. While, of course, there was something about the question of protecting them in collective bargaining, they have that right today. They already have that right.

Mr. WAGNER. Mr. President, may I correct the Senator from Florida?

Mr. LONG. Yes, sir.

Mr. WAGNER. The Senate committee made no amendments which were requested by the representatives of labor. An amendment was offered to the bill which was not requested by the representatives of labor and which they do not approve now.

Mr. FESS. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir; I yield to the Senator from Ohio.

Mr. FESS. I have been urged, both by labor and by business—especially big business—to support this measure.

Mr. LONG. Yes; the big business people know what they are talking about.

Mr. FESS. Business seems to be inspired in the hope that it will get rid of the antitrust laws. The antitrust laws forbid any agreements to limit trade or limit production or to increase prices. That is what business wants to get rid of; and we are told that the philosophy of this bill is limited to the producer—that is, to the manufacturer—that it does not extend to the retailer. I have read the bill through and through; and it seems to me that it extends to all kinds of business—not simply to a producer or manufacturer, but to every kind of business, including retailers. If I am mistaken, I should like to have that fact pointed out.

Mr. LONG. It extends, may I say, to every laboring man. Every man is engaged in industry. The man who hacks ties, the man who saws and splits wood, is engaged in industry. There is not any limitation on the matter.

Mr. FESS. I think not.

Mr. LONG. From the interpretation of the bill and its enforcement there can be no exceptions, because there may not be more than one man involved, but he can can peaches. He can can tomatoes. He can can corn. He is in the canning industry. It does not take more than one man to run some kind of a canning factory, if he wants to do it. Every man comes under this bill. In order to hew wood or to draw water you have to get a license, and you have to behave, and I almost said you have to vote right, or you are liable not to have any license.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Idaho?

Mr. LONG. I yield to the Senator from Idaho.

Mr. BORAH. In connection with the matter to which the Senator from Ohio has referred—that is, the interest of large business in this bill by reason of what it does to the Sherman antitrust law—may I quote a paragraph from an editorial in the New York Times discussing the interest which large business seems to have in this bill? It says:

> Quietly tucked away in the bill is a clause which gives the great manufacturing corporations what they have long striven for yet failed to obtain, so far as domestic trade is concerned.

And then it quotes section 5.

> This is plainly a charter of freedom from hampering restrictions. It is the way which captains of American industry have long sought and mourned because they found it not. Now, if the bill becomes law, it will be open to them for at least 2 years and 60 days thereafter. Already various trade associations are hailing it as a satisfactory makeweight against the other provisions of the recovery bill over which they hesitate.

Of course, Mr. President, large business interests understand perfectly that this is the end of the Sherman antitrust law.

Mr. LONG. Oh, yes; there is no doubt about it.

Mr. BORAH. And that is the reason why they are supporting it. They are not particularly interested in the other portions of the bill. They can endure those for a time if they can be rid of the law which they have been fighting for the last 25 years.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Missouri.

Mr. CLARK. As a matter of fact, the effect of section 5 of this bill is to reverse what has been the policy of the United States for almost 50 years. Since the passage of the Sherman Antitrust Act it has been a crime in this country to indulge in price fixing. Under the terms of this bill it becomes a crime not to indulge in price fixing, punishable by penalties set out in the bill.

Mr. LONG. Exactly.

Mr. BORAH. Mr. President, you cannot fix the price of labor unless you fix the price of the commodity which you are selling. That is a certainty; and what is being done here is to make it a crime for anyone not to join in the combine for the purpose of fixing prices.

Mr. FESS. Mr. President——

Mr. LONG. I yield to the Senator from Ohio.

Mr. FESS. I desire to ask the Senator from Idaho a question, if the Senator from Louisiana will permit me.

In view of the fact that only yesterday it was urged upon me by a very intelligent man that the operation of the bill is limited to the producer, and has not anything to do with the man who is dealing in articles produced, like a retailer, I should like to know whether the Senator agrees, after having studied the bill, that it does not extend to anyone except the producer?

Mr. BORAH. Oh, no! I do not understand that the authors of the bill contend that that is the case.

Mr. FESS. But it includes the retailer just the same.

Mr. BORAH. Exactly.

Mr. LONG. Everything—the producer. You cannot limit it.

Mr. BORAH. It includes almost every form of activity upon this mundane sphere.

Mr. FESS. That was my impression.

Mr. LONG. That is what it does.

Mr. TYDINGS. Mr. President——

Mr. LONG. I yield to the Senator from Maryland.

Mr. TYDINGS. It is my understanding that the net result of this bill, from the consumer's standpoint, would be to increase the cost of the article produced. We are in the midst of a depression now; and the aim of everyone is to increase the consumption of articles produced in the United States. It occurred to me that if you should increase the cost of an article to the consumer you would decrease the volume of consumption.

Mr. LONG. Of course.

Mr. TYDINGS. And in the end it seemed to me that you would employ less people than you would employ if the article sold with a reasonable degree of cheapness.

So from the standpoint of employing labor, while it is true that some of the provisions of the bill will perhaps be beneficial to labor—namely, the elimination of bad practices—in the end we must not lose sight of the fact that it is not an unmixed advantage, because the price of the article will be increased, and, therefore, the consumption of the article will be diminished, and a certain amount of labor will of necessity be eliminated.

Mr. LONG. I agree with the Senator absolutely.

Mr. CLARK. Mr. President——

Mr. LONG. I yield to the Senator from Missouri.

Mr. CLARK. I simply wish to direct the attention of the Senator from Maryland, in line with what he is saying, to the fact that at the very moment when the United States is going into a world-wide economic conference in the hope of improving economic conditions throughout the world by trade agreements we are about to enact here a bill authorizing the imposition of 100-percent embargoes—a slap in the face of every other nation in the world.

I may say further that while I am absolutely opposed to embargoes, and therefore would vote against this bill for that reason, if for no other, if we once emasculate the antitrust laws and authorize the jacking-up of prices through these monopolistic agreements, the imposition of embargoes is simply the next logical step.

Mr. LONG. I want to say, Mr. President, in line with what has just been said by the Senator from Maryland, and also what the Senator from Ohio brings out, that when you start this thing there is no end to it. The trouble today is the matter of consumption. The people cannot get the things they want to eat, and therefore the meat is going to waste on the shelf of the farmer, because he has not any place where he can sell it, because he has no one to buy it; and the only way he is getting along now is because he is able to swap his meat with the neighbor of the community, maybe for corn, or for sirup, or for meal, or something else.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Maryland.

Mr. TYDINGS. Would the Senator be opposed to this bill if the antitrust provisions now contained in the law were safeguarded in this bill, and the provisions which seek to eliminate sweatshop practices were retained in the bill?

Mr. LONG. I should be glad to support any bill accomplishing those purposes.

Mr. TYDINGS. In other words, the Senator is not opposed to the desire of the administration and the sponsors of the bill to give to labor a better chance in certain professions or businesses.

Mr. LONG. Oh, no!

Mr. TYDINGS. But what the Senator does not want to do, as I take it, is to go beyond that point——

Mr. LONG. That is it.

Mr. TYDINGS. And permit, perhaps, price fixing under the disguise of benefits to labor.

Mr. LONG. The Senator is not only right as to that, not only is that my idea, but I look upon this as not being a bill for labor. It is the greatest antilabor bill with which I have ever been faced in my experience in State and National legislation.

I have voted for every labor bill that has ever been written here. I voted for the 30-hour law, and fought for it through the committee. When the Senator from Alabama [Mr. BLACK] came to me and said, "We are going to vote on the 30-hour bill," I said, "Well, you know how I am." He said, "I am not worried about you. We know how you are, anyway." They have always known how I stood here for labor legislation. Not only did I stand that way as Governor of my State, Mr. President; not only did I stand that way on the public-service commission for 10 years in my State, but I stood that way as a practitioner before the courts.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir; I yield.

Mr. TYDINGS. I have no authority to quote one of the authors of the bill. He is very able to speak for himself. In conversation with him, however, I understand that his purpose is not to permit price fixing and not to permit monopolies to grow; and it occurred to me that perhaps those on both sides of this question might find themselves in agreement if an amendment were inserted in the bill which would state definitely that price fixing and the growth of monopolies were not contemplated in any waiver of the antitrust laws.

Mr. LONG. That will be fine; and I will ask only one thing further. I will ask that the Senator put in, further, that the President has not the power to revoke a laboring man's right to go ahead and pursue his vocation. Do that, and I am willing to go through with the measure.

Mr. CLARK. Mr. President, in response to what the Senator from Maryland has said, I may say that it is my purpose to offer an amendment to that effect by striking out section 5.

Mr. LONG. That is only part of what it will be necessary to strike out.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. LONG. I yield to the Senator from Maryland.

Mr. TYDINGS. There is one other provision there as to which I do not know whether it could be handled or not; but, as I understand, the law permits the increase of tariffs to take care of any increase in the cost of production. Of course, a pretty good case can be made out for that provision, but certainly it ought not to be so rigid that if we do have any world accord on the revival of international trade it will act as a bar.

Mr. WAGNER. There is not any bar.

Mr. LONG. It allows embargoes with a 100-percent tax.

Mr. WAGNER. That really is not any different than the power the President now has under the tariff act. He can impose an embargo now, under the tariff act, if there is evidence of unfair competition. He can declare an embargo.

Mr. CLARK. Does the Senator mean under the antidumping clause?

Mr. WAGNER. Yes. It is in almost the identical language that appears in this bill. That is now the law. I think this is a sort of reiteration of the law as it is today, not giving any adidtional power.

Let me say to the Senator from Louisiana and the Senator from Maryland, if the Senator will be kind enough to yield——

Mr. LONG. Yes, sir.

Mr. WAGNER. If the Senator will read from section 3 of the bill, he will see that it provides the conditions which the President must find before he approves the code. One is, "that such code or codes are not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them, and will tend to effectuate the policy of this title." That is a very clear definition.

Mr. TYDINGS. Mr. President, I think the Senator from New York is attempting to meet a great deal of the criticism which has been directed against this proposal, but, as I see it, the Senator from New York relies upon the President using discretion, while the opponents want the provision definitely written into the law, so that it will not be a matter of anybody's discretion. If the Senator really wants to accomplish that, and will use words to carry it out definitely, rather than leave it up to the President, it seems to me that both sides would be in accord on that provision.

Mr. WAGNER. Mr. President, how can we provide against monopoly in any other way except as we have provided here? We say that the President must find that the code is not designed to promote monopolies. We may put it that the code shall provide against the creation of a monopoly. That is the same thing.

Mr. BORAH. No; Mr. President, if we put into the law a specific declaration that the code shall not result in monopoly or monopolistic practices, then the man who complains may go into court.

Mr. WAGNER. Very well; I am quite willing to amend the bill so as to provide just that. That is what is intended, and if other language is better than the language used here, I am quite willing to adopt the other language. It is intended here to insure against the creation of any monopoly.

Mr. BORAH. Mr. President, the Senator sees what I have in view.

Mr. WAGNER. Certainly.

Mr. BORAH. It will be a fact that we will have a law, then, and from that law any citizen may appeal who is dissatisfied with the code, and the question may be tested in the courts of the country. I hope the Senator will consent to that amendment.

Mr. LONG. Mr. President, there are about 3 or 4 amendments to be offered.

Mr. WAGNER. Mr. President, will the Senator yield further?

Mr. LONG. I yield.

Mr. WAGNER. I dislike to interrupt the Senator, but there are some things I want to clear up.

I have reiterated on the floor two or three times, and it was stated any number of times in the committee that it is not contemplated that prices shall be fixed, because the fixation of prices is not in conformity with the preservation of fair competition. I made that as clear as I could and still there is constant reiteration. I do not think we ought to set up a straw man here and then knock him down.

Mr. BORAH. I think the reiteration arises out of the fact that it is difficult for some of us to see how we are to control the question of wages without controlling the question of prices.

Mr. WAGNER. We can provide that the sales shall not be at prices below the cost of production, but as to what that cost of production is depends on the efficiency of each particular plant, and we cannot have one fixed price.

Mr. HASTINGS. Mr. President, I want to ask the Senator from New York a question.

Mr. LONG. I yield.

Mr. HASTINGS. I want to find out whether there is anything in the bill which would prevent the fixing of prices.

Mr. WAGNER. Yes; because we are providing a code of fair competition and providing for practices of fair competition, and against practices which bring about unfair competition. That is also well known in the law. The Senator from Idaho yesterday was anxious to have that specifically defined. We do not define it in the antitrust laws. We do not define it in the Federal Trade Commission Act.

We simply use the words "unfair competition." We do not define it in the Tariff Commission Act.

Mr. HASTINGS. Is there any objection to writing in a statement that fair competition shall not include an agreement with respect to prices?

Mr. WAGNER. I have no objection to that.

Mr. LONG. Now, I want to proceed just a moment. I have yielded, and I will yield again in just a moment.

Mr. WAGNER. I do want the codes to provide, which every fair-competition code should provide, that there shall be no selling at prices below the cost of production.

Mr. LONG. Mr. President, a suggestion is made by the Senator from Maryland, and the Senator from New York states that he is willing to amend in that regard. A suggestion is made by the Senator from Idaho, and the Senator from New York says that may go into the bill, and the same thing as to a suggestion made by the Senator from Delaware. At least, we have done some good since I have been talking, if those three amendments are to be agreed to, and I believe we can go a little further toward Utopia in this matter. I am glad to see that much already conceded, and I hope we will have amendments to carry out those suggestions at the proper time.

I was saying, when I was interrupted, that I am not unaware of the fact that labor organizations and the members of labor organizations have been persuaded to come in and support this bill. They have been brought in by the big industries, which are trying to get rid of the antitrust laws. They are not going to be hurt for a year or two by any agreement they make with labor, they no doubt feel, but this is what it means, and in saying this I want to go just a little farther:

I had stated, when I was requested to yield to the Senator from New York, that in the record which I have tried to build up, standing as a friend of labor, I have seen the time when every State organization of organized labor fought me in my political campaigns. I have seen the president of the federation of labor of my State, I have seen the officers of every important organization, against me. Yet I have gone into the wards and into the precincts and polled as high as 95 percent of the votes of the laboring people, with every man at the head of the organization opposing my candidacy. Today the laboring people of this country, I think, give me a record of 100 percent perfect as having stood for labor legislation, notwithstanding the fact that I have had to fly in their teeth at times when they would have allowed themselves to yield, and to have been bartered away, on principles that were too dear to the people generally.

In this instance my good friend from New York is sitting in the other man's game; he is sitting in a game he does not know anything about. He has been fighting for labor all his life and for social legislation to upbuild the common man, and he has known how to do it when he has had his pen in his hand. When he sits in the game where they are designing some legislation, with this crowd across the mahogany table who have been working around here trying to get rid of the antitrust laws, he, like one of our conferees over in Europe, will never in the world be able to come out of it with anything for labor.

Mr. WAGNER. Mr. President, I assure the Senator, because I notice his interest in my welfare, that so far as my contribution to such legislation is concerned, it is not an overnight thought. I have been thinking of it for years. I do not think we will ever have industry in order until we have nationally planned economy, and this is the first step toward it. It is not a recent conversion at all.

Mr. LONG. I know it is not a recent conversion. I have knowledge of the perfect record the Senator has, and I am going to help keep it perfect. If the Senator will listen to me long enough today, he is not going to indicate his willingness to accept just those amendments of which he has already indicated his approval, but he is going to indicate that he will be willing to accept more. Probably I will indicate some change as I go along.

There is no question but that the Senator from New York has started toward a reform by going backwards. In other words, he has started out to promote fair competition by annulling the antitrust laws. That is what my friend has done.

The Senator from New York says here that we have to have something to stop the unfair practices by which the big are gobbling up the little. That is what we have to do, Mr. President. That is what he said here yesterday, and that is what the Senator from Idaho said. How are we going to do it? Is the first thing to do to repeal the antitrust laws, which for 25 years have been the only bulwark we have had to prevent the big from destroying the little?

I want now to go into what this proposed act means. In the first place, water never rises above its source, and I am reliably informed that the administration of the Farm Act and the administration of this proposed act are centered in two employees of Bernard M. Baruch. Mr. Hugh S. Johnson, an employee of Mr. Baruch, has already been installed in office to take charge of the administration of this act when passed. Mr. Peek, who, I was told—and I have only second-hand information—is another associate of Mr. Baruch, has been placed in charge of the administration of the Farm Act. Mr. Peek can revoke the license of the farmer and Mr. Johnson can revoke the license of the laboring man.

Mr. Baruch has graced this administration, as he graced the Hoover administration, and, regardless of everything we have been trying to do, we find today that my people—the little farmers, the little wage earners—already have been assigned to the tender mercies and to the administration of Mr. Baruch, against whom I waged a fight here in an effort to drive him out of the administration of Hoover, and partly succeeded; but I now find him quite entrenched in an administration that would not have been here if my friends and myself had not helped elect it. Can we not get relief from this thing?

Mr. President, I send to the desk and ask to have read a little article I clipped from the paper this morning.

The PRESIDING OFFICER. Without objection, the clerk will read.

The legislative clerk read as follows:

Three outstanding industrialists—Walter C. Teagle, of Standard Oil; Alfred P. Sloan, of General Motors; and Gerard Swope, of General Electric—last night were reported ready to accept appointment by Hugh S. Johnson to aid in the administration of the Industrial Act.

Announcement of their selection as part of a 5-man board which will represent industry in considering trade agreements under the legislation was said to await only enactment of the bill by Congress.

This is expected to come before the end of the week, with President Roosevelt affixing his signature and appointing General Johnson as administrator.

As representatives of labor, Johnson has chosen Donald Richberg, a codrafter of the bill and counsel for the Association of Railway Labor Executives, and Leo Wolman, a labor expert and professor at Columbia University.

Johnson was described as intending to set up a board of 10 men drawn equally from industry and labor. From the standpoint of the groups they represent, they will be charged with aiding the administrator in the "fair and impartial" handling of the legislation which he promised last week.

Mr. LONG. Mr. President, Mr. Walter Teagle, the head of the Standard Oil Co., Mr. Sloan, the head of the General Motors, and Mr. Swope, the head of the General Electric, are to be employed under Mr. Johnson. The act has not yet been passed, but Mr. Baruch's employee is now ready here with the officers set out, and he is now arranging to be kind enough to me and my people to put Mr. Walter Teagle and his kind over the affairs of the little community from which I come.

Mr. CUTTING. Mr. President——

Mr. LONG. I yield to the Senator from New Mexico.

Mr. CUTTING. I was merely going to suggest to the Senator from Louisiana that while he is discussing the influence of Mr. Baruch it has been mentioned in the press repeatedly that Mr. Alvin Brown, the Assistant Director of the Budget, was also a prominent member of Mr. Baruch's staff.

Mr. LONG. Yes, sir. What is the full name of the man to whom the Senator from New Mexico has referred?

Mr. CUTTING. Mr. Alvin Brown, to whom has been attributed, in large measure, the reductions which have been brought about in veterans' compensation.

Mr. LONG. Mr. President, I am almost tempted to remark, as did Hannibal when his brother's head was thrown into the camp, "Carthage, I see thy fate."

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Idaho?

Mr. LONG. I yield.

Mr. BORAH. Returning to the matter which we were discussing a few minutes ago, in which I am vitally interested, I ask the Senator from New York if he would be willing to insert after the word "title" and the colon, on page 4, line 15, the following:

Provided, That such code or codes shall not permit combinations in restraint of trade, price fixing, or other monopolistic practices.

Mr. WAGNER. Mr. President, the Senator from Idaho by that proposal does not mean that a code could not provide in general terms for a uniform price or provide that there shall not be any cutthroat competition and selling below the cost of production? That, of course, he does not intend to interfere with?

Mr. BORAH. No; I do not.

Mr. WAGNER. I am quite agreeable to the amendment proposed by the Senator from Idaho.

Mr. LONG. That amendment, as I understand, is offered by the Senator from Idaho?

Mr. BORAH. Yes.

Mr. LONG. I ask the Senator to send the amendment to the desk, if there is no objection, and let us adopt the amendment, and then proceed.

The PRESIDING OFFICER. The amendment proposed by the Senator from Idaho will be stated.

Mr. REED. A point of order, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. REED. Is not an amendment now pending?

Mr. LONG. I yielded to the Senator from Idaho that he might offer his amendment, if there be no objection.

The PRESIDING OFFICER. Let the amendment be read.

Mr. LONG. Let us get to whittling on it, and we will get it all out before very long.

Mr. BORAH. After the word "title" and the colon, in line 13, page 4, I move to insert the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Idaho will be stated.

The LEGISLATIVE CLERK. On page 4, line 13, after the word "title", it is proposed to insert:

Provided, That such code or codes shall not permit combinations in restraint of trade, price fixing, or other monopolistic practices.

The PRESIDING OFFICER. The Chair will state to the Senator from Idaho that to consider his amendment it would be necessary to reconsider the vote by which the amendment on page 4, line 13, was adopted.

Mr. BORAH. Mr. President——

Mr. LONG. We have an agreement to proceed with the Senate committee amendments and then come back to individual amendments.

Mr. BORAH. This amendment precedes the amendment which we adopted; it is not a part of it.

The PRESIDING OFFICER. The Chair will state that there is an agreement first to consider committee amendments; but the Senator from Idaho could ask unanimous consent to consider this amendment at this time.

Mr. BORAH. Well, I will ask unanimous consent that the amendment may now be considered.

Mr. HARRISON. Reserving the right to object, I was called out of the Chamber, and should like to know the purport of the amendment.

Mr. LONG. The Senator from New York [Mr. WAGNER] is in accord with this amendment.

Mr. HARRISON. But the Finance Committee must get in accord with some of these things, too.

Mr. WAGNER. I think the amendment ought to be submitted to the chairman of the committee.

Mr. LONG. Let the chairman of the committee take time to consider the amendment while I continue my speech. I have some further remarks to make, anyway.

Mr. HARRISON. I think we had better go along and consider committee amendments first, and then before we finish the first title let individual amendments be offered.

Mr. BORAH. Very well. If the clerk will return my amendment to me, I may improve it.

Mr. LONG. Mr. President, I was trying to save time. As we point out the weaknesses of the pending bill, I will gladly yield in order that they may be corrected. As we unfold to the very ready and highly trained mind of the Senator from New York [Mr. WAGNER] the various holes that need to be plugged, I believe it would save time if we were permitted to correct them as the Senator from New York sees the necessity of doing so; but the Senator from Mississippi has come in and interrupted all the speed that we were trying to make in order to hasten this bill through. He, of course, being in charge of the bill, has the right to do as he sees fit. I therefore regret that I have to take up the time and make more lengthy my remarks with respect to the bill.

What I said, Mr. President, was that I was informed by the Senator from New Mexico that Mr. Baruch has gotten Mr. —— what is his name?

Mr. CUTTING. Mr. Brown.

Mr. LONG. Mr. Brown as chief cook and bottle washer of the Director of the Budget under Mr. Douglas. I am further informed that he is the man given credit for the stupendous genius that prescribed the specifications and regulations to eliminate the compensation and benefits that were being given the veterans of all wars. He is one of the main men in that line.

There is Mr. Baruch, with one lieutenant, handling the Director of the Budget's office; that settles that. There is Mr. Baruch, with another employee—Mr. Peek—handling the Farm Act; that settles that. There is Mr. Baruch, with Mr. Hugh S. Johnson, another employee, already installed in his offices here, announcing the appointment of the chief men in the Standard Oil Co., in the General Motors Corporation, and in the General Electric Co. as the men who are going to administer this bill when it shall become a law. And from one source——

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I will yield in just a moment. And from one source we have already been told down to the point that there is no such thing as the planting of a stalk of okra or the hacking of a crosstie or the soling of a pair of shoes that is not within the power of these gentlemen who come from Baruch. Now I yield.

Mr. BARKLEY. I should like to inquire of the Senator if he meant by his language to imply that Mr. Peek and General Johnson are employees of Mr. Baruch? That is the interpretation that might be placed upon his language. I want to know if he means to make that sort of assertion?

Mr. LONG. I mean that they have been Mr. Baruch's employees up until they were hired by the Government, and Johnson has not as yet been hired by the Government.

Mr. BARKLEY. As to Mr. George Peek, who lives in Illinois and who has been interested in the agricultural situation for many years, long before, I imagine, he thought of having any appointment under any administration, in what capacity has Mr. Baruch employed him?

Mr. LONG. I do not know; I will get the Senator up the details.

Mr. BARKLEY. Does the Senator know that he has been employed by Mr. Baruch?

Mr. LONG. I understand so. I was reliably informed by a Senator this morning that he was, and I am sure he has been.

Mr. BARKLEY. Then, the Senator does not know?

Mr. LONG. I do not know of my own personal knowledge that Mr. Brown has been or that Mr. Johnson has been, but

I am reliably informed they have been, and that is a matter as to which we can very easily get the facts. I am certain that what I have said is true, just the same as I am that what is stated in the article I sent to the desk is true.

Mr. BARKLEY. In what capacity did Mr. Baruch ever employ General Johnson?

Mr. LONG. I do not know that.

Mr. BARKLEY. Does the Senator know that he has ever employed him at all?

Mr. LONG. I have been told so by very reliable authority in the Senate, and I understand beyond any question he has been.

Mr. BARKLEY. In what capacity?

Mr. LONG. I do not know.

Mr. BARKLEY. The Senator, I suppose, would not be willing to divulge the source of his information or rumor or gossip.

Mr. LONG. I do not think there is any question that Johnson has been employed by Baruch.

Mr. BARKLEY. Well, in what capacity?

Mr. LONG. I do not know.

Mr. BARKLEY. Where?

Mr. LONG. I will get that up for the Senator. The Senator can go after Mr. Johnson, and he will no doubt tell him.

Mr. BARKLEY. The Senator from Louisiana might also have asked him.

Mr. LONG. No; I am not that close to him.

Mr. BARKLEY. And probably never will be.

Mr. LONG. No, I may never be; I doubt if I ever will be. I know, Mr. President, that Eugene Meyer was an associate of Baruch, and I stood on the floor of the Senate—not entirely on account of Eugene Meyer, but when I knew that Baruch was around here trying to pull off this reactionary legislation and was prompting Mr. Hoover in it, I knew he was the man who was wrecking Hoover, and I said so on the floor of the Senate. That is Bernard M. Baruch, who wrecked Woodrow Wilson, and who was going to wreck Herbert Hoover, and he did, and, take my word for it, he is going to wreck President Roosevelt, too, just as he wrecked the other two.

I stated, Mr. President, that Eugene Meyer and Barney Baruch had been in a market rigging operation in New York for many years, and I think I proved it on the floor of the Senate. I am not violating any confidence when I say that one morning a gentleman came to me from Mr. Hoover when I was here last year and asked me why I was making the charges that I was against Mr. Meyer on the floor of the Senate, and would I feel satisfied if Mr. Baruch were taken off the Reconstruction Finance Corporation. I told him that I would, for the time being; and a few days later I added another request to it, that another gentleman under Mr. Meyer's wing be taken off the Reconstruction Finance Corporation. Whether it was because of that or not I do not know, but a few days later Mr. Hoover had the good sense to come in here with a message saying that the two gentlemen referred to ought to be taken off the Reconstruction Finance Corporation; and I understood that the influence of Mr. Baruch around Mr. Hoover began to wane, but too late to save the man.

While we are investigating Morgan—and he ought to be investigated, do not forget that—something very peculiar has happened here. We have not heard a word about investigating the Chase National Bank and the Rockefellers. Remember that—not a word. Mr. President, let me tell you something else. If you will investigate the silver purchases and the currency purchases of Baruch and his clients since they have been manipulating this thing, you are liable to find out that they are doing just as much market rigging as they were at the time that I referred to the Meyer case here, and put the facts in the RECORD of this Congress. They are in charge; they are "in the know"; they know all about what is going on, and they know what is going to happen. You, Mr. President, and I do not know. They have been placed in seats where they are in a position to know anything that is going to happen. If they know that the President is going to buy silver tomorrow morning, they know it, but you do not. Somebody is going to know it; he cannot keep it all to himself; he has to have his main arms of the administration in there. And when it is believed that the Government is going to buy silver and purchases are made, they are in on it, and when the Government does buy silver they reap a handsome reward. That is the kind of legislation that Mr. Baruch has guided the President into ever since he has been back here.

Why was Franklin Roosevelt nominated for the Presidency? Baruch is the man that caused him to be nominated, because some of us felt that he was the only man we could nominate and get away from Baruch. When we were around here last May and last April and last March and Baruch brought Al Smith down here and got Democrats to sign up on the same thing that Hoover and his crowd were signing up on, which was supposed to be a nonpartisan effort in behalf of the sales tax and things of that kind, we did not have anybody left to go to but Franklin Roosevelt. We thought that since Baruch was against him, above all other candidates, that was a chance to get rid of Baruch and his kind. This man, who was there telling Wilson when he was sick and could not get around, is here talking to Franklin Roosevelt today more effectively than ever; and I tell you, Mr. President, that now I understand the mistakes of the Director of the Budget.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. I yield.

Mr. HARRISON. I have just been in conference with the Senator from Idaho, the Senator from New York, and the Senator from Wisconsin, and some others in reference to suggested amendments. Will not the Senator permit us to see if we cannot get together on those amendments?

Mr. LONG. I am perfectly willing to do that. I was willing to do that a while ago, if the Senator from Mississippi had not interrupted us, and I am willing to do it now.

I am willing to yield for that purpose now.

Mr. HARRISON. I may say that the amendment suggested by the Senator from Idaho [Mr. BORAH] with reference to restraint of trade, monopolistic purposes, and so forth, is carrying out the purposes of the bill as we construe it. I ask unanimous consent that it may now be offered so we can eliminate that matter in the hope that we may conserve some time and expedite the passage of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi?

Mr. LONG. I yield for that purpose.

The PRESIDING OFFICER. There being no objection, the amendment of the Senator from Idaho will be stated.

The CHIEF CLERK. The Senator from Idaho [Mr. BORAH] proposes, on page 4, line 13, after the word "title", to insert the following:

Provided, That such code or codes shall not permit combinations in restraint of trade, price fixing, or other monopolies purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the amendment? The Chair hears none. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, there should be a correction made in the next proviso so that it will read "and provided further."

The PRESIDING OFFICER. Without objection the correction will be made.

Mr. LONG. Mr. President, I want to say something further in answer to the Senator from Kentucky [Mr. BARKLEY]. I think he can give me credit for being in good faith about this matter. He was here at the time when I said on the floor of the Senate what I am saying now, when I said it under the Hoover administration. I said at that time that they could not give Mr. Baruch to the Democratic

Party again. I think the Senator from Kentucky heard me say that at the time.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BARKLEY. I do not recall the language that may have been used a year or more ago by the Senator from Louisiana in discussing Mr. Baruch or any other prominent Democrat, and I am not concerned about any quarrel which he has with Mr. Baruch.

Mr. LONG. I do not even know the man.

Mr. BARKLEY. I know Mr. Baruch and I wish to say publicly that I have known him for many years. I have known that he has been unusually interested in agricultural relief. I know that years ago, under both Mr. Coolidge and Mr. Hoover, Mr. Baruch made a careful study and survey of agricultural conditions and suggested some remedies which probably, if they had been adopted, might have prevented some of the disaster which has overtaken and overcome the farmers of the country. I have always regarded Mr. Baruch, so far as his attitude toward the farmer was concerned, as unselfishly desirous of aiding the farmer in any way he could by assistance, by cooperation, or by helpful legislation that might be enacted.

I did not understand that the Senator from Louisiana had the power to give Mr. Baruch to the Democratic Party or that it was necessary, because Mr. Baruch has always been a Democrat. He has supported every Democratic nominee, I am informed, since he was old enough to cast his vote. While I have sometimes found it necessary to disagree with Mr. Baruch with reference to some of his economic views, I have always entertained for him the highest respect, and I do now entertain for him the highest respect. I do not think Mr. Baruch is trying to put anything over on Mr. Roosevelt, or that he tried to put anything over on Mr. Hoover or Mr. Coolidge that was inimical to the interests of the American farmer.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Louisiana yield further?

Mr. LONG. No; I refuse to yield for any more eulogies of Mr. Baruch at this time.

Mr. ROBINSON of Arkansas. The Senator is in poor business——

Mr. LONG. What is that?

Mr. ROBINSON of Arkansas. I say the Senator is in poor business attacking private citizens on the floor of the Senate and refusing to permit any answer to be made.

Mr. LONG. Let the Senator go ahead and make his answer.

Mr. ROBINSON of Arkansas. No; I will take my own time.

Mr. LONG. That is perfectly all right.

Mr. ROBINSON of Arkansas. I refuse to be beholden to the Senator from Louisiana.

Mr. LONG. I am perfectly willing for the Senator to do it now or at any other time, I say again, and I am not afraid to say it again.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. LONG. Very well.

Mr. ROBINSON of Arkansas. The Senator can come here on the floor of the Senate and attack private citizens and declare that he is not afraid, as he did in a certain case when his hand was called by the Senator from North Carolina [Mr. BAILEY], and then when he is sued for making slanderous or libelous statements he can hide himself behind his immunity. The Senator from Louisiana will never see the day when he can stand in a class with gentlemen like B. M. Baruch! [Applause.]

Mr. LONG. I am glad, Mr. President, if the Senator from Arkansas wishes to make a personal charge. I went to the State of Arkansas, where the Senator from Arkansas lives, and I was one who helped them to attend to him there. I went to Arkansas when the Senator from Arkansas said he would not have anything to do with the campaign out there. We pretty well settled that matter up there. I settled the matter in Arkansas with him and I settled the matter in Louisiana with him. The Senator has no right to come here and attack me.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. LONG. No; I do not yield.

Mr. ROBINSON of Arkansas. No; the Senator of course refuses to yield.

Mr. LONG. I do not yield to the Senator until I am through making my reply to him.

I say that Mr. Baruch was the chief adviser of Mr. Hoover on the sales tax. I know it because I saw Senators who told me that Mr. Baruch stood outside the door of the Senate trying to get Members of the Senate to support the sales tax when Hoover was trying to put it over. I was told so by Senators, some of whom hear me now. I am not referring to the private character of Mr. Barney Baruch. I am referring to the political operations of Mr. Baruch. I am referring to the fact that Mr. Baruch was the chief manipulator of the downfall of Woodrow Wilson. Everybody who knows political history knows that to be true. I know that he was just as close to Hoover as he was to Woodrow Wilson, and that the downfall of Hoover in a large measure can be traced to the advice he received, which was not received by the American people.

I want to say further that I stood on the floor of the Senate when the Senator from Arkansas was here, Mr. President, when my political career at the time did not mean much to me, but I was using it for the American people, and I said we would relieve the Democratic Party of the influence that had wrecked Wilson and the influence that had wrecked Hoover. I said that Baruch would not be in the category, and I received a letter from the President of the United States after I made that statement, and if I ever read a letter that approved what I said or what he thought I said, I thought I read it in the lines of that letter that came from the President who now sits in the White House.

That is why I was one of those who worked for the President of the United States not only in my own State but I was asked to help in other States to secure delegations for the present President of the United States, and I did. The States in which I was asked to take charge delivered their delegations for the nomination of Mr. Roosevelt. While Senators may condemn me in the Senate or wherever they want to and I will not urge any exemptions or exceptions, they cannot come here and condemn me for having said something that was accepted by my chief and by my party because now I object to that influence coming back into this administration and being the controlling factor not only in the preparation of legislation but in the manipulation and in the administration of that kind of legislation. I am not going to have it if I am the only Democrat who can stand here now with the great welching powers of the party chiefs condemning me for the reason that I condemn that damnable influence.

I will go with the Senator to the people of Arkansas again and we will see who gets the votes of the people and who comes back to the Senate. I will go back with him to Louisiana and Arkansas or any other State on earth. He is not going to make me a party to this blood-stained-hand betrayal of the people of the country by putting Barney Baruch in a place where he can revoke the license of the tie hacker or of the woman at the washpots who give me whatever standing I have here. There may be found some who are afraid to do it, but no one will ever find me afraid to do it.

I will read a little further from one of Mr. Baruch's satellites, if the Senator from New Mexico [Mr. CUTTING] has correctly informed me. I read from the New York Herald Tribune of Thursday, June 8, 1933. First, I read the headlines:

Roosevelt and Congress near break on veterans; Borah hits recovery bill. House chiefs demand at least $40,000,000 more than President's limit for service men. Budget head urges him to defy them. Decision due this morning; request for tariff powers dropped in his hope of ending session.

Now I read from the article:

WASHINGTON, June 7.—President Roosevelt was face to face tonight with a decision whether to part company with the Demo-

cratic Congress on the veterans' issue when House Democratic leaders left with him a compromise proposal which would have him surrender some of his powers over compensation to ex-service men.

Through his Budget Director, Lewis W. Douglas—

I understand that includes Mr. Brown, who, my friend the Senator from New Mexico [Mr. CUTTING] informs me, is another Baruch man. I hope that none of my colleagues will feel it necessary to cast any reflection on the Senator from New Mexico for offering me that friendly piece of information. I hope that whatever murderous charges may be brought down on anybody will descend on my shoulders entirely for volunteering that information, because the Senator from New Mexico was trying to do me a courtesy. I understand the Senator from New Mexico happened to be one who supported Mr. Roosevelt in the campaign long before some of my traducers ever supported him.

I continue reading from the article—

Through his Budget Director, Lewis W. Douglas, the President sent back word that he would communicate with the House leadership at 10 a.m. tomorrow. Mr. Douglas was disclosed as advising the President to stand pat and defy Congress to clip $170,000,000 from his $460,000,000 economies in veterans' payments.

WOULD LEAD TO VETO

This would lead to a veto of the independent offices appropriation bill and require the passage of a continuing appropriation in order to adjourn Congress by the end of this week or early next week. It also would draw the veterans' issue between the President and the heavily Democratic Congress, which has voted him powers such as never before were held by any President.

In the developments of the political crisis, made all the more acute by the President's desire to deal with the war-debt emergency of next Thursday without interference by Congress, Mr. Roosevelt sent word that he was dropping his request for special reciprocal tariff powers. This leaves the national recovery measure and the veterans' issue as the major questions to be cleared away to close out this session of Congress before it can make more trouble for the President.

UNDER TREMENDOUS PRESSURE

The President was under tremendous pressure tonight from both sides of the veterans' question. While his decision was not known, and probably will not be reached definitely before tomorrow, he was taking the position that he could not compromise with principle.

Apparently, Mr. President, the advisers are having their way about it. The President cannot see it. He cannot see that he is taking hundreds of Democratic Members in the lower House of Congress and sending them to slaughter next year; and I cannot make him see it, because he is not hearing me. We are taking hundreds of good men in this Congress who voted for the economy bill, and we are sending them out here to slaughter next year—friends of ours, that we have helped to elect—because of what has been done under the administration of the Economy Act; and today we read in the papers that the administration is willing to veto the bill before it will allow it to go into effect to correct a small part of the injuries that have been done, that an overwhelming majority of this Congress thought ought not to be done.

No; I will say this: I am going to read in just a minute what I said about Mr. Baruch before I was accepted into the folds of Mr. Roosevelt's party. I am going to read it to you in just a minute. I have sent for it. You did not complain about it then. Nobody got up on the floor of the Senate then and said that he was the apostle to lead the Democratic Party. Hoover's own spokesmen did not defend him on the floor of the Senate. On the contrary, I was told by Members here in private conversation that they had advised the President of the United States, Mr. Hoover, the same as I was saying on the floor of the Senate—that he had better get Mr. Baruch out of here; that he was going to wreck his administration, as he did Woodrow Wilson's in the last few months. No one said anything about it at the time; but now it has become a crime for me to get up here and to complain of Mr. Baruch, who, I understand, is a nationally known market operator. I understand that his business is that of being wise on the market. I understand that to be his business—that he is wise on the market, when to buy and when to sell. That is the information I have always received in New York—that Mr. Baruch is known to be market wise.

I do not know what Mr. Baruch would do; but you take any ordinary man, Mr. President, and let him put one of his men running the Budget Bureau, and another one of his men running all the industries and livelihoods, and another one of his men running something else, like the Farm Board, and you do not have to eat a whole beef to tell when it is tainted. Do you mean to tell me that those men who have been in Mr. Baruch's employ all this time are going to forget all about it when they get up there? How many men believe that?

Do you mean to tell me that Mr. Baruch does not know what he is doing when he has Hugh S. Johnson down here already in charge of the administration of a law that has yet to go through Congress? Do you mean to say that Mr. Johnson, if he has a man under him, does not know what he is doing, when right down here now there is a press dispatch, that I have sent to the desk, saying that Mr. Walter C. Teagle, the head of the Standard Oil Co., and the head of the General Electric Co., and the head of General Motors have already been picked to administer the measure that we now have under debate? And yet you tell me that Mr. Baruch has no influence here! Maybe he has not, Mr. President, but it is the most peculiar thing I have ever seen.

Now my friend from Kentucky and my friend from Arkansas volunteer the information that Mr. Baruch is a good Democrat. He may be; I do not know. I do not say that he is not a good Democrat. He is not the kind of Democrat that I thought was going to run this administration. If he is the kind of Democrat that can advise Hoover one day and advise Roosevelt the next day, then we went a long way to do a lot of work that there was not any use of our doing. [Laughter.] You surely could have saved me lots of trouble. It was mighty cold coming through South and North Dakota. You could have saved me from almost falling out with one of the best friends I have in the world, a Governor of a State, trying to keep him in line for Roosevelt at the convention. That is something you could have saved me from doing. You could have saved me from having to go north into another State to meddle in politics that was none of my business if that is true; you probably could have made someone else just as much for me now as the other gentleman is against me. You could have kept me out of lots of trouble if that is what we meant to do.

That may be right, gentlemen. That may be the right thing; but there is such a thing as the rights of a human being anywhere. There is such a thing as a man being treated fairly; and I went farther than that. I went a great deal farther than that. I see men here in this Hall of Congress who sweated out the night sessions in Chicago. I see men sitting here who were there during those days and those nights. They know what we fought, and they know the issue upon which we fought and the lines upon which we fought—Owen D. Young, Bernard Baruch, Al Smith, Newton D. Baker, and others of their kind on one side; the Roosevelt crowd, WHEELER, DILL, LONG, and that crowd on the other side.

There was not any making any mistake as to what the issue was, Mr. President. Wherever there was a power company that had an office, we always felt its weight in that convention, and we knew what it meant at the time. They came in with them all the time, and we had them to beat, and we had them to fight.

I have sent for a copy of what I said before that convention met, which I expect to read to the Senate in a moment.

Now we come here, after I had said all of that on the floor of the Senate, after I said the same thing to the people in the North and in the South and in the West, and we are told that Mr. Baruch is a good Democrat. I am not going to argue with the Senator from Kentucky or the Senator from Arkansas as to whether or not he is a good Democrat, but I am putting up the side of this picture that I presented to the people of the United States from the floor of the Senate and from the public platform, and leaving them to judge of it.

I opposed this reforestation move. I send to the desk a short clipping that I take from this morning's paper, and ask the clerk to read it.

The PRESIDING OFFICER. Without objection, the article will be read.

The Chief Clerk read as follows:

15 VETERANS LOSE FORESTRY JOBS AS MOB INVADES TOWN—FORT HUMPHREYS EVICTIONS FOLLOW UPROAR CAUSED BY NIGHT BRAWLING OF 200 MEN AT ACCOTINK, VA.; MAJORITY IN CAMP ORDERLY

A brawling mob of drunken men from the veterans' reforestation camp at Fort Humphreys early last Sunday morning threw the quiet little nearby village of Accotink, Va., into a state of fright and uproar, it was learned exclusively last night by the Washington Post.

Soldiers from Fort Humphreys finally herded approximately 200 of the men back to the camp, and for 2 days thereafter military authorities stationed soldier police in the villages of Accotink and Pohick to prevent the reforestation recruits from entering the small communities.

About 15 of the veterans were summarily discharged from the Fort Humphreys camp as a result of the Accotink and other incidents involving alleged liquor drinking, Army officers said yesterday.

No overt acts against the people or property of the Virginia communities were committed by the veterans, it was said last night by residents. However, the men congregated during a quiet hour and brawled among themselves to such an extent that the quiet residential sector was thrown into a nervous furor, it was said.

One man, it was learned, was cut severely during a brawl.

The procuring of the whisky began late last week, after the men had received their first allotment of approximately $2 from the Government. Others had received larger amounts in the shape of Veterans' Administration compensation checks, it was said. The liquor was obtained from backwoods bootleggers, it was said, and some of it was actually smuggled into the camp.

Mr. LONG. Mr. President, I am going to read now what I said on this floor on May 12, 1932, and I was told by the President himself that he had read it.

Who is this Barney Baruch?—

I said on May 12, 1932—

Who is this Barney Baruch? You cannot feed him to the Democratic Party, because we will not have him, nor can the leader of the Democratic Party in this Senate accept him for the Democratic Party of the Nation. He is the right-hand, twin-bed mate of Hooverism in this country. [Laughter.] Everything that Hoover represents is represented by Baruch. He is supposed to have been engaged in the banking business in New York City. Maybe he was. It was not exactly a banking business, but some kind of a stock-market and bucket-shop operation carried on up in that country, legitimate under the law. He never was in any bank that I could find out anything about in modern days. But to Barney Baruch was sent one Eugene Meyer. Eugene Meyer and Baruch operated a certain investment stock-marketing racketeering enterprise up in New York City. [Laughter.] One of them is supposed to be in control of the financial side of the Democratic Party, the other of them is supposed to be in partnership and in charge of the financial side of the Republican Party. Mr. Eugene Meyer, Mr. Barney Baruch's partner, has been by Mr. Herbert Hoover made the president or chairman of the board of governors of the Federal Reserve System of the United States and is today the Chairman of the Reconstruction Finance Corporation.

That is not all I said. A little bit further along I mentioned Mr. Baruch again. This was not a keynote speech for the Democratic Convention, but it was my keynote speech before we had a convention.

Now I will read a little more. I want to read what I said just as I closed the speech, where I went back over that ground a little bit in order to emphasize the fact that the Democratic Party could not win with Baruch handling it. I said:

The Republican Party cannot deed us Bernard M. Baruch for the next 6 months. We will not take him. You cannot hand him to us, whether he is sponsored here on this side of the Chamber or not.

That was in the course of my speech of May 12. I have not said anything today that I did not say on May 12. I was accepted into the councils of the Democratic nominee. I was sent out over the country to speak for my party. They not only knew what I spoke, but I wrote a letter, and I went to see the committee, and I went to the nominee in person after getting a letter from him, and told him that I could not advocate anything else except what I had been advocating here in the Senate, and that if it was going to be of any injury whatever to the party I was perfectly willing not to go out.

They had the chance not to have me go out. That would have been all right with me; but they had me come and tell the people of America the issues as I saw them, for whatever my word is worth—and it is worth something in a few States in this country. It is worth something in my own State, and has been for many, many years. It will be worth something down there for many, many more years to come. It has been worth something in my neighboring States, Mr. President. They made me, against my consent, the issue in a governor's race in one State; but the man whom they charged as having had my support—and he did—was overwhelmingly elected Governor of that State, notwithstanding the fact that in two previous races he never ran better than third. They made me an issue in other campaigns, but in none of them where they have made me the issue in States down there has the man making me the issue come out better than second; and they did not have to have me, if they did not want me, in the last Democratic campaign. But if we were going to have the same kind of influences under Mr. Roosevelt, Mr. Smith, or whoever was named by the Democratic Party as we were having at that time under Mr. Hoover, it did not make a tinker's rap with me who the nominee of the Democratic Party was, because I was fighting for relief of the people of this country, and not merely for a change in names and organs.

I come here now and I complain. I complain in the name of the people of my country, of the sovereign State I represent. I complain in the name of the people wherever else it may be known. I complain if it be true, as I am informed by Senators on this floor, that under this act Mr. Johnson, a former employee of Mr. Baruch, has been put in charge of the administration of the act, and has already called as his aides the head of the Standard Oil Co., the head of General Motors, and the head of the General Electric Co.

I complain if Mr. Peek, who is an employee of Mr. Baruch, or has been, as I have been informed on the floor of the Senate, has been placed in charge of administering the Farm Act, however good a man he may be and whatever his ideas may be.

I complain if Mr. Brown, who, I am informed on the floor of the Senate, has been made an influential manipulator of the office of the Bureau of the Director of the Budget, has been an employee of Mr. Baruch, and is now given this authority.

I complain because, on the 12th day of May 1932, before we went to Chicago to nominate a President of the United States, I stood in this very place on this floor and told the people of this country that we were not going to have the Baruch influence, at that time so potent with Hoover, manipulating the Democratic Party before nomination, after nomination, or after election.

I have a right to complain. The Senator from Arkansas might not have that right because he has not uttered such words on this floor; the Senator from Kentucky might not have such right, but I have that right, because within the hearing of 120,000,000 people of America I made those statements. I think that speech was carried in practically every newspaper in the United States, and I know that more than a million copies were sent out. In the hearing of 120,000,000 people my voice went up that the new deal meant an end of "Baruchism" in America.

Now, we are called on to consider some proposed laws, which are to be enacted and which are to be administered. I have every confidence in the world and every faith in the Senator from New York [Mr. WAGNER]. I know what we are going into. Others may not know. I am sorry my friend the Senator from Kentucky was not in the Chamber when I read my speech of May 12, 1932.

Mr. BARKLEY. I heard it then and I can read it now.

Mr. LONG. I understood the Senator had not heard it before. I had understood the Senator had not heard the speech I made last May.

Mr. BARKLEY. I do not know to just which one the Senator refers, but I heard nearly all of them.

Mr. LONG. I heard nearly all the Senator from Kentucky made, so I have been as kind to him as he has been to me. Neither one of us, probably, has been any too subdued.

Mr. BARKLEY. I will agree to that so far as the Senator from Louisiana is concerned.

Mr. LONG. Mr. President, now we find this bill before us. I was hoping that I would be able to argue nothing but the bill, but I could not resist the information given to me on the floor of the Senate. Now we come to the bill. I would discuss it further at this time, though perhaps there is someone who wishes to say something with regard to what I have said, and in fairness to any who may have that inclination, I think that at this time I will pause, and permit anyone who wishes to make any comment, to whom I have not seen fit to yield, to take the floor.

Mr. ROBINSON of Arkansas. Mr. President, I have no intention of taking the time of the Senate in attempting to reply to statements made by the Senator from Louisiana, except wherein I feel that some injustice may result.

As far as his references to the campaign in Arkansas, in which my colleague [Mrs. CARAWAY] was elected, are concerned, as he well knows, I took no part in that campaign, nor was I involved in it. The Senator made the statement on the stump, when he came into the State, that he did not propose to raise that issue. He has boasted that when running time comes again, he will be in Arkansas. I can give my friend from Louisiana the information that I will be there, and that if he comes into Arkansas, I will also take the liberty of going into Louisiana, and I think, from what I know of the state of public sentiment in the two States, that he will be repudiated in both of them.

Mr. President, it does seem to me absurd, however, to take the time of the Senate in replying to some of the statements, such as the one last referred to, made by the Senator from Louisiana. In some way he seems to involve himself in personal antagonisms to citizens who have done him no wrong, who think no wrong of him, and I respectfully submit to this body that it is not reflective of a high character of fairness for a Senator to make attacks on private citizens when he is immune from suit for libel or for misrepresentation because of any statement he may make in the Senate.

I recall that the Senator has the habit of abusing almost everyone with whom he comes in contact who happens to differ from him. I think that is wrong. Perhaps it is out of place for me to attempt to lecture the Senator on good manners and ethics pertaining to procedure in the Senate, but he has so often injected his personal antagonisms into the debates here that I feel justified in saying that he has no warrant for concluding that every time he makes a statement on the floor of the Senate and someone does not deny it that proves the correctness or the truth of his assertion.

The Senator made a number of statements yesterday in his attacks on the President which I think were wholly unfounded, which I believe every Senator on this side of the Chamber believes to have been unfounded. But manifestly his purpose was to delay consideration of the pending bill, manifestly to prevent action on the bill; and I want to say to him now that the statements he made yesterday, and some of those he made today, are not to be taken by him as proved merely because some Senator does not rise here and waste the time of the Senate in pointing out that the Senator from Louisiana, as usual, does not know what he is talking about. [Laughter.]

The Senator made a bitter attack on a citizen of this country who has the confidence and respect of many Members of this body. He has proclaimed that Mr. B. M. Baruch is the political adviser of the present administration, was the political adviser of the Hoover administration, and wrecked the Wilson administration.

Let me say to the Senator from Louisiana that Mr. Baruch never volunteered a suggestion either to Mr. Hoover or to Mr. Roosevelt; that in every instance when he has visited the White House he has been asked to do so and requested to contribute what he could to the study and solution of the problems which are confronting the country. If the Senator will take the trouble to ask Mr. Hoover and to ask President Roosevelt, he will find that instead of Mr. Baruch being a busybody, as he has been called, his advice has been asked.

With respect to the declaration, repeated two or three times by the Senator from Louisiana, that Mr. Baruch wrecked the Wilson administration and was the cause of the downfall of Mr. Wilson, let me point out the fact that Mr. Baruch was chairman of the War Industries Board during the World War. In the capacity of chairman of that Board he was called upon to discharge many weighty responsibilities, and I believe that the record of that service will shine in undimmed splendor for many years. It was fruitful of great benefit to the Nation and it was helpful to the cause of our soldiers who were carrying on the struggle in far-away lands.

When the Senator refers to the downfall of Mr. Wilson I wish to point out to the Senator from Louisiana that he again discloses his ignorance of history; that he does not know what he is talking about. I am assuming, now, that he believes the statement he made respecting the downfall of Mr. Wilson to be a historical fact, but I wish to tell him in this presence—and I wish that my voice could ring from limit to limit of this country—that there has never been a downfall of Woodrow Wilson, notwithstanding men like HUEY LONG have attempted to contribute to such a downfall. Woodrow Wilson is firmly entrenched in the memories and in the confidence of liberty loving, patriotic American citizens. It is true that in the late months of the last year of his life, due to the pressure and strain of great responsibilities, the overwhelming burden which he was carrying, he did fail physically; but Woodrow Wilson performed a great service to his country, a noble service to mankind, and the great statesman from Louisiana cannot bring about his downfall now.

The Senator from Louisiana says that Baruch put Johnson in control of the administration of this bill. The appointment of Mr. Johnson was made, if it has been made, by the President. Mr. Baruch did not solicit his appointment. Mr. Baruch is not responsible for his appointment. I wish to say that Mr. Johnson was regarded by the President as the best man he could find to administer the proposed act.

Mr. BARKLEY. Mr. President, I may add that not only did Mr. Baruch not solicit this appointment for General Johnson, but that General Johnson himself did not solicit it; and that when he was first approached upon it that he declined to accept it or to consider it, I am informed, and was prevailed upon to do so as a matter of duty.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Kentucky is correct. That is the information which has come to me. So that instead of the statement made by the Senator from Louisiana being true or founded on fact, it is entirely without fact to support it. What good can come from the Senator rising on this floor and attacking a private citizen? What does he expect to accomplish by that practice?

There is another thought that flashes into my mind. The President of the United States is entitled to some consideration, particularly from men who sit on this side of the Chamber and call themselves Democrats. It is perfectly apparent from the remarks of my friend the Senator from Louisiana that he is simply mad because Roosevelt will not let him run the administration. [Laughter in the galleries.] Oh, yes; the occupants of the galleries laugh when I say that, and everybody knows it is true. The Senator refers to a small group, a group of Democrats, who, he thought, with him, were going to run the Roosevelt administration; and because the President chooses to conduct his own administration, declines to respond to the dictation of the Senator from Louisiana, we see the Senator from Louisiana day after day rising on the floor of the Senate, and we hear him denouncing and condemning the great leader of the Nation, who, during this time, I am happy to say, is receiving fair and cordial support from Senators on the other side of the Chamber.

When Roosevelt became President of the United States there was a condition which must not be forgotten. Every bank in the country was threatened with insolvency; thousands of banks had failed; sources of credit throughout the Nation had dried up; business everywhere was suspended; millions of laborers were walking the streets, seeking an opportunity to obtain employment through which to earn a living for themselves and their dependents. There has never been a time in the life of the Senator from Louisiana or during my lifetime when greater distress prevailed throughout the country, when the pall of the gloom and the shadow of sorrow hung like a cloud over the Nation, dense in blackness, terrifying in its threat. The President had a mighty task to perform. He assumed his duties with cheerfulness and with courage. Realizing that the conditions were emergent and unusual, realizing that large groups like the Senate and the House could not work out administrative details always in time to save failing situations, the President bravely accepted his responsibilities and invited additional responsibilities. Through every day that has passed since he took the oath of office he has been working, working, working diligently by day and by night, and his efforts have met with a response that is wellnigh Nation-wide without regard to party politics. Men who hope to see a recovery in our affairs have contributed their best efforts; they have not maligned the President; they have not scandalized him; they have not libeled him. They have realized that all men charged with weighty responsibilities are liable to make mistakes. They have realized that so long as he is earnest in his purpose and conscientious in the performance of his duties, he is entitled to receive the assistance and support of all patriots.

Now, in the hour of trial, while it continues, there comes one who calls himself a Democrat, who boasts that he is responsible for Franklin D. Roosevelt's nomination, who declares that he expected to control his policies—there comes one who arises in the Senate and repudiates the great leader of the Nation, who has become a leader in world affairs. The judgment will be between the Senator from Louisiana and the President of the United States. It is now time to draw the line; it is time for Democrats who have hesitated in the performance of their duties to get together and advance shoulder to shoulder and repudiate the efforts of him who would call himself the Nation's leader, the only effect of whose efforts can be to wreck his party and ruin his country.

Mr. LONG. Mr. President, there is a story of a French courtmartial which tried a Russian by the name of Trotsky. The French courtmartial convicted Trotsky, and Trotsky said to the French courtmartial, "That is the march of events." Later on it is said that Trotsky became the ruling hand of Russia and while in the army service the judge of the courtmartial which had tried him was arrested in Russia. He was brought before Trotsky for trial. Trotsky looked down at him, and the judge of the French courtmartial said, "Sir, it is the march of events."

Mr. President, I read the words that I uttered on the floor of the Senate on May 12. By making use of that kind of words I became a Roosevelt leader in May 1932. By having read them today I became an anti-Roosevelt leader. "Such is the march of events." By uttering these words here in 1932 I had placed my friend from Arkansas outside the pale of the Roosevelt fold at that time. Today by making them I make him a Roosevelt leader. "Such is the march of events."

It is my misfortune for having taken the torch, the only torch under which Roosevelt could be nominated, and to have carried it, and it is my misfortune not to have laid down the torch today when the "march of events" requires it.

I do not blame the Senator from Arkansas; I have been his best friend. The course which I have pursued has not only kept him as leader but has made him again a leader. The party might have been defeated had it not been for us. Since we took the course we did we elected the President and since we elected the President we elected the majority leader. Therefore, Mr. President, he is peculiarly fortunate under the circumstances and is now in a position not only to denounce me for what I said to nominate Roosevelt but for what I said after the man had been elected. "Such is the march of events."

The Senator from Arkansas rather temperately—I want to say his speech was a little more temperate than I thought it was going to be; part of it was—has accused me of having tried to accomplish the downfall of Woodrow Wilson. The Senator is in error in that respect. I did nothing in my lifetime that undertook to accomplish his downfall. However, we all know of the typhoon that accompanied the end of his 8 years' service. I do not need to go into that. My stand was well known.

But now the Senator says that I am "mad" because I cannot run the country. That may be so. [Laughter.] That may be true. I did not know that to be the exact fact, but I take the Senator's word for it. However, Mr. President, I do not think the Senator is running the country, either. The Senator may not be "mad" because he is not running the country. There is only one difference between the Senator and me. The Senator is a better soldier than I am, perhaps; the Senator has probably had the legislative experience that teaches him to make column right and column left. I have not had enough experience to understand that. My course is ahead.

We nominated this man, Mr. President, on the promise to decentralize wealth. Do not forget that. Do not forget that Franklin Roosevelt was nominated on a promise, privately and publicly made, orally and in writing, to decentralize wealth. Do not forget that. Do not forget, Mr. President, that he was nominated largely because of the fact that there had become so many advocates of the sales tax that the liberals could not support any other candidate for the nomination except Roosevelt at the time.

I have not tried to run the man's administration one single bit. I have only asked him to carry out the promise he made the American people. I heard the promise made that we would shorten hours of labor, and when the Black bill came into the Senate I naturally expected the President's approval of it. Later I learned that he had given the word that spelled the doom and the destruction of the Black bill. Now, I knew that could not be his own line of logic, because it was not his line of logic during the campaign.

The Senator says that I have maligned the President. He does not tell you where. I think the Senator has prosecuted crime. We usually give a bill of particulars, but he has not said wherein I have maligned the President.

I have not said that Baruch had Mr. Johnson appointed. I said Mr. Johnson has evidently been named, and I have told the source from which Mr. Johnson came. I have not said that Mr. Baruch had Mr. Brown appointed but I have said that Mr. Brown has been named, and I have told the source from which he came.

The day will come, Mr. President, that Mr. Roosevelt will need us just as much as he has needed us in the past. Do not you ever worry; the time will come when Mr. Roosevelt will need to come back to the liberal policy the same as he left it, if he has left it, and I hate to think he has left it, for if he has it is spelling a terrible doom on us. I am undertaking to keep the President in line with what we promised the country, and when the Senator condemns our reuttering on the floor the platform of the party he ought to, as a good Democrat, grieve over the President's leaving it rather than condemn somebody who is trying to hold us to it. The Democratic platform said that we would strengthen the antitrust law. This bill here proposes to set it aside, although we have managed to get a modification of that provision to some extent since I have been speaking.

Mr. President, I am sorry the Senator invoked a personal matter in the speech he first made. I am sorry he brings up political relations between himself and me. He says he is coming down to Louisiana.

Mr. ROBINSON of Arkansas. When the Senator comes into Arkansas.

Mr. LONG. Well, I may not have time to go into Arkansas.

Mr. ROBINSON of Arkansas. And I may not have time to go into Louisiana. [Laughter.]

Mr. LONG. All right. So I think, Mr. President, we will just "call it a day", for the present. [Laughter.]

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1562. An act granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct, maintain, and operate a free highway bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.;

H.R. 1767. An act to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States, and the transfer by the Secretary of the Navy of certain other lands to said city of San Diego;

H.R. 5239. An act to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; and

H.R. 5690. An act to legalize the manfacture, sale, or possession of 3.2 percent beer in the State of Oklahoma, when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma.

HOUSE BILL REFERRED

The bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii, was read twice by its title and referred to the Committee on Territories and Insular Affairs.

ADDRESS BY SENATOR THOMAS OF UTAH

Mr. BULOW. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the Senator from Utah [Mr. THOMAS] at the annual commencement exercises of Southeastern University, held on June 6, 1933, at Continental Memorial Hall, Washington, D.C.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. President, graduates, ladies and gentlemen, I trust in the few minutes I stand before you I shall be able to talk in harmony with the prayer that has been offered in our behalf, and that the things which I shall say shall be in keeping with the spirit of this occasion.

This is the first time it has fallen my lot to talk to university graduates at commencement exercises. I have had to sit through an awful lot of them, and I have slept through them, and I find myself now with split emotions. I do not know whether to try to take sweet revenge on you for all that I have endured in the past, and hold you here as I have been held, or whether to become outright revolutionary and decide here and now that these things are things of the past, and that I must stop right now. I am tempted to quit, but I daren't after having been introduced. I am, though, going to talk to the graduates. I do not expect to give them any advice. Far be it from me to do that. I tried it once on a freshman class, and it did not affect even them. Men and women were not made for advice, or else this world would have been very, very different from what it is today. They have to learn. No one has ever learned anything except through experience.

So I am going to talk to you as I believe I should like to have been talked to on the night of my graduation. I was told the whole history of philosophy on the night I was graduated. By the time the speaker got down to Rousseau I was dead.

Most speakers at commencement exercises try to put the world right. I frankly admit I have no message for the world. I do not know how to improve this world at all. But I do know one or two things which you must know if you are profitably going to become a part of this world.

You remember the story in the Jungle Book. The animals never took the monkey into their council because he talked everlastingly, but never said anything. He had learned how to talk, but not to talk to any purpose. He just talked, and when he ceased talking he ceased talking, and that was the end of it. Mencuis, the great Chinese philosopher, said: "Men can never afford to be like earthworms, living merely for the present." Man must have in himself the experiences and the knowledge of the past, and be able to transmit those things to other persons. It is that which makes the difference between man and the other animals. Man has created a social memory; that is, a memory which actually outlives the life of me or the life of you. Man has been able to gather together his experiences and record them, and live them in such a way that now we have men reading thoughts developed from 3,000 B.C., for example. As time goes on, we can take those thoughts and make them ours, and enjoy them today, and this sort of thing makes man a historical being. He thinks in terms of history. He thinks in terms of the present and of the past, and he does this by this remarkable thing which he has created—a social memory. He is not only able to draw upon the past experiences of all mankind and bring, through this memory which he has created, the experiences which have occurred before, but man can, by his mind, actually project himself into the future. He can dream his dreams and scheme his schemes in those places which he knows nothing of, as far as experience is concerned. Because of this, man has been able to evolve a philosophy of progress. He thinks in terms of a better world. Because of this fact, man can plan for the future, and train himself for what he might wish to be, and he thus becomes a person fitted into the universal scheme of things.

You, as trained men and as trained women, have been given an opportunity to come in close contact with a certain past. It is now your task to fit yourselves into this world scheme of things and project yourselves into that part of the future before you. You now have the opportunity and chance to interpret; you may now have the joy and pleasure of being able to dream and understand and feel experiences. You may now adjust and enjoy those great universal thoughts which all men, at all times, have been led to understand, and which, when we finally analyze them, conform closely to some great universals of thought. No matter where we find thought, these great universals teach us what to attempt to live in harmony with and what to gain experience from.

I should like to have had the man who delivered the address when I was graduated say to me: You have got to get a philosophy of life before you can plan, and before you can mold yourself and make yourself a contributor to life. Where am I going to go to get this philosophy? How am I to get it? How am I to acquire it? I care not where you go. It matters not to me. Fit yourselves into the scheme of things. It does matter a great deal to me the attitude which you are going to have toward universal fundamental thought.

We live in an age which is mechanical and which is scientific. We live in an age which interprets most of the things it does in the terms of science. We live in an age where man has built machines so great and so wonderful, where men have actually answered Job's great question, and have, by the light of Acturus, lighted up the earth. Man mechanically, man physically, man scientifically, has arrived at places which persons years ago would never have dreamed he could have arrived. We know about the stars, we know about machinery; we can fly now with our eyes shut, blindfolded, guided by a mechanical man. We can make machines which will destroy us, and we can make institutions which can destroy us. And man of all the animals is the only one that we know anything about who has been able to evolve the appreciation of that concept which we shall call tonight suicide—being able to destroy himself. Man can kill himself; man can destroy himself. It is probably to the glory of man that he has not done it. He may do it unconsciously as he may do it consciously.

I was once talking to one of my professors, and we were discussing the machine age, and what might come of it, and he said: We can make machines big enough to overcome us, but there is still one hope for man, and that is a hope which prevents him from becoming discouraged. Until big machines are able to reproduce little machines we need not fear the machine age, because man can become their master, until these machines are able to remake themselves. These machines can never get a philosophy of life. They can never understand the purpose of life. They can never get rime or reason out of life.

You will remember the story of the robot which was built in such a way that it could be turned on and off by a button in its chest. If you turned the button on he worked; and if you turned the button off he stopped working. The robot got its lease on life from the man who made it, and the man who made it was its master. Finally it dawned on the machine man that he might go in for himself, and that he might enjoy his power and his ability to destroy. He started to destroy everything that came within the range of his power. Finally, just as all of the people in the village were giving up hope and were believing that this thing which had been created was to be a destroying agency, a little baby, absolutely without fear and full of faith, walked out in front of the great giant machine. Everyone watching expected to see the machine grab the baby and tear it to pieces. But that wasn't going to be. The baby had faith and was without fear. It allowed the machine man to pick it up in its arms. The baby became attracted by the button on its chest and turned it, and the machine man dropped. The lesson of this little story is this: Get acquainted with the button, and do not be afraid to turn it off.

There are a number of things I should like to talk to you about. Those things are things which seem to me to be related to

the fundamentals which are going to find the right sort of place in your life. First, let me talk about law, since there are so many law students here. Your thoughts of law tonight are thoughts which are probably these: How can I get a case, and what will I do with it when I get it? That is not the type of thought I should like you to have about law. Law is, without exception, the most remarkable and marvelous concept that man has ever had for taking care of man's welfare. As long as it works for man in the spirit of the law it is good. But law is man-made. It is a creature of man, subject to broad interpretation and narrow interpretation.

When Confucius was asked why he was opposed to written law he said: "We must never have written law. Each case must be decided upon its own merits, in accordance with the justice of the particular case. If you write your law you will have lawyers, and those lawyers will become litigants, and once law becomes a process of litigation, justice ceases to be."

I do not know whether Confucius was looking upon the United States in 1933 or not, but he had inside information about this land of ours. We have a government of law and not a government of men. I wonder if Confucius could have looked down to see 1924, for example. This was a time in the United States when law and litigation had evolved so far that a certain great banking and investment institution would pay $150,000 a year for a lawyer, but when that lawyer was nominated for President of the United States that banking institution would rather have another man for President of the United States. It is interesting that things like that may come about.

Are you going to be litigants? Are you going to be narrow interpreters of the law? Are you going to be strict interpreters of the law? Or are you going to have the spirit of the law of the ancients and move in accordance with the great fundamentals in relation to the law?

If you want justice in its absolute state, you are never going to find it. Socrates showed us that. I suggest that you read again closely Plato's Republic.

Take an incident of the last 10 days, in which people tried to be just and logical. A boy killed his playmate somewhere out in the Near East. Their law there is the eye-for-an-eye type. If a life is taken a life or its equivalent must be given. The boy was haled before the elders, and told he must pay the life penalty or the equivalent. The boy said: "I am poor and my parents are poor." But the law said life or its equivalent must be given. The boy had to tie a rope around his neck and hang himself. That is justice.

We are passing through that type of law where men are arguing that the word is the important thing and the fact amounts to nothing. Present-day lawyers are like Middle Age realists, who became so logical that they spent much of their time arguing about how many angels could dance upon the point of a needle. Today most of our orators of all kinds are like Middle Age realists. They want to be sticklers of everything, and they want to be so just that no justice is done. The only difference between these men of today and the realists of the Middle Ages is that today they insist upon more and larger angels and more efficient needles.

Now take economics and politics and put them together. I have hinted at philosophy of the law without mentioning it to you. I have never been able to teach it or talk about it, but you must get the answer, and you must get the moral. But there is one little proverb I am going to leave with you. It is a proverb taken again from the ancients, which shows us that a man who lived 600 B.C. understood the first fundamentals in regard to political life. I wish it might become the fundamental of our economic and political thinking of today, and we would have a united happiness instead of a divided suspicion. The proverb is simply this: If you gather together in one place the wealth of the nation, you will divide the people, but if you scatter over the whole nation the wealth, you will unite the people. Some men have said: Is that right? You have a chance to test it. That is the little proverb I will leave with you, and I hope you remember it and make it your fundamental in economics and politics.

I am going to leave you another proverb, or another little saying, in ethics about telling the truth. I am going to suggest to you that you should not lie. I do not know whether that is a suggestion which seems out of place in this day and age. You know that now every time a person is asked a question in court he must say, "I swear to tell the truth, the whole truth, and nothing but the truth, so help me God." Just as if any man could tell the whole truth. That is what we swear to do. That is why we take lying so lightly—because we swear to do something that man cannot do. There is no whole truth. The poor fellow who made a promise of that kind really needs the help of God, because I know of no man who knows the truth, the whole truth, and nothing but the truth. I am not going to tell you not to lie merely because it says in some good book that you should not lie. You will discover that my approach is not an ordinary approach. You ask a Sunday school boy or girl why he should not lie and he or she will say, "Because God says you should not lie." That is hardly reason enough. The reason why you should not lie is because it is just a nuisance to lie. The most interesting thing about lying is that when once you tell a lie you must remember it all the rest of the time, and continue telling lies to keep from being found out, and your life becomes a succession of lies. Tell the truth, because it is the sensible thing to do. You do not want to have to remember everything you say all of the time.

Next I want to talk about government. I shall go back to my ancients again for my fundamentals about government. My bible—that is, my political bible—is still Aristotle. He laid down a fundamental scheme for the interpretation of government which holds for today, and which will give you a fundamental and a test, for example, of whether or not we should recognize the Russian form of government as good. The real test of government is not the form it has. The test of government is, what it does and for whom it does it. Aristotle says there are 6 forms of government, 3 of them good and 3 of them bad. He says all of the good forms are good governments, and all of the bad forms are bad governments, and the test of the whole depends upon how and for whom the government is functioning and working. When the government is for all of the people and for the benefit of all of the people it is a good government. You may, for example, have a kingly government. This is a good government when it is administered for the benefit of all of the people. Such a king would be a benevolent monarch. But when the king rules for the benefit of the king himself he ceases to be a king and becomes a tyrant. Tyrannical government is bad. You may have a good aristocracy as long as the aristocrats rule for the benefit of all, but when they rule merely for the benefit of the aristocrats you have an oligarchy, and that Aristotle condemns as being bad. So with a democracy. When the people rule for the benefit of all you have a democracy, and it is good; but when the common people rule for the benefit of the common people only, you have a mobocracy, and that is bad.

The last fundamental I wish to call to your attention is one related to religion. I will not interpret religion in any narrow way. Any scheme or philosophy of thought which connects you with the past and the future, and thus makes you a part of the universe, is a religion. Ancestor worship is a religion. The religion which connects me up with the whole process of time is based upon the concept of time and of the eternal scheme of things. That is all I am going to say about religion, but my hope and my outlook for the future in regard to politics and in regard to economics, are based upon the experiences which religion has passed through in the last two or three hundred years.

We have made machines, and we have evolved in a scientific way far ahead of what we have done in a social, political, or economic way. We can obtain the same thing for our political and social life as we have for our mechanical and scientific life. This can be proved by a recital of what has occurred in religion in the last three or four hundred years. We have passed through a religious history which gives great hope for the future. There was a time when men killed their neighbors to please God. That was a period of persecution. There was a time when people were burned at the stake that God might be happy. Then came a time when, instead of killing men who disagreed with us, we learned to leave them alone, have nothing to do with them, but forbear with them. Thus a new spirit came into being. Forbearance was a great step forward. Then came a spirit of toleration, and when our Constitution was written the people of the world had accepted the spirit of toleration. We have lived for 150 years under this tolerant influence, and we are going to take a step now toward appreciation. We are actually seeing good in the different religions of peoples. We do not hear the word "heathen" any more. People are discovering all of the time, and they have wonderfully great thoughts, and those thoughts are universals.

The whole world accepts and applauds the spirit of Ghandi, who, on the breaking of a great religious fast, enjoys the completion of the fast by having read first from the Hindu, then from the Buddhist scriptures, and then enjoys a Christian hymn. We note the great universal spirit behind each one. That is one of the remarkable facts of this day of ours.

Can we not look forward to the same sort of progress in the social and political science as we have evolved in the natural sciences? Can we not in our international relations, for example, since the nations of the earth have now by science been made neighbors in time and space, become actual neighbors in spirit, desire, and attitude?

We live so close to the present our immediate failures are perhaps so apparent that we become discouraged and pessimistic about the probable outcome. Those of you who are discouraged about the present, those of you whose faith is now a bit dulled because of world conditions, may profit greatly by becoming historically minded and review the advancements made for man and his well-being in this world during, let us say, the last 25 years. Accept the present in that spirit and you will count the gains and not be discouraged. Civilization may seem to be slipping, but it is not. We can today, apparently surrounded by defeat, accept, if we have the faith of the father of the philosophy of progress, and say that we may go down, we may meet defeat, but onward and upward moves civilization, and ultimately the goal of the truer and the better life will be reached.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster

fair competition, and to provide for the construction of certain useful public works, and for other purposes.

The PRESIDING OFFICER (Mr. NEELY in the chair). The next amendment reported by the committee will be stated.

The next amendment was, on page 7, after line 2, to insert the following:

(f) When a code of fair competition has been approved or prescribed by the President under this title, any violation of any provision thereof in any transaction in or affecting interstate or foreign commerce shall be a misdemeanor and upon conviction thereof an offender shall be fined not more than $500 for each offense, and each day such violation continues shall be deemed a separate offense.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, under the subhead "Agreements and licenses", on page 7, line 18, after the word "interstate", to insert "or foreign", so as to read:

SEC. 4. (a) The President is authorized to enter into agreements with, and to approve voluntary agreements between and among, persons engaged in a trade or industry, labor organizations, and trade or industrial organizations, associations, or groups, relating to any trade or industry, if in his judgment such agreements will aid in effectuating the policy of this title with respect to transactions in or affecting interstate or foreign commerce, and will be consistent with the requirements of clause (2) of subsection (a) of section 3 for a code of fair competition.

The amendment was agreed to.

The next amendment was, on page 7, line 21, after the name "President", to insert "shall find that destructive wage or price cutting or other activities contrary to the policy of this title are being practiced in any geographical area or in any subdivision of any trade or industry, and."

Mr. BLACK. Mr. President, there was an amendment pending to that particular amendment. That was the pending question, as I understood. The amendment was to strike from the amendment the words "in any geographical area."

The PRESIDING OFFICER. The question is on the amendment to the amendment just stated by the Senator from Alabama.

Mr. NORRIS. Mr. President, I should like to inquire what amendment is before the Senate?

The PRESIDING OFFICER. The clerk will read the amendment.

The Chief Clerk again stated the amendment.

Mr. McNARY. Mr. President, the senior Senator from Pennsylvania [Mr. REED] is interested in that amendment, and I think he desires to move to strike the language out. In his absence, I suggest the absence of a quorum.

Mr. HARRISON. Mr. President, will not the Senator withhold that suggestion for a moment? Let us pass the pending amendment over for the present and see if we cannot get along with other amendments. Then, when the Senator from Pennsylvania returns, we can recur to the amendment passed over.

Mr. McNARY. Very well.

The PRESIDING OFFICER. Is there objection? If not, the amendment will be passed over. The clerk will state the next amendment.

The CHIEF CLERK. On page 8, line 6, after the word "interstate", it is proposed to insert "or foreign."

REGULATION OF BANKING—DEPOSIT INSURANCE

Mr. VANDENBERG. Mr. President, what may prove to be the final conference on the bank bill will occur at 2 o'clock this afternoon, and I want to make a very brief suggestion in connection with that conference because I should dislike very much to see the many highly desirable objects of that legislation meet with failure. I think, perhaps, instead of losing time we may save time if I make a brief statement at the moment.

Mr. President, the primary difficulty in the conference attaches itself almost exclusively to my amendment providing for immediate insurance of bank deposits not only in Federal Reserve member banks, but also in State nonmember banks which are certified as solvent by their own State banking authorities. Instead of speaking of the situation in my own words which might be prejudiced I want to speak of it in the words of an editorial in the Washington Star of yesterday afternoon. Certainly the Star is conservative in its expressions and in its process of thinking. Certainly I can quote from the Star without any possibility of being charged with dealing in loose terms. I read:

The bank reform bill, passed by huge votes in both Senate and House, is in danger of being sidetracked, first, because of the failure of the two Houses to agree on its final terms, and second, because of the opposition of the administration to any immediate guaranty of bank deposits. No other legislation proposed during the present session of the Congress is more vital to public interest and to recovery in this country on permanent and stable lines than this bank-reform measure.

Mr. President, I digress to agree cordially with that observation and to say that in my judgment and in respect to my section of the United States it is infinitely more important to stabilize banking functions and to restore justified and adequate banking confidence than it is to proceed even with the great and ambitious project which is now the unfinished business before the Senate. The latter and all kindred efforts are futile without the former.

I continue to read:

If it fails to become a law the people will have just cause for complaint. The differences which exist are not insuperable and are capable of adjustment. Stiff-necked opposition at this juncture, with Congress approaching adjournment, is, after all, merely playing into the hands of those bankers who are opposed to this kind of legislation.

Mr. President, where is the "stiff-necked opposition" to which the editorial refers? Of course, I have my own idea as to the source of the stiff-necked opposition, but what obviously is the idea of the Washington Star itself? Let us see. I quote further:

The deposit-insurance feature of the bank reform bill has drawn the fire of many bankers and of the administration. As the bill passed the House the insurance of deposits sections were not to go into effect for a year. The Senate inserted the so-called "Vandenberg amendment", providing for immediate insurance of bank deposits up to $2,500. Opponents of insurance of deposits say that it would put a premium on bad banking.

I digress to observe that the senior Senator from Virginia [Mr. GLASS], who certainly is a conservative and dependable banking authority, completely answered that fallacious argument, completely set at naught any such suspicion or charge, and certainly his judgment in respect to that proposition ought to be conclusive.

I read further:

Opponents of insurance of deposits say that it would put a premium on bad banking; that some of the weaker banks would immediately close up and let the insurance fund pay off their depositors, and thus enable the stockholders and the directors of these banks to escape their personal liability under existing law.

The editorial itself then proceeds to answer that:

The answer to this latter criticism is that the weaker banks have not been permitted to reopen, and that until they are in a position to do business soundly they are not likely to reopen. As for putting a premium on bad banking, the system is likely to make the contributors to the insurance fund careful to compel good banking by all.

I submit that that conclusion is irrefutable. I read another sentence:

The supporters of bank-deposit insurance urge, and with justice—

I emphasize the phrase "with justice." It is true—

and with justice, that proper reforms in the system, separating absolutely the commercial banking business from the investment banking, plus a reasonable insurance of bank deposits—

And it is nothing but a reasonable proposition which impends—

plus a reasonable insurance of bank deposits, will not only restore confidence but will also help develop an impregnable banking system.

Mr. President, that is the precise issue that hangs fire in the 2 o'clock conference between the Senate and the House. It is summed up by this impartial authority in simple but direct language:

Will not only restore confidence but will also help develop an impregnable banking system.

Until we restore an impregnable banking system in terms of popular confidence, adequate and justified confidence on the part of 40,000,000 bank depositors, all the rest of the legislation that is going through this extraordinary session of the Congress is calculated to proceed in hobbles and under fatal handicaps.

This is the proposition which now goes, perhaps, to final conference at 2 o'clock. What is the difficulty? The difficulty is a desire, first, to defeat deposit insurance; or, if that cannot be done, to postpone it to the point where it will be inadequate to meet the situation and thus ultimately will fall of its own weight.

I read headlines in the New York Herald Tribune of June 6, defining what is the issue in the conference. It is not an issue between the House of Representatives and the Senate. It is an issue between the Senate of the United States and the President and his Secretary of the Treasury. The headlines suffice to indicate what the issue is:

Roosevelt bars bank guaranty to start July 1. He indicates he would veto bill if Vandenberg amendment is adopted. Writes letter to GLASS. Danger of runs on nonmember units cited.

In the course of an entire column there is just one single paragraph of one or two sentences which indicates why it is argued that there might be some such menace as this in the immediate limited insurance of bank deposits under the pending Vandenberg amendment, and this is the paragraph:

In opposition to the Vandenberg amendment it is argued that the nonmember banks which cannot at once come under the protection of the fund pending a complete examination by State authorities will be at a serious disadvantage and might be subject to runs. On the other hand, it is contended that if the nonmember banks are allowed to come in without a careful examination they will wreck the insurance fund.

Mr. President, in my humble judgment, there is not a bit of justification for that contention at either end of the argument. Under the terms of the amendment to which the Senate practically unanimously assented on the unanimous recommendation of its own Committee on Banking and Currency, it is provided that every licensed Federal Reserve member bank automatically becomes a member of the temporary insurance fund on the 1st day of July, and that every nonmember State bank which is certified by its own State banking authority as solvent in respect to its unrestricted assets shall also come in on July 1 and participate in the insurance-fund protection. The very terms and purposes of the Vandenberg amendment are to avoid the precise basis of this alleged reason for opposing the amendment which the Senate attached to the banking bill. We have had the examinations in most instances already. State authorities can promptly complete any additional examinations. There will be equality of treatment and of protection. Meanwhile the limitation of insurance to $2,500 deposits is adequate protection to the insurance fund.

Let us pursue that one step farther. There is a very distinguished Democratic Member of the other House of Congress from my own State of Michigan who has gone into the public print in opposition to the amendment which the Senate attached to the banking bill. Let us see what his reasons are, they being in line with those to which I have already adverted. He said:

I fear that if the stronger banks take advantage of insurance claims immediately, others will be unable to reorganize.

He further suggests that his objection is that—

The clause making immediately effective the provisions of the measure would permit a few strong banks in a State to come under the insurance provision, while stockholders and depositors of smaller State banks were trying to raise sufficient cash to reopen and prevent loss to depositors.

In other words, the argument is that under this insurance formula which the Senate has approved, the big open banks will proceed to capitalize it, whereas the smaller banks, which have not yet reopened, cannot capitalize it and will be discouraged from reopening. But what are the facts? The facts are that there are scores and scores of these smaller banks waiting to reopen, having already gone through the initial process of tentative reorganization, ready to renew their community service, ready to take their place again in the banking function, but they do not dare to do it until there is a steel beam of public confidence built under the banking structure of the country, lest when they do reopen they will be drained of every penny in them within the first 24 hours that they proceed to function. This amendment means more to closed banks which are struggling to reopen than any other pending aid. It will permit them to open safely and successfully. The defeat of this immediate insurance, available to all solvent banks, whether in or out of the Federal Reserve System, will be a serious blow to the bank reopening prospectus and particularly to the smaller banks.

If there is one purpose more than another which is inherent in the amendment which is now at stake in this conference, it is the purpose to protect the smaller banking institutions, and to make the reopening of closed banks possible as speedily and as safely as it can be done. The very arguments that are used against the amendment by these administration spokesmen are the precise reasons why the amendment ought to stay in the bill.

Talk to me about this amendment favoring big banks instead of little ones. If that is so, why is it that Wall Street bankers within the last 24 hours have telephoned big bankers in my own State of Michigan and unsuccessfully sought to get them to tell me to surrender upon the deposit-insurance amendment? There is utterly no basis of sound reason for attacking the deposit-insurance section as it was written into this law by the Senate upon any such specious grounds as those that are presented by the administration in its opposition to this amendment.

And now, I repeat, the amendment goes into its final conference at 2 o'clock. Probably a compromise will be suggested which would postpone the time for the application of the emergency-insurance formula until January 1, 1934. In my judgment, any such postponement as that would be tantamount to saying to the depositors of this country, "The Government will not trust these banks until next New Year's"; and I do not know why they would not say to themselves, "We will not trust them until the Government does."

I can think of nothing more fatal than to write into law any kind of a deposit-insurance warrant which does not become immediately effective.

So this is what I rose to say:

Let us not in this conference try to compromise both sides of this controversy. Let us do one thing or the other. Let us proceed along the philosophy of immediate insurance action and the line of procedure which the Senate approved when it wrote the so-called "Vandenberg amendment" into the law, or let us eliminate all provisions of the pending law that have any relation whatsoever to bank insurance in them.

In other words, let us not out of this conference create a hybrid situation. Let us either create immediate deposit insurance under the emergency formula which the Senate approved or let us leave all insurance out of the law and leave the next Congress free to take it up and proceed de novo with the problem, without prejudicing the subject and without a notification to the people of the country that it will be 6 months before any of them dare trust their banks.

I personally should, of course, regret the complete exclusion of all insurance sections; but I should feel that despite the rejection of all insurance features—calamitous as I believe that would be—there still would remain a highly useful bank bill that most emphatically ought to pass for what it is worth and I want to help. But if you mortgage that bank bill with a compromised and postponed insurance formula, it will have more of liability than of asset in it, and I should consider the bill to be exceedingly dangerous and I should find it necessary to oppose the conference report to the best of my ability.

Therefore, I suggest to the conferees that they do one thing or the other: Let us either insure deposits, or decline to insure them. And I make this further suggestion in conclusion:

The conferences thus far in respect to this measure have been chiefly between the White House and the Congress. I suggest that the congressional conferees continue to do

what they think they ought to do on their own congressional responsibility. I suggest that this amendment be taken to the floor of the House for a roll-call vote to see whether the House wants to reject it or not. Then I suggest that we conclude the bill as we think it ought to be concluded, and let Executive authority speak in its own time and in its own constitutional way if it is dissatisfied with the net result. In conclusion I wish to express my deep personal appreciation to the Senate members of the conference for their effective and zealous fidelity to the so-called "Vandenberg amendment" and the Senate's approval of it.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

The PRESIDING OFFICER. The Senate passed over temporarily paragraph (b) of section 4 because of the absence of the Senator from Pennsylvania [Mr. REED]. He is now present, and the Senate will return to the consideration of that section.

The amendment will be stated.

The CHIEF CLERK. On page 7, line 21, after the word "President", it is proposed to insert:

shall find that destructive wage or price cutting or other activities contrary to the policy of this title are being practiced in any geographical area or in any subdivision of any trade or industry, and—

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). The question is on agreeing to the amendment.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment was, on page 8, line 6, after the word "interstate", to insert "or foreign"; and in the same line, after the word "commerce", to insert "in such geographical area or subdivision", so as to read:

(b) Whenever the President shall find that destructive wage or price cutting or other activities contrary to the policy of this title are being practiced in any geographical area or in any subdivision of any trade or industry, and, after such public notice and hearing as he shall specify, shall find it essential to license business enterprises in order to make effective a code of fair competition or an agreement under this title or otherwise to effectuate the policy of this title, and shall publicly so announce, no person shall, after a date fixed in such announcement, engage in or carry on any business, in or affecting interstate or foreign commerce, in such geographical area or subdivision, specified in such announcement, unless he shall have first obtained a license issued pursuant to such regulations as the President shall prescribe. The President may suspend or revoke any such license, after due notice and opportunity for hearing, for violations of the terms or conditions thereof. Any order of the President suspending or revoking any such license shall be final if in accordance with law. Any person who, without such a license or in violation of any condition thereof, carries on any such business for which a license is so required, shall, upon conviction thereof, be fined not more than $500, or imprisoned not more than 6 months, or both, and each day such violation continues shall be deemed a separate offense.

The amendment was agreed to.

The next amendment was, on page 8, line 20, after the word "offense", to insert:

Notwithstanding the provisions of section 2 (c), this subsection shall cease to be in effect at the expiration of 1 year after the date of enactment of this act or sooner if the President shall by proclamation or the Congress shall by joint resolution declare that the emergency recognized by section 1 has ended.

The amendment was agreed to.

The next amendment was, on page 9, line 1, after the word "effect", to insert "(or in the case of a license, while section 4 (a) is in effect)", so as to make the section read:

SEC. 5. While this title is in effect (or in the case of a license, while section 4 (a) is in effect) and for 60 days thereafter, any code, agreement, or license approved, prescribed, or issued and in effect under this title, and any action complying with the provisions thereof taken during such period, shall be exempt from the provisions of the antitrust laws of the United States.

The amendment was agreed to.

The next amendment was, under the subhead "Limitations upon application of title", on page 10, line 11, before the word "or", to strike out "self organizations" and insert "self-organization", so as to read:

SEC. 7. (a) Every code of fair competition, agreement, and license approved, prescribed, or issued under this title shall contain the following conditions: (1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purposes of collective bargaining or other mutual aid or protection.

The amendment was agreed to.

The next amendment was, on page 10, line 13, after the word "protection", to insert a colon and the following: "*Provided*, That nothing in this title shall be construed to compel a change in existing satisfactory relationships between the employees and employers of any particular plant, firm, or corporation, except that the employees of any particular plant, firm, or corporation shall have the right to organize for the purpose of collective bargaining with their employer as to wages, hours of labor, and other conditions of employment"; in line 23, before the words "a labor organization", to insert a comma and "organizing, or assisting"; and on page 11, line 2, after the word "other", to strike out "working conditions" and insert "conditions of employment", so as to read:

Provided, That nothing in this title shall be construed to compel a change in existing satisfactory relationships between the employees and employers of any particular plant, firm, or corporation, except that the employees of any particular plant, firm, or corporation shall have the right to organize for the purpose of collective bargaining with their employer as to wages, hours of labor, and other conditions of employment; (2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and (3) that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President.

The amendment was agreed to.

The next amendment was, on page 11, line 10, after the word "other", to strike out "working conditions" and insert "conditions of employment", so as to read:

(b) The President shall, so far as practicable, afford every opportunity to employers and employees in any trade or industry or subdivision thereof with respect to which the conditions referred to in clauses (1) and (2) of subsection (a) prevail, to establish by mutual agreement, the standards as to the maximum hours of labor, minimum rates of pay, and such other conditions of employment as may be necessary in such trade or industry or subdivision thereof to effectuate the policy of this title; and the standards established in such agreements, when approved by the President, shall have the same effect as a code of fair competition, approved by the President under subsection (a) of section 3.

The amendment was agreed to.

The next amendment was, on page 11, line 19, after the word "and", to strike out "working conditions" and insert "conditions of employment"; in line 25, after the word "other", to strike out "working conditions" and insert "conditions of employment", so as to read:

(c) Where no such mutual agreement has been approved by the President he may investigate the labor practices, policies, wages, hours of labor, and conditions of employment in such trade or industry or subdivision thereof; and upon the basis of such investigations, and after such hearings as the President finds advisable, he is authorized to prescribe a limited code of fair competition fixing such maximum hours of labor, minimum rates of pay, and other conditions of employment in the trade or industry or subdivision thereof investigated as he finds to be necessary to effectuate the policy of this title, which shall have the same effect as a code of fair competition approved by the President under subsection (a) of section 3. The President may differentiate according to experience and skill of the employees affected and according to the locality of employment; but no attempt shall be made to introduce any classification according to the nature of the work involved which might tend to set a maximum as well as a minimum wage.

The amendment was agreed to.

The next amendment was, on page 12, line 13, after the word "corporation", to insert a semicolon and the following: "and the terms 'interstate and foreign commerce' and 'interstate or foreign commerce' include, except where

otherwise indicated, trade or commerce among the several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States", so as to read:

(d) As used in this title, the term "person" includes any individual, partnership, association, trust, or corporation; and the terms "interstate and foreign commerce" and "interstate or foreign commerce" include, except where otherwise indicated, trade or commerce among the several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States.

The amendment was agreed to.

The next amendment was, under the subhead "Application of agricultural adjustment act", on page 13, after line 1, to strike out:

SEC. 8. This title shall not be construed to repeal or modify any of the provisions of the act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933.

And in lieu thereof to insert:

SEC. 8. (a) This title shall not be construed to repeal or modify any of the provisions of title I of the act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933; and such title I of said act approved May 12, 1933, may for all purposes be hereafter referred to as the "Agricultural Adjustment Act."

(b) The President may, in his discretion, in order to avoid conflicts in the administration of the Agricultural Adjustment Act and this title, delegate any of his functions and powers under this title with respect to trades, industries, or subdivisions thereof which are engaged in the handling of any agricultural commodity or product thereof, or of any competing commodity or product thereof, to the Secretary of Agriculture.

The amendment was agreed to.

The next amendment was, on page 14, after line 4, to insert the following additional section:

OIL REGULATION

SEC. 9. (a) The President is further authorized to initiate before the Interstate Commerce Commission proceedings necessary to prescribe regulations to control the operations of oil pipe lines and to fix reasonable compensatory rates for the transportation of petroleum and its products by pipe lines, and the Interstate Commerce Commission shall grant preference to the hearings and determination of such cases.

(b) The President is authorized to institute proceedings to divorce from any holding company any pipe-line company controlled by such holding company which pipe-line company by unfair practices or by exorbitant rates in the transportation of petroleum or its products tends to create a monopoly.

(c) The President is authorized to prohibit the transportation in interstate and foreign commerce of petroleum and the products thereof produced or withdrawn from storage in excess of the amount permitted to be produced or withdrawn from storage by any State law or valid regulation or order prescribed thereunder, by any board, commission, officer, or other duly authorized agency of a State. Any violation of any order of the President issued under the provisions of this subsection shall be punishable by fine of not to exceed $1,000, or imprisonment for not to exceed 6 months, or both.

Mr. HARRISON. Mr. President, I ask that the oil regulation part of the bill be not considered at this time, but be passed over, because that will provoke some controversy.

The PRESIDING OFFICER. Without objection, the provision on page 14, under "Oil regulation", will be passed over temporarily.

Mr. HARRISON. That concludes the Senate committee amendments with the exception of one with reference to the embargo, for which we are trying to prepare a substitute—it will be ready in a short time—which I desire to have passed over for the present.

Mr. REED. There is one on line 10, page 15, which has not been agreed to.

The PRESIDING OFFICER. Yes; the Chair calls the attention of the Senator from Mississippi to the fact that there is a committee amendment on page 15, line 10, which has not been acted upon. The amendment will be stated.

The CHIEF CLERK. On page 15, line 10, after the word "competition", it is proposed to insert "and agreements", so as to read:

RULES AND REGULATIONS

SEC. 10. (a) The President is authorized to prescribe such rules and regulations as may be necessary to carry out the purposes of this title, and fees for licenses and for filing codes of fair competition and agreements, and any violation of any such rule or regulation shall be punishable by fine of not to exceed $500, or imprisonment for not to exceed 6 months, or both.

The amendment was agreed to.

Mr. HARRISON. I ask unanimous consent now, as to title I, so that we can close that title, that individual amendments may be offered to it before we proceed with the consideration of Senate committee amendments in title II.

The PRESIDING OFFICER. Without objection, individual amendments to title I will now be offered.

Mr. REED. Mr. President, has it been agreed that all amendments to title I shall be disposed of before the Senate shall proceed to consider title II?

Mr. HARRISON. That was what I asked unanimous consent for, the only exception being the embargo provision, which was the subject of the amendment of the Senator from Pennsylvania—we will confer about that—and the oil provision, both of which are passed over temporarily. Aside from those, I desire to close title I and proceed to title II.

Mr. REED. I did not interpret the Senator's request to mean exactly that. I am in full accord with him, and I hope the Senate will proceed in that way. I think, however, that all amendments to title I should be cleaned up before the Senate passes on to title II.

Mr. HARRISON. That is what I intended by my request.

The PRESIDING OFFICER. Individual amendments to title I are now in order.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. The Senator from Georgia.

Mr. REED. I think I have the floor, have I not? I am glad to yield to the Senator from Georgia.

The PRESIDING OFFICER. The Chair thought the Senator from Pennsylvania had given up the floor.

Mr. GEORGE. I did not know that the unanimous-consent agreement had been entered into. I know that the Senator from Alabama [Mr. BLACK] has an amendment to title I.

Mr. REED. If the Senator from Georgia is asking about the proposed amendment of the Senator from Alabama on page 7, line 23, to cut out the words "in any geographical area", I may say that I am advised that that amendment never was actually offered, and that the Senate's action has been an acceptance of the committee amendment exactly as it is printed in the bill.

Mr. GEORGE. Mr. President, I do not want to take any issue about it; but the Senator from Alabama did offer that amendment, and there are others of us who are interested in the amendment. Unless that language can be taken out, at some other time in the consideration of this measure I shall move to strike the entire licensing provision from the bill. I merely wanted to reserve the right at this time, so that it would not be precluded to bring up this matter for consideration.

The PRESIDING OFFICER. Under the unanimous-consent agreement heretofore made, individual amendments are in order now.

Mr. GEORGE. I understand that they are in order now, Mr. President; but there are some of us who have some other engagements so pressing that at the moment we cannot remain on the floor. I shall myself move to strike the licensing provision from the bill unless we have consideration of this special amendment offered by the Senator from Alabama [Mr. BLACK]; and I merely wanted to reserve that right, if I can have that consideration.

Mr. REED. I am about to propose an amendment to strike from the bill the entire paragraph (b) of section 4—that is, the licensing feature.

Mr. GEORGE. Is the Senator about to press that amendment at this moment?

Mr. REED. Unless something else is preferred by the Senator from Mississippi.

Mr. HARRISON. The Senate has taken action on that amendment; but I ask unanimous consent that it may be reconsidered and that that matter may be passed over for the present.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRISON. Let the Senator now present his motion to strike the licensing provision from the bill, if he desires.

Mr. REED. No; I want the licensing paragraph to be finally acted on and its form finally determined before I move to strike it out.

Mr. HARRISON. Then let us take up this amendment in which the Senator from Alabama was interested, so that we can get through with that, and then proceed along with the bill.

The PRESIDING OFFICER. The question is on the adoption of subsection (b) on page 7.

Mr. GEORGE. Mr. President, the Senator from Alabama [Mr. BLACK] was called out of the Chamber. We cannot remain here continuously, from 10 until 2 o'clock, without absenting ourselves momentarily from the Senate Chamber. I certainly do not want to delay the consideration of this bill, but I do want a consideration of this particular matter. If the Senator from Mississippi is going to insist upon it, I shall move to strike out "in any geographical area or" on page 7, and the same language on page 8 of the bill.

Mr. HARRISON. May I say to the Senator from Georgia that I am not insisting particularly on any proposition in that regard, because this amendment was offered in the committee, and, of course, I feel that I ought to stand by the action of the committee; but General Johnson, when he appeared before the committee, said he did not think it was necessary as to this matter. I asked unanimous consent for the reconsideration of the vote by which it was adopted in order to get the matter before the Senate, so that we could dispose of it.

Mr. GEORGE. I make that motion, Mr. President, and suggest the absence of a quorum unless it is accepted.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reynolds
Ashurst	Costigan	Kendrick	Robinson, Ark.
Austin	Cutting	Keyes	Robinson, Ind.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McAdoo	Stephens
Borah	Fletcher	McCarran	Thomas, Okla.
Bratton	Frazier	McGill	Thomas, Utah
Brown	George	McKellar	Thompson
Bulkley	Glass	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrd	Gore	Murphy	Tydings
Byrnes	Hale	Neely	Vandenberg
Capper	Harrison	Norris	Van Nuys
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Overton	Walcott
Clark	Hayden	Patterson	Walsh
Connally	Hebert	Pope	Wheeler
Coolidge	Johnson	Reed	White

The PRESIDING OFFICER. Ninety-two Senators having answered to their names, there is a quorum present.

Mr. BLACK. Mr. President, what is the pending question?

The PRESIDING OFFICER. The pending question is the amendment offered by the Senator from Georgia [Mr. GEORGE] to strike out, on page 7, line 23, the words "in any geographical area or."

Mr. GEORGE. Mr. President, I may say to the Senator from Alabama that that is the amendment he had previously offered, both on page 7, line 23, and on the following page, line 7. I offered the amendment because for the moment the Senator from Alabama was not in the Chamber. I understand it to be the same amendment the Senator offered.

Mr. BLACK. That is correct.

Mr. HARRISON. Mr. President, may I say to the Senator from Alabama that this provision was inserted in the committee on motion of someone—I have forgotten who—and at the time it was put in, it was thought the matter was taken care of by the broad provisions of the bill. Personally, I have no objection, and do not care whether it is in or out, but I should like to have a vote on it one way or the other.

Mr. GEORGE. Mr. President, I suggest to the Senator from Alabama that, in addition to striking out the words "in any geographical area or", he ask to have inserted in line 24, after the word "in", the words "any trade or industry or any subdivision thereof", and the insertion of the same language on line 7, page 8, or to strike out the words "in any subdivision of any trade or industry." Otherwise the amendment would not be entirely grammatical and would probably be meaningless.

Mr. BLACK. Mr. President, I think the Senator is correct, and I modify the amendment, if my amendment is the one pending. I understood the Senator's amendment to be pending now. That being the case, I suggest that the Senator modify his amendment.

Mr. GEORGE. I offered the amendment, but solely because the Senator from Alabama was out of the Chamber at the moment.

The PRESIDING OFFICER. The clerk will state the amendment for the information of the Senate.

The CHIEF CLERK. In line 23, page 7, to strike out the words "in any geographical area or", and after the word "in", on line 24, to insert the words "any trade or industry or"; also to strike out in line 24 the words "any trade or industry", so as to read:

(b) Whenever the President shall find that destructive wage or price cutting or other activities contrary to the policy of this title are being practiced in any trade or industry or any subdivision thereof, and, after such public notice and hearing as he shall specify.

Mr. BLACK obtained the floor.

Mr. BORAH. Mr. President, I should like to ask the Senator from Georgia, or perhaps the Senator from Alabama, the object of striking out the words "in any geographical area."

Mr. BLACK. I was just about to explain that. If the Senate will look at page 12, lines 5 to 7, it will be found that rules and regulations may be prescribed which differentiate according to experience and skill of employees affected, and according to the locality of employment, so that insofar as prescribing rules and regulations is concerned, there will be absolute authority to prescribe them according to the locality of employment.

When we turn back to the amendment which has just been offered, on page 7, we find that this is with reference to licenses, and that, whenever the President shall find that destructive wage or price cutting or other activities contrary to the policy of this title are being practiced, after public notice and hearing he may find it essential to license business enterprises in order to effect a method of fair competition, or an agreement under this title, and that he can then limit the action to the geographical area or subdivision.

I will state, as clearly as I can, the reason why I do not think that should be permitted. Several months ago there was a strike in Alabama in the mining industry. A few

weeks ago there was a strike in Pennsylvania in some particular industry, I have forgotten what it was. I recall some girls were out on strike. That would be an evidence that there might be some unfair practices going on in those two States. It may be true that there are just as unfair practices in 25 other States in the same industries.

It is my understanding, if I correctly conceive the philosophy of the pending bill, that we are to organize this country by trade associations, which are to be comprised of the members of the particular industries, the idea being to prescribe rules and regulations for a particular industry, and those engaged in it, either as to labor, or as to employers.

I strenuously object to having any one State marked off with lines around it, and the statement made to the public that there is an infection in that State in a particular industry. It seems to me that we should either have the rules applied to an entire industry or that they should not apply to it at all. I can see nothing fair, when there might be an investigation of some complaint made about one State, saying that we will require every person engaged in the business in that State, drawing a line around it, to be licensed, but that we will make no such requirement of those engaged in the same industry in any other State. I am very frank to state that I can very readily see where that might absolutely destroy the business of a State.

Some complaint has been made about the textile industry, for instance. I have made some complaint myself.

I have placed information in the RECORD with reference to the long hours worked in certain textile mills in the South, and with reference to the long hours required in the East; but that does not mean that it would be fair to draw a line around a particular State and announce to the public that there are sweatshops in that State, and bring about the antagonism which would result on the part of the public engaged in buying the goods.

Mr. BORAH. Mr. President, it seems to me that the words "any geographical area" are surplusage, because if the President should find that in a particular State there was a condition with which he desired to deal, he could treat it as a subdivision of the particular trade or industry.

Mr. BLACK. May I state to the Senator that he is correct; but if he will turn to the next page, line 7, he will find that the regulations would be issued, not with reference to the trade or industry but with reference to the geographical area or subdivision. It is to the combined effect of the two amendments that I object. If it were limited to the first, I would have no objection whatever, because it would be immaterial where the unfair trade practice was indulged in; but it becomes of vital importance to a State not to have drawn by a Presidential decree a line around it and the information given to the public that we will require every individual engaged in the business in that State to be licensed because some are running sweatshops or because they are engaged in unfair practices. The point I make is that when the rules and regulations are prescribed they should fit the entire association. The mere fact that a discovery is made that there has been some unfair practice in one place does not mean there are not unfair practices in others. The entire results of the operation of industry show it has been unfair all over the United States. Were that not true the employers could not receive more than their part while labor has received less than its part, thereby bringing about a lack of equilibrium between purchasing power and manufacturing profits.

Mr. President, I have tried to explain just exactly why I do not think it is fair. If a line be drawn around 1 State or around 3 or 4 States an antagonism is created on the part of the whole country against that area; and, I do not care whether it is in the North, the South, or the East, or the West, I believe it is unfair.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. GEORGE] as modified by the Senator from Alabama [Mr. BLACK].

Mr. REED. Mr. President, the Senator from Alabama is right when he says that it seems unfair to pick out a single State and expose it to the hostility of all the other 47 States, but it is just as true that it is unfair to place this licensing system on the industries which have not at all offended because of an offense committed all the way across the country.

Take coal mining, for example. It may well be that in the mines in the State of Washington some unfair practice is indulged. That ought not to be a reason for requiring every coal mine in Alabama, West Virginia, and Pennsylvania to have to come running to Washington to get a license. That is the most drastic remedy conceivable, and that is added here in addition to the penal provisions for violating the code. To require somebody in Alabama to take out a license because we in Pennsylvania have cut wages or run a sweatshop seems to me to be the height of injustice. If the measure is defensible at all it ought to be applied where the trouble is and applied against the wrongdoer and not applied against innocent people who have observed the law.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Alabama?

Mr. REED. I yield.

Mr. BLACK. There is, of course, much logic in what the Senator from Pennsylvania has stated; but, carried to the final conclusion, it would mean that no one should be required to obtain a license except an offender. You could not have any geographical area at all, either State, county, or Nation, if you would apply it only to the offender, as I see it, wherever he might be. He can be required to get a license, but if anyone else should be required to get a license in any geographical area it would be punishing an innocent person if that person had not violated these rules.

Mr. REED. I see that. The offender and his immediate competitors would be required to have a license, and some innocent people would be inconvenienced; but that is no reason for spreading the injustice all over the United States. Suppose, for example, a processor in the State of Maine cuts wages too low or operates too long hours—why punish people in California for that? That is what is proposed to be done, because this whole licensing system is punishment; it is intended only for punishment. It is the last weapon in the President's hands to compel compliance with these codes of fair competition, as they are called. It is not enough, say the sponsors of the bill, to punish people criminally and send them to the penitentiary for failing to live up to these codes, but they are going to be deprived of their very right to do business at all. It is a shocking provision, I think, and I am going to move to strike out the whole paragraph; but if it is going to stay in, certainly this unfairness ought not to be perpetrated in whole regions where no offense whatever has been committed.

Mr. GEORGE. Mr. President, just a word about the history of this amendment. The Chairman of the Committee on Finance has said that he was entirely indifferent about the amendment; that it made no difference, so far as he was concerned, whether the amendment remained in or came out.

This amendment was accepted by the committee, but it was accepted without consideration of the language in the amendment. The portion of the amendment that was considered was that portion which limited and restricted the licensing power to those cases where it was found that destructively low wages or price cutting or other activities contrary to the policy of this title were being practiced.

General Johnson, who was present in the committee, said that, in his opinion, the amendment was not proper, or, at least, was unnecessary, but if the committee wished to adopt it, it might accept a limitation upon the broad power of licensing which this section would otherwise prescribe. After the committee had passed upon that question General Johnson produced this amendment and said, if it were desired, this amendment might be inserted, and that it would operate as a general limitation upon the board power to license on account of any matter or thing that might have been covered in the code. This particular language was not considered.

There is no argument against striking out the language "in any geographical area", although the Senator from Pennsylvania has undertaken to submit an argument. He has suggested if there be offending units of an industry located in a particular section or scattered throughout the country that those units only should be licensed to live up to the code which other units of the industry were willingly and voluntarily carrying out. If that be true, if there are found to be abuses in the industry as a whole, what is the valid objection to requiring every member of the industry to operate under the license?

Obviously those who are keeping faith, who are abiding by the code, have assumed no additional burden, and obviously it is a physical and moral impossibility for an administrator here in Washington to know the conditions existing throughout a whole industry; and in view of his lack of knowledge, why should a license be required in a particular locality while at the same time making no requirement as to the industry in other parts of the country?

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from Maryland.

Mr. TYDINGS. As a member of the committee I should like to ask the Senator whether or not it was the committee's opinion that this bill would increase the production and consumption of commodities?

Mr. GEORGE. I do not know that I am able to answer the Senator on that point, because the committee's opinion was not taken upon it; but it was the hope of the committee that this bill would increase employment. Whether that will necessarily carry with it an increase in production is, of course, to be considered along with the other provisions of the bill which look to a shorter working hour and a shorter working week.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. GEORGE. I yield to the Senator.

Mr. TYDINGS. I can understand the very commendable desire to eliminate the sweatshop and to reduce hours of employment where there are abuses along that line, and I can understand how provisions or measures to accomplish that end should be inserted in the bill; but I cannot understand, as seems to be the opinion of the sponsors of the bill, how production will be increased, which implies, of course, that the consumption of products will have to be increased. I can see no provision in this bill, insofar as I have been able to study it, which opens up one new avenue of production or of consumption. I cannot see where one more pair of shoes is going to be produced or worn than would be produced or consumed in any event. If anybody who has made a study of the bill believes that it will increase production and consumption, I certainly shall be grateful if they will explain to me how that is to be accomplished so that I may vote upon the bill with a great deal more intelligence than I seem to have at the present time from the explanations made.

If the Senator from Georgia will permit me further, as I understand, these requirements are bound to increase, though to a small degree, the price of articles produced. It seems to me that if we increase the cost of an article, we will to that extent diminish its consumption, and that therefore the bill will strike at production rather than increase it.

I am not saying that the price of an article should not be raised, perhaps, if fair labor conditions justify the raising of the price; but, under the law of economics, if the cost of an article is increased, its consumption is reduced, and I have not heard from anybody who has spoken so far a single statement to indicate how there is to be any more production under this bill than will occur anyway.

Mr. GEORGE. Mr. President, I am speaking directly to this amendment, and if I have not made clear what I have in mind, I desire to repeat it. If any part of an industry, any division of an industry is to be licensed, manifestly the requirement will put no undue burden upon all parts of the industry which desire to live up to the code or practice prescribed or agreed upon; but to retain the language in the bill which will require the licensing only of the industry or division of industry operating in a particular geographical area would, of course, condemn the industry in that area to destruction. There would be no way for the industry to survive. If, for instance, the President should say that a given industry in the State of California has been found to have violated certain provisions of the code of fair practice and should require that industry only to take out a license, before the industry could be heard by the public, before it could make its voice potent, it would be utterly destroyed.

The state of popular opinion would be such as to condemn all of the units of the industry in that area. There would be offenders within the area, and there would be innocent industries within that area, but the provision is not for the licensing of the offenders but of the industry as a whole in a given area. I take it that every Senator upon the floor will agree that it would be difficult to find any particular area in which every unit of the same industry was violating the provisions of the code of fair practice. Therefore, it seems to me that the amendment should be adopted, to the end that if a license is required it may be required of the industry or of the particular branch of the industry, which I understand the word "subdivision" here to indicate, in which the offense is found to exist.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Michigan?

Mr. GEORGE. I yield.

Mr. VANDENBERG. Might we not employ both, the one contemplated by the Senator from Alabama and the other contemplated by the Senator from Pennsylvania, if the license were required only from the offender?

Mr. GEORGE. Yes; that would be true. If there is to be a limitation it ought to be restricted to the offending unit of the industry, in fairness, because a general provision that the industry in a particular State or in a group of States should be required to obtain a license, whereas the same industry in other parts of the country be allowed to operate without license, would obviously destroy all the innocent units of the industry in the territory affected or covered by the order.

Also I apprehend that if the licensing system is to be of service, and I grant that it is one of the most drastic provisions in the bill, it cannot effectively be imposed after an investigation of the entire industry has taken place. Suppose complaint should be made to the President that in the cotton textile industry, which is scattered very nearly over the entire country, and in a particular manufacturing plant or unit of that industry the code was being violated with respect to hours or wages or other conditions of competition. If the President must withhold his order requiring a license until he can investigate the entire cotton textile industry, the provision is largely useless. It would require a year or longer to do it with any degree of fairness. If he should require the industries in a particular geographical area to obtain a license upon proof of violation of a code practice by one unit or two units in that area, it would be manifestly unjust, it would be obviously unfair to require that license without any examination of practices which were going on elsewhere and when the particular unfair practice may have been resorted to in an effort by a unit of the industry to avoid destruction by other units of the industry, engaged in even more reprehensible and more destructive practices.

If the theory of this limitation in the licensing section is to be retained, it should be provided that the license should be required only after the particular industry had been investigated and found to be an offender, or it should provide that the license should be indiscriminately required of the industry as a whole or the particular offending branch or subdivision thereof.

I express the hope that the Senate may agree to the amendment which I have offered, because the Senator from Alabama [Mr. BLACK], who had first offered it, was temporarily out of the Chamber.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia.

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. If the amendment should be adopted now without tendering any further amendment, would that debar proposing an amendment to the same amendment at a later period?

The PRESIDING OFFICER. The Chair understands it would not.

Mr. KING. I desire to offer, and I give notice of it now, though I shall not give the phraseology textually, an amendment to this effect: Following the word "activities" and preceding the word "contrary" in line 22, I shall propose to insert substantially as follows: "Or that monopolistic control of any industry or product has been resorted to", so it would read:

Whenever the President shall find that destructive wage or price cutting or that monopolistic control of any industry or product has been resorted to.

The PRESIDING OFFICER. The Senator can offer his amendment after the pending amendment is disposed of.

Mr. ASHURST. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ASHURST. Have we not agreed to a unanimous consent whereby we should consider only committee amendments?

The PRESIDING OFFICER. With the exception of two amendments which have gone over temporarily, all committee amendments to this title have been disposed of.

Mr. ASHURST. In other words, amendments to the text may be offered later?

The PRESIDING OFFICER. After the pending amendment of the Senator from Georgia is disposed of, amendments to title I may be tendered.

Mr. HARRISON. As soon as these amendments to title I are out of the way individual amendments may be offered.

Mr. NORRIS. Mr. President, if I understood the answer to the question of the Senator from Arizona, all amendments to title I have been disposed of?

Mr. HARRISON. No; there are two committee amendments that have been passed over.

Mr. NORRIS. I have in mind an amendment on page 10, the proviso commencing in line 13. Has that amendment been passed over?

Mr. HARRISON. No; that amendment was adopted.

Mr. NORRIS. I wonder if the Senator would consent that that might be reconsidered? I have been called from the Chamber several times, and I desire to oppose the adoption of that amendment.

Mr. HARRISON. Of course, I shall raise no objection if the Senator wants a reconsideration, although I hope that we may again adopt it.

Mr. NORRIS. I do not want to delay the bill, but it seems to me that the amendment is very objectionable.

Mr. HARRISON. I ask unanimous consent that the vote by which the amendment referred to by the Senator from Nebraska was adopted may be reconsidered.

The PRESIDING OFFICER. Without objection, it is so ordered. The question is on the amendment of the Senator from Georgia [Mr. GEORGE].

Mr. BORAH. Mr. President, I should dislike to do so, but the Senator from Pennsylvania [Mr. REED] wanted to be present, and unless a vote on the amendment of the Senator from Georgia can be postponed a little while I shall have to suggest the absence of a quorum. I do not want to kill time, but I want to give the Senator from Pennsylvania an opportunity to be here.

Mr. HARRISON. I ask that the vote be postponed until the Senator from Pennsylvania returns.

The PRESIDING OFFICER. The Senator from Mississippi asks unanimous consent that the vote on the amendment of the Senator from Georgia be postponed temporarily. Without objection, it is so ordered.

Mr. ASHURST. Mr. President, until the Senator from Pennsylvania returns to the Chamber, so that time may not be lost, may I offer an amendment to the text. On page 5, line 14, I move to strike out the words "several district attorneys of the United States in their respective districts under the direction of the Attorney General", and to insert in lieu thereof "Federal Trade Commission", so that subsection (c) would read:

The Federal district courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of any code of fair competition approved under this title; and it shall be the duty of the Federal Trade Commission to institute proceedings in equity to prevent and restrain such violations.

I do not offer this amendment because of any lack of faith in the head of the Department of Justice. On the other hand, I have high admiration for the present Attorney General, Mr. Cummings; his talents and character are much to be admired, and no doubt a vast majority of the district attorneys would be alert and astute looking to the discharge of the duty laid upon here. It seems to me, in order for the bill to be symmetrical, in order that the policy and philosophy of the bill may not be interrupted and marred, that the Federal Trade Commission should be given the authority to institute proceedings in equity to restrain violations.

I do not wish to make a long argument; indeed, I do not know what more I could say than I have said. Logically, philosophically, and as a matter of mechanics, it seems to me it should be the duty of the Federal Trade Commission to institute proceedings in equity.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Kentucky?

Mr. ASHURST. I yield.

Mr. BARKLEY. Under the practice that has grown up in the Federal Trade Commission they do not have to bring any suit in equity. They have authority to issue orders to cease and desist wherever they have made an investigation and found that there has been unfair practice within the meaning of the Federal Trade Act.

Mr. ASHURST. The Senator is correct.

Mr. BARKLEY. So there is no need to confer upon them any power to bring a suit.

Mr. ASHURST. Under this bill it would be expedient and wise to give the Federal Trade Commission the power to institute proceedings in equity.

Mr. BARKLEY. As I said, that is not the way they go about stopping violations.

Mr. ASHURST. The Senator is correct about that.

Mr. BARKLEY. But as a matter of fact, and we had a good deal of discussion about the two sections in the committee, it seems to me it would be unwise to supplant the district attorney in any equity proceeding in the Federal court by allowing the Federal Trade Commission to bring it, without regard to him or the Attorney General either. United States district attorneys are supposed to operate under the direction of the Attorney General in controlling suits that are instituted by the United States in the Federal courts.

Mr. HARRISON. Mr. President, will the Senator from Arizona withhold his amendment temporarily while the amendment of the Senator from Georgia [Mr. GEORGE], which was pending, may be disposed of? The Senator from Pennsylvania [Mr. REED] has returned to the Chamber and we can dispose of it, I think, in a moment or two.

Mr. ASHURST. I am very glad to do so.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Georgia [Mr. GEORGE].

Mr. REED. Mr. President, I have no disposition to delay a vote and shall not speak long. It seems to me the amendment ought not to prevail, that the action of the Finance Committee was wise and should be sustained. As I recall it, the committee was unanimous in adopting the amendment in the form in which it appears in the printed bill. The amendment in that form was brought to us by General Johnson at the request of the President, with the President's approval, and it is only just——

Mr. GEORGE. O Mr. President, I do not want the Senator to make that statement because I am sure he is not advised.

Mr. REED. General Johnson so stated.

Mr. GEORGE. He never said at all that the President had approved the amendment. General Johnson said the amendment ought not to be adopted in any part of it, but if the committee wanted to make an amendment that he had no objection to this particular amendment.

Mr. REED. He gave us clearly to understand that the amendment which he had there prepared and written out had the approval of President Roosevelt. I myself know nothing of that. I have not endeavored to confirm my impression. It certainly came from General Johnson, and I think most of the members of the committee had the same impression that I had, that he was authorized by the President to offer it.

Be that as it may, the amendment is wise in its present form, because it is the height of injustice to impose this drastic penalty upon persons engaged in trade or commerce in one part of the United States on the theory that somebody in a totally different part of the country has violated the code of fair competition. Why California should be penalized for some impropriety committed in Pennsylvania, for example, is beyond my power to understand. Yet this very drastic licensing power will be imposed upon everyone in this broad land all because in one little restricted district some improper practice had occurred. I am sure the Senate does not want that to happen.

Mr. GEORGE. Mr. President——

Mr. LONG. Mr. President, a point of order. What is the amendment we have before us now? We have changed back, I understand, to something we have already considered.

The PRESIDING OFFICER. The clerk will state the pending amendment for the information of the Senate.

The CHIEF CLERK. On page 7, lines 23 and 24, the Senator from Georgia proposes to strike out "geographical area or in any subdivision of any trade or industry, and" and to insert "trade or industry or any subdivision thereof, and", so that, if amended, it will read:

(b) Whenever the President shall find that destructive wage or price cutting or other activities contrary to the policy of this title are being practiced in any trade or industry or any subdivision thereof, and, after such public notice and hearing as he shall specify, shall find it essential to license business enterprises in order to make effective a code of fair competition or an agreement under this title or otherwise to effectuate the policy of this title, and shall publicly so announce, etc.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia to the amendment of the committee.

Mr. LONG. Mr. President, may I ask the Senator from Georgia just what this amendment means?

Mr. GEORGE. Mr. President, I have explained the amendment, but I shall be glad to do so again. It means that if a license is required of any industry or branch of an industry, it must be required of every unit in that industry; that the President will not be authorized to limit his orders to the industries found in a particular geographical area, but if he should find violations in the industry or branch thereof he should require the industry generally, or branch of the industry, to obtain licenses.

Mr. President, let me repeat what I have previously said. The Finance Committee was considering this particular subsection (b) of section 4; and after some discussion of it, it at one time having been voted out of the bill, it was suggested by General Johnson, who was present in the committee, that if the committee desired a limiting amendment, the discussion having been directed primarily at the unlimited scope of the code, or the code of fair practice, this amendment was not objectionable. As a matter of fact, both General Johnson and Mr. Richberg were present, and they said that this amendment was not objectionable, although in their opinion no amendment whatever was necessary or even desirable, but that he, General Johnson at least, would have no objection to this amendment.

The amendment contained the language which I have now moved and the Senator from Alabama [Mr. BLACK] first moved to strike out, to wit, "or in any geographical area." The amendment was offered by those who were favorable to the bill, and who had been instrumental in its preparation, with a view to satisfying certain opposition which existed, because some members of the committee did not want to require a license of any industry in order to compel compliance with anything that might have been covered by the code of fair practice.

Mr. WHITE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Maine?

Mr. GEORGE. I yield for a question.

Mr. WHITE. As I understand the situation, if in my home town there are 15 companies engaged in the manufacture of shoes, and one of them indulges in price-cutting or some other unfair practice, all of the shoe manufacturers in that town, coming within that geographical area, would be obliged to obtain a license under this provision of the law in order to do business. Now, I understand the Senator's amendment to strike out the reference to geographical area, and to insert in lieu of that a reference to a trade.

What practical difference is there if in this same home town of mine, with, say, these same 15 factories, one of them being engaged in that trade, carrying on that particular shoe business, does precisely the same thing—engages in wage-cutting or in some unfair practice? Where is the practical difference in the application of the two methods? I should appreciate it if the Senator would explain that.

Mr. GEORGE. This is the practical difference; and the Senator has put a complete illustration:

If in his home town there are 15 manufacturers of shoes and only 1 of them has offended the code of fair practice by cutting his prices unduly, under this bill, without the amendment which I have offered, the President would have to issue an order singling out the Senator's home city, and every industry in the home city, and requiring a license; and, from that moment on, the 14 innocent manufacturers of shoes in the Senator's home city would be handicapped. Their business might be destroyed. When the decree of the President went down that in a given city or a given State this unfair practice existed, and the units of the industry operating only in that city were required to have the license, then those units of industry would be virtually destroyed. There is no need to argue about it because it is too plain on its face.

Mr. NORRIS and Mr. BANKHEAD addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Georgia yield; and if so, to whom?

Mr. GEORGE. I yield first to the Senator from Nebraska.

Mr. NORRIS. Mr. President, after the Senator has just made the statement that his proposition is so plain that anybody can see it, I hesitate to inquire about it, but I confess I do not see it.

If the thing should happen that the Senator says, and that would injure all those 14 innocent manufacturers, then, of course, it would follow that it would be an injustice; but why would it ruin those 14 if they had to take out a license?

Mr. GEORGE. The taking out of the license, if the Senator pleases, would not ruin them, and that is exactly what I argued a while ago; but the singling out of the geographical area, and requiring a license of those who were abiding by the law and the agreement, along with the few offenders in the area, would so focus public opinion, would so rivet public condemnation upon the industries of that area, as to make it almost impossible for them to carry on their business.

Mr. NORRIS. Why would it injure one of those innocent manufacturers if he took out a license? There would be nothing wrong about that.

Mr. GEORGE. Not at all, and that is the purpose of my amendment—that the license should be required of the whole industry or branch of the industry without regard to its geographical location. In that event there would be no discrimination in terms. There would be nothing to indicate that the President had found trouble in a given locality, and therefore those industries that were living up to the code of practice would have no additional burden placed

upon them, but only those that were disposed to violate it would feel the heavy weight of this particular license.

Mr. NORRIS. Does the Senator mean to say that the taking out of the license would of itself be a burden that could not be borne?

Mr. GEORGE. Oh, no; I did not mean to say that. What I mean to say is that if the President of the United States, because he found one offending industry in the State of Nebraska, should require of that industry a license, all good and well; I would not offer the amendment. But he is obliged to require every industry in a geographical area to take out the license, the implication necessarily arises that all of the industries in the area specified by him have been offending against the order.

Mr. NORRIS. As I understand, then, if the Senator's amendment is agreed to, the only license that would be required would be the license required of the offending manufacturer?

Mr. WHITE. Oh, no; the whole trade.

Mr. REED. Everybody in the country.

Mr. GEORGE. I said that I would have no objection to it if instead of the words "geographical area or in any subdivision of industry" it were limited to the offenders; but I pointed out, if the Senator will bear with me, what I thought was a practical objection to a procedure of that kind, not that there is any objection upon the merits of it. I do not think any great harm can come to the industry if the President should say that this industry, or this branch of a particular industry, must obtain a license, because then there would be nothing in the order, which would carry any unfair imputation against a particular industry, if in truth and in fact that industry had not been violating the code of fair practice.

Mr. NORRIS. Now, let me ask the Senator a question, and I am doing it only for the purpose of getting information. I confess I do not quite understand the difference between what the law would be if the Senator's amendment were agreed to and what it would be if it were not agreed to.

If the Senator's amendment should be agreed to, and if some manufacturer somewhere—anywhere—should offend the code, would it be necessary then to remedy the situation for the offender only to take out a license, or would everybody in the business everywhere in the country have to take out a license?

Mr. GEORGE. Everybody engaged in that particular industry or subdivision of the industry would be required to take out a license.

Mr. NORRIS. Would not that be a greater burden than if it were confined to some geographical locality not so great?

Mr. GEORGE. Perhaps it would, but would it not be fairer? Would it carry any implication of discrimination?

Mr. NORRIS. If the requirement of a license were an imputation that the corporation that applied for it and received it were necessarily offending the law before they applied, then I think the Senator's intimation would apply. But I do not understand why, if the manufacturers in a certain geographical location were required to take out a license, it would be any imputation that they had necessarily been engaged in any dishonorable business or had violated the code.

I may be wrong, but I am trying to get information.

Mr. GEORGE. I am afraid the distinguished Senator from Nebraska, contrary to his usual habits, has not read this amendment.

The amendment provides that the President may require a license when he finds that certain things have occurred in a given industry. Then he may impose a license upon that industry; and if a license is required of the general industry, or if it is confined to the particular offender, I am perfectly content. The provision of the amendment, however, is that when he finds that in any industry certain things have occurred, that certain practices do obtain, then he must issue his order against the industries in a prescribed geographical area. The moment the President does that every industry located in that geographical area is under a cloud, and I apprehend that there is not any industry in the country that would not fully appreciate the fact that it was under a cloud. There would, of course, be some injustice in requiring the whole industry to obtain a license. Nevertheless, there would not be that suggestion in the order that would operate unduly against the unoffending industries in the particular area.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia further yield to the Senator from Nebraska?

Mr. GEORGE. I yield to the Senator from Nebraska.

Mr. NORRIS. At the risk of incurring the thought upon the part of the Senator from Georgia that it would necessarily increase my ignorance of this subject, I want to ask him if this is not true:

Assuming that the necessity of getting a license would mean that odium would be cast on the applicant, under the language as it now stands, the persons in the geographical locality would have to get a license, and thereby would, as I understand it, have a sort of an odium cast upon them, a sort of a reflection, in the particular geographical locality. If the Senator's amendment were agreed to, and anybody anywhere in the United States offended, and thereby had to get a license, then this reflection and this odium, whatever it might be, would apply to the manufacturers in the entire United States, instead of in that geographical location.

Mr. GEORGE. Yes.

Mr. NORRIS. Then it seems to me the Senator's amendment would only add to the odium.

Mr. GEORGE. I do not think so, and I make my appeal to the fair-minded men of the Senate, and include in that classification the Senator from Nebraska, on this fact. If we applied the order to all of an industry we necessarily would cover some innocent units in the industry, but inasmuch as it is general, there will be no sectional discrimination or State discrimination. If, however, it is confined to a geographical area, every innocent unit of an industry in that area necessarily would suffer in its business, in its commerce, and the suffering would be one that could not be easily repaired, because the country would say, the purchasers would say, the customers of those industries would say, "The President has investigated this industry and in this particular locality he has found certain evil practices to exist."

Now I point out what is the essential injustice of the proposal, and I ask the Senator from Nebraska to listen.

Let us take the cotton textile industry, for instance. A complaint is made to the President that at some point in Massachusetts certain abuses of the code are taking place. The President investigates and finds that that is true. He does not issue his order against the particular offender. If he did, I would have no objection to the provision. But he issues his order against the industry in that geographical area, whatever he prescribes. In the nature of things, he would have to prescribe an area that would take in, in all probability, at least more than one unit of the industry.

The President cannot delay long enough to investigate the entire industry in the country to see whether there may not be the same or like practices or violations occurring elsewhere. To do so would so greatly defer or prolong the decision that a license be taken out that perhaps the evil would occur before the remedy had been provided.

Therefore, as a practical proposition, and without regard to the merits of the proposal, the President has to do one of two things: He will have to say, "I find certain evil practices which make for unfair competition, such as the payment of starvation wages to the laborers"; and he will say, "Therefore we will license all of the industry"; or, to be just, he will have to make the one single offending unit which he has investigated take out a license.

If he requires the textile industry in a New England State, for instance, or in a southern State to obtain a license because he has found these abuses to exist—and all units of the industry must either close up or obtain a license—it may well be that if the President had the time to extend

his investigation to the entire industry, he would find that the particular section affected by his order was simply meeting the same unfair competition coming from some other section of the country, or some other branch of the industry.

If this amendment is to be retained, it is fair, it is just, and it carries no idea of discrimination between industries, although it may place a hardship upon one industry to say, "If we find that in your industry there is this reprehensible and unfair and illegal practice obtaining, we will require all the industry to take out a license," or "We will require only a unit of the industry to take out a license."

Mr. FESS. Mr. President, will the Senator yield?

Mr. GEORGE. In just a moment. Now let me address myself to the particular question raised by the Senator from Nebraska. It is a hardship upon the innocent units of an industry to require the entire industry to take out a license merely because the President has found that certain units of that industry in a certain State, let us say, have been guilty of unfair practices. But while it is a hardship, if the Senator from Nebraska will look at the question in his accustomed way of weighing public questions, he will find that there is no discrimination between industries, there is no sectional discrimination written into the President's order, and it is precisely the discrimination between industries which would mean the death of an industry if it should be unjustly and unfairly singled out.

Amend the provision so that the license will be required only of the offending unit, and I am quite content, but do not require the President to issue an order which must necessarily include some unoffending and innocent units, not because I desire to have them escape the burden, but because it is fair and it is just to prevent a discrimination between industries, and especially when other units of an industry in other parts of the country may have been engaging in the same practice, undiscovered only because the President has not had the time to make an investigation of the entire industry.

Now I yield to the Senator from Ohio.

Mr. FESS. The Senator from Georgia has really answered the question I was about to ask him. Since the license feature is in the form of a penalty, it would appear to me that it would be just to apply it only to the offender.

Mr. GEORGE. I think so. I agree with that fully.

Mr. FESS. That would not only do justice, but it would be effective, it would seem to me.

Mr. GEORGE. I agree with that, and I am sure that the Senator from Alabama, who also offered the amendment, will agree to it.

Mr. NORRIS. The Senator's amendment, as I understand it, does not accomplish that.

Mr. GEORGE. It does not. I was trying to do the next-best thing, but I state now that I would be willing to place the amendment in such form as to make it applicable only to the offending industry.

Mr. FESS. Mr. President, if the Senator will rewrite his amendment and make it applicable only to the offending party, it seems to me it could easily be agreed to. Otherwise, I am of the opinion that the amendment should not be agreed to.

Mr. GEORGE. If the Senator will just indulge the Senator from Alabama and the Senator from Georgia a moment, we may be able to offer the amendment. The only reason why we do not offer it is that we do not want to invite opposition from another angle, and we are very anxious to remove any idea of discrimination against industries in the bill, not that we do not cheerfully admit that there is a burden placed on industry, whether we confine the license to a geographical area or make it apply to an entire industry. The idea of discrimination enters in whenever we draw a geographical line around a particular industry.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. GEORGE] to the committee amendment.

On a division, the amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment as amended.

REGULATIONS PERTAINING TO VETERANS' ALLOWANCES

Mr. CUTTING. Mr. President, in pursuance of the subject with which I dealt yesterday afternoon, I want to say one or two words about the Executive order which the President issued on Tuesday, and which purported to initiate great modifications in the previous veterans' regulations issued on March 31.

Let me recall to the Senate that on Tuesday the Senator from Arkansas [Mr. ROBINSON] introduced into the RECORD, not the regulations themselves, not the new Executive order modifying the regulations, but a statement, the source of which was not given, a statement which rested on no authority, but which said, in essence, as follows:

> Under the new regulations no directly service-connected veteran will be reduced in payment by more than 25 percent, and the average reduction will approximate 18 percent.

I have read these regulations with considerable care, and I think that it is perfectly clear to anyone who studies them that there is no such provision in the regulations.

I have compared them with the regulations of March 31. I find that there are only some ten or a dozen paragraphs of those regulations which have been modified at all. Everything else in the regulations of March 31 remains intact in the new regulations.

Anyone who has ever dealt extensively with the Veterans' Bureau, or the Veterans' Administration, which succeeded it, knows that it operates under a set of regulations which are not given to the public, but which keep accumulating, and form a sort of code, a sort of corpus juris of precedents which bind the Bureau in other decisions which they are to make in the future. The construction given to certain phrases has been established, and we find those phrases running again and again through every veterans' regulation.

One of these phrases is "medical judgment." Another is "affirmative evidence." Another is "specific finding." Such expressions as "legally", "in accordance with law", "properly", and a number of similar adverbs, in which the unsuspecting layman would see nothing sinister, are applied by those who interpret the veterans' regulations in order to decide any case against the veteran. So I say that when you meet with any of those expressions you have got to be very careful, because the law will be construed as tightly as possible against the individual disabled veteran.

With that preface, I wish to say that there are some things in the new regulations which are an improvement on the regulations of March 31; I admit that. In the first place, the schedule of ratings is established on a basis of 10 steps instead of 5. Instead of having disability ratings of 10, 25, 50, 75, and 100 percent, disability may be rated at 10, 20, 30, 40, 50, 60, 70, 80, 90, and 100 percent; so that if the doctors of the Bureau wish to be liberal in their ratings they have that authority. Of course the merit in any such system depends upon the way in which it is administered. There is nothing in the Executive order to show how those regulations are going to be administered, and I submit that we have to judge the future by the past.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from West Virginia?

Mr. CUTTING. I yield to the Senator from West Virginia.

Mr. HATFIELD. What would be the Senator's conclusion as to the atmosphere surrounding the doctor who arrives at a medical conclusion respecting the veteran?

Mr. CUTTING. I have no hesitation in saying, Mr. President, that, while there are good men among the medical officers of the Veterans' Administration, the influences surrounding them are such that a doctor is almost compelled, if he desires to keep his job, to rate a case just as low as he has any authority for rating it. If he does not do that, the doctor almost invariably will find himself disconnected from the Veterans' Administration in a very short space of time.

Mr. HATFIELD. Mr. President, will the Senator yield further?

Mr. CUTTING. I yield.

Mr. HATFIELD. I whole-heartedly agree with the conclusion of the Senator. What he has stated is absolutely true.

Mr. CUTTING. Mr. President, there are some definite clauses in this Executive order which modify the regulations of March 31. For instance, if a man loses both eyes or both feet, his pension is raised somewhat higher than it was under the regulations of March 31. For the loss of both hands or both feet he will receive $150 a month; for the loss of both hands and one foot or both feet and one hand he will receive $175 a month. If he is blind in both eyes, he is to receive $200 a month.

Those figures are slightly more liberal than the figures set out in the regulations of March 31; but may I again call to the attention of the Senate the fact that Mr. Douglas, the Director of the Budget, when he appeared before the Finance Committee on March 10, stated, when asked for whom the maximum rate of $275 a month was to be provided:

> Frankly, for a man who was overseas and who was in the big show and was under fire and was shot to pieces by a high explosive and lost 2 arms, or 2 legs, or 2 eyes, my honest opinion is that that is not too high.

So even under these new liberal regulations the man who loses both hands, both feet, or both eyes still gets far less than the Director of the Budget, Mr. Douglas, was pledged to award him under the terms of his own testimony before the Finance Committee in March. So we still have a long way to go before we do even what Mr. Douglas said in March was justice to those men.

There is another provision in the new regulations which, so far as it goes, I desire to commend. In part II, paragraph 1, section (c), the regulations say:

> (c) Any veteran or the dependents of any deceased veteran otherwise entitled to pension under the provisions of part II of this regulation shall be entitled to receive the rate of pension provided in part I of this regulation, if the disability or death resulted from an injury received in line of duty in actual combat in a military expedition or military occupation.

I may say that that regulation will take care of a small but a very deserving class, namely, those who were injured in combat while not technically engaged in war. It applies to men who fought the Moros or men who were in the service of the country in Nicaragua or in the Boxer rebellion or elsewhere.

The only other important new provision is the one which raises the minimum rates payable to the Spanish-American War veteran over 62 years of age from $6 to $15 a month. That, of course, so far as it goes, is an improvement, although I scarcely think that the Senate will regard $15 a month for disabled veterans over 62 years of age as being particularly princely treatment.

There are some minor changes in the order. One liberalizes the provision for burial expenses of deceased veterans. One extends the meaning of the word "child" as embracing one under the age of 18, instead of under the age of 16; and another allows widows of veterans and employees not receiving salary or compensation for services in excess of $50 per month to continue in employment, although they are receiving a pension or emergency officers' retirement pay.

The most important provision which we were promised in the new regulation, however, should have been the provision with which the newspapers have been filled, the provision that no veteran suffering from a directly service-connected disability shall have his compensation reduced by more than 25 percent and that the average reduction will approximate 18 percent. Of course, Senators will understand that there is no way in which we can tell what the average reduction will approximate. We shall never have the complete list of payments before us. No matter how many cases of injustice may be brought to our attention, the fact may still be that if we had them all the average might be any particular figure. Of course, no regulation can be drawn to insure that the average would be $18 per month; but, Mr. President, it would have been very easy to have drawn a regulation prescribing that the maximum reduction should not exceed 25 percent.

An amendment which I introduced last week, and which the Senator from Arkansas and the Senator from South Carolina were willing to accept, provided:

> That nothing in this act shall authorize the President to reduce to a degree greater than 25 percent the compensation, pension, or allowance of any veteran or dependent of a veteran whose disability has hitherto been traced officially to direct connection with military or naval service.

That is quite clear in its language.

The amendment of the Senator from Texas, which was eventually adopted, reads as follows:

> Notwithstanding any of the provisions of the act approved March 20, 1932, entitled "An act to maintain the credit of the United States Government", in no event shall World War service-connected disability compensation of any veteran or the pension of any veteran of a war prior to the World War be reduced more than 25 percent of the rate being received by him on March 15, 1933.

That also is clear and unmistakable.

Now let me read to you the provision which was written into the regulations which were approved on June 6, the day before yesterday:

> II. In connection with the review directed by section 17 of Public, No. 2, Seventy-third Congress, the schedule of ratings provided for herein shall not operate to reduce by more than 25 percent (exclusive of special statutory allowances) the payments being made to any veteran who on March 20, 1933, was properly rated on a permanent basis and who meets the requirements of regulation no. 1, part I.

Mr. President, why was that word "properly" inserted there, and why are we referred back to another part of another regulation?

I am rather familiar with the word "properly" as used by the Veterans' Bureau. I know that they always try to get it inserted into any law reducing any of their authority. Of course, the argument might be used, "Does anyone want a case to stay on the rolls if it is improperly on the rolls?" To one who is not familiar with the procedure of the Bureau that might seem a cogent argument. The point is that when the word "properly" is inserted the Bureau is given complete authority to decide what case is properly on the rolls and what case is improperly on the rolls. The Bureau is to decide whether or not the rating which is given any veteran is properly given or improperly given. The authority which Congress intended to take into its own hands on Friday when it adopted the Connally amendment is completely rescinded and the Veterans' Bureau is to have that authority.

Mr. President, ever since March we have been trying to assure the compensation in combat-connected cases. The Senator from Massachusetts [Mr. WALSH], in the debate at the time, proposed an amendment which was accepted and which according to him guaranteed the retention of these men on the rolls. It contained a little joker. The joker in that case was the phrase "except as to rate." By cutting down the rate to less than 10 percent the Bureau in effect struck every man whom it wanted to strike completely off the rolls, so that the amendment proposed by the Senator from Massachusetts and adopted by the Senate became null and of no effect.

I remember a similar joker in the Tyson-Fitzgerald bill, which we passed in 1928. As I remember it, that bill purported to provide retired pay for all emergency officers who had hitherto been rated over 30 percent; but instead of letting it go at that the words were inserted "who have hitherto according to law been rated at 30 percent", or words to that effect. The Bureau took the words "according to law" and construed them as giving authority to review every one of the cases to see whether or not the 30-percent rating had been legally and properly given. If I know anything about the Bureau, I know that the word "properly" was put in the present regulation for an exactly similar purpose.

But, Mr. President, they are not satisfied with putting in the word "properly." They go on, and after saying "any

veteran who on March 20, 1933, was properly rated on a permanent basis" they add the words "and who meets the requirements of regulation no. 1, part I."

When we turn to regulation 1, part I, we find a number of provisions which would allow the Bureau to reverse the rulings which had hitherto been made allowing the name of any particular veteran to remain on the roll. For instance, there is this provision:

Every person employed in the active military or naval service for 90 days or more shall be taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, infirmities, or disorders noted at time of the examination, acceptance, and enrollment, or where evidence or medical judgment is such as to warrant a finding that the injury or disease existed prior to acceptance and enrollment.

In other words, the presumption of soundness which attaches to any man who entered the service can be reversed not merely by evidence, which might be entirely a fair method, but by "medical judgment", not necessarily based on any evidence at all.

Section (c) reads:

A chronic disease becoming manifest to a degree of 10 percent or more within 1 year from the date of separation from active service, as set forth therein, shall be considered to have been incurred in or aggravated by service, as specified therein, notwithstanding there is no record of evidence of such disease during the period of active service—

That is the presumptive clause as contained in the regulations of March 31—

provided the person suffering from such disease served 90 days or more in the active service as specified therein; provided, however, that where there is affirmative evidence to the contrary, or evidence to establish that an intercurrent injury or disease which is a recognized cause of such chronic disease, has been suffered between the date of discharge and the onset of the chronic disease, or the disability is due to the person's own misconduct, service connection will not be in order.

In other words, the presumption would be canceled, not on conclusive evidence that it is incorrect, not on preponderant evidence that it is incorrect, but merely on "affirmative evidence to the contrary", no matter how weak that evidence may be.

Let me read another paragraph in the regulations contained in part I:

(d) That for the purposes of paragraph I (a) hereof a preexisting injury or disease will be considered to have been aggravated by active military service as provided for therein where there is an increase in disability during active service unless there is a specific finding that the increase in disability is due to the natural progress of the disease.

Not the preponderating proof, not conclusive evidence, but "a specific finding", and the value to be attached to the specific finding, of course, will be left to the doctors in the Veterans' Bureau.

Mr. President, we have heard a great deal in the last few days about colloquies between Members of the House and the executive branch of the Government. Nothing that I care to say here must be taken to have any reference to those colloquies. I am sure that Members of the other branch of the Congress will act in accordance with their consciences and convictions. But I do want to remind the Senate that these regulations, which were refused me yesterday morning, and which after a change of heart were presented to the Senate yesterday afternoon, show on the face of them that they were written in bad faith and with intention of fraud. That is what is done while Congress is in session. That is what is done when we are sitting right here, still able to use our legislative prerogatives, still able to insure by our votes that the wishes of Congress may prevail. Under these circumstances, what do Senators imagine will happen if we go away from here and do not ourselves decide what we wish to have done?

Perhaps the Connally amendment which we adopted the other day is not correct in all respects. Perhaps it might be improved; but if it is to be improved, let Members of the two Houses of the National Legislature do the improving. Let us not trust to Executive orders, which, although approved by the President of the United States, are in effect promulgated and written by some subordinate in the Veterans' Administration under the pressure of the Director of the Budget, who, as we all know, is trying to cut down veterans' compensation to the lowest conceivable point.

In this particular instance we were promised a limit of 25 percent as the maximum reduction in cases of combat-connected disability and yet the actual regulation issued in pretended compliance with that promise is not worth the paper on which it is written. Let us be very careful, Mr. President, concerning the exact language which may eventually pass the two Houses of Congress with regard to veterans' legislation. Let us be careful of every adjective and every adverb, because if we leave the slightest loophole, as we saw last March with regard to the amendment of the Senator from Massachusetts [Mr. WALSH], the Veterans' Administration will take advantage of it and nullify the will of the Congress of the United States.

I am very glad that we have these regulations before us, that we are able to take a look at them some days at least before this body expects to adjourn. Let us act, Mr. President, in accordance with our own convictions. If we believe we made a mistake in adopting the Connally amendment, let us say so. Personally I do not think we went far enough. But whether we went far enough or whether we went too far are matters for the Senate and House of Representatives to decide. Let us not leave these unfortunate, helpless veterans from now until January at the mercy of people in the Veterans' Administration and in the Bureau of the Budget who have proved repeatedly that they are not only completely out of sympathy with the disabled veterans but that they are willing to act in bad faith with the Congress of the United States.

COLLIER'S WEEKLY ARTICLE ON SENATOR LONG

Mr. LONG. Mr. President, Collier's Weekly Magazine is a Morgan concern, and Thomas W. Lamont, a Morgan partner, is a director of the Crowell Publishing Co., which publishes Collier's Weekly. Collier's is a well-known Morgan publication.

Shortly before I came to the Senate, Collier's Weekly had an article in it in which it was said that they had sent Mr. Walter Davenport down to the State of Louisiana to get the facts regarding how HUEY P. LONG had come into politics in that State, and to write up the facts. Mr. Davenport published a long article in Collier's Weekly at the time which, whether regarded as complimentary or not, went to considerable length to show that I had in some measure dethroned the entrenched and corrupt machine politics of that State, eradicated illiteracy, educated the children, and in many other respects glorified the accomplishments at a time after I had concluded my administration and long after I had ever been a candidate for the United States Senate.

But since the Morgan inquiry has developed here and I have had something to say relative to Mr. Morgan in other ways and relative to his clients, this Morgan publication has taken the same author, Mr. Walter Davenport, and say they have sent him down to Louisiana to find out about me and they have now published another article. I shall go to the Congressional Library as soon as I have an opportunity today and obtain the previous article, and shall place in the RECORD, side by side, the two articles that have been printed in this Morgan publication, Collier's Weekly, written by the same writer, Mr. Walter Davenport, so that Members of the Senate and of the Congress who wish to concern themselves can find out how Mr. Morgan and his publication vary their views and their facts which they have discovered to meet what they may consider the emergency of the situation.

Mr. President, before this article got into Mr. Morgan's publication—and it has not yet reached the date of its public sale—Collier's Weekly went to the pains of making a copy of its article in printed form and mailing it to every Member of Congress, with the request that each Member of this body and of the other House write them a letter and tell them what they think about the article for their future information.

In order to show what this damnable outfit has done I am going to do them the credit to read a paragraph from the article:

Add what the parishes and all the subdivisions owe and you find Louisiana in debt to the extent of $395,532,463.47.

Mr. President, I have never had anything to do with floating parish bonds or municipal bonds. I have had something to do with floating State bonds; and I wish to say to you that the Morgan Houses bought Louisiana bonds, as long as I was Governor of that State, at the lowest rate of interest that they had ever bought Louisiana bonds for, and lower than those sold at the time by any other near Southern State, and at a better premium, and the record will show it. There is no such indebtedness as this on the State of Louisiana—nothing of the kind. It is ridiculous and absurd.

I desire to read another paragraph from this article which they printed in advance and sent to the Members of Congress. I beg the Senate to note, following the time that I said what I did several weeks ago with regard to the conduct of the House of Morgan, and its undertaking to control this Government.

I want to say, Mr. President, that I took up the case of Mr. Lamont in this matter. There is another paragraph that I want to read from this article which I think I can readily find, which they have taken pains to send to all the Members of the two Houses. Here it is:

Here's a lawyer of high repute—

They say that a fellow down there is a lawyer of high repute—a little fellow whose picture they have here. If he is a lawyer, I did not know it. If he ever tried a case, I did not know about it. I learned that he was in some trouble here a while back, and got out through some peculiar maneuvers. That is all I ever heard about him. If he ever had a case in court, I do not know what it was; but the author says this:

Here's a lawyer of high repute telling you about Huey's beautiful mansion on Audubon Boulevard in New Orleans. How did Huey get it? Where did he get the money and how much? Is it true that he got the great house from Rudy O'Dwyer of the Club Forest over in Jefferson Parish?

Club Forest is a night club, and carries on gambling, I understand, for the information of the Senate.

And did Rudy get it from an unfortunate gambler, now a bootblack, who turned over the deeds to the mansion when he couldn't take up his I.O.U's.? Well, what about it?

Mr. President, before I became Governor of the State of Louisiana, when I was a lawyer, I lived in a house that cost $40,000, and it was not mortgaged for a 10-cent piece. Since I got through with my experience as Governor, and started for the United States Senate, I am living in a house that is mortgaged for $40,000, the entire purchase price of the house. That is how much good in the house exchanges the Governor's office and the United States Senate have done me. The records are there to show. The transfer was made through a reputable firm of lawyers, Merrick, Schwartz, and somebody, who are also attorneys for the Federal Reserve bank of that district. I do not suppose I am called upon to answer that; but there is another little part here that I want to read.

They say that I took out a life-insurance policy up in some Canadian company. This is an old story that I have heard many times, which they take particular pains to quote. I do not find it readily, but I can state it. They say that I am the owner and holder of a life-insurance policy for $100,000, paid up in full, up in Canada. Well, if someone will locate me a life-insurance policy of that kind, I should indeed like to have it. For the information of the House of Morgan I will say that I came to the Senate with life insurance for $65,000, and since I reached the United States Senate, for the first time in my life, I have borrowed the limit of the life insurance, and owe every dime I could borrow on the life insurance that I had bought long before I became a Governor or a United States Senator; and drew every dime I could on it since I have been in the United States Senate. Those are matters of record; and I understand that Mr. Morgan's outfit controls practically all the life-insurance companies.

I want to say, Mr. President, that this Morgan publication is going to the extent not only of publishing this article, by the same author who wrote the article that I will get some time today or tomorrow and place in the RECORD here for the illumination of the Members of this Congress, but it has gone to an unusual extent in printing in advance this particular article and sending it to the Members of the Senate and to the Members of the House of Representatives.

I am not going to take much more time, Mr. President. This thing has been sent to all the Members. They can read it if they want to. They talk about the fact that two banks broke. Yes; I want to read that sentence to show the kind of business Collier's and Mr. Morgan's outfit see fit now to send over this country. I want to read this, just for fear the Senate will not read it.

If the Senate will pardon me just a moment, I will read it. I should have had this marked. I hope the Chair will not become impatient with me for taking a little time.

I cannot find it, Mr. President. At any rate, this article says that two banks closed in New Orleans in which I was badly involved—the Canal Bank and the Hibernia Bank.

Mr. President, both of those institutions were Federal Reserve banks. I did not owe either one of the banks a nickel—not a penny. I do not own any stock in the banks. The only connection I had with either of them was that when I borrowed $15,000 on my life insurance, and there was a run on the Hibernia Bank, I walked into the bank and put $7,300 in it, so that I might give the crowd to understand that I had confidence in it, in order to stop the run on the bank, and lost my $7,300. [Laughter.] Now, that is my connection with that.

Another thing they say is that in New Orleans we had a surety company that failed. Well, that was a terrible thing!

The Union Indemnity Co. failed in the State in which I live. Now, that is awful! The Union Indemnity Co. did fail; but the National Surety Co. in New York failed for 10 times as much as the Union Indemnity Co. failed for. The International Surety Co. failed for five times as much as they failed for. Surety companies failed all over this country with which I could have no connection, because I did not live in their States; and, for the information of the Senate, I will state that I did not owe the Union Indemnity Co. 5 cents. I did not own 5 cents' worth of their stock; and the only thing with which the State of Louisiana is to be charged—because the Union Indemnity Co. reinsured with the National and the International, and one with the other, and they were all considered as good as any, and they were among the best—the only thing that could be charged against the State of Louisiana was that we gave to our home surety company all the business we could, just as every other surety company gets all such business in its State where the charges are equal, and they are always equal. That is the kind of business, Mr. President, that has evidently seemed to be necessary to be put here in this special form, with all this dispatch, and out of the ordinary course of procedure, by this organization.

Mr. President, I have sent for, and I want to give the Senate, some figures about a few things. If the Senate were the only ones concerned, it would be different; but I have the credit of my State somewhat to defend. I want to tell you about the bonds which I have ever had any part in issuing in Louisiana. I do not know anything about the $395,000,000; but when I became Governor of Louisiana, the man whose picture they print here, Mr. John M. Parker, had issued $41,000,000 of bonds—he and Governor Pleasant and one Governor before him; mostly by Parker. They had issued $41,000,000 worth of bonds on the port of New Orleans, and they did not provide any revenue with which to pay them except the earnings of the port; and as Governor of that State, I had to float a tax in order to retire the bonds for money that had been secured by my predecessors in office, and entirely spent by them.

Not only that; they had, they say, floated all these bonds for large sums of money in the parishes. They had floated one issue of one hundred and some odd million dollars of bonds to build public roads in Louisiana before I became Governor; and when I became Governor of that State there were 26 miles of supposed-to-be no. 1 type road in Louisiana. It was not even no. 3 type; but, at the most, there was only 26 miles of no. 1 type, and $100,000,000 worth of bonds had been charged against the parishes, and $41,000,000 had been charged against the port of New Orleans, and there was not a mile of first-class road in the State. When I left the governorship of the State of Louisiana, whatever bonds had been floated during my term gave that State the standing today of the best good-roads community that there is to be found in America, or anywhere on the face of the earth—around 2,000 to 3,000 miles of paved highway and gravel road—to the point where there are not 5,000 people living in Louisiana that are farther than 1 mile away from an all-the-year-round road on which they can go east, west, north, or south anywhere in the State of Louisiana.

That is not all, Mr. President, that this damnable sheet fails to convey, and tries to insinuate the contrary. I want the United States sometime to know—I do not know whether I can ever say it loud enough so that it will be remembered, because by the time the facts reach the people through this kind of medium they are usually twisted into a false statement—but, Mr. President, I set up something that the United States Government might well have followed, I believe, and probably may some day. When I began to ask the people of Louisiana to vote bonds, and they voted them at my request, I set up a board of 19 citizens, most of whom had been opposed to me for Governor, and some of whom are not my political friends yet. I put on that board my political enemy, the attorney general, Mr. Percy Saint. I put on that board my political enemy, the Lieutenant Governor, Paul N. Cyr. I put on that board my political enemy, the treasurer, Mr. Haney B. Conner. I put on that board the president of the chamber of commerce, a political enemy. I put on that board the president of the Young Men's Business Club, a political enemy. I put on that board of 19 the men selected by publications that did not support me in politics; and not a dime of money for the building of roads was ever spent in the State of Louisiana from any bonds ever voted under me that did not have the unanimous consent of the 19 men comprising my political enemies before it was spent and after it was spent, before the contract was awarded and after the work was done; and until this day not a single dissenting vote is of record in the State of Louisiana against the regularity of the expenditure of a dime of the money, and not a single protest was ever lodged by a single citizen before that board of 19 approving of the expenditures of funds in that State.

That is the kind of a condition, Mr. President, that can be dwarfed and misrepresented; and they want to paint the great mystery: "How is it that the people of Louisiana have ever tolerated or elected HUEY P. LONG?" And Collier's Weekly, under the direction of Mr. Lamont, of the House of Morgan, calls upon the Members of the Senate and the Members of the House to write back their personal reflections as to how any such thing could come about, and sends this specially printed article in advance with a letter to each Member of this House of Congress and to each Member of the other House of Congress.

Mr. President, I will not take any more time of the Senate; and as soon as I can get one set of figures, which I want to put in the RECORD, I will have concluded my remarks.

While I am waiting, I may say that it is said that the ring put me into the Senate. There never was a bigger falsehood ever told. The Democratic organization in New Orleans fought me in my race for the United States Senate and beat me in the city of New Orleans by 4,600 votes. I was defeated in the city of New Orleans by 4,600 votes. When I was elected Governor, they fought me in the city of New Orleans and beat me by 23,000 votes. I overcame the 23,000 votes in 1928, when I was elected Governor, and had 45,000 and some odd to spare. I overcame the 4,600 in 1930, when I came to the United States Senate, and had some 38,000 to spare.

Following that, every candidate elected in the State of Louisiana to a State office was elected on a ticket bearing at the top of it the legend that he had my support, with practically no such thing as enough opposition to hurt us, no opposition of any serious consequence.

Another very damnable and unfair and unscrupulous practice has been resorted to by these scalawags. They have continually pointed out the fact that members of my family have volunteered derogatory political statements against me. If a member of my family holding an office under appointment from me wants to run for political office against my ticket, I cannot help that; and if he does, and I have given my word to support somebody else, am I to be held answerable because I am unwilling to throw another candidate off the ticket, or to change my support from someone whom I promised to support because I have a relative running against him? Am I to be charged and held responsible for everything that may be said because I am unwilling to support somebody else in politics? There is nothing here that has not been presented to the people of Louisiana, except something that is within the realm of imagination.

I have a little record from the Federal Reserve Board—and I want the Senate to take just a little notice of it—of the number of bank failures from January 1, 1928, to February 28, 1933, in five States. I want to show how Louisiana came out during all this crash up until every bank in the United States was closed.

According to this statement, for the whole United States, a total of 491 banks failed in 1928, 642 in 1929, 1,345 in 1930, 2,298 in 1931, 1,456 in 1932, and 389 in January and February 1933, making a total of several thousand banks. Without adding it up, I should say there were some seven or eight thousand banks that failed.

Here is the record of the State of Louisiana: In 1928 there were two bank failures, very little banks, too, no such thing as a big bank. In 1929 we did not have one bank failure. In 1930 there were 9, in 1931 there were 7, in 1932 there were 14, and in 1933 there were 3. Of all the bank failures we had, not one bank was even a third-class bank; and of the insignificant number of banks that failed in Louisiana out of the many thousands that failed in the United States, of the very few that may have been said to have failed in Louisiana, about 30 were small banks, and most of them were amalgamations.

I will compare the record of the State of Louisiana against the record of any other State in the Union. I wonder if I could take the example of some State, just to get an illustration, without having some Senator feel I was reflecting on his State. I will compare the record of Louisiana with the State across the line, Mississippi. There is no comparison. I will compare it with the record of Arkansas. There is no comparison. I use those States because they are right next to my State. The fact that there were bank failures does not reflect upon anybody.

In 1928, 14 banks failed in Arkansas, 4 failed in Mississippi, and 2 failed in Louisiana.

In 1929, 11 failed in Arkansas, 3 in Mississippi, none in Louisiana.

In 1930, 135 failed in Arkansas, 52 failed in Mississippi, none in Louisiana.

In 1931, 57 failed in Arkansas, 60 failed in Mississippi, 7 in Louisiana.

In 1932, 13 failed in Arkansas, 12 in Mississippi, and 14 in Louisiana.

In January and February 1933, 5 failed in Arkansas, 6 failed in Mississippi, 3 failed in Louisiana.

It will be found that whereas the banks which have closed in our neighboring States were the biggest banks they had in the States, the little banks which closed in the State of Louisiana before the bank crisis were banks of very insignificant importance compared with the main banks.

I send to the desk this table, together with a letter which has been furnished me by the Federal Reserve Board, and

ask that the letter and the table be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit A.)

Mr. LONG. Mr. President, I ask further that if I am able today to find the record of the previous article written by the same writer in this very magazine of Morgan & Co., I may have opportunity of putting them in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Is there objection? The Chairs hears none and it is so ordered.

(See exhibit B.)

Mr. LONG. Mr. President, I wish to say, in conclusion, that I have not the time to continue answering this kind of thing. I do not have time for such things. I do not suppose any Senator has, if he does anything else.

I want to say, further, that we have paid very little attention to this kind of claptrap in Louisiana. We know the caliber of enemies we have down there. They have been steadily voted out of public office. So far as the ring politicians are concerned who have come over since they have been beaten, and do not fight us any longer, it does not make any difference what they do. We know the people down in that State, and if they want to stay or do not want to stay it makes no difference.

It is said in the article to which I have referred that the political henchmen are ready to jump away from the HUEY LONG organization. God bless them, let them jump. If they jump, they will "stay jumped." We have never tried to keep anybody from jumping yet, and if they want to quit anybody, they do not have to worry about quitting us.

I want to say, in conclusion—and I hope this will be in conclusion; I have been intending to conclude several times—there will not be any elections in Louisiana for a long time. We have had a few. We do not have to elect any more Senators for 4 years, or another Governor for 3 years, and the city election in New Orleans will be a formality. We will not have an election down there for a long time, and our opponents naturally can make a lot of prophecies of the great waning influence, and of the terrible rising rebellion.

Mr. President, there is not one of those fellows just mentioned who could be elected justice of the peace in a single precinct in the State of Louisiana. They could not get a corporal's guard. They cannot even write out the names of enough friends they have in the State of Louisiana to send something to. They have to send their communications to our men.

They have no friends down there, they do not deserve any friends down there, because they had put the State of Louisiana at the bottom of the list in literacy when I became the Governor of that State. Look at the statistics today, and see where it is. The Louisiana State University was a third-rate university when I became Governor of that State. Look at the college statistics today, and you will find it no. 1, with Harvard and Yale. Look at any other institution in any other State on the face of the earth, and see if Louisiana does not top the list, or come close to it. Then compare that with the condition that prevailed when these sabotage skunks were in control, and see what has been done in that State. Then it will be understood why the State of Louisiana wanted somebody like me in the Governor's office and would not want to go back to the clique we put out.

EXHIBIT A

FEDERAL RESERVE BOARD,
Washington, March 27, 1933.

Hon. HUEY LONG,
United States Senate, Washington, D.C.

DEAR SENATOR LONG: In response to your telephone request of today, there is enclosed a table showing the number of bank suspensions in each State, by years, from 1928 to 1932, inclusive, also during the first 2 months of the present year.

Very truly yours,

E. L. SMEAD,
Chief Division of Bank Operations.

Number of bank suspensions, Jan. 1, 1928, to Feb. 28, 1933, by States

	1928	1929	1930	1931	1932	1933 (January and February)
Alabama	------	11	34	36	18	2
Arizona	------	------	5	5	7	------
Arkansas	14	11	135	57	13	5
California	------	4	7	18	33	15
Colorado	3	5	5	21	24	8
Connecticut	------	------	7	10	6	------
Delaware	1	1	------	------	1	------
District of Columbia	------	------	------	------	4	1
Florida	35	63	39	17	11	------
Georgia	26	32	31	35	25	2
Idaho	2	3	1	10	24	6
Illinois	18	30	126	238	209	41
Indiana	24	24	90	96	68	20
Iowa	51	34	86	208	147	21
Kansas	26	12	43	38	69	20
Kentucky	7	2	29	27	38	1
Louisiana	2	------	9	7	14	3
Maine	------	------	------	2	------	------
Maryland	1	1	2	20	4	2
Massachusetts	------	------	3	19	5	------
Michigan	------	9	21	113	87	18
Minnesota	46	31	22	101	62	18
Mississippi	4	3	52	60	12	6
Missouri	31	23	104	122	80	65
Montana	1	1	11	11	8	------
Nebraska	50	149	44	109	51	33
Nevada	1	1	------	2	16	------
New Hampshire	------	------	1	2	------	------
New Jersey	------	1	3	38	8	5
New Mexico	------	1	------	1	1	------
New York	3	5	8	55	10	5
North Carolina	8	18	93	63	31	7
North Dakota	38	36	60	66	14	------
Ohio	11	10	25	115	26	7
Oklahoma	5	20	23	24	32	4
Oregon	3	1	2	14	26	6
Pennsylvania	1	5	19	137	42	3
Rhode Island	1	------	------	------	------	------
South Carolina	22	18	27	34	18	3
South Dakota	7	13	54	73	23	5
Tennessee	4	12	28	31	28	19
Texas	23	10	34	86	35	6
Utah	2	------	3	9	14	------
Vermont	------	------	2	------	------	------
Virginia	7	9	20	37	9	2
Washington	2	7	3	22	28	7
West Virginia	5	14	10	57	6	2
Wisconsin	6	11	24	49	67	17
Wyoming	------	1	------	3	2	1
Total	491	642	1,345	2,298	1,456	389

EXHIBIT B

[From Collier's for Dec. 13, 1930]

YES, YOUR EXCELLENCY!

By Walter Davenport

(HUEY LONG is a born salesman, a fast thinker, and a powerful talker. Louisiana's young Governor has spent a good part of his 37 years selling soap, groceries, a political candidate, furniture, starch, clothing—but his biggest and most successful sales campaign was to convince his State that they simply had to send him to the United States Senate. The Senate is going to hear something.)

There were two candidates for tick inspector in Winn Parish, La., in 1907. HUEY PIERCE LONG, 14 years old at the moment, was not one of them, being denied by his youth the privilege of righting the people's wrongs. On more than a few occasions since then Mr. LONG has given it as his opinion that just because a fellow is a bit shy of his legal majority is no reason why the public should be deprived of his political services.

At the time of this crisis in the history of Winn Parish Mr. LONG was a journalist well on his way into a career which has led him through half a hundred jobs to the Governorship of Louisiana and to the United States Senate. How much farther he is going nobody (not even Huey) knows, although you'll find sane citizens of his State who, like Mr. Last Calloway, of Old Shongaloo, Webster Parish, will take your long odds that Huey won't be President of the United States, King of England, or boss of the South Sea Islands.

"How many Senators are there up there in Washington?" asked Mr. Calloway.

"Ninety-six."

"Shucks", said Mr. Calloway. "That'll be easy for Huey. Only 95 to think faster than."

But when the memorable tick-inspector campaign of 1907 was approaching its climax, Mr. LONG was about nine tenths of the editorial and mechanical staffs of the Southern Sentinel, a weekly newspaper published at Winnfield. He was also the most active half of the advertising department, which left him ample time to superintend circulation and help his father wring a thin living out of a few acres of clay called a truck farm.

Inasmuch as Mr. LONG was debarred by youth from running for tick inspector he chose that aspirant who, in his opinion, would be the better occupant of the office and took stock of his man's chances. They were remote. So Huey went to him and violently

explained that he was certain to be beaten unless he adopted the Long plan. So convinced was the man that defeat was his that he was glad to listen, even to a reedy-voiced boy.

Briefly, the Long plan was that the candidate's campaign should be managed by HUEY PIERCE LONG, who, for the sum of $5 (two fifty down and two fifty when elected), would route and direct his speaking tours, organize and direct a group of reliable applause promoters, plant fearless hecklers in the camp of the opposition, write all speeches, and attend to all the other thousand and one details of a heart-gripping campaign.

On the Long plan Huey's man was elected tick inspector with many votes to spare—12 or 14, to be more specific. But what accomplished his overwhelming victory was a speech written by his manager—a speech still cited as the acme of vote appeal in Winn Parish. Its last paragraph did the work:

"If I am elected, I will inspect every cow, male and female, for ticks. Them that's got 'em will get rid of 'em, and them that ain't got none won't get none."

A POLITICAL BOBCAT

That was 23 years ago. Since that remote day HUEY PIERCE LONG, filled with the same unconquerable confidence, cleaving to the same directness of purpose and speech, overflowing with an energy which flattens weaker beholders, ruthless as a machine gun, a political bobcat, has overcome enough obstacles and achieved successes enough to make up 2 or 3 robust careers. Huey has done about everything except write mystery stories; and his enemies, producing Huey's messages to the legislature and to legislators, his speeches and his defensive alibis, insist he is a master even of that.

Last September 9 he was nominated United States Senator by the Democrats of Louisiana, defeating the incumbent, Joseph E. Ransdell, by 38,000 votes and reducing the far-famed New Orleans ring to a pulp of abject misery. Naturally that means election. But every one of Louisiana's 18 dailies and almost all the weeklies fought him with a bitterness that choked their columns with such epithets as thief, plunderer, demagogue, liar, thug, hypocrite, panderer, corruptionist, and buffoon. I mention only the most prominent, taking them swiftly from the newspaper files. But Huey, ignoring his enemies with a thoroughness that drove them mad, and pursuing a medicine-man campaign wherein he demonstrated that he is one of the greatest salesmen of our times, captured the Protestant north of the State and the Catholic south, although Mr. Ransdell is a Catholic. He even won three wards of New Orleans.

And on the morning of the 10th he sat down to the telephone in his hotel room and began calling up the New Orleans newspapers that had fought him. To the first editor he represented himself as an irate Italian. What did that editor mean by advising him, a poor fruit vender, "that thisa man HUEY LONG no gotta chance? What th' hell, hey? You tella people thisa guy LONG sure gat beat.

"I betta guy feefty dollar on Ransdell because you taal me HUEY LONG ees a bum. And now I loose my money. What th' hell, hey?"

While the editor with becoming dignity was trying to pacify the excited one Huey dropped his voice disguise and with a loud, backwoods laugh roared: "Okay, okay, this is only Huey talking. Happy days, mister."

IN THE BOOKS

To the next editor he represented himself as a Jew who wanted to know whether it wouldn't be a graceful thing for that newspaper to apologize to HUEY LONG for its gross misrepresentation of the new boss of Louisiana. If it did not, the speaker would feel obliged to withdraw his advertising.

Again Huey heard pacific words from editorial lips until, unable longer to restrain himself, he shouted: "Drop in and see me some day, boy. This is HUEY LONG speaking."

And so on down through the newspaper list until he tired of the fun.

Little things like wholesale opposition, like impeachments on 25 counts, running all the way from lack of official dignity to kidnaping, bribery, graft, and moral turpitude—little things like these fail even to give Huey pause. I have met many men, many politicians, but I have never met one so quick to turn an enemy's thrust against the attacker or to convert a mean situation into a personal triumph.

For example, there was the morning Huey was in his tub when somebody knocked viciously on the door. At Huey's roar to enter, a man came in with a bill for printing and electrotyping in his hand.

"Hello, oldtimer", bellowed Huey through lather. "Just the guy I wanted to see. Here, take this brush and soap. Take off your coat and roll up your sleeves. Thata boy. Now scrub the nasty old Governor's back. Allez-oop!"

It may be difficult to believe, but the intruder took the brush and soap and scrubbed the gubernatorial back with a vicious will.

"Thata boy!" shouted Huey. "Thata boy. Hey. Lay off. That's enough."

He leaped to his feet, thrust the scrubber back, and turned on the shower—cold. In a moment the bathroom was a cloudburst and the bill collector, wiping water from his eyes, backed out, blind and speechless. Then, struggling free from the influence of his dynamic Governor, he fled in damp panic, the bill still in his pocket.

Then there was that schoolbook legislation. Distributing public moneys to the schools of Louisiana had been a problem which had robbed Governors of sleep, prestige, and office. The politicians had turned contortionists and acrobats in their wild efforts to dodge the wrecking machine of the school appropriations.

North Louisiana is Protestant. South Louisiana is predominantly Catholic. The children of the upper parishes were cared for by the public schools. The parochial schools receive the majority of the youngsters in the lower part of the State. How, then, was State money to be disbursed for education? Politically it was not healthy to deny State help to the children of Catholics simply because they attended Catholic schools. Politically it was dangerous to antagonize that considerable element which insisted that State funds might not be given to sectarian institutions.

Huey met the situation with characteristic simplicity. Huey is one of earth's perpetual children anyway. A keen but everlasting sophomore. All he did was to draw up a bill which provided that every child in Louisiana should be given free schoolbooks. That's all—schoolbooks. It mattered not where that child went to school, just so long as it was enrolled in a school. Free schoolbooks—and God love 'em.

His opponents, chagrined that so old a problem should be solved by this irreverent upstart, appealed to the courts. Huey had dared the unfriendly legislature to refuse to pass the bill. He dared them to reject it and then to go back and face the parents of the children. They passed it. But the more courageous of Huey's enemies followed it into the courts, demanding that it be declared unconstitutional because it gave State moneys to sectarian schools—indirectly, of course, but still gave it.

And Huey himself, admittedly one of the best lawyers in the South, went along arguing to victory after victory until it appeared in the Supreme Court of the United States. There Huey defended his naive legislation with such conviction and enthusiasm that it was not only declared wholly constitutional, but Huey was commended by Mr. Justice Brandeis.

There's no routine, no uniformity, convention, nor schedule to the Long method. Details are not delegated to clerks and secretaries. Huey attends to all that, making as much furor over a detail as over a whole campaign.

SPEAKING HIS PIECE

If he adheres to his present plan (which he probably won't) Washington will not have the joy of knowing him until after his term as Governor expires—until his successor is elected in the fall of 1931. The reason is that he is much more interested in maintaining his personal dictatorship in Louisiana than in sitting in the Senate; and he is not going to surrender the Governorship to his mortal enemy, Dr. Paul N. Cyr, Lieutenant Governor. Dr. Cyr, a combative dentist, openly declared war on Huey when the latter insisted that Mrs. Ada LeBoeuf hang with her lover, Dr. Thomas E. Dreher, for the murder of the lady's husband. Both were hanged, and Dr. Cyr has since devoted his time to plans calculated to ruin the political career of HUEY LONG. He hasn't succeeded, but Huey pays Dr. Cyr the compliment of declining to turn his back on him.

Huey is 37 years old, about 5 feet 10 inches tall, and a natural light heavyweight. He carries himself like a well-conditioned baseball player, and his reddish hair seems to get redder as he works himself up to his favorite fighting speed. You may not agree with his politics, his methods, or his demagoguery (and Huey's a demagogue), but it's almost impossible for the visitor from outside not to like him. He's a combination of Billy Sunday, Jack Sharkey, Sonny Boy, and the late Harry Houdini. He is also a smart politician.

He was born in lonely Winn Parish. During his childhood food was so close to being a curiosity in the Long home that Huey went to work at the age of 7. Out of his daily wage of 35 cents he saved enough money to buy ragged sets of Victor Hugo, Shakespeare, and Sir Walter Scott. He memorized whole poems and chapters of the Bible. He dared anybody to bet him $10 he couldn't recite all of Pilgrim's Progress, but people fled at the prospect. In rapid succession he became a book peddler, a printer, a salesman of a lard substitute. He sold soap, groceries, furniture, clothing, starch, and Heaven knows what else. He went to school whenever he had money enough to keep himself housed and fed. He tramped the State organizing cooking contests for the makers of the lard substitute, and in Shreveport gave first prize to a girl named Rose McConnell for her bride's loaf cake. Soon thereafter he married her, and he has the grace to admit that she has done more to promote his success than he has.

NO CRIME TOO GREAT

At her urging he borrowed $450 in 1912 and registered at Tulane University as a special student in law. In 7 months (this straight from the records) Huey, taking every class offered him and working day and night, completed the 3-year course and passed the bar examinations. By sheer clamor he induced the supreme court of the State to hold its examinations 3 months in advance of the set time, and he passed that test far out in front of the others.

Even if he weren't a good lawyer, he'd be a prominent one because of his love for a fight. He boasts that he never turned down a case, and would today appear in police court to defend a chicken thief or a liquor toter and tomorrow argue the case of the Standard Oil Co. of Louisiana. He would, too.

At his wife's insistence, he ran for public-service commissioner for northern Louisiana in 1918 and won hugely over four competitors. In 1924 he was defeated for Governor, but even his enemies admit that the weather did it—the rain deluge keeping the farmers at home. Four years later he won by the largest majority ever accomplished for the office—140,000.

Since then practically everything short of hanging has happened to him. He has been accused of all sorts of graft, from taking fees from State contractors to shaking down the Standard Oil Co.; from outright banditry in the State treasury to illegal transfer of public land. He has been accused of bribing legislators with jobs and cash. They have charged him with bargaining with one Battling Bozeman, a heavyweight prize fighter, whom he once retained as his bodyguard, to murder Jared Y. Sanders, one of the most active of his opponents. Mr. Sanders, happily, is alive and well, and Mr. Bozeman is no longer protecting his Governor's person from assault. One Joe Messina has succeeded to Bozeman's old job.

Huey has been challenged to a duel by a septuagenarian legislator, Gilbert Dupré, for saying, "Some men think just because they're deaf they're honest." Huey made it clear that he was talking about Mr. Dupré and Mr. Dupré was quite upset. However, Huey declined the duel. Then an even older man, Judge J. E. Reynolds, 78, expressed himself as eager to punch Huey's nose because Huey was extremely active in having the judge defeated for the State supreme court.

"What's the matter with all these old boys? Ain't there somebody younger than 70 to take a poke at me?"

There was. William G. Wiegand, a newspaper reporter, called on Huey one morning and Huey, being a bit fretful, applied to Mr. Wiegand the most popular of American epithets. Mr. Wiegand, being even younger than Huey, knocked Huey groggy with a magnificent right to the chin. Whereat Huey's guards rushed Mr. Wiegand against a wall and held him there while Huey pulled himself together and socked the reporter, making matters more or less even.

CAPTURING THE GERMANS

One hears all these charges against Huey and asks repeatedly and in vain just why a man guilty of so many crimes (if guilty) isn't sent to jail instead of to the United States Senate, or whether the State, despairing of jailing so desperate a brigand, has compromised on the next best thing. Certainly the celerity with which the politicians dropped their charges against Huey when he demonstrated by 38,000 votes that he was the undisputed boss of Louisiana indicates that their aim was to rid themselves of a tyrant, not a criminal.

He is a one-man machine. He brooks no interference, tolerates no advice, recognizes no other intelligence and won't even listen to the plans of the old party leaders. Huey is the State. The others, in Huey's calm judgment, are a collection of clucks.

Perhaps his most famous exploit involved the reception of the officers of the German cruiser *Emden*. Huey insists that the country didn't get it altogether straight.

"Doggone, boy, I had an awful time explaining green silk pajamas to the folks back in Winn Parish. Pajamas were bad enough; but silk ones! Boy! Listen, after that story folks all over the country, from New York, Chicago, San Francisco, all over, began sending me silk pajamas. I got close onto 500 suits of pajamas now. Want a suit?

"Listen. These German officers came early in the morning. I was just out of the hay. I heard the knock on the door and there they were. Boy! All dressed up. 'Come on in,' I said. They came in but I could see they didn't like it. 'Have some coffee,' I said. They didn't say anything. 'Okay,' I said, 'have some eggs.' But nope, they wouldn't. Boy, I was in bad. I had to apologize because there was no telling what would happen.

"I asked some authorities on this international eat-a-cat how I'd have to dress to go down to the ship and apologize. Boy, I didn't have any such clothes. But I scouted around. You ought to've seen HUEY LONG. Wow! Listen, I borrowed a pair of patent-leather shoes from a guy in a barber shop. The assistant manager of the Roosevelt Hotel lent me a pair of striped pants. One of the waiters slipped me a boiled shirt and a preacher lent me his swizzle-tail coat. Listen, I was wearing a collar so high I had to stand on a box to spit over it. I went down to that ship and told the captain I was damned sorry about those pajamas and in no time they fired 21 guns—21 loud ones for Huey! And we were hot friends. The newspapers bawled me out for being undignified. Sure, I'm undignified.

"And listen, I'm going to be less dignified hereafter. I've got too much Cajun in me to get dignified. This State's full of sapsucker, hillbilly, and Cajun relations of mine and there ain't enough dignity in the bunch to keep a chigger still long enough to brush his hair."

(Cajun is a corruption of Acadian. The Acadians were the French of Nova Scotia, many of whom, when deported by the British in 1755, made their way to the Bayou Teche sector of Louisiana.)

While his amazing energy lasts, he'll rule Louisiana. Let the legislature balk him, as it did for a while on his $68,000,000 good-roads program, and Huey takes his case straight to the people. He's forever campaigning. At 80 miles an hour, with reporters panting far behind, he darts hither and yon like an infuriated hawk, screaming anathema upon refractory legislators and talking so fast that among the simpler minded the impression remains that the people's liberties are about to be snatched out of their hands and that the only way out is to rally hard round HUEY LONG. What he says may have no direct bearing upon the political issue, but when Huey departs with a final roar from a town it is a safe bet that the heart of the town has gone with him.

Defeat HUEY LONG! Of course somebody is going to do it—but not just yet. One of the reasons why he defeated Mr. Ransdell was the weakness of his opposition, Mr. Ransdell included. Or perhaps the opposition only seems weak by comparison. But the truth is that the Long mind is usually 5 or 6 laps ahead of any political rival's.

When the Louisiana House of Representatives moved to impeach Huey, few except Huey believed that the senate would fail to find him guilty. Which would have meant the end of Huey—until the next election anyway. But while his enemies were still gloating over so comprehensive an indictment of the tyrant, an amazing thing happened. Huey had leaped into his bellowing motor car and had crashed up and down the State, screaming hate and derision and calling upon the farmers to look to their liberties. He returned to Baton Rouge, called a conference of a few senators and then announced that the house of representatives had his permission to go to hell.

TRY AND PROVE IT

Almost simultaneously, 15 Senators—more than one third of that body—signed a manifesto wherein they declared that no matter what the evidence was, they would not vote to convict Huey, because they believed the whole proceedings illegal. And there you are. How Huey accomplished this is one of his own secrets. His enemies, licked again, said it amounted to bribery. Very well, replied Huey, prove it. They didn't. They didn't even try.

Presently they dropped the whole impeachment, admitting thereby that Huey was boss. Not only that, they adopted his magnificent road program—a program that will not be carried out in its entirety. Not on $68,000,000 anyway.

His plan is to lay 3,000 miles of concrete roads and 6,000 miles of gravel highways. Somebody discovered that Huey's concrete roads were going to cost $54,000,000 and his gravel $30,000,000. Add to this a $15,000,000 bridge which happens to be an item in his scheme and you've spent $99,000,000. It just doesn't work out.

Not that Huey pauses. He simply refers you to his new tax on gasoline (he raised it from 2 cents a gallon to 4) and says the solution lies there, because with better roads there will be additional motorists and with more cars to consume gasoline the aggregate taxes will * * *. Anyway, you're answered.

Once—at least once—Huey went to a party. The outstanding personality at that party (before Huey arrived) was a lady named Miss Helen Clifford, whose dancing was one of New Orleans' most popular reasons for staying up late. So completely had Huey's enemies lost their political sense that they tried to convince the State that Huey's presence at the lovely Miss Clifford's party was something that the truly God-fearing men and women of Louisiana could not possibly tolerate. This seems to have been a sizable mistake because, according to the votes Huey amassed while his opposition blushingly whispered about the party, large numbers of the best people of Louisiana indicated at the ballot box that their only regret was that they too hadn't been there.

There was nothing in Huey's campaign for the senatorial nomination to indicate that he was interested in national affairs. Hardly once did he mention a national issue. He won on his good-roads issue and his tremendous appeal for the rural vote. To compensate for the enmity of all the daily papers in the State he started a newspaper of his own—a weekly—the Louisiana Progress. In no time it achieved a circulation of fifty thousand and the right to its claim to being the livest and frankest journal in the State.

THE KIDNAPING MYSTERY

As a final desperate and futile effort to discredit Huey, the newspapers surrendered their front pages to the mystery of Sam Irby and James Terrell, who were supposed to have dark secrets about Huey's dealings with the highway commission—secrets of graft that would convict the Governor and forever retire him from politics.

Boldly they accused Huey of kidnaping Messrs. Irby and Terrell (the latter the divorced husband of Huey's secretary, Miss Alice Grosjean, lately appointed secretary of state) to prevent them from testifying before the grand jury.

The excitement was at its height. The election was but a day away. That night Huey addressed Louisiana by radio, promising a nice surprise. And Huey made good. After a brief (for Huey) speech, he introduced Mr. Irby, who proceeded to ruin everything by telling how he'd been taken for a nice airplane ride by Huey's enemies and paid $2,500 to say nasty things about Huey. Being a gentleman of honor, there was but one thing Mr. Irby could do—and thereat he proceeded to do so.

He gave the $2,500 to Huey for campaign uses! They tell me that the screams of anguish from the opposition could be heard for miles. A few of them are still protesting, but in sullen whispers only.

"Listen", says Huey, "there are smarter guys than I am—I guess—but not in Louisiana."

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The Chair calls the attention of the chairman of the committee to page 8, lines 6

and 7. There has been no reconsideration of the vote by which that amendment was agreed to.

Mr. HARRISON. Mr. President, I move that the language there be amended to conform to the amendment previously adopted.

The PRESIDING OFFICER. Without objection, the vote by which the amendment was agreed to will be reconsidered, and the question is on agreeing to the amendment.

The amendment was rejected.

Mr. REED obtained the floor.

Mr. HARRISON. Mr. President, may I ask the Senator from Pennsylvania if he will not now offer the amendment he was about to offer before we got into the other discussion?

Mr. REED. That is what I am about to do. I move to amend the bill by striking out the last 5 lines on page 7 and all of page 8, that being the so-called "licensing section."

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 7, beginning with line 21, to strike out down to and including line 25 on page 8.

Mr. REED. Mr. President, a moment's thought will show how un-American this section is. The President is given power to fix a code for any industry, and to alter it from time to time. That is a legislative power. The President then is given power to decide whether any particular industry or member of an industry has or has not violated that code. That is a judicial power. Finally he is given power to sentence the particular units to extinction by refusing a license, and thereby is made the executioner of an executive power.

The President writes the law, he decides whether or not it has been violated, and he carries out the sentence of himself sitting as judge by denying to particular Americans the right to carry on their business any longer.

Mr. President, it seems to me that the whole thing is un-American, and that it is repugnant to the form of government under which we live. We have always at least pretended to keep some separation between legislative, executive, and judicial powers. This provision combines all three functions in the President of the United States. It would not work in practice. Whether it would or would not work in practice, it would be vicious, fundamentally wrong, and I ask the Senate to strike it out.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania.

Mr. REED. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. REED. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Russell
Ashurst	Cutting	Keyes	Schall
Austin	Davis	King	Sheppard
Bachman	Dickinson	La Follette	Shipstead
Bailey	Dieterich	Lewis	Smith
Bankhead	Dill	Logan	Steiwer
Barbour	Duffy	Lonergan	Stephens
Barkley	Erickson	Long	Thomas, Okla.
Black	Fess	McGill	Thomas, Utah
Bone	Fletcher	McKellar	Thompson
Borah	Frazier	McNary	Townsend
Bratton	George	Metcalf	Trammell
Brown	Glass	Murphy	Tydings
Bulkley	Goldsborough	Neely	Vandenberg
Bulow	Gore	Norris	Van Nuys
Byrd	Hale	Nye	Wagner
Byrnes	Harrison	Overton	Walcott
Capper	Hastings	Patterson	Walsh
Caraway	Hatfield	Pope	Wheeler
Carey	Hayden	Reed	White
Clark	Hebert	Reynolds	
Coolidge	Johnson	Robinson, Ark.	
Copeland	Kean	Robinson, Ind.	

The VICE PRESIDENT. Eighty-nine Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment of the Senator from Pennsylvania [Mr. REED].

Mr. GORE. Mr. President, my attention was diverted when the yeas and nays were ordered. I do not, however, intend to discuss this measure. I merely wish to register my opposition to the provisions in the pending bill which authorize the issuance of a license to carry on a legitimate business and empower any official to revoke such license. I will merely say that to require a free man to take out a license to carry on a legitimate business in a free country is abhorrent to my conception of freedom itself. The two things cannot subsist at one and the same time in the same country. I would be as willing to trust the President of the United States or his nominees with that power as I would any other man or any other men living today or that ever lived within the tides of time. My convictions on this subject are impersonal. My objection to such license is impersonal. I shall resolve every doubt that I can in favor of his policies and his recommendations—grieved when I cannot do so, but license and liberty are, to my mind, incompatible the one with the other; they are mutually exclusive. I feel as deep a desire as any man for the success of the President and his administration. Failure would be a disaster, both national and individual.

I do not intend to detain the Senate, but I do wish to have read into the RECORD two or three authorities which I believe will command not only the attention but the respect of this body. Apart from Jefferson, I will let the Supreme Court speak in my stead. The first extract is from Thomas Jefferson himself in a letter written to Edward Livingston in 1800. The House of Representatives had passed a bill requiring the Government to charter a concern to operate a copper mine in the State of New Jersey; and I wish all Senators, particularly those on this side of the aisle, to give ear and attention to this language from Thomas Jefferson himself.

The VICE PRESIDENT. The clerk will read as requested.

The legislative clerk read as follows:

> The House of Representatives sent us yesterday a bill for incorporating a company to work Roosewell's copper mines in New Jersey. I do not know whether it is understood that the Legislature of Jersey was incompetent to this or merely that we have concurrent legislation under the sweeping clause. Congress are authorized to defend the Nation. Ships are necessary for defense, copper is necessary for ships, mines necessary for copper, a company necessary to work mines, and who can doubt this reasoning who has ever played at "This is the house that Jack built"? Under such a process of filiation of necessities the sweeping clause makes clean work. (The Writings of Thomas Jefferson, lib. ed., vol. X, p. 165; letter to Edward Livingston, Esq., April 30, 1800.)

Mr. GORE. Mr. President, I now wish to have read into the RECORD at this point an extract on a kindred point from a decision of the Supreme Court in the case of *Heisler* v. *Thomas Colliery Co.* (260 U.S. 250). It has to do with the power of Congress or the legislative authority to charge a business with a public interest regardless of the facts. I call the Senate's attention to this point.

The VICE PRESIDENT. The clerk will read as requested.

The legislative clerk read as follows:

> We may, therefore, disregard the adventitious considerations referred to and their confusion, and by doing so we can estimate the contention made. It is that the products of a State that have, or are destined to have, a market in other States, are subjects of interstate commerce, though they have not moved from the place of their production or preparation.
>
> The reach and consequences of the contention repel its acceptance. If the possibility, or, indeed, certainty, of exportation of a product or article from a State determines it to be in interstate commerce before the commencement of its movement from the State, it would seem to follow that it is in such commerce from the instant of its growth or production, and in the case of coals, as they lie in the ground. The result would be curious. It would nationalize all industries, it would nationalize and withdraw from State jurisdiction and deliver to Federal commercial control the fruits of California and the South, the wheat of the West and its meats, the cotton of the South, the shoes of Massachusetts, and the woolen industries of other States, at the very inception of their production or growth, that is, the fruits unpicked, the cotton and wheat ungathered, hides and flesh of cattle yet "on the hoof", wool yet unshorn, and coal yet unmined, because they are in varying percentages destined for and surely to be exported to States other than those of their production. (*Heisler* v. *Thomas Colliery Co.* (260 U.S. 250, 251).)

Mr. GORE. I have another quotation which I wish to have inserted in the RECORD at this point.

The VICE PRESIDENT. The clerk will read as requested.

The legislative clerk read as follows:

It has never been supposed, since the adoption of the Constitution, that the business of the butcher, or the baker, the tailor, the wood chopper, the mining operator, or the miner was clothed with such a public interest that the price of his product or his wages could be fixed by State regulation. It is true that in the days of the early common law an omnipotent Parliament did regulate prices and wages as it chose, and occasionally a colonial legislature sought to exercise the same power; but nowadays one does not devote one's property or business to the public use or clothe it with a public interest merely because one makes commodities for, and sells to, the public in the common callings of which those above mentioned are instances. (*Tyson & Bro.* v. *Banton*, 273 U.S. 438.)

Mr. GORE. The other two extracts are brief. One is from the case of Wolff Packing Co. against Court of Industrial Relations of Kansas, where that State undertook to regulate the wages of a packing plant. The Supreme Court held the power was beyond the competency of the State.

The VICE PRESIDENT. The clerk will read as requested.

The legislative clerk read as follows:

CONSTITUTIONAL LAW—DUE PROCESS—RIGHT TO CONTRACT AS LIBERTY

1. The right of employer and employee to contract with respect to wages is part of the liberty protected by the fourteenth amendment to the Federal Constitution.

* * * * * * *

4. The expression "clothed with a public interest", which gives the right of public regulation of a business, means more than that the public welfare is affected by its continuity or by the price at which a commodity is sold or a service rendered; the circumstances must be such as to create a peculiarly close relation between the public and those engaged in it, and raise implications of affirmative obligations on their part to be reasonable in dealing with the public. (*Charles Wolff Packing Co.* v. *State of Kansas*, 262 U.S. 522, Syl. 1 and 4.)

Mr. GORE. Mr. President, perhaps the latest case on that point is a case coming up to the Supreme Court from the State of Oklahoma. Oklahoma undertook to charge the business of manufacturing ice as being affected with a public interest. It required those engaged in the business to take out a license, and forbade anybody to engage in the business who did not obtain such a license. The Supreme Court of the United States decided the act void, holding that a man has a right to engage in an ordinary business that is not affected with a public interest without let or license from State or Nation. It actually holds that a contrary course amounts to a violation of the due-process-of-law provision in the fourteenth amendment and the fifth amendment of the Constitution.

I have here just a paragraph or two from that decision which I will ask to have read into the RECORD.

The VICE PRESIDENT. The clerk will read as requested.

The legislative clerk read as follows:

CONSTITUTIONAL LAW—LEGISLATIVE DECLARATION THAT BUSINESS IS AFFECTED WITH PUBLIC INTEREST—EFFECT

3. The mere declaration by the legislature that a business is affected with a public interest is not conclusive of the question whether or not its attempted regulation on that ground is justified. (*Chas. Wolff Packing Co.* v. *State of Kansas*, 262 U.S. 522, Syl. 3.)

Also, I would call your attention to the following quotation: "In the endeavor to reach a correct conclusion in respect of this inquiry, it will be helpful, by way of preface, to state certain pertinent considerations. The first of these is that the right of the owner to fix a price at which his property shall be sold or used is an inherent attribute of the property itself. *State Freight Tax Case*, 15 Wall. 232, 278, amd. as sicj. within the protection of the due-process-of-law clauses of the fifth and the fourteenth amendments." (*Tyson & Bro.* v. *Banton*, 273 U.S. 429.)

CONSTITUTIONAL LAW, SECTION 636—DUE PROCESS OF LAW—INTERFERENCE WITH LAWFUL OCCUPATIONS

6. The State has no power, under the fourteenth amendment, arbitrarily to deny or unreasonably to curtail the common right to engage in a lawful private business, such as the manufacture and sale of ice.

CONSTITUTIONAL LAW, SECTION 636—DUE PROCESS OF LAW—EXPERIMENTAL LEGISLATION INTERFERING WITH BUSINESS

7. Unreasonable or arbitrary interference with or restrictions on the common right to engage in a lawful private business such as the manufacture and sale of ice cannot be saved from the condemnation of the fourteenth amendment by calling them experimental. (*New State Ice Co.* v. *Liebmann*, 285 U.S. 262.)

Mr. GORE. Just preceding that quotation in the same volume there is another paragraph in the syllabus, holding that a legislative declaration that a business was affected with a public interest did not make it so. I should like to have the clerk find that place, because I am particularly anxious to have that go in the RECORD. The courts uniformly hold that the power of Congress over interstate commerce is no greater than the power of the State over intrastate commerce. Such powers are equal or equivalent, and Congress cannot exert power over interstate commerce greater than a State can exercise over intrastate commerce. I say that in order to show the pertinency of these decisions, whether relating to Federal or State power.

I may observe in this connection that a few years ago the Legislature of Louisiana undertook to charge a sugar refinery or that business with a public interest, and declared the business of refining sugar was affected with a public interest. The Supreme Court of the United States held that that legislative declaration was of no avail, that it did not affect the fact, and the question as to whether a business is affected with public interest is one of fact and not of law, to be determined by the court and not by the legislature. (*McFarland* v. *American Sugar Refining Co.*, 241 U. S. 78.)

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. GORE. I yield.

Mr. COPELAND. I assume from what the Senator has said that he is out of sympathy with the entire measure, even though it starts with the declaration of policy that the present national emergency affects the public welfare, undermines the standards of living, and so forth. On that theory, the same as in a State, by the exercise of the police power, the Congress undertakes to do something unusual.

I have had some experience in the matter of dealing with business by exercising such power as the license section of this act provides. Years ago I was commissioner of health of the city of New York and president of the board of health. It was my duty to enforce certain regulations relating to the so-called "offensive trades or offensive businesses", like horseshoeing shops, slaughterhouses, and organizations of that sort.

We found it utterly impossible for us to enforce our regulations until we determined upon the licensing system. Each one of those institutions had to apply for a license. Then if we found it operated in violation of the regulations we set aside the license, and of course the proprietor was without power to operate.

Here the members of the committee have undertaken in the formulation of the bill to impose certain regulations upon industry, very unusual regulations, of course. The measure is pressed because there is a national emergency.

If we have power actually to impose these regulations upon industry, I cannot for the life of me see how we could enforce them except we had the authority of issuing the licenses and doing away with them in case of violations.

Mr. GORE. Mr. President, this high-sounding declaration of purposes in the preamble or preliminary sections does not create any additional power and vest it in Congress. Congress cannot by such a declaration invest itself with a power which it would not otherwise possess. The Congress of the United States derives its powers from the Constitution of the United States and not from the preamble of its own enactments.

The preamble of an act of the British Parliament rent the British Empire asunder. It created this Republic. I hope this Republic will not be dismantled by another preamble.

The supreme object of our Government, the object of our Constitution, the object of the first 10 amendments, was to place certain rights and certain liberties of the individual beyond the power, beyond the caprice of any government on this earth. If it has failed in that thing, it has failed in all things. I have often said, indeed I have said in the Senate, that one of the chief glories of our free institutions is that the Government of the United States, with all its power and all its majesty, with all its armies and all its navies, cannot strip a street urchin of the rags upon his

back—not without the urchin's consent, except upon the payment of just compensation. The Constitution is the sheet anchor not only of our free institutions but of all our liberties. It is the sheet anchor of our ship of state. If that anchor breaks, all is lost. The Supreme Court is the guardian of this ship of state, the guardian under our Constitution, the guardian unswayed either by popular agitation on the one hand or by Executive power or Executive favor on the other. Upon that narrow isthmus all our institutions, all our liberties, must stand or fall.

The Senator from New York confuses the police power with the power to regulate commerce. The police power relates to public health, public safety, public morals, and it is legitimate to exercise the licensing power in the enforcement or administration of the police power. In a sense that is penal in its character. This principle does not apply with reference to the power to regulate commerce. The courts and the cases make that distinction because the power to license is the power of life and death; and when we revoke a free-born American citizen's license, we destroy his business without trial by jury and without due process of law.

Perhaps my convictions were hardened on this point during the late war when I was waging war against the late President, Mr. Hoover, for the extensive licensing power exercised by him under the food control law. Under that law the wheat farmers of the country were robbed of $1,000,000,000. The cotton farmers were robbed of half a billion dollars. Our farmers who produced livestock were robbed of $1,000,000,000. The venerable Senator from Wyoming [Mr. KENDRICK] will corroborate my statement when I say that that measure virtually broke and ruined every livestock producer in the West. Mr. Hoover's administration of that act beat our farmers down to their knees and they have never stood erect from that evil hour till this.

Obedience or the bowstring! That was the maxim of the sultan. It meant obedience or death. Licensing in a free country, licensing of freemen to carry on their honest business, is placing the life and the destiny of freemen otherwise than where they belong. The Supreme Court of the United States says the freedom of commerce between the States is the object for which the Constitution was adopted, and to convert that right into a privilege and require a citizen to obtain a license to carry it on is annulling both the letter and the spirit of the Constitution itself.

Mr. President, I ask unanimous consent to have printed in the RECORD at the close of my remarks a newspaper clipping containing an expression of opinion by the late Senator Walsh of Montana, concerning the constitutional power of Congress to license a private business. It related to the Davis-Kelly bill, providing for the licensing of operators engaged in the coal business. The late Senator Walsh was appointed chairman of a subcommittee of the Committee on Mines and Mining to prepare a report on the constitutional authority of Congress to enact a licensing law. As his last official act, and perhaps in the last official words that fell from his lips, with the light of another world breaking in his face, he declared against the constitutional power of Congress to compel a private citizen to take out a license to engage in a private business. That report did justice to his long and illustrious career as a jurist.

The VICE PRESIDENT. Without objection, the article will be inserted in the RECORD.

The article is as follows:

SENATORS DECIDE DAVIS-KELLY COAL BILL IS ILLEGAL—REASONS FOR FINDINGS HELD IN ABEYANCE PENDING REPORT TO FULL COMMITTEE—MEASURE CALLED FOR LICENSING PRODUCERS—WAGE FIXING AND PRICE CONTROL ONE OF PRIMARY PURPOSES OF BILL; SPONSOR WILL REINTRODUCE MEASURE AT OPENING OF NEXT SESSION

WASHINGTON, February 21.—The Davis-Kelly coal regulation bill was held unconstitutional today in a report of the Senate Mining Committee by a subcommittee of Senators Walsh (Democrat, Montana), Logan (Democrat, Kentucky), and Robinson (Republican, Indiana).

Reasons for the subcommittee's findings were held in abeyance pending report to the full committee.

The committee is not likely to take formal action before Congress expires March 4, which failure would automatically kill the measure.

Walsh, one of the Senate's outstanding authorities on constitutional law and probably the next Attorney General, told newspapermen the subcommittee's finding was predicated on a belief Congress did not have the power to regulate private industry.

The measure provided for licensing coal producers and controlling their interstate shipments, set up other regulatory machinery, and had as one of its primary purposes wage fixing and price control.

Representative KELLY (Republican, Pennsylvania) sponsor of the bill in the House, said he would reintroduce the measure at the opening of the next session. The House Commerce Committee killed the bill several weeks ago.

KELLY said he "could not understand why Senator Walsh found the bill unconstitutional, in the light of Supreme Court decisions on corporations engaged in interstate commerce.

Support of the Roosevelt administration for his or a similar bill is expected by KELLY.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Pennsylvania [Mr. REED] on which the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. LEWIS. I wish to announce that the Senator from Texas [Mr. CONNALLY], the Senator from California [Mr. McADOO], and the Senator from Nevada [Mr. McCARRAN] are necessarily detained on departmental matters.

Mr. HEBERT. I wish to announce that the Senator from Vermont [Mr. DALE] has a general pair with the Senator from California [Mr. McADOO]. I am not informed how either Senator would vote if present.

The result was announced—yeas 31, nays 58, as follows:

YEAS—31

Austin	Glass	Keyes	Schall
Barbour	Goldsborough	Logan	Steiwer
Borah	Gore	Long	Townsend
Bulkley	Hale	McNary	Tydings
Byrd	Hastings	Metcalf	Vandenberg
Carey	Hatfield	Overton	Walcott
Dickinson	Hebert	Patterson	White
Fess	Kean	Reed	

NAYS—58

Adams	Coolidge	Kendrick	Russell
Ashurst	Copeland	King	Sheppard
Bachman	Costigan	La Follette	Shipstead
Bailey	Cutting	Lewis	Smith
Bankhead	Davis	Lonergan	Stephens
Barkley	Dieterich	McGill	Thomas, Okla.
Black	Dill	McKellar	Thomas, Utah
Bone	Duffy	Murphy	Thompson
Bratton	Erickson	Neely	Trammell
Brown	Fletcher	Norris	Van Nuys
Bulow	Frazier	Nye	Wagner
Byrnes	George	Pope	Walsh
Capper	Harrison	Reynolds	Wheeler
Caraway	Hayden	Robinson, Ark.	
Clark	Johnson	Robinson, Ind.	

NOT VOTING—7

Connally	Dale	McCarran	Pittman
Couzens	McAdoo	Norbeck	

So Mr. REED'S amendment was rejected.

Mr. CLARK. Mr. President, I move to strike out section 5; and I desire to give notice that if that motion prevails I shall then move to reconsider the vote by which the amendment of the Senator from Pennsylvania [Mr. REED] was rejected.

I do that for the reason that it seems to me that the vice of this bill is that, having taken the first vicious step, it is impossible to find any place to stop. The antitrust statutes having been emasculated, there is no logical reason for refusing to impose an embargo on all foreign products coming into the United States as compensation for the artificial jacking-up of prices sought to be accomplished by the monopoly to be created by the repeal of the antitrust acts.

Having done that, having repealed the antitrust statutes, having authorized embargoes, there is then no logical stopping point short of complete Government control of all industry.

For that reason I voted against the amendment of the Senator from Pennsylvania; and for that reason I give notice that if this amendment shall prevail I shall move to reconsider the vote whereby the amendment offered by the Senator from Pennsylvania was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. CLARK].

Mr. CLARK. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

Mr. ASHURST. Mr. President, I do not know that I am in order just now, but I offer an amendment on page 5.

The VICE PRESIDENT. The Senator is in order. Individual amendments to title I are now in order, the Chair understands, by order of the Senate.

Mr. ASHURST. I have heretofore moved, on page 5, beginning in line 14 with the word "several", to strike out "several district attorneys of the United States, in their respective districts, under the direction of the Attorney General," and insert "Federal Trade Commission", so that, if amended, subdivision (c) will read:

The several district courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of any code of fair competition approved under this title; and it shall be the duty of the Federal Trade Commission to institute proceedings in equity to prevent and restrain such violations.

Mr. President, as I said a few moments ago, I do not offer this amendment because of any lack of confidence in the head of the Department of Justice. On the contrary, I believe the country is impressed with the many talents and high merits of Attorney General Cummings. I believe likewise that the several district attorneys may be trusted generally to perform their duties impartially; but in view of the other duties laid upon the Federal Trade Commission by this bill, in view of the philosophy of this bill, in view of its mechanics, if we are to have a symmetrical bill which will do justice to all parties and will not be confusing, the Federal Trade Commission should institute proceedings in equity to prevent and restrain such violations.

Mr. COSTIGAN and Mr. WAGNER addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arizona yield; and if so to whom?

Mr. ASHURST. I yield first to the Senator from Colorado. Then I will yield to the Senator from New York.

Mr. COSTIGAN. Mr. President, has the able Senator from Arizona determined in his own mind the question whether the Federal Trade Commission is authorized under existing statutes, and, if not, will be authorized under the language he has suggested, to institute proceedings in equity to prevent and restrain violations?

Mr. ASHURST. Mr. President, the esteemed and learned Senator from Colorado was a valued member of the Federal Trade Commission.

Mr. COSTIGAN. Of the United States Tariff Commission.

Mr. ASHURST. He was valued wherever he was. Mr. President, I answer as follows:

The Federal Trade Commission now has some power under the present statutes, but there may be doubt if the present existing power is adequate.

Mr. BRATTON. Mr. President——

Mr. COSTIGAN. If the Senator from New Mexico will permit me to pursue my inquiry further, I should like to ask whether it would not be desirable to add, after the words "Federal Trade Commission" in the Senator's amendment, the words "and it is hereby authorized and directed", and whether there would be objection to such an addition by the Senator from Arizona?

Mr. ASHURST. If I may, I accept the suggested amendment of the Senator from Colorado.

I now yield to the Senator from New Mexico.

Mr. BRATTON. Mr. President, in view of the fact that the Attorney General and the several district attorneys constitute the staff representing the Government in matters of litigation, I wonder if the Senator from Arizona would consider the advisability of inserting the following language after the word "General", in line 16—

upon request of the Federal Trade Commission, or otherwise.

So that it would become the duty of the several district attorneys, under the direction of the Attorney General and upon the request of the Federal Trade Commission, or otherwise, to institute proceedings. That system would leave it first to the Federal Trade Commission to determine whether a suit should be instituted; and if it decided that such a suit should be instituted, and should request the Attorney General to do so, it would become the duty of the Attorney General.

Mr. ASHURST. I am quite impressed with that suggestion; and if I may still further modify my amendment to comply with that suggestion, I shall do so.

In other words, I believe that the Federal Trade Commission, after its searching investigations, should be the moving spirit and power; but quite naturally the mechanics would fall into the Department of Justice.

Mr. WAGNER. Mr. President——

Mr. ASHURST. I yield to the Senator from New York.

Mr. WAGNER. I desire to get clear the amendment which the Senator from New Mexico has suggested. His amendment would mean that the several district attorneys, under the direction of the Attorney General, may institute these proceedings; and that if the Federal Trade Commission so request, they must institute the proceedings?

Mr. BRATTON. That is the effect of the amendment as I intended to suggest it.

Mr. WAGNER. Then I do not quite know whether the Senator wants to agree to that amendment, because then the Federal Trade Commission upon its own initiative will not be authorized to bring proceedings.

Mr. BRATTON. No; my thought was that once the Federal Trade Commission determines that a suit of that kind should be instituted, it makes a request of the Department of Justice; and upon that request being submitted, it becomes the duty of the Department of Justice to institute the suit.

Mr. WAGNER. Mr. President, if I may suggest to the Senator, if we can leave the language as it is in the pending bill, we have language exactly as it appears in the antitrust laws now, which authorizes the Federal Trade Commission, where they find violations in the way of unfair competition, to institute proceedings to compel the violator to cease and desist; and, in addition thereto, the Attorney General and the district attorneys under the Attorney General may also bring proceedings for violation of the antitrust laws; and we have simply transposed into this legislation the power which exists now in the antitrust laws with reference to the institution of actions to enjoin. It has worked very satisfactorily; and I should think that we ought not to change that policy that we adopted away back in the Federal Trade Commission Act, and which has been in force up to the present time. There has been no complaint of it.

Mr. ASHURST. Mr. President, I cannot escape the conclusion—it seems inevitable to me—that if this bill is to work effectively, the Federal Trade Commission, if it is to have functions to perform—and it certainly has—ought to be given the power to perform and carry out such functions and duties.

Mr. WAGNER. And it is given that authority, may I say to the Senator, because it provides that any violation of such standards and any transaction in or affecting interstate or foreign commerce shall be deemed an unfair method of competition in commerce within the meaning of the Federal Trade Commission Act as amended.

Mr. ASHURST. That is quite true.

Mr. WAGNER. And that act provides that when there is such an unfair method of competition, certain suits shall be instituted by the Federal Trade Commission; so that the authority is clear.

Mr. ASHURST. Mr. President, I do not need to suggest to the astute and able Senator from New York, who won for himself a proud place at the bar of the great State of New York before he went upon the bench, and on the bench was regarded as one of the great judges of our country—I need not suggest to that superb intellect that the other language which he has quoted and the other language of the existing law is probably too general, and this may be a penal statute.

Mr. WAGNER. No.

Mr. ASHURST. Certainly it is wise and expedient that power to institute the proceedings in equity to prevent and restrain violations ought to be in clear, unmistakable language, so that when the Federal Trade Commission institutes proceedings and goes into court with such a suit they can say, "Here is the statute under which we are acting, ita lex scripta est—'thus the law is written.'"

The Senator is too able a lawyer to argue against that. I doubt very much whether, without this language in paragraph (c), the Federal Trade Commission would have the unquestioned power to carry this direction out. I am willing to accept the amendment of the Senator from New Mexico.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. ASHURST. As I understand the amendment of the Senator from New Mexico, and he will correct me if I am wrong, if and when the Federal Trade Commission, after its investigation, reaches the conclusion that proceedings in equity ought to be instituted to restrain and prevent violations, the Federal Trade Commission makes its application to the Attorney General, and ipso facto it is the duty of the Attorney General to carry out those instructions. Have I stated the question correctly?

Mr. BRATTON. Exactly so. Under the amendment the Department of Justice would have the power to institute a suit of its own motion.

Mr. ASHURST. Very good.

Mr. BRATTON. But it becomes the duty of the Department of Justice to institute proceedings when requested to do so by the Federal Trade Commission.

Mr. ASHURST. I am content.

Mr. WAGNER. I do not think the Senator is, with all due respect, because under the amendment we would take all power from the Federal Trade Commission to institute an action on its own behalf. It may under the antitrust laws now institute a proceeding, and this limits it to a proceeding brought by the Attorney General. If the Senator is satisfied with that, I shall not quarrel about it.

Mr. ASHURST. Let it go to conference.

Mr. WAGNER. It is contrary to what the Senator is contending for.

Mr. ASHURST. Surely the able Senator from New York sees the advantage of the language offered by the Senator from New Mexico.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. ASHURST. I yield.

Mr. SHIPSTEAD. If the Senator from New York is right, the Federal Trade Commission and the Department of Justice both have jurisdiction.

Mr. ASHURST. The Department of Justice has a right to institute a suit, but the Federal Trade Commission requests the Department of Justice to carry on the proceedings.

Mr. SHIPSTEAD. If the Federal Trade Commission so requests, does the Senator think that that takes away from the Federal Trade Commission the right to institute proceedings in its own behalf?

Mr. ASHURST. No; I do not think so, because the language in subdivision (b) points that out.

Mr. WAGNER. If the Senator wants to send it to conference, very well.

Mr. ASHURST. Let it go to conference.

Mr. COSTIGAN. Mr. President, may I ask the Senator from Arizona a further question?

Mr. ASHURST. I yield.

Mr. COSTIGAN. I trust the able Senator from Arizona will not abandon the form of amendment which was originally offered. If, however, the Senator is appealed to by the amendment of the Senator from New Mexico, it would perhaps be proper to add the power indicated by the Senator from New Mexico as an alternative or cumulative but not substitute method of procedure. It is clearly the desire of those who are friends of or connected with the Federal Trade Commission, and who feel that the jurisdiction of that independent establishment is imperative under the pending bill, to support an amendment corresponding to that which the Senator from Arizona has offered. As evidence, with the permission of the Senator from Arizona, I send to the desk and ask the clerk to read a brief statement by the noted and competent counsel of the Federal Trade Commission, Judge Healy, in which he sets out persuasive reasons for that position. I ask that the clerk read this memorandum.

Mr. ASHURST. I yield for that purpose.

The VICE PRESIDENT. The clerk will read.

The Chief Clerk read as follows:

MEMORANDUM RE: H.R. 5755 (SENATOR HARRISON'S NATIONAL RECOVERY BILL)

By paragraph (b), section 3, violation of standards of fair competition established in a code approved by the President is made an unfair method of competition within the meaning of the Federal Trade Commission Act. Ordinarily one would believe that jurisdiction of the Federal Trade Commission to proceed against such a violator for a cease and desist order would automatically attach.

By its basic act the Federal Trade Commission is empowered and directed to prevent unfair methods of competition in commerce. H.R. 5755 (sec. 3, par. (b)), makes a violation of the code an unfair method of competition. Paragraph (c) of section 3 gives the district courts jurisdiction to restrain violations of the codes, and it is made the duty of the district attorneys, under the direction of the Attorney General, to institute proceedings to prevent and restrain such violations.

The question has been raised whether by these provisions the proposed act will not prevent the Commission from proceeding to issue cease and desist orders against violators of the codes, on the theory that the specification of a precise remedy excludes the implied jurisdiction of the Federal Trade Commission.

There is also present a very serious possibility that the codes will forbid unfair methods of competition with which this Commission is dealing every day, such as false advertising, various forms of misrepresentation, commercial bribery, etc., etc. If this is true, and I believe there is great substance to it, the Commission will lose much of its present jurisdiction.

I think it is a mistake to take this jurisdiction from the Commission and give it to the district attorneys. They are not specialists in this work. They are not trained in it. Our men are. Our men have helped to build up the body of the law on the subject of unfair competition. The district attorneys have many other duties. Many of them have their private practices. They are exposed to local political pressure. If the act works out, as I fear it may, the district attorneys will lose this jurisdiction at the end of 2 years, and it will return to this Commission, whose organization in the meantime will have been destroyed.

My suggestion is that paragraph (c), section 3, be amended to read as follows: "The several district courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of any code of fair competition approved under this rule; and it shall be the duty of the Federal Trade Commission to institute proceedings in equity to prevent and restrain such violations.

Respectfully submitted.

ROBT. E. HEALY, *Chief Counsel.*

JUNE 5, 1933.

Mr. ASHURST. Mr. President, it has been suggested as a sort of compromise that the matter go to conference in the alternative.

Mr. HARRISON. Mr. President, the committee considered this proposal quite fully, but I am perfectly willing, in order to save time, that the matter as suggested go to conference for consideration.

Mr. ASHURST. I thank the Senator.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to strike out "several district attorneys of the United States in their respective districts, under the direction of the Attorney General", and to insert the words "Federal Trade Commission, and the several district attorneys of the United States in their respective districts, under the direction of the Attorney General, upon request of the Federal Trade Commission, or upon their own motion."

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

COMPOSITION OF MUNICIPAL DEBTS

Mr. VANDENBERG. Mr. President, if I may have the attention of the senior Senator from Arizona a moment, he presented a bill a few moments ago to provide for the composition of municipal debts. I asked him a question with respect to that which I think he misunderstood. It is so

exceedingly important that I want to ask him again if this is not a counterpart of the so-called "Sumners bill" which was introduced in the House yesterday?

Mr. ASHURST. The Senator is correct, and I apologize to him for the inconclusive reply I gave an hour or more ago. I was doubtless under a misapprehension.

The bill I introduced today is, so far as I know, a counterpart or rescript of the Sumners bill introduced in the House. The bill provides that it shall be in operation for 2 years, and it proposes to amend the present existing Bankruptcy Act so that municipalities, counties, cities, boroughs, villages, parishes, towns, townships, any unincorporated "tax" or "special assessment district" or political subdivision of a State, a school district, drainage, irrigation, levee, sewer, paving, sanitary, port, or other "taxing district", may avail itself of the Bankruptcy Act and may be brought into involuntary bankruptcy.

Mr. VANDENBERG. Is it not a fact that this proposal has the emphatic endorsement of both the Treasury Department and the Department of Justice?

Mr. ASHURST. I answer the question by saying "yes"; that the Treasury Department and the Department of Justice are earnestly in favor of the bill. I am not able to speak for the White House, but I feel quite certain that this bill is favored by the President.

Mr. VANDENBERG. I thank the Senator from Arizona for his statement, and I want to supplement it simply to this extent: There was considerable dispute over this proposition as to municipal debts in the last session of the Congress. It is my understanding that the bill which the Senator has now introduced represents substantially a meeting of minds respecting those who heretofore have been in disagreement regarding this matter. I know of my own knowledge that it has the endorsement of the large insurance companies, which heretofore have been the chief opponents of this type of legislation. It is absolutely necessary that something along this line shall be done before this session adjourns. I want to urge the Senator, in his capacity as Chairman of the Committee on the Judiciary, that he put every possible emphasis upon action between now and the adjournment.

I wish to urge the Senator, in his capacity as chairman of the committee, to put every possible emphasis upon action between now and adjournment, and I ask, at the present moment, to have printed in the RECORD a telegram carrying resolutions just adopted by the Common Council of the city of Detroit, which typically indicates the desperate nature of the need for this legislation in one of many large cities of the country.

I ask that the telegram which I now send to the desk may be printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

DETROIT, MICH., *June 7, 1933.*

Senator ARTHUR H. VANDENBERG:

Whereas it is necessary that the city of Detroit refund its $400,000,000 bonded indebtedness in order to prevent default and to continue and maintain orderly government, and to preserve the peace, health, and safety of its citizens; and

Whereas the Legislature of the State of Michigan has just enacted appropriate laws providing for such refunding; and

Whereas the plan of refunding such indebtedness cannot be successfully carried out without Federal legislation: Therefore be it

Resolved, That we, the legislative body of the city of Detroit, respectfully urge and request that His Excellency Franklin D. Roosevelt, President of the United States of America, transmit a message to Congress today urging the passage of the so-called "Sumners bill", H.R. 5885, or legislation of a similar character; and be it further

Resolved, that the city clerk be, and he is hereby, directed to immediately transmit copy of this resolution to His Excellency the President of the United States, and to the Senators from Michigan.

Mr. ASHURST. Mr. President, I thank the able Senator from Michigan for his contribution to the discussion of this question; and, if I may be pardoned another minute on this particular subject, I wish to say that I am inundated, engulfed by telegrams from all parts of the country, urging the passage of this legislation. The telegrams have come to me not because of any importance on my part but because I happened in the evolution of affairs to be Chairman of the Senate Committee on the Judiciary. I have examined the proposed legislation with the best lights before me, and it is so important that I have resorted to the unusual procedure—I may have to ask my committee in the morning for forgiveness—I have resorted to the unusual procedure of presuming to appoint a subcommittee to examine this bill before its reference to a committee in the hope that the committee will report at the earliest possible moment. Indeed, I have already appointed on the subcommittee to examine the bill Mr. VAN NUYS, chairman of the subcommittee, and Messrs. MCCARRAN, NEELY, HASTINGS, and HEBERT. I would not be so offensive as to presume to ask that subcommittee any questions. I feel, however, that the subcommittee will proceed with all possible haste and diligence and that they fully realize the enormous importance of this bill as much as the Senator from Michigan or I could appreciate its importance.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the amendments of the Senate to the bill (H.R. 4812) to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4220) for the protection of Government records.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate nos. 9, 15, and 28 to the said bill, and concurred therein; and also that the House had receded from its disagreement to the amendments of the Senate nos. 22, 32, and 34, and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

The VICE PRESIDENT. Does the Senator from Mississippi desire to return to the amendment which was passed over?

Mr. HARRISON. I was hopeful that the Senator from Nebraska [Mr. NORRIS] would now be willing to have that amendment considered.

Mr. NORRIS. That is agreeable to me.

Mr. COSTIGAN. Mr. President, I want to offer an amendment affecting that offered by the Senator from Nebraska.

The VICE PRESIDENT. The clerk will state the amendment proposed by the Senator from Colorado.

The CHIEF CLERK. On page 5, line 8, after the word "amended", it is proposed to insert a semicolon and the following:

but nothing in this title shall be construed to impair the powers of the Federal Trade Commission under such act as amended.

Mr. HARRISON. I see no objection to that amendment.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. BLACK. Mr. President, is the bill open to amendment?

Mr. HARRISON. I hope we may now get through with the labor amendment.

The VICE PRESIDENT. The clerk will state the committee amendment.

The CHIEF CLERK. On page 10, line 13, it is proposed to insert the following proviso:

Provided, That nothing in this title shall be construed to compel a change in existing satisfactory relationships between the employees and employers of any particular plant, firm, or corporation, except that the employees of any particular plant, firm, or corporation shall have the right to organize for the purpose of collective bargaining with their employer as to wages, hours of labor, and other conditions of employment.

Mr. NORRIS. Mr. President, in the first place, I want to thank the Senator from Mississippi for agreeing to a reconsideration of the vote whereby this amendment was adopted in my absence, although I have been trying to watch it as best I could during the entire day. I think Senators realize, most of us—all of us, I presume—especially when we commence the session of the Senate at 10 o'clock and continue until late in the evening, the necessity, unless one is very discourteous, of being called from the floor many times. During my temporary absence this committee amendment was, I think, agreed to as a matter of form only, there being no debate on it. I regard this amendment as a very important one, and I hope I may have the attention of the Senate in the brief time I shall occupy in discussing it. I think I shall ask that a roll call be had on this amendment. If I can be assured of that, I think it will probably shorten the debate considerably.

Mr. HARRISON. May I say to the Senator if that is his desire I shall be glad to cooperate in getting a roll call and having an expression of the Senate on this proposition?

Mr. NORRIS. I thank the Senator.

Mr. President, I am interested in this subject, because for several years the Judiciary Committee, at the time I had the honor of being chairman, had under consideration the so-called "anti-injunction bill" dealing with the labor problem. The committee held extended hearings on that bill. From those hearings and the long consideration given the measure we found that one of the greatest evils we had to provide against was the so-called "company union." This amendment, as I understand and interpret it, legalizes such company unions.

Every man who has studied the question of injunctions in labor disputes and the labor subject generally will, I think, agree with me that it is one of the great evils that must be met in the settlement of the labor problem. We thought we had met it in the bill which finally resulted from our long consideration and is now on the statute books, and that in labor disputes we had made it impossible for a corporation wanting to bear down heavily upon labor, and in effect, under the guise of a union, to make it impossible, as a practical matter, for labor to be represented by organizations of its own choice, to accomplish such a purpose.

This particular provision in the bill, section 7, reestablishes, almost in the identical language of that bill, the right of employees to organize in unions of their own without any coercion of any kind from any source. However, it adds a proviso which I think comes very near to destroying, if it does not entirely destroy, the effect of the language which precedes it. This is the proviso that I am seeking now to strike out. I have no fault to find with the language which precedes it, but the proviso, after giving labor the right of self-organization, the right to be represented in disputes by an organization of its own choice, then imports this language into the bill:

Provided, That nothing in this title shall be construed to compel a change in existing satisfactory relationships between the employees and employers of any particular plant, firm, or corporation, except that the employees of any particular plant, firm, or corporation shall have the right to organize for the purpose of collective bargaining with their employer as to wages, hours of labor, and other conditions of employment.

That looks fair on its face, Mr. President. I think if we were trying to accomplish what at first blush it would seem is sought to be accomplished, all we would have to do would be to strike it out, as it is already in the preceding wording.

Mr. COSTIGAN. Mr. President——

Mr. NORRIS. I yield to the Senator from Colorado.

Mr. COSTIGAN. Is there not ambiguity in the expression "existing satisfactory relationship"?

Mr. NORRIS. Oh, yes; there are all kinds of opportunities there.

Mr. COSTIGAN. Might that language not perhaps be regarded as affirming that all existing relationships are satisfactory?

Mr. NORRIS. Mr. President, in many of these cases the conditions which are not satisfactory will appear to be satisfactory on their face. One of the methods that capital has been using for years to destroy labor unions is to organize unions in the individual plants. The employer pays for the union; he furnishes the money; he controls that union as completely as a man controls his own child. The employees know that to go against the orders of that kind of a union, paid for and maintained by the employer, means dismissal; it means that they will lose their job. So if they were asked whether existing conditions were satisfactory they would say "yes", because to say anything else would mean that they would lose their jobs. There are numerous instances, all the way from New York to California, where this method has been adopted by corporations which wanted to prohibit their employees from joining a union.

Moreover, Mr. President, a union of laboring men, to be effective, must not be confined to the workers in one plant, but must take in its scope and under its jurisdiction all plants engaged in the same industry. Experience has demonstrated that that is the only effective way by which the laboring men may organize. I think the proviso is a direct blow at organized labor.

Some honest people, a great many of them, believe that there ought to be no such thing as organized labor. If their view be the correct one, then we ought to strike out this whole section and say nothing about it; but if we are proceeding on the modern theory, which has been approved all the way from the Supreme Court down, at least in expressions of sympathy for the laboring man, then we ought to provide that the laboring men shall be permitted to organize in their own way without any coercion, without any influence from their direct employers, and that they shall be permitted to select representatives of their own choice to represent them in controversies which they must continually meet with organized wealth. I do not think there is a Senator here but who believes that the right thing to do and the necessary thing to do, if we are to protect labor, is to get away from the company union.

Therefore, Mr. President, I hope the Senate will strike this proviso from the bill.

Mr. COSTIGAN. Mr. President, sharing the critical apprehension of the able Senator from Nebraska as to the committee amendment, may I say to the Senator from Nebraska that I am further concerned over the fact that certain language in line 7, on page 10, of this section differs from similar language in lines 18 and 19 on the same page? It is provided in line 7:

That employees shall have the right to organize and bargain collectively.

In line 18, following the ambiguous reference to "existing satisfactory relationships", it is provided that the employees "shall have the right to organize for the purpose of collective bargaining." In order that this language may be consistent, the language in lines 18 and 19 should provide that the employees "shall have the right to organize and bargain collectively."

Otherwise it may well be argued in the courts that where it is claimed that the relations of employers and employees are satisfactory, the limit of authority permitted to the employees is to organize for the mere purpose of bargaining collectively without any provision in the statute inviting the fulfillment of that purpose.

Mr. CLARK. Mr. President, I should like to say to the Senator from Nebraska that, in my opinion, this proviso does not have any such effect as he is attributing to it. The proviso was adopted by the unanimous vote of the committee. Mr. Richberg, one of the authors of the bill, well known as one of the leading labor lawyers and a leading representative of labor unions, was present and not only accepted the amendment but said he thought it was very beneficial to the bill. He suggested only the insertion of the word "satisfactory" in line 2 of the proviso.

General Johnson, who has been designated as the administrator of the bill, was present and said that he thought the addition of the proviso would be most beneficial, and that he considered it an exceedingly constructive amendment. The right of the employees to be free from coercion, to be free to organize in the way in which they may see fit for collective bargaining is specifically guaranteed in section 7 prior to the proviso.

The only purpose of the amendment, the only purpose of the insertion of the proviso, was to clarify and state in the bill what was the consensus of opinion of practically every witness who appeared before the committee. It was not contended on the part of anybody that it was the purpose to compel the employees to organize in a particular way against their wishes. On the other hand, it was the purpose of all concerned to guarantee to the employees the right to organize in any way in which they might see fit and to guarantee the right of collective bargaining. That is what is done by section 7 as it now stands with the proviso contained in the committee amendment. I hope the motion of the Senator from Nebraska will be voted down.

Mr. COSTIGAN. Mr. President, may I ask the Senator from Missouri whether he would have any objection to the substitution, in lines 18 and 19, of the words "and bargain collectively" for the words "for the purpose of collective bargaining"?

Mr. CLARK. I will say to the Senator that, as I recall it, when I offered the amendment it was in the form in which he now suggests it. It was changed at the suggestion of Mr. Richberg.

Mr. COSTIGAN. It was not my fortune to be in the committee meeting at the time.

Mr. CLARK. So far as I am personally concerned I have no objection.

Mr. COSTIGAN. Unless there is objection I offer the amendment which I have just stated. Is that satisfactory to the Senator from Nebraska?

Mr. NORRIS. I am sorry, but my attention was distracted at the moment.

Mr. COSTIGAN. Is the Senator's motion to strike out the proviso?

Mr. NORRIS. It is not a motion to strike, because the question is on the adoption or rejection of the committee amendment. The way to strike it out is to vote "nay."

Mr. WHEELER. Why does not the Senator from Colorado wait until after the motion to strike is decided?

Mr. CLARK. We do not have to strike it out. The question is on the adoption or rejection of the committee amendment.

Mr. COSTIGAN. I will withdraw the amendment for the present.

Mr. WHEELER. Mr. President, I concur in the statement made by the Senator from Nebraska with reference to the proviso. I am utterly amazed to hear it stated that Donald Richberg, the attorney, has said this amendment would be satisfactory to labor. As a matter of fact, if the amendment is adopted, labor gets nothing under this section of the bill, because, as the Senator from Nebraska has declared, the laboring men who belong to a company union do not dare to say their souls are their own. They would not dare to come before any committee of the Congress of the United States and say to that committee that conditions were not satisfactory, that labor conditions in their particular industry were not satisfactory.

When we had the coal hearings we found that very situation to exist. It will be found, for instance, in the railroad company unions. Members of those unions do not dare to write in here to protest against conditions unless they request secrecy with reference to it. That is true in every section of the country. I have in my files letters complaining about labor conditions, but saying, "My name must not be used, because if it is used I will lose my job."

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from New York?

Mr. WHEELER. I yield.

Mr. WAGNER. The words employed are "existing satisfactory relationship." The word "relationship" is an all-embracing word and includes hours of labor, wages, methods of employment, and so forth. I fear, and the more I reflect the more the fear grows, that it may be regarded as a nullification of the other provisions of the bill which outlaw the "yellow dog" contract.

Mr. WHEELER. Why, of course!

Mr. WAGNER. This may be a legalization of that contract. I am not sure about it, but that is my apprehension.

Mr. CLARK. Mr. President, where does the Senator find anything in the proviso that could possibly be construed as a legalization of the "yellow dog" contract? We specifically outlaw it in terms.

Mr. WAGNER. The proviso is, "That nothing shall be construed to compel a change in existing satisfactory relationships." If the particular industry is following the policy of employing only those who will agree to join the company union and make that a condition of employment, it may be that this section will be construed as legalizing such contracts, at least so far as that particular industry is concerned, because that is the existing relationship and it would be interpreted as continuing that existing relationship.

Mr. CLARK. In the very next paragraph it is provided specifically that no employee shall be required as a condition of employment to join any company union or refrain from joining, organizing, or assisting in the organization of a labor union.

Mr. WAGNER. I understand the other side of the argument, but it does cast doubt upon the provision, because we say "provided nothing in this title shall be construed to compel a change in existing satisfactory relationships." It may lift that situation right out of the bill and say that those relations shall continue.

Mr. WHEELER. I do not think there is any question, for instance, if we have a situation where there are long hours of labor, that the bill is intended to cover that situation. If it is going to give the laboring people of the country anything at all, it is for the purpose of shortening hours, giving better wages to employees throughout the country. If that is not the purpose of the bill, if that is not what the bill is intended to accomplish, then the laboring people of the country have been grossly fooled in their support of it.

Mr. LA FOLLETTE. Mr. President, will the Senator from Montana yield?

Mr. WHEELER. I yield.

Mr. LA FOLLETTE. Some little time ago in the debate a statement was made that Mr. Richberg was representing labor organizations in his presence during the sessions of the committee. I wish to correct that statement, because Mr. Richberg made it perfectly plain, after he had been invited by the chairman of the committee to sit in during the time the committee was in session, that he was not acting in any representative capacity for any labor organization and that he had not so acted in his participation in assisting in the drafting of the bill.

Mr. CLARK. Mr. President, I would like to say to the Senator from Wisconsin that if I created the impression that Mr. Richberg said he was before the committee representing any labor union, it was entirely inadvertent on my part. What I did say was that Mr. Richberg is one of the leading labor lawyers and one of the leading labor representatives in the United States, and that is unquestionably true. I was simply illustrating the fact that he spoke from the viewpoint of labor.

Mr. LONG. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Montana has the floor.

Mr. LONG. Will the Senator from Montana yield to me?

Mr. WHEELER. I yield.

Mr. LONG. Mr. Richberg is a railroad labor attorney, who has been before the Interstate Commerce Commission very adequately protecting the rights of labor. This is beyond the scope of his employment, if I understand it. I happen to know, and I think some of us know who understand trade unions, that the most iniquitous practice we have had to contend with is the company union. It is an organization they set up themselves. It is an organization that is set up to prevent a union that is not controlled by the company. They have their social functions worked out in connection with it. They give dances in which the employers participate. They go through that kind of thing and make it a matter of impossibility for a labor union to exist other than a company union. If we are going to attempt to safeguard the labor union, let us not put a spider in the soup and make impossible the very thing that we are trying to accomplish.

Mr. WHEELER. Mr. President, it is inconceivable to me that Mr. Richberg, being an able lawyer, would for one moment sanction a provision of this kind being written into the bill if he had given it any consideration at all. It would seem that the minute we seek to put these codes into operation for the purpose of getting better conditions for labor, for the purpose of getting better wages and shorter hours or anything of that sort, we then provide that "nothing in this title shall be construed to compel a change in existing satisfactory relations." If that language remains in the bill, labor gets nothing whatsoever out of the bill. Men who are working for a company and who belong to company unions, particularly where conditions are bad, dare not go before any committee, dare not go before any organization or any body and say, "We want shorter hours or we want to do this or that." They will be compelled by their employers to go before committees and say conditions are satisfactory.

We have had examples of that before congressional committees where companies would bring their employees before the committees, paying their expenses, and where the employees would say to the committees that conditions were absolutely all right, that they wanted this or that, when we knew as a matter of fact that they were not their own free agents but were merely speaking at that time for the company which they represented because they knew that if they did not do it they would be put out in the streets and their wives and children would have to go without food and perhaps without shelter.

Let us not try to fool the workingmen of the country by putting in a provision of this kind. Either we mean to better their conditions or to leave them just as they are today. If we mean to better their conditions, then let us reject this amendment. If we mean to leave them in the condition in which they are today, if we mean to keep them in sweatshops and work them 10 and 12 hours a day, then leave the amendment in the bill. But do not go back and tell your constituents that you voted to leave the provision in the bill because you thought you were voting for the rights and interests of American labor. Do not go back and base your vote upon the fact that Mr. Johnson or somebody else came before the same committee and said to that committee, "This is entirely satisfactory to organized labor."

As I said a while ago, I am perfectly amazed to hear the Senator from Missouri say that Mr. Richberg made a statement of that kind. It cannot be possible, it seems to me, that he had read this provision or that he had given it any consideration. It is inconceivable to me that a man who has represented organized labor as long as he has, just because he is going to be taken into the Government service, should completely change his views with reference to the necessity of protecting organized labor. I do not believe that Mr. Richberg would do it; but if he had given this provision careful consideration, and if he had given it careful thought, and then said that it is satisfactory to the organized labor of this country, I should say there was something wrong with Mr. Richberg when he made that statement.

I submit that this section, if we really want to protect labor, should be stricken from the bill.

The PRESIDING OFFICER (Mr. JOHNSON in the chair). The question is on the proviso beginning on line 13, page 10, on which the yeas and nays have been ordered.

The clerk will call the roll.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	La Follette	Russell
Ashurst	Davis	Lewis	Schall
Austin	Dickinson	Logan	Sheppard
Bachman	Dieterich	Lonergan	Shipstead
Bailey	Dill	Long	Smith
Bankhead	Duffy	McAdoo	Steiwer
Barbour	Erickson	McCarran	Stephens
Barkley	Fess	McGill	Thomas, Okla.
Black	Frazier	McKellar	Thomas, Utah
Bone	Goldsborough	McNary	Thompson
Bratton	Gore	Metcalf	Townsend
Brown	Hale	Murphy	Trammell
Bulkley	Harrison	Neely	Tydings
Bulow	Hastings	Norris	Vandenberg
Byrnes	Hatfield	Nye	Van Nuys
Capper	Hayden	Overton	Wagner
Carey	Hebert	Patterson	Walsh
Clark	Johnson	Pope	Wheeler
Connally	Kean	Reed	White
Coolidge	Kendrick	Reynolds	
Copeland	Keyes	Robinson, Ark.	
Costigan	King	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-five Senators have answered to their names. A quorum is present.

Mr. HARRISON. Mr. President, a parliamentary inquiry. Those who are in favor of the committee amendment will vote "yea" and those who oppose it will vote "nay"? Is that correct?

The PRESIDING OFFICER. Yes. The question is on the committee amendment.

Mr. HASTINGS. Mr. President, I desire to propound an inquiry to the Senator from New York [Mr. WAGNER] or to the Senator from Mississippi [Mr. HARRISON]. I wish to see whether I understand definitely with respect to this amendment.

If I am correct in my understanding, under this bill the various industries have a right to prescribe a code, which may be approved and must be approved by the administrator; and if a certain industry does not provide any code, the administrator may himself provide one for that particular industry. Each of these codes will have written in it these provisions set out in section 7, giving to labor the right to organize free from any interference on the part of the employer.

The inquiry I desire to propound is whether, anywhere in this bill, any authority is given to the administrator or to anybody else over the employees of these various industries of the Nation; or is it the purpose of the bill to leave the employees entirely free to do exactly what they please with respect to every industry that has adopted a code under this bill?

Mr. HARRISON. It is not my construction that the employees can do everything they want to do. I may say that the contention of the labor representative before the committee was that if the employers would guarantee to employ labor, they would not object to certain guaranties that were insisted upon on the part of the employers.

Mr. HASTINGS. But it is true, is it not, that the administrator has no power whatever over the labor organizations under this bill, and that they are perfectly free to work or not to work, or to do just exactly what they please with respect to bargaining with the employers?

Mr. HARRISON. There is nothing in the bill that compels labor to work, may I say. The bill does give to labor the right of collective bargaining.

Mr. NORRIS. Mr. President, I did not intend to say anything; but certain Senators have just come in, and I

fear the question of the Senator from Delaware is just a little misleading.

The matter is a perfectly simple one. Section 7 (a) provides as follows:

Every code of fair competition—

That is what is going to be made, a code, under this agreement—

Every code of fair competition, agreement, and license approved, prescribed, or issued under this title shall contain the following conditions:

It is a limitation upon the power of the man who makes the code. That code must contain these conditions, and then, after that, it sets up what the conditions are:

(1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing—

And so forth; and then it adds a proviso that they cannot do it! That is the effect of the proviso.

In other words, there is a proviso that makes the company union legal—one of the great evils that labor has had to fight against since the beginning of the war between capital and labor—and the question comes on that proviso. The committee amendment adds the proviso, and we are seeking to prevent the adoption of the committee amendment.

Mr. KING. Mr. President——

Mr. NORRIS. I yield to the Senator from Utah.

Mr. KING. Does the Senator construe that as meaning that if a union exists it is petrified, and may not be changed, and must continue to remain?

Mr. NORRIS. This proviso would pretty nearly mean that.

Mr. KING. I do not think so.

Mr. NORRIS. The proviso says:

Provided, That nothing in this title shall be construed to compel a change in existing satisfactory relationships between the employees and employers of any particular plant—

That is a definition of a company union—

firm, or corporation, except that the employees of any particular plant, firm, or corporation shall have the right to organize for the purpose of collective bargaining.

That is what the company does with the company union. It is organized by the company; the expenses are paid by the company; it controls the union just as completely as a master controls a slave; and a member of that company union is beholden to the men who are operating the plant in which he is working. It is a company union. They are not unions of the employees' own choice. They cannot join a union composed of men engaged in that particular craft or business. They are compelled to join a company union. It is an outlaw in the labor world. It is, as Senators said before the roll call here, one of the great reasons why labor in its struggle with capital has been so often defeated. It means the destruction of organized labor; and this amendment preserves those company unions.

Mr. HASTINGS. Mr. President, I did not want to get into any controversy or argument with respect to this particular amendment. I merely wanted to inquire whether I clearly understood this bill.

I might call the attention of the Senator from New York and the Senator from Mississippi to the fact that there is a provision with respect to railroad labor which gives to a board the right to pass upon the disputes that arise between the employer and the employee. That, as I understood, has always been done upon the theory that the railroads being quasi-public corporations, and being used for the benefit of the public, the Congress had a right to regulate them in that way.

If I understand this bill, we have now gone beyond the railroads; we have gone beyond those corporations that serve the public, and we have now entered into an entirely new field; namely, the field of every industry in the country, of every kind. We are undertaking to control them under this bill, and at the same time we are giving labor the right to make their own agreements among themselves, with no authority anywhere, in the administrator or any board or anybody else, to pass upon the questions that may arise between the laborer and the employer.

It seems to me that if we have put all of these various industries in the hands of one man, giving him 100 per cent control of all of them, at the same time it might be well for us to consider whether he ought not to have some control over the people that they depend upon to produce the things that they manufacture.

Mr. KING. Mr. President, the interpretation placed upon the amendment offered by the Senator from Nebraska is not, in my opinion, sound, and it certainly is not the construction given to the language of the amendment when it was being considered by the committee. It was my understanding when the amendment was offered in the committee that it was for the purpose of affording protection to labor and to restrain efforts that might be made by employers to interfere with employees. It was designed also, as I understood, to respect conditions where the relation between the employee and employer were entirely satisfactory. The section as a whole, including the amendment now under consideration, properly interpreted, as I believe, is designed to permit employees to organize and bargain collectively through representatives of their own choosing, and further, to provide that they shall be free from interference, restraint, or coercion upon the part of their employers or any of their agents or any other person. Certainly the language of the section not only recognizes existing unions, and guards and protects the members of unions from any interference or coercion by their employers or any other person, but it also recognizes and, indeed, guarantees the right of employees to organize and to bargain collectively. Existing unions are preserved and protected, and unions to be organized are likewise to be preserved and protected against interference or coercion. In other words, the utmost freedom is provided to all employees to form unions or to refrain from forming unions, and whether employees are unionized or not they are to be free from coercion or interference from employers.

The language criticized by the Senator, properly interpreted as I believe, declares that where satisfactory relations exist between employer and employee there shall be no compulsion to disturb such relations. Under this provision it is obvious that if a plant is unionized the employer may not interfere with such union organization or restrain or coerce in any way the members of such union. The employees are free to maintain their union, free from any interference of any kind at the hands of the employer. The amendment also provides that the employees shall have the right to organize for the purpose of agreeing upon wages, hours of labor, and other conditions of employment. In other words, the whole spirit of the section, as amended, as I interpret it, is to afford the greatest possible protection to labor and to give employees unrestrained and unrestricted right to organize and to collectively bargain as to wages, hours of labor, and so forth.

I do not read into the language of the proposed amendment the slightest interference with labor in its dealings with its employers. Employees may organize or not as they please; they may form unions or other forms of organization if they desire. Any interference upon the part of employers with their employees or with organizations now in existence or that hereafter shall be organized would come within the denouncement of the statute.

I have always believed that labor had the right to organize and to bargain collectively with employers. My recollection is that I organized the first miners' union in my own State, and upon a number of occasions acted as attorney for union labor.

In our capitalistic system there is much to be said in favor of the organization of labor. That labor has derived benefits from union organizations must be conceded by all, and I should vigorously oppose any plan or any legislation that would interfere with the desires of the employees to organize and to collectively act to secure all legitimate rights and benefits.

Mr. WHEELER. Mr. President, let me say that I cannot understand how the Senator from Utah can put that con-

struction on it, because of the fact that it provides, first, that a code shall be set up, and the first thing the code is going to contain is a provision that the employees shall have a right to organize and bargain collectively and shall be free from interference, restraint, or coercion on the part of the employers of labor. Then it provides that nothing in this title shall be construed to compel a change in an existing satisfactory relationship.

There is nothing in the first paragraph which could possibly be construed as changing existing conditions if they were satisfactory, but it simply means that the men themselves shall have a right to go out and organize or join a union if they see fit to do so.

The proviso instead of protecting organized labor, instead of protecting the man who wants to join a union would simply in effect prevent him from joining a union. The proviso would absolutely undo what is done in the first part of the provision.

Mr. CLARK. Mr. President, I submit to the Senator that the proviso would not do any such thing. The proviso is that nothing in this title shall be construed to compel a change. The remaining portion of subparagraph (1) has already provided for the right to collective bargaining, guaranteeing that the employees shall be free from any interference, restraint, or coercion. Subparagraph (2) provides that no employee and no one seeking employment shall be required as a condition of employment to join any company union, or to refrain from joining any organization of his own choice. All the proviso does is simply to say that the statute shall not be construed to compel a change in a satisfactory relationship.

Mr. WHEELER. Of course; but, as I said before, every man in the Senate, I think, wants to see industry compelled to give shorter working hours. Every man in this body and in the other body of the Congress wants to see these sweatshops, which in some instances today are paying to the women and children working in some of those places as low as 25 or 50 cents a day, compelled to stop that sort of thing.

If we put this proviso in, we cannot prevent them continuing those practices. What I want is some power in this land to compel them to stop these sweatshops from working women and children long hours, and it cannot be done if we leave this proviso in, because of the fact that they will simply say the working conditions are satisfactory, and they will get the poor girl who is working long hours, for small wages, to come forward and say that conditions are satisfactory. If she does not do it, she will be thrown out on the street.

Mr. ROBINSON of Indiana. Mr. President, is it not true that the net effect of this committee amendment would be to legalize the "yellow dog" contracts wherever they are now existing?

Mr. WHEELER. I would not be of that opinion, because of the fact that the next subdivision provides "that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing."

Mr. ROBINSON of Indiana. Even so, if we accept this proviso which the committee has inserted, would it not nullify the succeeding statement?

Mr. WHEELER. No; I do not think so. That would not be the interpretation I would put upon it.

Mr. NORRIS. Mr. President, it seems to me perfectly clear that it might be used, if there is an agreement now existing with a company union that has any kind of a contract, and they will say it is satisfactory, which they will, and especially in these times, when to lose a job of most any kind means starvation for the family. It may be the means where one exists now, of continuing a "yellow dog" contract or any other kind of a contract.

Mr. ROBINSON of Indiana. That is precisely what I was getting at. It would permit coercion to be applied by the employers in times like these, which would simply in the net effect mean legalizing the "yellow dog" contract.

Mr. BONE. Mr. President, from a somewhat lengthy experience with organized labor, as counsel for a labor organization, I am compelled to agree wholly with the Senator from Nebraska [Mr. NORRIS] and with the remarks just made by the Senator from Montana [Mr. WHEELER].

I know that labor works always at a distinct disadvantage, and I think we are going to make a very sad blunder if we in any wise hamper the freest expression on the part of organized labor groups. I know what the Senator from Montana says is absolutely true. There are girls and men working in the industries in this country who do not dare to say their souls are their own so far as organization is concerned, and certainly we should not hamper them.

It seems to me the language in the bill, aside from that in the italics, which is the committee amendment, is ample to protect any reasonable employer, and I think it is going to be a tragic blunder if we, in the enactment of so-called "progressive legislation", make it apparent to labor all over the country that we are now trying to hamper these organizations which so far have been the only bulwark of labor in maintaining decent standards of labor and decent working conditions. For that reason I am wholly in sympathy with the effort of the Senator from Nebraska to strike this provision out. I think there is ample left to protect any fair-minded employer.

I do not speak idly about this. I have had long years of experience with these problems as attorney for these groups, and I know the disadvantage under which labor works all the time, and in these tragic and trying times it is going to be infinitely harder for labor to get a square deal because of the economic pressure which compels them to stay on the job whether conditions are fair or not.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Florida [Mr. FLETCHER] and vote "yea."

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from New York [Mr. COPELAND]. Not knowing how he would vote if present, I withhold my vote. If I were permitted to vote, I would vote "yea."

Mr. WHEELER (when his name was called). On this vote I have a pair with the senior Senator from Virginia [Mr. GLASS]. I transfer that vote to the junior Senator from South Dakota [Mr. BULOW] and vote "nay."

Mr. McADOO (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE], who is not present. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and vote "nay."

Mr. HEBERT. I desire to announce that the Senator from Pennsylvania [Mr. DAVIS] has a general pair with the Senator from Kentucky [Mr. LOGAN]. I am not advised as to how the Senator from Pennsylvania would vote if present.

I also wish to announce the following general pairs:

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Oklahoma [Mr. THOMAS]; and

The Senator from Idaho [Mr. BORAH] with the Senator from Arkansas [Mrs. CARAWAY].

Mr. LEWIS. I desire to announce that the Senator from Wyoming [Mr. KENDRICK] has a general pair with the Senator from North Dakota [Mr. FRAZIER].

Mr. McKELLAR (after having voted in the negative). Has the Senator from Delaware [Mr. TOWNSEND] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. McKELLAR. I withdraw my vote, having a pair with that Senator.

Mr. LEWIS. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from South Dakota [Mr. BULOW], the Senator from Virginia [Mr. BYRD], the Senator from New York [Mr. COPELAND], the Senator from Florida [Mr.

FLETCHER], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Arkansas [Mrs. CARAWAY].

The result was announced—yeas 31, nays 46, as follows:

YEAS—31

Austin	Dieterich	Hebert	Reed
Bailey	Fess	Kean	Robinson, Ark.
Bankhead	George	Keyes	Sheppard
Barbour	Goldsborough	King	Steiwer
Barkley	Gore	Lewis	Stephens
Carey	Hale	Logan	Vandenberg
Clark	Harrison	Metcalf	White
Dickinson	Hastings	Patterson	

NAYS—46

Adams	Costigan	McCarran	Shipstead
Ashurst	Cutting	McGill	Smith
Bachman	Dill	Murphy	Thomas, Utah
Black	Duffy	Neely	Thompson
Bone	Erickson	Norris	Trammell
Bratton	Hatfield	Nye	Tydings
Brown	Hayden	Overton	Van Nuys
Bulkley	Johnson	Pope	Wagner
Byrnes	La Follette	Reynolds	Walsh
Capper	Lonergan	Robinson, Ind.	Wheeler
Connally	Long	Russell	
Coolidge	McAdoo	Schall	

NOT VOTING—19

Borah	Couzens	Glass	Pittman
Bulow	Dale	Kendrick	Thomas, Okla.
Byrd	Davis	McKellar	Townsend
Caraway	Fletcher	McNary	Walcott
Copeland	Frazier	Norbeck	

So the committee amendment as amended was rejected.

Mr. WHEELER. Mr. President, I offer an amendment to come in on page 11, line 3, after the word "President", to insert a semicolon and the following:

And (4) that employers shall not transport or assist in transporting employees from one State, county, city, or place to another for the purpose of taking the place of men out on strike.

I will state that the purpose of the amendment is simply this: It proposes to add a new paragraph or a new subject to be inserted in the code. In other words, the bill provides that:

Every code of fair competition, agreement, and license approved, prescribed, or issued under this title shall contain the following conditions.

Then follow clauses (1), (2), and (3), and I have asked that this fourth condition shall be added.

Let me say to the Senate that the reason why I propose to add this clause is because of the fact that when the Senate ordered the investigation, for instance, upon which the Senator from New York was a member, into the coal strike in Pennsylvania, we found this situation to exist: Immediately when there was difficulty between the men and their employers, the great coal companies went down South and brought trainloads of Negroes up to Pennsylvania, shipped them in in box cars and kept them there living almost in slavery, one might say, and taking the place of those white men; in other words, using those Negroes merely as strike-breakers. Of course when the white men returned to work, as they did, agreeing after a while with their employers, those Negroes were thrown out of employment and onto the community.

The purpose of this amendment is simply to prevent that sort of practice by great organizations of wealth throughout the country. In communities where such practices are indulged they only breed disorder and trouble; and it seems to me when organized capital is going to get the opportunities and the privileges which it will get under this proposed law that it ought to be willing to make a part of its code the agreement that in the event it has a disagreement with its employees and the employees cease to work temporarily it will not bring into that community swarms of strike-breakers from outside communities. The bringing in of strike breakers has been the chief source of bloodshed and riot in pretty nearly every community where there have been labor troubles. For that reason, Mr. President, I hope this amendment will be adopted.

The PRESIDING OFFICER (Mr. NEELY in the chair). The question is on the amendment offered by the Senator from Montana.

The amendment was rejected.

Mr. BLACK. Mr. President, I desire to offer an amendment.

The PRESIDING OFFICER. The Senator from Alabama offers an amendment, which the clerk will state.

The CHIEF CLERK. It is proposed on page 10, after line 3, to insert the following:

(d) No trade or industrial association or group shall be eligible to receive the benefits of the provisions of this title unless such associations or groups give an equal voting strength to the industries, trades, and groups of each State, as State units, irrespective of the magnitude of trade, or business of the trades, industries, or associations of the different States.

Nor shall such industrial association or group be eligible to receive the benefits of the provisions of this title unless each individual business enterprise within the association or group is given an equal voting strength to each other business unit, irrespective of the magnitude of such business enterprise or its volume of business.

Mr. BLACK. Mr. President, I desire briefly to explain the effect of the amendment, and I wish to state that, in my judgment, there can be no more important amendment offered during the consideration of this bill. This bill, if it shall pass and become a law, will transfer the law-making power of this Nation, insofar as the control of industry is concerned, from the Congress to the trade associations. There is no escape from that conclusion. That is exactly what has happened in Italy, and as a result the legislation passed by the parliamentary body of Italy, as expressed by one economist, has reached the vanishing point.

As a preliminary, let me state that the effect of this amendment is twofold. It provides that if a trade association of a particular industry shall be formed each State shall have an equal voting strength in that association irrespective of the magnitude of the industry within the State. Secondly, it provides that within the association each particular business unit shall have equal voting strength with every other business unit.

If this bill shall be enacted and shall become effective, Congress will no longer pass legislation controlling industry so long as the law shall remain in effect. It may be that it will remain in effect only for one year, but what we are doing—and make no mistake about it—is that from now on we are transferring from the House of Representatives and the Senate the right to control industry, its hours of labor, its wages, its profits; where a new business shall be established, whether or not a new industry shall be established at all; in what State it shall be permissible to dig a new coal mine; in what State it shall be permissible to establish a new cotton factory. That is the object and purpose of trade associations; that is the object here, to regulate competitive conditions.

After those laws shall have been enacted by trade associations, under the bill they go either to the President or to a subordinate for approval or for veto. Under our present system of enacting legislation they come to the House of Representatives and to the Senate, and then go to the President for veto. Each State is represented in this body by two Senators. It makes no difference about the size of the State, the interest of each State can be protected to some extent by two Senators.

Mr. President, I now call attention to one particular industry. A man was in my office last week who stated that 72 percent of the volume of business in his industry was controlled by one business enterprise. I call attention to the fact that one fourth of all the large manufacturing establishments in America are located in seven counties. With 3,000 counties, one fourth of all the manufacturing establishments in America are located in 7 counties. One half of all the manufacturing enterprises in America are located in 34 counties, and three fourths of all the manufacturing enterprises in America are located in 134 counties. Remember that when this bill shall become a law the rules and regulations controlling industry will not be fixed here during the time the bill shall remain in effect; they will be fixed by the elected representatives of industry itself.

Mr. President, I do not know whether this amendment will appeal to the Senate or not, but I do know this—and I

now warn the Senate of the fact that if there shall not be a provision in some form in this bill protecting the States that do not now have a large concentration of industry, and we leave the voting strength for fixing the rules and regulations for the establishment of a new business enterprise, for cutting off a new business enterprise, for reducing the output of an existing business enterprise, as is now provided—I know that the natural human effect will be that the control will be in the hands of the few counties that control 75 percent of the business activities of this Nation. I am not willing for the bill to be voted upon without first calling this fact to the attention of the Senate.

Secondly, the amendment would provide that the small business enterprise should have one vote each time the large business enterprise had a vote. At first blush that might seem to be unfair, but remember we are transferring to the trade associations the power to make laws. This is no new or novel thing. It is exactly the method of procedure adopted in Italy. The trade associations there regulate industry just exactly as we have proposed to do in this bill.

Mr. LOGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Kentucky?

Mr. BLACK. I yield.

Mr. LOGAN. I would call the attention of the Senator to the fact that not only is it nothing new but we are reverting to the old trade rules of Rome of more than 500 years ago and which flourished in England immediately after the feudal days for a good many years. It is not anything new. We are not progressing. We are going back 500 years and taking the old trade laws and writing them into the bill.

Mr. BLACK. The Senator is correct. We fluctuate. We do what we think is progressive for a generation or for a century, and then we progress further by going back exactly to the old situation. There is no question about it. We are now, however, getting back to the idea that the best way to enact laws regulating industry and trade is by means of the elected representatives of industry and trade. Since we are abdicating to that extent the right to enact laws governing industry, and our States have heretofore had a representation in this body, I could not sit quietly by and let the bill go through without calling attention to this very important feature. There is nothing new about the proposal. That is the reason why we have a Senate in the United States. That is the reason why the Constitutional Convention provided that each State should have two Senators. But now, getting away from the Constitution insofar as Congress enacting laws is concerned, we expect to transfer, and I think we will transfer, to elected representatives of industry itself the right to make the laws governing industry.

Where is that industry? Seventy-five percent of it is in 134 out of over 3,000 counties. Fifty percent of it is in 34 counties out of over 3,000 counties. It means that unless we provide legislatively for equal representation of the States in these new law-making trade associations, the great majority of the States will have no voting chance at all.

The second feature to which I want to call attention is the fact that this would give equal voting strength to each industry. I have on my desk a letter from a man engaged in a certain business. He tells me that there is about to be organized in Alabama a trade association in that industry. He tells me they have agreed to allot to each manufacturer a certain proportion of output for their plants. He likewise tells me that according to that allotment he will go out of business the next day after the allotment goes into effect because he cannot possibly operate on such a small allotment. The larger business enterprises can.

In providing for trade associations to enact laws, I believe the small business enterprise is entitled to have one vote every time the large business enterprise has a vote. I concede that the bill itself says that the President is authorized to prescribe rules and regulations designed to insure that any organization availing itself of the benefits of the title shall be truly representative of the trade or industry, but it does not give to the President the right to say what representation each business shall have nor what representation each State shall have in a Nation-wide industrial organization.

I present the amendment because I come from one of the States that is as yet not fully and completely developed industrially. I realize, and I shall vote for the bill fully realizing, that the natural effect of the measure will be for a time at least to freeze industry where it is today. The object is to prevent overproduction. Therefore it would be wholly ineffective if they did not have the power—and they are given the power in the bill—to limit new industries and to limit the output of old industries.

Personally, and speaking for myself, although I desire and expect to go with the administration on every conceivable occasion, I do not desire that the bill shall be passed in its present form without at least calling to the attention of Senators who come from States like mine that unless this provision or a similar provision is inserted in the measure, Senators can rest assured that the control of the law-making bodies of the Nation in the future for commerce and trade will rest not with their States having equal representation, but by reason of our voluntary abandonment of our own right to pass laws we are surrendering that right to representatives of the trade associations. We will have surrendered our equal representation, which our forefathers guaranteed that each State should have in this body, in enacting laws to govern the trades and industries of the United States.

I submit the amendment and ask for its serious consideration by the Senate, with a plea to Senators who have not read the bill to read it carefully before they vote against the amendment. It is the transfer of the lawmaking power of this body and of the House of Representatives to the trade association. I am making no argument against it at the present time. I shall probably not do so under present conditions, but I do want it known that if the lawmaking privilege which we now have is to be voluntarily abandoned by us, then as a representative of the State of Alabama I want my State to have an equal representation in the trade associations that will govern the industries in the State in which I live.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BLACK. Certainly.

Mr. LONG. I have been unable to find any mechanism in the bill for the invoking of a conference, with the exception of the amendment that is offered by the Senator from Alabama. Is there any other method prescribed?

Mr. BLACK. There is.

Mr. CLARK. Mr. President, I can say for the information of the Senator from Louisiana that it was testified before the committee that General Johnson has already called all of these conferences and has all the codes prepared even before he has been appointed.

Mr. BLACK. I call the Senator's attention to page 9, to a provision which perhaps is the closest of any to what he has in mind. It is that "the President is authorized to prescribe rules and regulations designed to insure that any organization shall be truly representative." That is a little different from the statistic system of Italy where they prescribe that a very small percentage can enact rules and regulations. Here it is left to the President to determine what the percentage shall be.

Mr. WAGNER. Mr. President, the bill provides that any association adopting a code must be truly representative of the industry.

Mr. BLACK. That is correct.

Mr. WAGNER. And that the membership in that association must be free.

Mr. BLACK. The Senator is correct.

Mr. LONG. I understand the Senator can issue some pronunciamento or rule or order or something of that kind.

Mr. BLACK. What is meant is that after an association has been formed the President can investigate to see whether or not it is truly representative of the industry, whether there are enough numbers of the association to make it representative of the industry. It would not at all affect the method of organization of the industry. There

is no provision in the bill whatsoever which attempts to prescribe by legislative decree how these associations shall be made up as to their representation.

Mr. LONG. The point I am trying to make, unless we adopt the amendment of the Senator from Alabama, is that I do not see anything in the bill topside or bottom that says whether it shall be according to States, according to capital, or what will be the basis of getting a trade or industry together to write a code.

Mr. WAGNER. Those who meet must truly represent the industry or a subdivision thereof. It must appear, and the President must find, that such associations or groups impose no inequitable restrictions on admission to membership and, as I said, are truly representative of such trade or industry or subdivisions thereof.

Mr. LONG. The President must find it is truly all right. I admit that. But that does not mean anything. It only means that he shall be fair. In other words, we assume he will be fair. I thought probably we would have some light on it, and I waited for someone to offer an amendment relating to it, and I am glad the Senator from Alabama has offered it. But the point I make is that there should be some fair rule. If the Senator from Alabama has not got one, then let us have one that is fair.

Mr. BLACK. Let me say that this may not be the proper way to fix representation. I do not know.

Mr. LONG. I do not know either.

Mr. BLACK. But I do know this: A man was in my office last week and told me the United States Cast Iron Pipe Co. had put him practically out of business by reason of the fact that they manufacture a secondary product and sell it at a price so much below the cost of production that he, a small manufacturer, could not continue in business. That is one of the competitive matters that the Senator from New York seeks to correct, and it is something that should be corrected.

I said to him, "Are you willing to go into a trade association with the United States Cast Iron Pipe Co. and the other pipe companies in order to fix the rules and regulations governing this situation?" He said, "No." I said, "Why not?" He said, "Well, I would have about 1 percent of the business and the United States Cast Iron Pipe Co. will start out with 72 percent of the business, which will give it 72 percent of the voting strength"; and he said, "It will mean that the 72 percent of voting strength will absolutely determine the rules and regulations under which I am to operate down in Birmingham, Ala."

I looked at the bill after that, in order that I might determine for myself how the matter could be remedied. This man stated to me that he would prefer to have the matter left in the hands of Congress, because he knew that his State had two Senators here who would at least try to see that no injustice was done to the smaller industries there. Now, however, since this bill seems to be destined to pass, I want to ask those who desire that it be made successful how we are going to protect the smaller industries from the trade regulations adopted by the larger industries, unless there is somewhere placed legislatively in this bill a provision which will guarantee that the industries in the smaller States, or the smaller industries in the larger States, shall have an equal right in some way to have their voice heard.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from New York?

Mr. BLACK. I yield to the Senator.

Mr. WAGNER. I do not see how it is practicable to limit the membership or the voting strength of the trade associations, as the Senator proposes, by mere State representation. I do not think it would be fair that in one State where there might be 10 units of an industry and in another State only 1 the 1 shall have a vote equal to the 10 votes in another State. I do not think State lines ought to be considered in connection with this but only industries.

There is a very definite mandate in this legislation that the President, before he approves a code, shall find that the association represents the industry——

Mr. BLACK. It might do that.

Mr. WAGNER. And also, as I said before, that admission thereto shall not impose inequitable restrictions. The clear implication there is that each industry and member of the association shall have an equal voice at that meeting and in the adoption of a code.

Mr. BLACK. If it means that, then, of course, there is no objection to putting it in the bill.

Mr. WAGNER. That is what it does mean.

Mr. BLACK. Then there should be no objection whatever to this amendment.

Mr. WAGNER. The Senator is not proposing that. The Senator is putting in a great deal more that may seriously hamper the proper administration of this legislation, because he provides here:

> No trade or industrial association or group shall be eligible to receive the benefits of the provisions of this title unless such associations or groups give an equal voting strength to the industries, trades, and groups of each State, as State units.

That might be so disproportionate as to be very unfair to the industries of one State. I think the logical and the sensible way to provide representation is that each unit in the industry shall be represented, and that they shall have equal representation and equal votes in that association; and undoubtedly that is the requirement which will be imposed. That, however, is not at all what the Senator is proposing.

Mr. BLACK. In reply to what the Senator has said—because the Senator has hit the gist of the argument—may I say that if you will go back and read the debates when the Constitution of the United States was written, you will see that the Senator from New York has made exactly the arguments that were made against each State having two Senators. The statement was that it was not fair to give a State with a small population as many Senators as a State with a large population. Nevertheless, that was written into the Constitution; and nevertheless today, when we pass laws governing and regulating industries, those laws are passed by, and must meet the approval of, a body composed of two Senators from each State—the small State of Arizona, and the large and populous and wealthy State of New York. So there is nothing new in that argument.

Mr. WAGNER. I do not think the Senator is citing an analogy at all. I do not think that is involved in this question. Does the Senator think it fair that 2 units in one State may have the power to impose a code upon 10 units in another State, by a vote of 2? I do not think that is fair.

Mr. BLACK. When States have a privilege which has been given them under the Constitution, and which they have enjoyed since the very beginning of the history of this Government, if their representatives in this body deliberately yield that right, divest themselves of the lawmaking power to protect their States, and to that extent turn the lawmaking privilege over to another association where their States do not have their constitutional privileges and their constitutional representation, I think they are abandoning something which their States are entitled to receive; and I think there is an argument in favor of it. I will tell you what it is.

There are certain States in this Union that have been largely developed already. It was not altogether due to the fact that they had any more natural wealth than the others. There were many things that entered into it. For instance, the section from which I come was held back by reason of reconstruction days. The section of the West has been held back. There has been a slow and gradual process of development; but those States have resources of industrial wealth that are as yet practically untouched. I claim that if this bill means what it says, and if I can read it aright, it means that the trade associations can determine hereafter how much a factory in Alabama shall produce, how much a factory in New York shall produce, where a new coal mine shall be dug, how much coal shall be dug in Alabama and how much shall be dug in Pennsylvania.

There can be no question about that. That is the object and purpose of the trade associations. That is exactly what they have done in the countries that have them. Without that it would be useless to pass the law. It would be wholly

useless to establish trade associations unless we were going to restrict extraordinary output and curtail it where it is necessary, and to prevent new developments where necessary.

I claim that those States which do not happen today to have as much population as some others, or which do not happen today to have as many industries, but which have just as much natural wealth, are just as much entitled to an equal representation in the body that makes their laws as are the States that have already been developed in their resources and their population.

This is a fundamental question which I am raising in this amendment. It is a question in which every Senator from a smaller State, as he will realize in less than 6 months, if he does not realize it now, is vitally interested. I have already realized it from my own correspondence, because of the information which has come to me with reference to what is being done with reference to the allotment of output of a mine. I know that it means—and it may be absolutely right that it should mean this—putting a number of small mine operators out of business. It means that they will be thrown into bankruptcy.

If it is necessary to do that in order to advance the general welfare and to conserve our natural resources, that is another proposition; but when this body, which is composed of two Senators from every State, from Arizona to New York, from the small State of Nevada to New York, divests the two Senators from a State of the right to determine how the mines out in that State shall be operated, what shall be their output, and whether or not a new one shall be dug, I claim that those Senators will neglect their duty in this body if they do not attempt to see that their State has an equal representation in the new legislative body which we are setting up by this measure.

Mr. TRAMMELL. Mr. President, as stated by the Senator from Alabama [Mr. BLACK], I think his amendment does raise a very serious question, and one that should be given serious consideration at the hands of the Senate.

One feature of the legislation which we have been considering and are now considering that has caused me considerable apprehension has been the fact that unless it was safeguarded there would be manipulations within the trade groups and within the organizations that would be the to the detriment of the smaller industries in the country.

There is one thing that we have not yet done, and it is illustrated upon every question that comes before the Senate: We have never yet driven out of the human breast a spirit of selfishness, and a desire to promote first the interests of those who are engaged in a particular industry.

If anyone doubts that, trace, if you will, the provisions of every piece of legislation that comes before the Senate, and you can easily point your finger to indications—although they may be veiled or shielded more or less in the measure—of selfishness, where someone is endeavoring to get the advantage of someone else.

That was true in our bank catastrophe that occurred about March 4. The banks were all closed, presumably for a commendable purpose, and for the purpose of safeguarding the public; but when we reached the point, in the process of reopening the banks, of enacting new legislation governing the banks—there is no use of going into that question—everyone knows what happened.

The first legislation that was passed here gave absolutely no recognition to the interests of the State banks. It gave no recognition to the interests of their depositors, to their security, or the localities in which they were situated. I voted for that legislation, because we had to do something; but I stated upon the floor, and the RECORD will disclose that I stated, that I was sadly disappointed in that legislation which was being hurried through the Senate, because there had been a total ignoring of the interests of more than a majority of the bank depositors of this country.

That was thoroughly established. Of course, if anybody had deigned to offer an amendment on that evening, when we passed that first bill, he would have been accused of being a traitor to his country; yet on the day following amendments were proposed, and within 5 days three different amendments had been proposed to this holy legislation, and in the course of time we succeeded in getting more or less amendments.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I do.

Mr. LONG. I desire to say to the Senator that I offered an amendment that day, when it looked as though a man would be murdered if he did; and we messed around here 2 or 3 weeks, enacting into law the substance of the amendment that I offered to that bank bill.

Mr. TRAMMELL. Yes; I recall that.

Mr. LONG. And as the result of failing to carry out that amendment, we have been fiddling around and trying to get a bank bill ever since.

Mr. TRAMMELL. Yes. We have a very desirable provision, as I understand, that is liable to be eliminated by the conference committee—a provision which provides a guaranty protection for patrons of State banks and depositors of State banks. Why should they not have a guaranty, the same as the national banks of this country?

Therefore we see plainly the spirit of selfishness running into our banking legislation; and it has happened, so far, that the national-bank crowd has predominated, and that the State banks have gotten only the crumbs that the national-bank crowd were willing to give them.

Whatever purpose may be behind this legislation—and I attribute to it a commendable purpose, a desire to help and assist our country in its hour of distress under the conditions which exist today—that commendable purpose can be effectuated and accomplished only if the details of the legislation are properly embraced within the measure which may be enacted. What I want is to see the industries generally protected. I want to see such safeguards thrown around these different groups that every other group may be fairly treated, and that the public may be fairly treated. Of course, if I had been endeavoring to frame legislation to take care of the situation among the industries, I would not have abolished the antitrust laws, I would not have placed the industrial affairs of this country in the hands of the men who carry on the industries, each one of whom will be inspired to do the best he can for his.

We witnessed here during the war somewhat of a condition of this character, when the Government turned over practically everything to organizations known as "war councils", and the Council of National Defense, and we used the dollar-a-year man quite a good deal, and I see this bill authorizes the use of the dollar-a-year man.

During war times, of course, we attributed patriotism to the person who aspired to be on the roll as a dollar-a-year man. He was a patriot. I observed a good many of them in 1917 who were patriots, but upon the other hand I observed a great many of them who absolutely used the positions into which they had wormed themselves under the guise of patriotism for their self-aggrandizement, for their enrichment, and if we do not watch the situation, there is going to be a good deal of that going on under this legislation.

I had fresh in my mind years ago some instances, a great many of them, in fact. A fellow would get on a council, or on a board, who sold shoes. Some other man would get on the same board who sold clothing. Some other man would get on the board who sold hardware. Perhaps every member of a board composed of five would have some business coming before him in which he was specifically interested. The law provided that he must not vote on the particular transaction which affected his own business. He would stand aside, and the other four would vote to give him a large contract, probably give the shoe man a contract involving two or three million pairs of shoes. The shoe man would be able to say that he had nothing to do with that. If it was a question of buying 3,000 suits of clothing, the clothing man would stand aside and the others would fix him up a nice order. There was every character of manipu-

lation of that kind going on in Washington. More or less of it was discovered, as we recall, following the war, but we did not discover anything like what transpired on the part of these patriots who worked for a dollar a year.

I do not think we ought to have anything of that kind in this bill. Many of the dollar-a-year men will be honest and conscientious, but, on account of the policy, there will be sufficient of those dollar-a-year men to make it an expensive and extravagant proposition ever to appoint one of them, because those who are inclined to use the Government for their own benefit will by extravagance and by poor business application obtain sufficient from the Government to make the whole transaction one of loss to the Government.

Personally, I would not criticize what happened here recently about the kits for the conservation camps. I do not care anything about that particularly, except that the Government lost $100,000 by a departure from an ordinary business method that would have applied to the average business man.

When I was Governor of Florida, I had to remove some county commissioners, not on account of sins of commission, but on account of sins of omission. In one instance a board had allowed $100,000 to slip away, and three or four of them said, "Well, this other man suggested that." I said, "It was your duty to have known whether it was proper or not for that $100,000 to have gone in that direction. As you failed in your duty in the way of a sin of omission, I see nothing to do except to suspend you with the remainder of the board who were guilty of that sin of commission." Of course that brought on a great deal of controversy.

That is what ought to happen to somebody in regard to this kit business. Somebody has been negligent, grossly negligent, in that transaction, or the taxpayers of the United States would not have had a loss of over $100,000 on account of it.

What I am apprehensive about is that the same selfish spirit is going to prevail if we give too much control to a certain group or unit, that the others are not going to have much of a chance for a fair deal.

We may talk all we want to about a fair deal, but I have observed that, as a rule, those in power in industry, when they have the authority, have used it for their own self-enrichment; and, if to enrich themselves, and to promote their interests and their business, though it slaughters and ruins some other people who have not the strength, they proceed, regardless of the wrecks they leave strewn along the avenues of those who could not defend and protect themselves.

I have had the hope there was something in the bill which would give every State some protection, and the amendment offered by the Senator from Alabama is better than nothing of that kind. I know the purpose and intention are absolutely right, and there is call for such legislation. With that before me, and nothing else, I would gladly support it. I know the Senator's intentions are just as good as mine, and in my opinion the set-up is along proper lines to bring about an administration of the law that would be fair and just, instead of having it dominated and controlled absolutely by the Standard Oil interests, or by the General Motors interests, or by the packing interests of the country. I hope the amendment will be agreed to.

The paragraph referred to in the discussion has nothing to do with the point raised by the Senator from Alabama. That paragraph does not provide that the President shall issue a code of instructions in regard to who shall participate in the question, but it provides that the President is authorized to prescribe rules and regulations designed to insure that any organization availing itself of the benefits of this title shall be truly representative of the trade or industry or subdivision thereof represented by such organization. It does not provide that he shall issue rules and regulations to see that every group has a fair representation in the consideration of questions which may be involved. It does not do that, but there is a clause which provides that the President, by rules and regulations, can purge and investigate the entire list of those trying to get representation, and, if he does not think they are entitled to it, then they do not get representation. It does not bear upon the question of the rules and orders to see that every locality, according to State lines, has representation, or that every group has representation. It has no bearing whatever upon the point raised by the Senator from Alabama, and unless someone else can point out something else in the bill which attempts to give them representation, certainly the best we have—and I do not know but that it is perfectly all right—is the amendment offered by the Senator from Alabama, and I hope it will prevail.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. BLACK].

DISTRICT OF COLUMBIA APPROPRIATIONS—CONFERENCE REPORT

Mr. THOMAS of Oklahoma. Mr. President, with the consent of the Senator from Mississippi, I ask unanimous consent of the Senate to call up the conference report on the District of Columbia appropriation bill. It will take only a moment, I think, to dispose of it.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the conference report.

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Hebert	Robinson, Ark.
Ashurst	Coolidge	Kean	Robinson, Ind.
Austin	Copeland	Keyes	Russell
Bachman	Costigan	King	Schall
Bailey	Cutting	La Follette	Sheppard
Bankhead	Dickinson	Lewis	Smith
Barbour	Dieterich	Lonergan	Steiwer
Barkley	Dill	Long	Stephens
Black	Duffy	McCarran	Thomas, Okla.
Bone	Erickson	McGill	Thomas, Utah
Bratton	Fess	McKellar	Trammell
Brown	George	McNary	Tydings
Bulkley	Goldsborough	Murphy	Vandenberg
Bulow	Gore	Neely	Wagner
Byrd	Hale	Norris	Walsh
Byrnes	Harrison	Nye	White
Capper	Hastings	Overton	
Carey	Hatfield	Pope	
Clark	Hayden	Reed	

The PRESIDING OFFICER. Seventy-three Senators have answered to their names. A quorum is present. The Senator from Oklahoma is recognized.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. Was unanimous consent granted to take up the conference report on the District of Columbia appropriation bill?

The PRESIDING OFFICER. Unanimous consent was granted for that purpose.

Mr. THOMAS of Oklahoma. Then, I ask for the immediate consideration of the report.

The PRESIDING OFFICER. The report will be read.

The Chief Clerk read the report as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 3, 4, 6, 10, 11, 17, 20, 21, 23, 24, 25, 30, and 33.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 8, 12, 13, 14, 16, 18, 19, 26, and 27, and agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert "Director of the Bureau of the Budget"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows:

In lieu of the matter inserted by said amendment insert the following: "$1,300,000, to be immediately available"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Director of the Bureau of the Budget"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 9, 15, 22, 28, 32, and 34.

ELMER THOMAS,
WILLIAM H. KING,
HENRY W. KEYES,
Managers on the part of the Senate.

CLARENCE CANNON,
THOMAS L. BLANTON,
J. P. BUCHANAN,
Managers on the part of the House.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. COPELAND. Mr. President, this report involves a material reduction in the lump-sum appropriation, does it not?

Mr. THOMAS of Oklahoma. It does.

Mr. COPELAND. And likewise it necessitates the District of Columbia paying a million dollars toward the reimbursement of the park fund. It was understood that for this work the Federal Government should advance $12,000,000; was not that the total amount?

Mr. THOMAS of Oklahoma. I think it was $16,000,000 altogether.

Mr. COPELAND. It was $16,000,000 altogether; and that the District should pay back at the rate of one sixteenth per year. As a matter of fact, the District has paid back $4,000,000; and our committee thought that this year, in view of their overpayment, they might well be relieved of the necessity of making the payment.

Then, too, the lump-sum appropriation has been materially reduced under that of last year, which was less than that of the year before. I am frank to say that in my opinion the District of Columbia is not having a fair deal from the Federal Government.

I realize how useless it is to protest at this time and I know how nobly our conferees have labored. I also realize the embarrassment under which they have labored, because I myself have served upon a similar conference committee. I can see nothing for us to do except to accept the report and to agree to the amendments of the House to the Senate amendments, but I do feel that a voice ought to be raised, at least, in protest against the abuse of the District.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, the House of Representatives has agreed to the amendments of the Senate nos. 22, 32, and 34 with amendments. I ask the Chair to lay before the Senate the amendments of the House to the Senate amendments.

The PRESIDING OFFICER. The Chair lays before the Senate a message from the House of Representatives, which will be read.

The Chief Clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
June 8, 1933.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 9, 15, and 28 to the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 22 to said bill and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert:

"BUILDINGS AND GROUNDS

"Not to exceed $570,000 of any unexpended balances of appropriations contained in the District of Columbia appropriation acts for the fiscal years 1932 and 1933 for the Municipal Center is hereby reappropriated and made available for the construction of public-school buildings as follows:

"For the erection of an 8-room building on a site already appropriated for in the vicinity of the Logan School, $95,000;

"For beginning the construction of a senior high-school building at Forty-first and Chesapeake Streets, NW., in the Reno section, $475,000, and the Commissioners are authorized to enter into contract or contracts for such building at a cost not to exceed $1,150,000;

"In all, $570,000, to be immediately available and to be disbursed and accounted for as "Buildings and grounds, public schools", and for that purpose shall constitute one fund and remain available until expended: *Provided*, That no part of this appropriation shall be used for or on account of any school building not herein specified."

That the House recede from its disagreement to the amendment of the Senate numbered 32 to said bill and concur therein with the following amendment:

Restore the matter stricken out by said amendment amended to read as follows:

"SEC. 6. No part of the appropriations contained in this act shall be used to pay any increase in the salary of any officer or employee of the District of Columbia by reason of the reallocation of the position of such officer or employee to a higher grade after June 30, 1932, by the Personnel Classification Board or the Civil Service Commission, and salaries paid accordingly shall be payment in full."

That the House recede from its disagreement to the amendment of the Senate numbered 34 to said bill and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert:

"SEC. 8. When specifically approved by the Director of the Bureau of the Budget upon recommendation of the Commissioners of the District of Columbia, transfers may be made between subheads of appropriations provided in this act for the free Public Library, public playgrounds, public schools (except buildings and grounds and repairs to buildings), health department, and public welfare, respectively: *Provided*, That such transfers under this section shall not be made between appropriations for the several municipal services named; and all transfers, whether approved or contemplated, shall be reported to Congress in the estimates of the District of Columbia for the fiscal year 1935."

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate agree to the amendments of the House to the amendments of the Senate nos, 22, 32, and 34.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oklahoma.

The motion was agreed to.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

Mr. HARRISON. Mr. President, may we not now have a vote on the pending amendment?

The PRESIDING OFFICER. The question is on the amendment of the Senator from Alabama [Mr. BLACK].

Mr. McGILL. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. The yeas and nays are demanded. Is the demand seconded?

The yeas and nays were not ordered.

The PRESIDING OFFICER. As many as are in favor of the amendment will say "aye"; those opposed "no."

Mr. LONG. I ask for a division.

The PRESIDING OFFICER. The "noes" seem to have it.

Mr. LONG. Mr. President, I am a little bit surprised at the announcement of the Chair. I do not believe Senators understood the amendment. May we not have the amendment again stated?

Mr. HARRISON. I ask that the amendment may be read, if the Senator so desires.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 10, after line 3, it is proposed to insert the following:

(d) No trade or industrial association or group shall be eligible to receive the benefits of the provisions of this title unless such associations or groups give an equal voting strength to the industries, trades, and groups of each State, as State units, irrespective of the magnitude of trade, or business of the trades, industries, or associations of the different States.

Nor shall such industrial association or group be eligible to receive the benefits of the provisions of this title unless each individual business enterprise within the association or group is given an equal voting strength to each other business unit, irrespective of the magnitude of such business enterprise or its volume of business.

Mr. BLACK. Mr. President, I think a sufficient number of Senators demanded the yeas and nays, and I do not think the question was understood. I should like to have the question put and see if a sufficient number desire the yeas and nays. If they do not, it is all right. I ask for the yeas and nays.

The PRESIDING OFFICER. Is the request sufficiently seconded?

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. LA FOLLETTE. Mr. President, I have been requested to announce the unavoidable absence of the senior Senator from Virginia [Mr. GLASS], and the senior Senator from Montana [Mr. WHEELER]. Those two Senators are paired.

Mr. TYDINGS (after voting in the negative). I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I transfer that pair to the junior Senator from Indiana [Mr. VAN NUYS], and let my vote stand.

Mr. McADOO. I have a general pair with the senior Senator from Vermont [Mr. DALE]. I see he is not present, and, as I do not know how he would vote, I withhold my vote.

Mr. FRAZIER. On this question I have a pair with the senior Senator from Wyoming [Mr. KENDRICK]. Not knowing how he would vote, I withhold my vote.

Mr. HEBERT. I desire to announce that the junior Senator from Pennsylvania [Mr. DAVIS] has a general pair with the Senator from Kentucky [Mr. LOGAN].

I also wish to state that the Senator from Missouri [Mr. PATTERSON] is detained from the Chamber. If present, he would vote "nay."

I also desire to announce a general pair between the Senator from Connecticut [Mr. WALCOTT] and the Senator from Colorado [Mr. COSTIGAN].

Mr. McKELLAR (after having voted in the affirmative). I have a pair with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the junior Senator from North Carolina [Mr. REYNOLDS] and allow my vote to stand.

Mr. LONG. Mr. President, so that I may be able to move a reconsideration, I change my vote from "yea" to "nay."

Mr. WAGNER (after having voted in the negative). I inquire if the senior Senator from Missouri [Mr. PATTERSON] has voted.

The PRESIDING OFFICER. That Senator has not voted.

Mr. WAGNER. I have a general pair with the senior Senator from Missouri. I transfer that pair to the senior Senator from Florida [Mr. FLETCHER] and allow my vote to stand.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from South Dakota [Mr. BULOW], the junior Senator from Arkansas [Mrs. CARAWAY], the Senator from Texas [Mr. CONNALLY], the Senator from Colorado [Mr. COSTIGAN], the Senator from Illinois [Mr. LEWIS], the Senator from South Carolina [Mr. SMITH], the Senator from Nebraska [Mr. THOMPSON], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Montana [Mr. WHEELER] are detained from the Senate on official business.

The result was announced—yeas 25, nays 41, as follows:

YEAS—25

Ashurst	Bone	Clark	George
Bachman	Bratton	Dickinson	McCarran
Bankhead	Byrd	Dill	McGill
Black	Capper	Erickson	McKellar
Murphy	Robinson, Ind.	Schall	Thomas, Okla.
Neely	Russell	Stephens	Trammell
Overton			

NAYS—41

Adams	Cutting	Hebert	Sheppard
Austin	Dieterich	Kean	Steiwer
Bailey	Duffy	Keyes	Thomas, Utah
Barbour	Fess	King	Tydings
Barkley	Goldsborough	La Follette	Vandenberg
Brown	Gore	Lonergan	Wagner
Bulkley	Hale	Long	Walsh
Byrnes	Harrison	McNary	White
Carey	Hastings	Pope	
Coolidge	Hatfield	Reed	
Copeland	Hayden	Robinson, Ark.	

NOT VOTING—30

Borah	Fletcher	Metcalf	Smith
Bulow	Frazier	Norbeck	Thompson
Caraway	Glass	Norris	Townsend
Connally	Johnson	Nye	Van Nuys
Costigan	Kendrick	Patterson	Walcott
Couzens	Lewis	Pittman	Wheeler
Dale	Logan	Reynolds	
Davis	McAdoo	Shipstead	

So Mr. BLACK's amendment was rejected.

Mr. LONG. Mr. President, I send to the desk an amendment and ask that it may be read and considered at this time.

The PRESIDING OFFICER. The Senator from Louisiana offers an amendment, which will be stated.

Mr. LONG. I wish to insert it on page 9, after line 7, as a new subsection.

The CHIEF CLERK. The Senator from Louisiana proposes, on page 9, after line 7, to insert the following:

(b) Nothing in this act, and no regulation thereunder, shall prevent an individual from pursuing the vocation of manual labor and selling or trading the products thereof; nor shall anything in this act, or regulation thereunder, prevent anyone from marketing or trading the produce of his farm.

Mr. LONG. That was substantially, with the exception of the Borah amendment adopted this morning, what the Senator from Maryland [Mr. TYDINGS] caused me to say this morning when he proposed that with the Borah amendment——

Mr. HARRISON. Mr. President, if the Senator will permit me to interrupt him, I will state that if there is no other objection, so far as I personally am concerned I have no objection to the amendment.

Mr. LONG. All right.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

The PRESIDING OFFICER. The Chair inquires whether the Senator from Mississippi desires to return to the amendments passed over?

Mr. HARRISON. Mr. President, there was an amendment passed over giving the President power to stop the entrance of goods into this country; but I do not see the Senator from Pennsylvania [Mr. REED] present at this moment, and I do not desire to bring it up in his absence.

Mr. BYRNES. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from South Carolina offers an amendment, which will be stated.

The CHIEF CLERK. The Senator from South Carolina proposes, on page 11, line 1, after the word "pay" and before the word "and", to insert "maximum machine load of employees", so as to read:

That employers shall comply with the maximum hours of labor, minimum rates of pay, maximum machine load of employees, and other conditions of employment approved or prescribed by the President.

Mr. BYRNES. Mr. President, this is only an additional factor of safety——

Mr. WAGNER. Mr. President, if the Senator will permit me to interrupt him, I think it is already covered; but if the Senator is apprehensive about it, I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. BYRNES. I offer the same amendment on page 11, in line 10.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The Senator from South Carolina proposes, on page 11, line 10, after the word "pay" and before the word "and", to insert "maximum machine load of employees", so as to read:

(b) The President shall, so far as practicable, afford every opportunity to employers and employees in any trade or industry or subdivision thereof with respect to which the conditions referred to in clauses (1) and (2) of subsection (a) prevail, to establish by mutual agreement the standards as to the maximum hours of labor, minimum rates of pay, maximum machine load of employees, and such other conditions of employment as may be necessary in such trade or industry or subdivision thereof to effectuate the policy of this title; and the standards established in such agreements, when approved by the President, shall have the same effect as a code of fair competition approved by the President under subsection (a) of section 3.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. WALSH. Mr. President, I move a substitute for the committee amendment on page 6, subsection (e), which I send to the desk and ask to have reported.

The PRESIDING OFFICER. The Senator from Massachusetts offers a substitute for the committee amendment, which will be reported for the information of the Senate.

The CHIEF CLERK. The Senator from Massachusetts proposes to strike out the committee amendment, being section (e), page 6, lines 4 to 25, and page 7, lines 1 and 2, and insert in lieu thereof the following:

(e) On his own motion, or if any labor organization or any trade or industrial organization, association, or group which has complied with the provisions of this title shall make complaint to the President that any article or articles are being imported into the United States in substantial and increasing ratio to domestic production of any competitive article or articles and on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of any code or agreement under this title, the President may cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this subsection, and if, after such investigation and such public notice and hearing as he shall specify, the President shall find the existence of such facts, he may, in order to effectuate the policy of this title, direct that the article or articles concerned shall be permitted entry into the United States only upon such terms and conditions and subject to the payment of such fees and to such limitations in the total quantity which may be imported (in the course of any specified period or periods) as he shall find it necessary to prescribe in order that the entry thereof shall not render or tend to render ineffective any code or agreement made under this title. In order to enforce any limitations imposed on the total quantity of imports in any specified period or periods of any article or articles under this subsection, the President may forbid the importation of such article or articles unless the importer shall have first obtained from the Secretary of the Treasury a license pursuant to such regulations as the President may prescribe. Upon information of any action by the President under this subsection, the Secretary of the Treasury shall, through the proper officers, permit entry of the article or articles specified only upon such terms and conditions and subject to such fees, to such limitations in the quantity which may be imported, and to such requirements of license as the President shall have directed. The decision of the President as to facts shall be conclusive. Any condition or limitation of entry under this subsection shall continue in effect until the President shall find and inform the Secretary of the Treasury that the conditions which led to the imposition of such condition or limitation upon entry no longer exist.

Mr. WALSH. I should like to have read at the desk in this connection a letter from Mr. John Dickinson, who has represented the Secretary of Commerce in negotiation and preparation of this title to the pending bill. It will explain the reasons for the amendment.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read the letter, as follows:

JUNE 8, 1933.

Hon. PAT HARRISON,
United States Senate, Washington, D.C.

MY DEAR SENATOR: My attention has been called by a prominent industrialist to the provisions of section 3, subsection (e), of the national industrial recovery act as reported to the Senate from the Finance Committee. This subsection, as you know, is the one dealing with restriction of imports where such imports threaten to obstruct the effectuation of the purposes of the bill. Assuming that the bill is to contain such a provision at all, I should like to suggest for your consideration whether or not the subsection as it now stands is not too broad in one direction and too narrow in another. As the language now reads, it provides for absolute exclusion of the imported articles. The absoluteness of this provision might be tempered by providing that the President might permit the entry of the articles upon terms and conditions which would obviate their interference with the policy of the act.

Secondly, I should like to raise the question whether in another particular the subsection is not too narrow. As the language now stands, proof is required that the imports have already driven some of the American producers into a course of unfair competition before the President may act. In other words, the only way to bring into effect the operation of the section is for some of the American producers to violate their codes of fair competition or licenses if they are to have the benefit of a Presidential determination. This might well operate as an inducement to such violations and would probably do so. The difficulty could be obviated by providing that the President could act whenever he finds the imports are coming in on such terms or conditions as to obstruct or impede the effectiveness of codes or agreements in accomplishing the purposes of the act.

I attach a suggested redraft of the subsection which I believe obviates the difficulties of the subsection as it now stands. I have consulted the Secretary in this matter and find that he agrees with my suggestions.

Cordially yours,

JOHN DICKINSON.

Mr. WALSH. Mr. President, the committee amendment was originally proposed by the Senator from Pennsylvania [Mr. REED]. The committee felt that the effectiveness of the measure would be greatly restricted, if not destroyed, unless there were some provision giving the President authority to restrict imports that would be in competition with the domestic producers who were obliged to comply with codes fixing limited hours of labor, with a minimum wage, and sell their products at a fixed price not incompatible with the public interest. The proposal of the Senator from Pennsylvania gave the President the power of embargo. He could declare that particular imports were tending to destroy the effectiveness of the measure and prevent their being imported into the country.

The substitute which I have proposed has been submitted to the Senator from Pennsylvania and meets with his approval. It has been submitted to the Senator in charge of the bill [Mr. HARRISON]. We all believe that it is preferable to the committee amendment. It retains the power for the President to embargo when necessary, but also gives him, which he does not possess under the committee amendment, the power to impose limitations upon the amount of imports that may be permitted to enter the country, and also gives him the power to compel importers, where imports are restricted, to take out a license, so that he can prevent their violating his regulations.

So far as I understand, everyone interested in this particular phase of this bill is in accord; and I assume the amendment will be adopted.

Mr. VANDENBERG. Mr. President, may I ask the Senator just one question?

Mr. WALSH. Certainly.

Mr. VANDENBERG. Without changing in any degree the ultimate authority of the President to control the entire situation, would the Senator object to changing the first verb—it is not numbered, and I cannot identify it particularly—when the sentence says:

The President may cause an immediate investigation—

About eight lines down on the first page. Would the Senator object to making that read:

The President shall cause an immediate investigation?

In other words, simply at that original point to make an inquiry mandatory.

Mr. HARRISON. I do not think there is any objection to that, Mr. President.

Mr. WALSH. In view of the fact that the Senator from Mississippi has no objection, I accept the amendment. Therefore I modify my amendment by inserting the word "shall" instead of the word "may" at the place suggested by the Senator from Michigan.

The PRESIDING OFFICER. The question is on the modified amendment of the Senator from Massachusetts to the amendment of the committee.

Mr. REED. Mr. President, I am willing to accept this substitute for that which I had offered in the committee. Frankly, I do not believe part of it is constitutional.

The amendment now pending gives the President power to impose fees on the importation of the foreign article. That means, in plain words, power to put a tax upon the importation; or, in other plain words, it means that we are trying to give the President power to put on additional tariffs, and we are not giving him any rule to guide his action. It is left to his free discretion under all the circumstances, with no rule to control his action.

I do not think Congress can delegate that power in that fashion. The amendment does give the President power to establish total or partial embargoes. In my judgment that is what we shall have to do, although it may be that for a time he will attempt to collect these additional tariffs.

It is a strange contrast with the platform promises of the majority party. We now find this to be necessary, but, unfortunately, the "new deal" has to use the old multiplication table. The eternal verities of mathematics remain the same.

Mr. LONG. We are going to repeal that. [Laughter.]

Mr. REED. We might repeal it; we might try it; but the whole effect of this bill is going to be to raise American costs and American prices.

We cannot compel the foreigner to unionize his labor. We cannot compel the foreigner to pay minimum rates of wages. We cannot compel the foreigner to cut down his workday to 30 hours a week. We cannot compel him to join a code of fair competition. The effect of the bill, without some such protection as this, would be to hand over to the foreigner the entire American market.

Therefore, I am very glad that the Senator from Massachusetts is offering an amendment that will go as far as we constitutionally can go.

Mr. GORE. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. GORE. We have a rule of the Senate which provides that a Senator shall not use language unbecoming a Senator. The Senator from Pennsylvania has referred to the eternal verities of mathematics. I submit, sir, that that is language unbecoming a Senator. [Laughter.]

Mr. TYDINGS. Mr. President, I rise not to discuss the amendment but only to make an observation.

If these powers are employed by the President, and foreign goods are further excluded from the United States, of course the chances of collecting the war debts will be just that much more minimized. So I hope those who are now voting for these new tariffs will not insist too heavily, as they have in the past, upon payment in full of the war debts, because the two policies will not go hand in hand.

Mr. GORE. Mr. President, I should like to ask the Senator from Massachusetts a question. I did not fully understand his amendment. Does this amendment authorize the President to reduce duties as well as to increase duties?

Mr. HARRISON. No, Mr. President; may I say to the Senator that this amendment does not?

Mr. GORE. Would the Senator from Massachusetts be willing to commit to the discretion of the President the power and privilege, if we can do that, to reduce duties that are excessive, as well as to raise duties which he regards as insufficient?

Mr. LONG. Mr. President, somebody else would want to talk about that.

Mr. WALSH. Mr. President, I shall be glad to answer the Senator's inquiry.

The amendment proposed by me is simply to make effective the purpose of title I of this act. It is inconceivable that hours of labor can be reduced, and wages fixed, and prices of commodities established by a governmental agency and no power given to the same agency to prevent a flood of imports into this country. Without such an amendment, the whole act would be ineffective.

How is it possible to reduce working hours, increase wages, put more people to work, and fix the price of commodities so that wages will be higher, without some restriction or some control over the importations into this country that are to compete with labor and wages that are regulated under this bill? The purpose of the amendment is to give the President the same authority over these imports that he is assuming over domestic production and products.

Mr. GORE. Mr. President, the Senator's observation involves an intimation that Congress cannot repeal the laws of economics, cannot repeal the laws of Nature, cannot repeal the laws of human nature, cannot suspend the laws of mathematics. In other words, he charges indirectly that Congress cannot achieve an impossibility.

I merely wish to challenge that statement. [Laughter.]

Mr. McKELLAR. Mr. President, for fear that we may not have a record vote, I desire to be recorded as voting "no", and I want the RECORD so to show.

Mr. CLARK. Mr. President, adopting the expedient of the Senator from Tennessee, I should like to say, for the purposes of the RECORD, in case there shall not be a record vote, that I intend to vote for the amendment of the Senator from Massachusetts to the committee amendment, and then to vote against the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts, as modified, to the amendment of the committee.

The amendment, as modified, to the amendment of the committee, was agreed to.

Mr. LONG. Mr. President, perhaps I misunderstood something here. What did we amend? [Laughter.] I understood that the Senate committee amendment authorized the President to declare embargoes.

Mr. HARRISON. This was an amendment to the so-called "Reed amendment" that was recommended by the Finance Committee, giving to the President the right to keep commodities from importation into this country where the domestic prices have gotten so high as to cause an unjust competition.

Mr. LONG. That is all?

Mr. HARRISON. That is all.

Mr. LONG. That is all right.

Mr. HARRISON. Now, may I make an inquiry? There is one amendment remaining—the oil amendment.

Mr. CLARK. Mr. President, a parliamentary inquiry: Do we not have to vote on the committee amendment as amended?

The PRESIDING OFFICER. The question is on the adoption of the committee amendment as amended by the modified amendment offered by the Senator from Massachusetts.

Mr. McKELLAR. Mr. President, on that I desire to be recorded also as voting "no."

Mr. CLARK. I ask for the yeas and nays.

Mr. TYDINGS. I should like to be recorded as voting "no" on the amendment as amended.

The PRESIDING OFFICER. The yeas and nays are demanded. Is the demand sufficiently seconded? [A pause.] The demand is not sustained.

Mr. McNARY. Mr. President——

Mr. HARRISON. Mr. President, if there is going to be some politics played, I submit that I have been going along in this matter in the hope that we might get together and get this bill out of the way. If there is a disposition on the other side to play the game of politics now, we might just as well know it, and we can have a record vote on the matter. It was declared by the Presiding Officer that the demand for the yeas and nays was not sufficiently seconded.

Mr. LONG. I make the point of order that the vote has been cast and declared, and we cannot have the yeas and nays.

Mr. CLARK. I made the request for the yeas and nays before the question was even put.

Mr. TYDINGS. I call for the yeas and nays.

Mr. McNARY. Mr. President, no one on this side desires to obtrude politics into this situation or any other. This is

a very important amendment. It has been offered and debated. I think a sufficient number of hands were raised to secure a yea-and-nay vote. I think the Senator from Mississippi is willing to have a yea-and-nay vote. I ask at this time for a yea-and-nay vote.

The PRESIDING OFFICER. As many as favor a yea-and-nay vote——

Mr. HARRISON. Mr. President, I submit that there was a request for a yea-and-nay vote, and there were not a sufficient number of hands raised to get a yea-and-nay vote, and it was so declared by the Presiding Officer.

Mr. McNARY. Mr. President, that is not the point at all. I do not want to raise any technical parliamentary question; but the Senator, in frankness, ought to be willing for the Senate to express itself by a vote. I am sure he is fair enough to do that.

Mr. HARRISON. If there is a disposition to get along with this bill, as I thought there would be, there would be no necessity for that, when I had understood we had pretty well agreed to this proposition.

Mr. McNARY. There is a disposition to get along with the bill.

Mr. HARRISON. No; the disposition is to try to put some Members on record on this side who have stood against high tariff rates; and this is a high tariff. This would go to the matter of an embargo. I voted against the proposition in the Committee on Finance; but I am clearly convinced that if this proposal is to increase the purchasing power in this country and lift the prices of things, which is the intention of the legislation, some commodities from other countries might sneak in here because of the high domestic cost of those commodities, and there may be a necessity for the President to take some action to restrain importations.

So we have worked here in order to try to get together on that question. I thought the amendment of the Senator from Pennsylvania was too drastic. I voted against it in the committee; but I have had an expert here trying to work out the matter in a modified form, using the Tariff Commission as a means of ascertaining these differences in cost, and so forth. Everybody was for the proposition except a few who are not going to call for a yea-and-nay vote, and a few who are calling for it in order to put somebody on record on the matter, which, in my opinion, is pure political stuff.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, as amended.

Mr. McNARY. Mr. President, I have no desire to embarrass the Senator who is in charge of the bill, nor to suggest the absence of a quorum in order to secure a roll call. I think, however, that on this important measure every Senator should be recorded. I am astonished that the Senator should say that there is any partisan feeling. We on this side of the aisle have gone along splendidly, using every effort to speed the progress of the bill. I have asked only for this one thing, that we may have a record vote.

Mr. President, I ask for the yeas and nays.

Mr. HARRISON. All right; let us give the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, a parliamentary inquiry: Are we voting over again on the Walsh amendment? Is that what we are voting upon?

Mr. WALSH. We are voting upon the committee amendment, as amended by myself.

Mr. LONG. Authorizing embargoes on foreign products? All right; that is what I want to know.

The legislative clerk resumed the calling of the roll.

Mr. McADOO (when his name was called). I transfer my pair with the senior Senator from Vermont [Mr. DALE] to the senior Senator from Florida [Mr. FLETCHER], and vote "yea."

Mr. STEPHENS. On this vote I have a general pair with the Senator from Indiana [Mr. ROBINSON], which I transfer to the Senator from Indiana [Mr. VAN NUYS], and vote "yea."

The roll call was concluded.

Mr. LEWIS. I desire to announce that Mr. BACHMAN, Mr. BONE, Mr. BULOW, Mrs. CARAWAY, Mr. DILL, Mr. GEORGE, Mr. MCCARRAN, Mr. OVERTON, Mr. PITTMAN, Mr. REYNOLDS, Mr. VAN NUYS, and Mr. WHEELER are absent on official business.

Mr. HEBERT. I desire to announce that the Senator from Connecticut [Mr. WALCOTT] is necessarily absent. If present, he would vote "yea."

Mr. LEWIS. Mr. President, I desire to announce the following general pairs:

The Senator from Montana [Mr. WHEELER] with the Senator from Virginia [Mr. GLASS];

The Senator from Colorado [Mr. COSTIGAN] with the Senator from Connecticut [Mr. WALCOTT]; and

The Senator from Kentucky [Mr. LOGAN] with the Senator from Pennsylvania [Mr. DAVIS].

The result was announced—yeas 59, nays 12, as follows:

YEAS—59

Adams	Copeland	Kean	Robinson, Ark.
Ashurst	Dickinson	Kendrick	Russell
Austin	Dieterich	Keyes	Sheppard
Bailey	Duffy	La Follette	Shipstead
Bankhead	Erickson	Lewis	Steiwer
Barbour	Fess	Lonergan	Stephens
Barkley	Frazier	Long	Thomas, Okla.
Bratton	Goldsborough	McAdoo	Thomas, Utah
Brown	Hale	McNary	Townsend
Bulkley	Harrison	Metcalf	Trammell
Byrnes	Hastings	Murphy	Vandenberg
Capper	Hatfield	Neely	Wagner
Carey	Hayden	Nye	Walsh
Connally	Hebert	Patterson	White
Coolidge	Johnson	Reed	

NAYS—12

Black	Gore	McKellar	Smith
Byrd	King	Norris	Thompson
Clark	McGill	Pope	Tydings

NOT VOTING—25

Bachman	Cutting	Logan	Schall
Bone	Dale	McCarran	Van Nuys
Borah	Davis	Norbeck	Walcott
Bulow	Dill	Overton	Wheeler
Caraway	Fletcher	Pittman	
Costigan	George	Reynolds	
Couzens	Glass	Robinson, Ind.	

So the committee amendment, as amended, was agreed to.

So the amendment was agreed to.

Mr. KING. Mr. President, I returned to the Chamber a moment ago from a committee meeting and voted in the negative upon the question last presented. Not knowing the parliamentary status of the matter, I supposed that an opportunity would be afforded, after disposing of the substitute, to vote upon the provision dealing with embargoes as reported by the Senate committee. The substitute is objectionable but has some merits not possessed by the provision reported by the committee.

I am opposed to the substitute and also to the Senate provision and regret that no opportunity is afforded to have a direct vote upon the Senate provision which authorizes embargoes. I regret that Democrats are giving support to embargo measures. That party has been opposed to prohibitive tariffs and embargoes and has favored policies promotive of international trade. The Democrats have denounced the extreme protective policies of the Republican Party and tariff duties which have menaced our foreign trade and commerce and seriously injured not only the agriculturists of the United States but also all branches of industry. In the face of this record we abandon our views and signify our willingness to have erected walls to prevent commodities from other countries entering the United States. I wonder if the Democratic Party is forgetting the principles for which it has battled so courageously in the past.

Mr. LONG. Mr. President, I just want to make a moment's comment, which I would have made before the vote had it not been for fear that it might have been interpreted as delaying the vote.

I want to compliment the Democratic Party. It is a glad moment in my life when I see my party lining up

and coming over to the good old Louisiana sugar-tariff standpoint, for which we have contended so long. The party is getting sensible on this question.

Mr. HARRISON. Mr. President, I will ask that we now recur to page 14, the oil regulation provision, and I ask the attention of the Senator from Oklahoma [Mr. THOMAS].

The PRESIDING OFFICER (Mr. BYRD in the chair). The clerk will state the committee amendment.

The LEGISLATIVE CLERK. On page 14, after line 5, the committee proposes to insert the following section:

OIL REGULATION

SEC. 9 (a) The President is further authorized to initiate before the Interstate Commerce Commission proceedings necessary to prescribe regulations to control the operations of oil pipe lines and to fix reasonable, compensatory rates for the transportation of petroleum and its products by pipe lines, and the Interstate Commerce Commission shall grant preference to the hearings and determination of such cases.

(b) The President is authorized to institute proceedings to divorce from any holding company any pipe-line company controlled by such holding company which pipe-line company by unfair practices or by exorbitant rates in the transportation of petroleum or its products tends to create a monopoly.

(c) The President is authorized to prohibit the transportation in interstate and foreign commerce of petroleum and the products thereof produced or withdrawn from storage in excess of the amount permitted to be produced or withdrawn from storage by any State law or valid regulation or order prescribed thereunder, by any board, commission, officer, or other duly authorized agency of a State. Any violation of any order of the President issued under the provisions of this subsection shall be punishable by fine of not to exceed $1,000, or imprisonment for not to exceed 6 months, or both.

Mr. THOMAS of Oklahoma. Mr. President, I offer an amendment proposing to strike out a portion of subsection (c), on page 14, lines 20 to 25, inclusive, and a portion of line 1, on page 15. I will ask that the clerk read the substitute for those lines.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. The Senator from Oklahoma proposes to strike out, on page 14, lines 20 to 25, inclusive, and line 1 on page 15, ending with the word "State", and to insert in lieu thereof the following:

(c) The President is authorized to prescribe regulations to supplement State conservation laws regulating the production of crude petroleum, to allocate equitably the national market demand for crude petroleum and the products thereof among the oil-producing States and also between domestic production and importations, and to prohibit the transportation in interstate commerce of crude petroleum and the products thereof produced or withdrawn from storage in violation of any State or Federal law or the regulations prescribed thereunder.

Mr. THOMAS of Oklahoma. Mr. President, this amendment embraces but 10 lines. It contains four separate and distinct propositions, which I can explain in a very few moments.

The first part of the amendment proposes to give the President power, not directory, not mandatory, but permissive, to prescribe regulations to supplement State conservation laws regulating the production of crude petroleum. That is the first proposal.

Some States have made provision by law for controlling the production of oil in such States. My State has such a provision on its statute books, Texas has such a provision, and other States have provisions of that character.

Some States do not have any law even attempting to protect and regulate the production of petroleum within such States. This amendment proposes to give the President power to supplement existing law in States which have undertaken to control the production of petroleum.

The second part of the amendment proposes to give the President power to allocate equitably the national market demand for crude petroleum and the products thereof among the oil-producing States. It simply provides that if the States cannot get together and allocate among themselves satisfactorily the correct amount of petroleum to be produced, but fail in that endeavor, the President will have the power to step in and say to the several States, "You can produce so much, and no more."

The third power conferred, which is permissive, is that the President may allocate production of petroleum and petroleum products between domestic production and importations. That means that if some person, firm, or company proceeds to bring into this country a flood of oil sufficient to run down the price and interfere with the prosperity of the oil industry and thereby demoralize, if not destroy, vast sections of this country, the President may step in and say to such importing concerns, "You are importing too much oil. You must act within reason and with regard to the interests of the oil producers in this country." The President will have the power to make an appropriate order and to enforce such order if made.

The fourth provision of the amendment would give the President permissive power to prohibit the transportation in interstate commerce of crude petroleum and the products thereof produced or withdrawn from storage in violation of any State or Federal law, or the regulations prescribed thereunder.

Mr. President, in some of the oil-producing States there are individuals, firms, and companies who will not obey the laws passed by the States and will not obey the regulations prescribed under and by the authority of law. In my State we have a corporation commission. The rules, regulations, and orders of our commission have been violated. Other States have regulatory bodies, and such commissions have the same trouble we have in Oklahoma.

We have no effective Federal law and some of the oil producers will not obey either State law or State regulations. The oil business is prostrate and thousands of oil producers are bankrupt. Today oil is selling in many places for from 10 to 18 cents per barrel and the average price throughout the country is 25 cents per barrel. Prosperity cannot return to our country when the third largest industry is in such deep distress.

Mr. President, I represent a State of tremendous oil resources and a State in which probably a larger proportion of citizens are interested in the production of oil than in any other State in the Union. Not only this, but I represent a State where the oil interests are peculiarly those of the small landowner and the small independent producer, and the welfare not only of my State but the people of the State individually are sorely affected by the chaotic and unstable conditions that have existed in the oil industry for many years last past.

Naturally I am keenly interested in the subject matter. In the study of the oil problem I have gathered data from many sources and I have come to the conclusion that had the warnings and advice given the country, the Federal Oil Conservation Board, and the Congress, been heeded, and followed, the present ills of the oil industry could all have been easily avoided and the industry would not be in the deplorable condition in which it today finds itself.

I find that there has been an overproduction of oil in the United States of America as a whole since about 1920, and the conditions which brought about this overproduction of oil and the remedy therefor was laid before the directors of the American Petroleum Institute many years ago. The facts that we all now know to be true were denied and all remedies offered to cure the ills of the industry were opposed by the representatives of major oil companies. These large oganizations felt that they profited from the misfortunes of the smaller and independent people in the oil business. These companies that did not want to see stability in the oil business exerted all their influence and power to frighten the smaller producers and landowners and to make them believe that they should resist anything in the nature of new legislation or Government control of the industry. We have now reached the point where the oil industry is on the verge of collapse, and we all recognize that even a prohibitory import duty would not be sufficient alone to take care of the situation, nor is it possible for the States either acting jointly or severally to correct these evil conditions.

I am reliably informed that the records of the American Petroleum Institute will show that the conditions that have

confronted the oil industry for several years were foreseen and could have been guarded against. I also know that the records will show that these facts were laid before responsible agents of former administrations as early as 1924.

The period of loss and chaos, so harmful to the small producers of oil, and which has been a tremendous factor in bringing about the present instability of all business in this country, could have been corrected and would have been corrected except for these big interests in the petroleum industry who believed they could profit from the hardships of the smaller landowners and independent operators. After this matter was brought to the attention of the Federal Government any change in the methods, procedure, and policies of the industry was strenuously opposed by the large oil interests and the men who argued and pleaded for a measure of Government regulation were met with ridicule, sarcasm, and opposition. The records of the Conservation Commission will disclose that there was abundant proof before that body that action should have been taken, and my conclusion is that the agents dealing with this matter for the administrations of both President Coolidge and President Hoover were intimidated from taking any action in this matter for fear of arousing the opposition of rich and powerful interests.

I have before me literature from the files of the Federal Oil Conservation Board representing the testimony offered by different men in the petroleum industry to the officers of the Federal Government and to the Federal Oil Conservation Board. I am advised that as early as 1920, and perhaps sooner, one man of the petroleum industry who has been the leader in this effort toward reform worked patiently for several years with the men of the oil industry to induce them to bring about necessary reforms and conditions in the oil business which would be such as to make it safe for the small capitalist and the small producer. After every suggestion of reform had been rejected by the representatives of the large companies that then controlled the oil industry an appeal was made to the Federal Government. The facts relating to the oil industry were summed up in a letter under date of August 11, 1924, from Henry L. Doherty to President Coolidge, which is as follows:

AUGUST 11, 1924.

Subject: Conservation of petroleum oil.

The PRESIDENT,

Executive Mansion, Washington, D.C.

SIR: For a long time I have viewed with great alarm the rapidity with which we are depleting the petroleum oil reserves of this country.

Under our present system we are bound to become a pauper nation so far as oil is concerned before the oil resources of many other countries have been seriously drawn upon.

When I became thoroughly convinced, several years ago, that many, and probably most, of our oil pools could be located and mapped out by surface observations without putting a drill into the ground, I realized that this might mean the early and premature exhaustion of our American oil reserves.

Developments in the science and practice of oil production since then have increased the fears that were born in my mind at that time, and the developments of the past 18 months have convinced me that remedial measures must be adopted at once. I therefore conceived it to be my duty to evolve practical plans for conservation and to find some agency sufficiently powerful in influence to put these plans, or such better ones as may be evolved by others, into operation with the least possible delay.

I have been forced to the conclusion that only through the efforts of our Federal Government can the oil problem be solved, for time is the essence of this problem, and there will be no satisfactory solution unless it is done promptly.

After reaching the conclusion that there was no other agency capable of handling this problem other than our Federal Government, I was still at a loss to know how to proceed. As no branch of our Federal Government is charged with the specific responsibility of conserving our natural resources, and also on account of the magnitude and importance of the problem, I felt I was justified in addressing you upon this subject. In my opinion, it has gotten beyond a mere departmental problem and has become a real administration problem of the first magnitude. When I decided to put this problem up to our Federal Government I did not believe the Federal Government had jurisdiction over it, but I am now convinced the Federal Government has this power.

The United States Geological Survey estimates the entire recoverable oil reserves of this country at 9,000,000,000 barrels. This is based on our present wasteful methods of operation. Last year we took from the ground approximately 750,000,000 barrels. This represents depletion at such an alarming rate as to terrify anyone who will give these figures 5 minutes of sober thought. Many industries are absolutely dependent upon petroleum oil, and oil is a prime war necessity.

Conservation measures should have been adopted long ago, for the ultimate result has been obvious for many years, but it has been only recently that the rate of depletion has increased so rapidly as to become a matter of acute alarm as to whether conservation measures can be adopted quickly enough to avoid embarrassment. Unless something is done we must soon face an enormous deficit in oil production as against our current consumption.

Oil is not only a war resource but the mere possession of an abundance of it is a serious discouragement to any other nation to become involved in war with us. A deficiency of oil is not only a serious war handicap to us but is an invitation to others to declare war against us.

If war must come again, it is apt to be in every instance a world war. If our oil supply is deficient, we will not be so eagerly sought by other nations as an ally, and those countries having an abundance of oil will be so sought. If we become involved in such a war we may not have a single country as an ally which has an abundant supply of oil. Even if we do have allies able to supply oil, nevertheless our oil supply will be at the risk of ocean transportation.

The shocking depletion that has characterized our oil reserves is not due to the ease with which we can locate new pools, but is due primarily to the fact that under our present unfortunate laws each pool, as discovered, must be immediately devastated. No other property, or product from property, is subject to similar laws except wild birds and animals—and what has happened to our wild birds and animals is rapidly happening to our oil.

Practically every evil of the oil business, and everything about which the public complain, is due to the fact that oil does not follow the usual law of property rights, but belongs to the man who can capture it. Other mineral products are located and blocked out, but are only taken from their ground reserves as the market needs them. The discovery of an oil pool means that every landowner or lessee can take as much oil from this common pool as he can get, and there is always a frenzied scramble to bring the oil to the surface before somebody else can get it, regardless of whether the market needs it or not.

Under present conditions oil must be consumed practically as fast as it is found, whether it is needed or not. Therefore the exhaustion of our oil resources is not based on our market needs for oil but on the rapidity with which our remaining reserves can be uncovered.

Our present methods are necessarily wasteful. In some cases we do not recover more than 10 percent of the oil in the sand, and practically all of the natural gas that accompanies it is wasted. This natural gas, which is largely wasted, is sometimes of a total energy value in excess of the oil recovered.

For 4 years we have been continually producing more oil than is being used, and this in spite of the fact that a large quantity of oil is being used for purposes which could be as well supplied with other cheaper and more abundant fuels. In other words, we are producing and selling large quantities of oil which is simply displacing, on an energy basis, the equivalent amount of coal. The oil is a total loss to those industries which must have oil and which cannot use coal or other forms of fuel.

In spite of the fact that we now have a large overproduction of oil, nevertheless should the army of geologists now at work in the field prospecting for oil succeed in locating enough additional pools to increase our production by 1,000,000 barrels per day, you would see our consumption increase correspondingly. The amount of oil that can be tanked is almost microscopical in relation to the amount that represents the real overproduction. Practically all of this overproduction must be forced to a price where it can displace other fuel and is as much of a loss to those purposes which can only use oil as it would have been had the oil been burned at the mouth of the well.

Our production has for several years been so high that no attempt is made to refine all of our oil. There is as much lubricating oil and waxes run to our fuel tanks and sold and burned as fuel oil as is recovered. What is the excess by-product of today may become the much-sought-for primary product in the near future.

I will undertake to convince any intelligent and unprejudiced commission—

First. That our present methods are viciously wasteful in every way.

Second. That the first step in conservation must be to provide that ownership shall be determined otherwise than by capture.

Third. That if our laws are changed to make oil and gas conform to the laws governing all other property its division among the different landowners can be made with a greater relative degree of equity than now prevails.

Fourth. That if we can develop our pools without undue haste we can recover at least double as much oil as we do now and raise much more of it to the surface without the cost of pumping by merely preventing unnecessary waste of gas.

Fifth. That we can greatly prolong our supply of natural gas to the cities now being supplied.

Sixth. That this country could, if necessary and under normal peace conditions, adjust itself without much hardship to the use of petroleum oil to not more than half of that produced in 1923.

While I have claimed above that we could recover double as much oil as we do now, I think it is reasonable to presume that if we could work methodically and scientifically, instead of being governed primarily by haste, possibly we might in many instances recover all of the oil in the sands instead of recovering from 10 to 35 percent, as is now estimated by the Bureau of Mines. I further think that I can show the omount of oil we do recover under present methods is overestimated rather than underestimated. If we can curtail our consumption by one half and increase our production by two, it will increase our oil reserves for a period four times as long as under our present methods.

If the laws governing the production of oil are made to conform with the laws pertaining to all other property, we will, by the very nature of things, develop our oil pools in the same manner as other mineral resources. That is, we will always have large bodies of oil located and blocked out, and in event of war we can draw on these ground reserves very quickly to supply either our increased needs occasioned by war or to take the place of oil which at that time was being imported from foreign countries.

No conservation plan can succeed that does not abolish the system we now work under, whereby oil belongs to the man who can capture it, and while I think the abolishment of this system will give all the relief we need, nevertheless, if it does not, we can adopt other conservation measures as their need is demonstrated.

I am satisfied that Congress has power under the Federal Constitution to pass laws specifying how oil shall be produced. Section 8 of the Constitution provides: "The Congress shall have power to * * * provide for the common defense * * *." To provide for the common defense, it is essential that our oil be conserved. I am satisfied that Congress not only has power to enforce conservation, but that the Federal Government is charged with the responsibility of doing whatever is necessary to "provide for the common defense." However, I would not recommend that Congress legislate to specify how oil shall be produced, except that the separate States refuse or fail to do so.

If the separate States would pass legislation providing for oil districts, similar to the laws that have been passed and sustained by our courts for irrigation and drainage districts, this would make possible the handling and conserving of an oil pool under the same conditions as now pertain to other mineral bodies.

What I would recommend is that you should delegate to a committee of lawyers the formation of uniform legislation for every State providing for the conservation of oil; that you would then call a conference of Governors and request them to pass this uniform legislation in their States, and say that unless it is done by a certain date that you will be compelled to request Congress to pass legislation taking jurisdiction of oil production throughout the United States.

I am aware of the fact that you have appointed a Commission to consider means to insure a supply of oil for our Navy, and I have discussed certain features of this matter with Dr. George Otis Smith, chairman of this Commission. I have told him that, in my opinion, it is easier to solve the entire oil problem than it is to simply provide oil for our Navy under the present system. I have also told him that the setting aside of naval reserves will prove entirely inadequate and will also be demonstrated a colossal failure if the emergency arises whereby they must be called upon. Teapot Dome would have proved a terrible disappointment, and any unknown deposits of oil hundreds of miles from tidewater would in case of war prove more of a liability than an asset. The people who talk so glibly about our naval reserves or our shale beds as a source of oil in case of war may see a war come and go before either succeeds in giving a substantial contribution to our needs for oil.

While the country can adjust itself to the utilization of a smaller amount of oil if worked out under normal peace conditions and in an evolutionary manner, it cannot, however, adjust itself to the use of less oil in a revolutionary manner, as would necessarily be required should we become engaged in war, without seriously handicapping our industrial efficiency in prosecuting the war. If war comes, our Navy must be provided with oil. Under present conditions this oil can only be provided by taking it away from the industries that are now getting it; but under the conditions I recommend, every oil pool will then represent a large ground reserve which can be drawn on very quickly, and, if this policy had been in vogue for a long enough period before the war, we should then have a large enough ground reserve of oil to carry us through a long war.

I thoroughly believe, and respectfully represent to you, that this oil problem is one of the most important matters needing your attention. I also think a declaration from you that you intended to take steps to conserve oil would immediately be commended by a very large number of our most intelligent citizens and, when accomplished, would for all time thereafter be regarded as a great credit to you.

On the other hand, if the public some day in the near future awaken to the fact that we have become a bankrupt nation so far as oil is concerned, and that it is then too late to protect our supply by conservation measures, I am sure they will blame both the men of the oil industry and the men who held public offices at the time conservation measures should have been adopted.

The men in the oil business who appreciate the seriousness of this situation feel that they cannot be blamed, as they are compelled to work under the laws made by the courts and the State legislatures. They also feel that it is up to the Bureau of Mines or the United States Geological Survey to say when conservation measures should be adopted and what these conservation measures should be.

I am an oil producer myself and therefore am unavoidably a party to this vicious system. I intend to do all I can to reform this system, but, failing in that, I want to frankly admit that I intend to make a record to which I can point whenever the inevitable time arrives when an indignant public asks for an explanation.

Every business and industry is controlled largely by its conservative and standpat element. Governmental changes largely come from the radical and irresponsible element. Every industry fears to invite Government interference for fear of the radical and irresponsible element and the impractical reformer. For 50 years our banking business was carried on under laws which had no merit and were vicious in their effect, causing frequent but irregular money stringencies, which often climaxed into business panics that caused widespread depression and unemployment. The laws under which we then operated were never passed in the interest of the banking business or labor, but were passed to force the sale of Government bonds under the stress of war and when bonds could be sold in no other way. Many bankers knew the vicious effect of these laws, but they not only did not recommend rational laws, but endeavored to prevent all agitation for rational laws for fear of the radical and irresponsible members of our legislative bodies, and believed any change might be for the worse rather than for the better.

Repeated efforts were made of a statesmanlike character during every succeeding administration after the Bryan silver issue of 1896 to change these laws, but they did not succeed; not simply because they were not supported by the bankers, but because through fear they were secretly opposed by many bankers. Had the mass of our bankers had their way we would still be working under our old banking system. The Federal Reserve System was created by statesmen or politicians, as you may choose to call them. If it had not been for the firm determination of the first Wilson administration to pass a reserve bank law, I do not think we would yet have had such a law. Without our Federal Reserve Bank System I know we would never have gone through the war without much more serious hardships than we experienced.

I am satisfied the attitude of the men in the oil business will be no different than the attitude of the bankers except in degree, and that for the worse rather than for the better. You need only recommend to a group of oil men that they should themselves seek legislation and the mere suggestion will throw them into a panic. Many of the oil men are afraid of our Government. They see all the foreign governments stand firmly behind and support their oil industry and yet many oil men feel that they can expect only chastisement at the hands of our Government. They see the radical element in foreign governments demanding even that which is unfair but in favor of their country's oil industry. They see these foreign governments trying to help their oil interests reach the goal, but they see the politicians of our Government regarding our oil industry merely as a political football. Everybody takes a kick at it, in spite of the fact that American oil men have blazed the trail for the whole world, and no matter where oil is produced, and no matter what language is spoken, or no matter what diseases men die of, whether in the Arctic or the Tropics, it is there you will find the American oil man, and not as the workman, but as the expert or the boss on the job. If the problem I have presented to you is to be solved, I fear it will have to be done by our Federal Government without much help from the men in the oil industry, and with the determined opposition of some of the men in the oil industry.

There are three members of your Cabinet that I think are charged with a particular responsibility in this matter. I refer to the Secretary of War, the Secretary of the Navy and the Secretary of the Interior. There are two scientific departments of our Government that also have a particular responsibility in this matter. I refer to the Bureau of Mines and the United States Geological Survey. The Bureau of Standards is also capable of contributing much of value to this problem.

I will send you under separate cover 6 extra copies of this letter so you can, if you wish, give them to the 3 Cabinet officers referred to and to the 3 scientific bureaus. I do not expect any one of the three scientific bureaus to agree with all that I say; for if they felt as I do, they would have already had these statements before you. I have nothing but admiration and praise for the high standing of all of these scientific bureaus; and if you must choose between my opinions and theirs, I would naturally expect you to be guided by their opinions. However, I prize my reputation for scientific accuracy as highly as they do, and if after full conference they cannot agree with me on this matter, I will stake every shred of my professional reputation that I am right and they are wrong, in spite of their number and their standing in the scientific world.

There is not one of these bureaus that does not know of my work in engineering problems—or, if they do not, they can easily acquaint themselves with it. Whether they disagree with these views now or continue to disagree with me, I know they will not dismiss my views as those of a man who has the habit of merely seeing ghosts which are entirely devoid of either form or substance.

This will seem a long letter to you, and it is, but it is short in relation to the importance of the subject of which it treats.

It is probably unnecessary, but it may be well for me to state that I will not show this letter to anyone or state that I have written such a letter unless I first ask your permission to do so.

Respectfully yours,

HENRY L. DOHERTY.

Mr. President, this amendment was thoroughly discussed before the Finance Committee. I will not consume additional time in support of the proposal. I do, however, ask permission to insert in the RECORD copies of letters, telegrams, and editorials following the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, permission is granted.

The matters referred to are as follows:

EXTRACT FROM A LETTER FROM ONE OF THE MOST NOTED CONSTITUTIONAL LAWYERS OF THE COUNTRY

* * * * * * *

Recently the Secretary of the Interior held conferences with the Governors, and other representatives, of the several oil-producing States, and with representatives of the oil industry, in an effort to bring about a mutual agreement for controlling production. My observation is that it all amounted to nothing. Texas and Oklahoma are periodically at war with each other in the matter, and with the oil producers in their respective territories. The petroleum industry, or some parts of it, are not only ruining the industry from a commercial standpoint, but are taking from the Government a property which it owns. Bear in mind that I claim that the Government can overcome this condition by a wave of the hand, so to express it.

In support of my position allow me to point out that the Constitution was adopted by the people of the several States, expressly to provide for the common defense, etc. In it they imposed upon Congress, among others, two mandatory provisions, i. e., "To raise and support armies", and "To provide and maintain a navy", and in connection therewith empowered Congress "To make all laws which shall be necessary and proper for carrying into execution the foregoing powers."

Obedient to this command, Congress did "raise" armies and did "provide" a Navy, but is continuously confronted with the problem of supporting the former and maintaining the latter, equally mandatory injunctions. The people did not reserve or withhold to themselves anything which would make it impossible for Congress to carry out these provisions. It was not the intention that the provisions should later be emasculated by individual enterprise.

The Navy visualized by the people was one sufficient for defensive purposes. This is equally true of the contemplated armies. At the time, wooden ships with no propelling force other than wind were visualized. Today a battleship cannot leave its moorings without the aid of petroleum; without it the Navy could not function; without it the three most important branches of our armies and Navy, namely, airplanes, tanks, and submarines, would be powerless. Today over 90 percent of the horsepower of the Navy (ships) is provided by the use of petroleum, to which must be added 100 percent for the horsepower of submarines, tanks, and airplanes. However, the Constitution is not rendered impotent, nor is the Government, by being confronted with a demand for petroleum instead of wind, for the United States Supreme Court has held that while the Constitution does not change, it meets and provides for all the changes which occur in our national life. By the Constitution the Government gained a right and interest in the property of all individuals, which might be necessary to enable it to function within the provisions and limitations of the Constitution. Our Supreme Court has held that all privately owned property is a qualified ownership and does not carry dominion with it.

The interest which the Government acquired in petroleum, which in my opinion is a property, was the right to have petroleum when and as required by it to support and maintain its armies and its Navy. During the entire history of the petroleum industry the producers of petroleum have been taking from the Government that which was given it by the people, namely, the power to maintain its armies and Navy. They have been engaged in the production of petroleum by the pursuit of methods wantonly wasteful. If petroleum is today being produced by wasteful methods to such an extent as to impair the right of the Government to have an adequate supply of petroleum when it requires it, the Government has the right to institute proceedings to restrain not the production of petroleum per se but the wasteful production of petroleum.

Under the eighteenth section of article 1, the Congress has the power to enact laws to restrain waste, if congressional action was thought to be better than for the Government to proceed by injunction.

An Oklahoma statute defines waste in the production of petroleum to exist when the supply or production thereof exceeds the reasonable market demand. Our Supreme Court has upheld this statute. True, this statute is an exercise of a police power, but measuring waste by reasonable market demand was not held by the Court to be an exercise of the police power to restrain waste, but market demand was sustained as a general measure of what constitutes waste.

In case of a war, and that is what these provisions of the Constitution contemplate, armies and a navy which did not have an adequate supply of petroleum would be at the mercy of armies and a navy which did have. Petroleum, though an unknown, is a fixed quantity. It is a question of time only when this country's deposits will be exhausted. True, South America is known to have large deposits available in times of peace, but if this country were engaged in a war with a European power, every barrel of oil obtained by us from South America would mean either a naval or an aerial engagement, because the easiest way to win the war against us would be to prevent us from having an adequate supply of petroleum. Nothing of this sort was contemplated by the Constitution.

The Government, of course, has the right to take with compensation any property of the individual which it requires, but this problem does not present that condition. The Government already owns the right to have petroleum preserved for it; that is to say, that it shall not be so wastefully produced as to impair the Government's right. The question of a taking and/or compensation is not involved.

If no other methods than those now pursued in the production of petroleum were known, the Government could not be heard to say that the methods were wasteful. Present methods leave in the ground 80 percent, approximately, of the recoverable petroleum. Improved methods which require the restoration to the ground of the natural gas make approximately 100 percent of the petroleum recoverable. The Bureau of Mines, I believe, will support this statement. If the Government should enjoin one operator from continuing the wasteful production of petroleum, the power of the Government would, undoubtedly, be recognized by the entire industry, and the matter of overproduction would be, at least to the extent of controlling waste, in the hands of the Government.

* * * * * * * *

Mr. THOMAS of Oklahoma. The following communication was received this morning:

THE SECRETARY OF THE INTERIOR,
Washington, June 7, 1933.

Hon. ELMER THOMAS,
United States Senate.

MY DEAR SENATOR THOMAS: I am sending you a copy of an interesting telegram which has just reached me. I thought you would like to read this just for the slant on the situation that it gives. This, of course, is only one of many, many telegrams and letters from the principal oil-producing States which have come to me during the last few weeks.

Sincerely yours,

HAROD L. ICKES,
Secretary of the Interior.

[Telegram]

MEXIA, TEX., *June 7, 1933.*

Secretary of the Interior ICKES:

We notice in the press Senator MCADOO has introduced a measure to investigate the oil business. Unless some relief is given immediately to the law-abiding small independent producers, few will be left to tell the tale. With oil prices averaging below 25 cents a barrel, it does not take any further investigation to tell this means ruin not only to the little fellow but fast and certain waste and dissipation of one of the Nation's greatest natural resources. We plead for help before it is too late. Our State authorities in charge of oil have proven themselves totally unequal to regulate and give us any relief. From here it seems to us many suggestions and much lobbying has been done in Washington by a certain group to delay any action looking to Government control until Congress has adjourned, thereby defeating the cause.

E. L. Smith Oil Co., Inc., E. L. Smith, president; J. K. Hughes Oil Co., J. K. Hughes, president; Prendergast Smith; National Bank, Mexia, Tex., Jack Womack, president; City National Bank, Mexia, Tex., Blake Smith, president; Farmers State Bank, Mexia, Tex., John H. Sweatt, president.

The small oil producers are supporting this amendment. The following resolution is self-explanatory:

Whereas the delegates to the stripper-well conference, composed of representatives of oil and gas associations and individuals from the States of Kansas, Texas, and Oklahoma, convened in the city of Oklahoma City, Okla., on the date of May 24, 1933, and acting as a committee of the whole, adopted the following resolution:

"Whereas because of ruthless and uneconomic overproduction of crude oil the price structure has collapsed and thousands of wells of the stripper class, numbering more than 300,000, are on the threshold of being abandoned; and

"Whereas there is pending before the Congress of the United States a bill known as "the Marland-Capper bill", the purpose of which is the conservation of crude petroleum and to preserve the same as a national resource, not only for the future welfare of the Nation but as a very vital item in national defense; and

"Whereas Federal intervention is welcomed as a means toward correcting the evils and corrupt practices which have driven the oil industry from a secure and profitable business into a state of chaos and bankruptcy; and

"Whereas failure to delay the imposition of Federal control at this critical period will render definite and certain the loss of a valuable natural resource in the form of the stripper-well production, essential to the future welfare and prosperity of many individuals, cities, and towns, and State governments who are directly or indirectly dependent on the prosperity of the petroleum industry: And now, therefore, be it

"*Resolved*, That the stripper-well conference go on record in an affirmative manner, endorsing the Marland-Capper bill in its entirety; and be it further

"*Resolved*, That copies of this resolution be forwarded to the Secretary of the Interior, Secretary of War, to the United States Senators and Representatives of the States wherein petroleum is produced, and to the Chairman of the House Ways and Means Committee, and to the press for publication, with the admonition to all that the vigorous administration of the bill, if enacted into law, will elevate the industry from bankruptcy to peace and prosperity and contribute in a large degree to the general recovery of all business in the entire Nation."

NORTH TEXAS OIL & GAS ASSOCIATION.
OKLAHOMA STRIPPER WELL ASSOCIATION.
KANSAS STRIPPER WELL ASSOCIATION.
SOUTH OKLAHOMA OIL & GAS ASSOCIATION.

The following is a sample of hundreds of letters received:

THE PETROLEUM CO.,
Los Angeles, Calif., May 29, 1933.

Hon. ELMER THOMAS,
United States Senate, Washington, D.C.

DEAR SENATOR: Enclosed please find an editorial that appeared in the Los Angeles Saturday morning Times in regard to the crude-oil situation here.

Of course, you know the same conditions prevail wherever crude oil and natural gas is being produced, with Texas as the greatest violator of them all, having the greatest potential production and no effective State control, with the Governor wiring Secretary Ickes that it is necessary for Federal control and that she will support it.

That is due perhaps to the fact that there are political factions in Texas that want the oil-and-gas industry for a political plaything. * * *

I spent most of the month of April in east Texas, and at Austin, and know whereof I speak, and am inclined now to think that the Marland-Cooper bill is slated to stay in committee until Congress adjourns, unless you Members of the Senate who are in favor of this bill will see that such a thing does not happen.

This bill must come out of committee; it must be passed with 1-man Federal control; otherwise there is not even a living in the crude-oil and natural-gas business for the small independent operator, whose small wells are now absolutely worthless to him or the community in which he operates.

With highest regards and the hope that in the passage of this bill you will please and help your constituents, as well as your friends in California, I am,

Very truly yours,

M. H. MOSIER, *President.*

The editorial referred to is as follows:

FEDERAL OIL CONTROL

Since the oil industry is not permitted by the antitrust laws to organize so as to regulate itself effectively, and since State regulation has largely broken down, regulation by the Federal Government, as proposed by President Roosevelt, seems to be the only alternative to continued chaos and waste.

Federal regulation may succeed if it is kept free from politics. Unfortunately State regulation has not been so kept, particularly in Texas, where the readvent of the Fergusons to power resulted in a virtual removal of restrictions in the east Texas field—with the result that crude prices there fell promptly to 10 cents a barrel. The Fergusons went into office pledging a more "liberal" oil policy and the pledge has been kept. It is to be hoped the oil operators who favored this policy are satisfied; it is not likely that anybody else is.

The other oil States cannot compete with Texas crude at 10 cents.

What overdrilling and overproduction have done to the east Texas field—the greatest producing field in the world just now—are plainly evident in the announcement that within 60 days, if production is not shut down or greatly curtailed, the wells will have to be put on the pump because of the failure of gas pressure. Since this costs $5,000 per well for equipment, an investment that cannot pay for itself at present crude prices, an automatic shutdown of a considerable part of the field is in prospect. In some quarters it is said the Texas Oil Commission is deliberately trying to bring this situation about to solve the overproduction situation. It is a heroic remedy to throw away ultimate assets to help a temporary situation.

In this situation alone there seems to be sufficient justification for Federal interference—either that, or for throwing all the restrictions, including the Sherman and Clayton Acts, out of the window and letting nature take its course. The oil industry can be regulated in either of two ways—"the good old rule, the simple plan, that he shall take who has the power and he shall keep who can," or by a Federal arbitrator, and both plans have serious defects.

Either is preferable to the present planlessness, however. The oil industry has all, or most, of the characteristics of what economists call a "natural monopoly", which means that, if let alone, it will tend to gravitate into a single powerful control which, if benevolent, would work out to the public interest, and if grasping would require the intervention of Government to protect the public.

But it has not been let alone. It has been treated like two cats with tails tied together and hung over a clothesline.

At a meeting in Washington a few weeks ago, the majority of industry representatives voted for Federal control. A minority held out for no control whatever and a removal of all restrictions, voluntary or State-imposed, except the antitrust laws, which is precisely the situation that brought about the present mess and made control measures necessary.

These "independents", it seems probable, have never examined their own program with a really critical eye, or they would discover that it is mainly composed of unintelligent self-interest. Some of the "independents" want the major companies to continue to curtail overproduction, while they remain free to produce and sell at the increased prices curtailment makes possible. That this would soon result in the abandonment of curtailment and a flood of oil that would drown them is apparently not realized by most of the group.

This is not to say that the independents have no genuine complaint. Some of them unquestionably have been shabbily treated under various forms of control, and the major companies, or some of them, are probably not guiltless of promoting some of this unfairness. But this is not an argument against the principle of control—it is merely an argument against some control methods.

Under Federal supervision there is at least a probability that unfairness may be eliminated. The Federal supervisor will be very much in the public eye; he will be less likely to be influenced by local considerations; and if the act is properly drawn, it will provide a right of court appeal from injurious and oppressive orders—indeed, the Constitution being what it is, such a right probably will exist no matter what the statute says. Property cannot be taken for public use without due process of law.

Further justification for Federal control lies in the fact that oil is an irreplaceable natural resource, in which conservation is important. It cannot be said what future generations will use for fuel or lubricant, though probably the ingenuity of chemists will provide a substitute for petroleum when it is needed, but no good substitute is now known; so it is sensible to make wise use and prevent waste of what we have.

Mr. CAPPER. Mr. President, I desire to speak briefly in support of the amendment offered by the Senator from Oklahoma [Mr. THOMAS], which proposes to give the President powers during the emergency to regulate the production of petroleum, to allocate production among the oil-producing States, and if necessary to prorate among the oil pools.

Nearly 3 months ago, as I remember, the Secretary of the Interior, with the approval, as I understood, of President Roosevelt, called a conference of representatives of the Governors of the oil-producing States, of the major group of oil companies, and of the independent producers. This conference was presided over by Gov. Alfred M. Landon, of Kansas, himself an independent oil producer, who, I believe, has a very complete and intelligent understanding of the problems of the oil industry.

That conference, while admitting that control of the oil industry is essential for the welfare of both the industry and the country as a whole, especially as a conservation measure, declined to take the responsibility of recommending Federal control of production. It did make other recommendations, the more important of which are included in the pending measure as it came from the Senate Finance Committee. But the Governors' conference in effect recommended that the control of production be left to the States and to the industry for a reasonable period, say 2 or 3 months, before asking for Federal control.

Nearly 3 months have elapsed since that conference met. Nothing has been done to correct the situation, particularly as it is affected by uncontrolled production from the flush fields. It s apparent to me, and to most of those who have made a study of the situation, that if there is to be any effective control of petroleum production in time to save the economic lives of the smaller producers—I refer especially to the stripper-well production—and in time to conserve the oil reserves and prevent the ruin of the entire industry except possibly some of the larger companies which can afford to stand the gaff for another year or two and depend upon acquiring control of oil reserves and storage oil at cheap prices at the present time—if there is to be any effective control of oil production, it will have to be control exercised by the Federal Government, or some agency of the Federal Government.

If it were possible even to preserve the industry in status quo while a plan for control could be worked out, I might not favor simply giving the President power to control the situation. The more constitutional and logical way probably would be through a compact of the oil-producing States. But, Mr. President, there is no time for consideration of such a program.

The oil industry practically has collapsed. Oil is selling at ruinous prices. The States cannot control the situation, either singly or by concerted action. It is very evident that the industry cannot take care of the situation.

So it seems to me, Mr. President, that the only course of action remaining is to give the President power to regulate the production of oil. In effect, that power is no broader than the power we are giving him over other industries.

This problem is slightly different in a few respects. The proposed grant of authority over the production, refining, transportation, and sale of petroleum and its products undoubtedly takes those powers from the States which produce oil. But it is taking those powers in the national interest, and in the interest of a natural resource whose conservation is of vital importance to the welfare of the Nation as a whole.

It is necessary only to point to the production figures to show the need of control, somewhere, of the agencies of oil production. At the March conference there was a general agreement—except among a group who insist upon the right to produce without reference to either consumptive demand or any principle of conservation—that the actual consumptive demands of the United States do not exceed what could be served by the production of 2,000,000 barrels of crude per day.

Mr. Harold Ickes, Secretary of the Interior, who appeared before the Senate Finance Committee on this matter, reports that the total production, exclusive of imports, is close to 3,500,000 barrels a day. Neither the country nor the industry can afford to tolerate that situation.

Under these circumstances, Mr. President, it seems to me that there is only one sensible thing to do. That is to give to the President the necessary powers to try to save this great industry, second only to agriculture, from destroying itself and imperiling the national defense at the same time.

It certainly is not in the public interest to allow the oil reserves to be depleted in the criminally prodigal manner in which they are being depleted.

It certainly is not in the public interest to ruin the small producers and refiners as these are being ruined today by overproduction of the flush pools.

There are certain big oil interests that stand to consolidate what already is too close to a monopoly of the oil reserves, through purchasing storage oil and oil leases at bargain-sale prices under present conditions, and that will not be in the public interest.

Mr. President, I sincerely hope that the amendment will be adopted, and that the suggested emergency powers be given the President to handle this situation.

Mr. LONG. Mr. President, I hope this amendment will not be adopted. We do not need this amendment. Let us go along with the bill and try to pass it. If we mess it up with this kind of an amendment, it is going to dump the cards. I hope the amendment will be voted down.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oklahoma to the amendment reported by the committee. [Putting the question]——

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. The amendment is rejected.

Mr. THOMAS of Oklahoma. Mr. President, I was trying to get the floor to ask for a record vote.

The VICE PRESIDENT. The Senator from Oklahoma demands the yeas and nays. Is the demand seconded?

The yeas and nays were not ordered.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will report the next amendment.

The next amendment was, under the heading "Title II—Public works and construction projects: Federal emergency administration of public works", on page 16, line 1, before the word "of", to strike out "administrator" and insert "board."

Mr. LA FOLLETTE. Mr. President, I understood that a number of Senators are interested in offering a motion to strike out title I. I desire to ask the Senator from New York whether under any unanimous-consent agreement such a motion would be in order later on.

Mr. WAGNER. I understand not; but I ask, as a parliamentary inquiry, whether title I has been disposed of, including all amendments to it which have been offered?

The VICE PRESIDENT. There is nothing pending to title I.

Mr. WAGNER. If we go to title II, I want to inquire whether or not any Senator may thereafter offer an amendment to strike out title I?

The VICE PRESIDENT. The Chair thinks, under the custom of the Senate, Senators can do anything they want to with reference to offering amendments to any portion of the bill, but in other parliamentary bodies when title I is passed it is passed for good, and that would be the Chair's holding at the present time that the Senate is through with title I.

Mr. LONG. Is it the ruling of the Chair that we are through title I?

The VICE PRESIDENT. Yes.

Mr. LONG. So far as I am concerned, I have no motion to offer.

The VICE PRESIDENT. The Senate is on title II now.

Mr. McNARY obtained the floor.

Mr. LONG. I do not wish to make a motion myself, but I see the Senator from Missouri [Mr. CLARK] is not here.

Mr. HARRISON. May I state to the Senator——

The VICE PRESIDENT. Just a moment. Let the Senate be in order and proceed in order. The Senator from Oregon has the floor. Does he yield; and if so, to whom?

Mr. McNARY. I will not yield to anyone for a moment.

Mr. President, I uniformly go along with the rulings of the Chair, but I am not in a position to coincide with the view that we have passed title I finally. I think a motion may still lie to expunge title I from the bill.

The VICE PRESIDENT. The custom of the Senate is not to foreclose any amendment to any portion of the bill during its consideration, so that the Senator from Oregon is correct, and at any time any Senator desires to go back to any portion of the bill he has a right to do so.

Mr. McNARY. I have not any personal desire in the matter, but I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator from Oregon suggests the absence of a quorum. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Kendrick	Robinson, Ark.
Ashurst	Copeland	Keyes	Robinson, Ind.
Austin	Costigan	King	Russell
Bachman	Cutting	La Follette	Schall
Bailey	Dickinson	Lewis	Sheppard
Bankhead	Dieterich	Lonergan	Smith
Barbour	Duffy	Long	Steiwer
Barkley	Erickson	McAdoo	Stephens
Black	Fess	McGill	Thomas, Okla.
Bone	Frazier	McKellar	Thomas, Utah
Bratton	George	McNary	Thompson
Brown	Goldsborough	Metcalf	Townsend
Bulkley	Gore	Murphy	Trammell
Bulow	Harrison	Neely	Tydings
Byrd	Hastings	Norris	Vandenberg
Byrnes	Hatfield	Nye	Van Nuys
Capper	Hayden	Overton	Wagner
Carey	Hebert	Patterson	Walsh
Clark	Johnson	Pope	Wheeler
Connally	Kean	Reynolds	White

The PRESIDING OFFICER (Mr. BYRD in the chair). Eighty Senators have answered to their names. A quorum is present.

Mr. CLARK. Mr. President, I move to strike out title I.

The PRESIDING OFFICER. The question is on the motion of the Senator from Missouri.

Mr. CLARK. Mr. President, the bill in its present form again illustrates the new practice in legislation, against which I have heretofore protested, of loading down a meritorious measure with indefensible and totally unconnected matter. There is no logical or reasonable connection on the face of the earth between the meritorious and desirable pro-

visions of title II, for improving the unemployment situation by a public-works program, and the provisions of title I, for the emasculation of the antitrust laws, the imposition of embargoes, the establishment of an industrial dictatorship, and the requirement that citizens of the United States may be required to obtain a license from some bureaucrat in order to conduct a legitimate business in a free country. In company with other Senators, I would willingly and gladly support the beneficent provisions of title II, if given the opportunity, but I cannot do so while it is loaded down with the vicious and obnoxious provisions of title I. It is for the purpose of divorcing these two independent propositions and allowing an unhampered opportunity for voting for the public works bill that my amendment to strike out all of title I is directed.

Mr. President, from the time of my very earliest recollection I have considered myself a militant member of the Democratic Party. I am a Democrat by inheritance, by association, by training, and by conviction. As a boy of tender years I was present on the memorable occasion when William L. Wilson, of West Virginia, closed his stirring plea for a Democratic tariff bill in the Fifty-third Congress 40 years ago, and while I was too young at that time to retain a definite mental picture of Mr. Wilson, I still retain a vague remembrance of seeing his frail figure lifted on the brawny shoulders of my father, John De Witt Warner, William J. Bryan, and several others of his husky followers and carried in triumph around the hall.

Further along, Mr. President, I can clearly remember debates in this Chamber and in the Chamber at the other end of the Capitol which are written in letters of fire in my memory. I was a witness to the question between Speaker Reed, of Maine, and Minority Leader Bailey, of Texas, which led to a challenge to a duel on the part of the one and a refusal on the part of the other. In the House I heard repeated debates between the two renowned triumvirates of congressional debaters—Joseph G. Cannon, William Peters Hepburn, and Charles G. Grosvenor on the one hand and John Sharp Williams, David A. De Armond, and my own father on the other. I have heard the gospel of democracy expounded in the days of our ascendancy by Champ Clark and Oscar Underwood as responsible leaders of a great House majority.

In this Chamber, Mr. President, I sat in the gallery as a lad entralled by the eloquence of John W. Daniel, "the lame lion of Lynchburg", and of George Graham Vest, "the little giant from Missouri." I heard the sage wisdom of those old nestors of the Confederate service—Cockrell, of Missouri, Morgan and Pettus, of Alabama, Blackburn, of Kentucky. I heard the patriotic and sagacious advice of William J. Stone, John W. Kern, and Ben Shiveley. I thrilled to the fiery eloquence of James A. Reed.

In addition to this, Mr. President, I have heard the distinguished Senator from Arkansas [Mr. ROBINSON] the majority leader in this body, and the eloquent Senator from Mississippi [Mr. HARRISON], Chairman of the Finance Committee, speak in tones of thunder demanding strict enforcement of the antitrust laws of the United States.

In addition to these eloquent pronouncements ex cathedra, Mr. President, I had thought that I had studied the messages and pronouncements of our great party leaders—the acknowledged patron saints of the party—to some advantage. Familiarity with the principles promulgated by Jefferson, Madison, Monroe, Jackson, and other great leaders had impressed upon my mind the idea that it was by no means difficult for one to identify himself as a Democrat through communing with the works of these masters, and that by the same token it would always be easy for a Democrat to give the reason for the faith within him by reference to these august sources.

Moreover, Mr. President, I witnessed the Democratic National Convention at Kansas City in 1900, and have attended every subsequent national convention. I listened to memorable oratorical struggles in this Capitol, on convention floors, and on the hustings as to what constituted the fundamental principles upon which we all must stand. When I came to this body, Mr. President, I have no hesitation in saying that I thought I myself knew something of Democratic doctrine. I had been trained in a good school. By strict adherence to the old faith and by vigorous denunciation of certain practices of the party then in power, it was possible for me to come to the Senate. But if title I of this measure is the kind of legislation to which a believer in fundamental Democratic principles may properly subscribe, then I am incapable of understanding the English language or realizing the effect of legislative pronouncements.

Mr. President, for 40 years the Democratic Party has stood, without variation or shadow of turning, for the strengthening of the laws against trusts and monopolies and for their rigid enforcement.

Forty-one years ago that masterful man, Grover Cleveland, was elected President in a landslide as great for its day and time as that of 1932 upon a platform which declared in part:

> We recognize in the trusts and combinations, which are designed to enable capital to secure more than its just share of the joint product of capital and labor, a natural consequence of the prohibitive taxes which prevent the free competition which is the life of honest trade; but we believe their worst evils can be abated by law, and we demand the rigid enforcement of the laws made to prevent and control them, together with such further legislation in restraint of their abuses as experience may show to be necessary.

Cleveland's administration came to grief, not upon the antitrust issue but upon a party strife over the money question. Four years later, in 1896, William J. Bryan led the party upon a platform which contained the following forcible declaration on the subject:

> The absorption of wealth by the few, the consolidation of our leading railroad systems, and the formation of trusts and pools require a stricter control by the Federal Government of those arteries of commerce. We demand the enlargement of the powers of the Interstate Commerce Commission and such restriction and guaranties in the control of railroads as will protect the people from robbery and oppression.

By 1900 the country was beginning to feel the vicious effects of the failure of the McKinley administration to enforce the antitrust laws, and in Bryan's second campaign the Democratic Party declared:

> We pledge the Democratic Party to an unceasing warfare in Nation, State, and city against private monopoly in every form. Existing laws against trusts must be enforced and more stringent ones must be enacted, providing for publicity as to the affairs of corporations engaged in interstate commerce, requiring all corporations to show, before doing business outside the State of their origin, that they have not water in their stock and that they have not attempted, and are not attempting, to monopolize any branch of business or the production of any article of merchandise; and the whole constitutional power of Congress over interstate commerce, the mails, and all modes of interstate communication shall be exercised by the enactment of comprehensive laws upon the subject of trusts.

In 1904 the party somewhat changed its position on the money question by permitting Alton B. Parker to remain its nominee after the sending of his famous gold telegram, but its position upon the question of monopoly remained unaltered. So we find in the platform of 1904 the following:

> We recognize that the gigantic trusts and combinations designed to enable capital to secure more than its just share of the joint products of capital and labor and which have been fostered and promoted under Republican rule, are a menace to beneficial competition and an obstacle to permanent business prosperity. A private monopoly is indefensible and intolerable.
>
> Individual equality of opportunity and free competition are essential to a healthy and permanent commercial prosperity and any trust, combination, or monopoly tending to destroy these by controlling production, restricting competition, or fixing prices should be prohibited and punished by law.

In 1908, in the third Bryan campaign, the party declared:

> A private monopoly is indefensible and intolerable. We, therefore, favor the vigorous enforcement of the criminal law against guilty trust magnates and officials, and demand the enactment of such additional legislation as may be necessary to make it impossible for a private monopoly to exist in the United States.

By 1912 the Supreme Court had handed down its famous decision designed to hamstring the Sherman Act by its "rule

of reason", and in the triumphant campaign of 1912 Woodrow Wilson ran upon a platform pledging the party to close the gap thus created. I quote from the Baltimore platform:

A private monopoly is indefensible and intolerable. We, therefore, favor the vigorous enforcement of the criminal as well as the civil law against trusts and trust officials, and demand the enactment of such additional legislation as may be necessary to make it impossible for a private monopoly to exist in the United States.

We condemn the action of the Republican administration in compromising with the Standard Oil Co. and the Tobacco Trust and its failure to invoke the criminal provisions of the antitrust law against the officers of those corporations after the court had declared that from the undisputed facts in the record they had violated the criminal provisions of the law.

We regret that the Sherman antitrust law has received a judicial construction depriving it of much of its efficacy, and we favor the enactment of legislation which will restore to the statute the strength of which it has been deprived by such interpretation.

Little did anyone think, in that convention in 1912 which nominated Woodrow Wilson for the Presidency and adopted that platform, that the time would come when a Democratic President would recommend and a Democratic Congress would enact a provision for compelling the emasculation of every law which has ever been placed on the statute books for the control of the trusts and monopolies.

In 1916, in the second Wilson campaign, the party boasted of its accomplishment in the enactment of the Clayton Act and the creation of the Federal Trade Commission, as follows:

We have created a Federal Trade Commission to accommodate the perplexing questions arising under the antitrust laws so that monopoly may be strangled at its birth and legitimate industry encouraged. Fair competition in business is now assured.

In 1920, when Governor Cox was the nominee of the party, this principle was again enunciated, as follows:

The Democratic Party heartily endorses the creation and work of the Federal Trade Commission in establishing a fair field for competitive business, free from restraints of trade and monopoly, and recommends amplification of the statutes governing its activities, so as to grant it authority to prevent the unfair use of patents in restraint of trade.

John W. Davis in 1924 was nominated upon a platform which declared:

We declare that a private monopoly is indefensible and intolerable, and pledge the Democratic Party to a vigorous enforcement of existing laws against monopoly and illegal combinations and to the enactment of such further measures as may be necessary.

I call the attention of the Senate to the fact that in every one of these platform declarations there was never a murmur or suggestion of the repeal or emasculation of the laws against trusts and monopolies; but there was a demand in every one, on every occasion, for the strengthening of those laws and the enactment of such further laws as might be necessary.

In his gallant fight of 1928, Alfred E. Smith repeatedly stressed the outright declaration of the party upon this question:

During the last 7 years, under Republican rule, the antitrust laws have been thwarted, ignored, and violated, so that the country is rapidly becoming controlled by trusts and sinister monopolies formed for the purpose of wringing from the necessaries of life an unrighteous profit. These combinations are often formed and conducted in violation of law—encouraged, aided, and abetted in their activities by the Republican administration—and are driving all small tradespeople and small industrialists out of business. Competition is one of the most sacred, cherished, and economic rights of the American people.

"Competition", said the Democratic platform of 1928, "is a sacred right." I am sorry my friend from New York, Mr. WAGNER, is not here in order to be reminded of the platform adopted by a convention to which he was a delegate, recommended to the convention by a committee on resolutions of which he and I were both members.

We demand—

That was the position of the Democratic Party 5 short years ago—

We demand the strict enforcement of the antitrust laws and the enactment of other laws, if necessary, to control this great menace to trade and commerce, and this to preserve the right of the small merchant and manufacturer to earn a legitimate profit from his business.

Not a word there, Mr. President, of the syndicalism which is to be set up under the terms of this act.

And now, Mr. President, we come to the platform of 1932, upon which President Roosevelt and the Democratic Party swept this Nation from ocean to ocean. That great document, with the force and succinctness which distinguished it, laid the blame for this depression squarely at the door of the Republican administrations since 1920 for their failure to adequately enforce the antitrust laws. I quote from the platform upon which President Roosevelt, Vice President Garner, all of the House of Representatives, and a large number of Senators were elected:

In this time of unprecedented economic and social distress, the Democratic Party declares its conviction that the chief causes of this condition were the disastrous policies pursued by our Government since the World War of economic isolation, fostering the merger of competitive businesses into monopolies and encouraging the indefensible expansion and contraction of credit for private profit at the expense of the public.

Now, this was the platform upon which the Democratic Party went to the country in the last election, upon which we received from the people the mandate under which we are now operating:

We advocate strengthening and impartial enforcement of the antitrust laws to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor.

Mr. President, I have gone back 40 years to read the platform declarations of the Democratic Party. If I wanted to be tedious with the Senate to any greater extent than I have been, I could have quoted from the declarations of the Republican Party to almost the same extent. I could have quoted from the declarations of the Progressive Party in 1912. I could have quoted from the party headed by the distinguished father of the Senator from Wisconsin [Mr. LA FOLLETTE] and by the Senator from Montana [Mr. WHEELER] in 1924 to the same effect. No party has ever dared, since the Sherman antitrust law was placed upon the statute books, to go to the people except upon a declaration in favor of the preservation and strengthening of the antitrust laws of this country.

Mr. President, I believed in my heart when I ran upon that platform before the people of Missouri last fall that the declaration of that platform stated but the simple truth. I had no doubt that it set forth baldly and without equivocation the policy which would govern the party if it were intrusted with power. I have never been of the number of those who believe that a platform is simply an entrance for getting into office. On the contrary, I have been taught from my youth up that a platform is a declaration of principle upon which honest men should stand during the period of their candidacy and upon which they are in honor bound to remain standing after their election. Title I of this bill, Mr. President, is a flat, open, and sweeping repudiation of the platform declarations of 40 years. It is a repudiation of the last national platform, of the State platform upon which I ran in Missouri, and of the personal platform upon which I was nominated.

Mr. President, like many another, in the years since my graduation from college, I have been so unfortunate as to lose almost all of the familiarity with the Latin language which I acquired as a student. But there still comes back to me occasionally across the years a fugitive memory of some Latin quotation which I heard my father use when I was a little boy. One quotation which he was fond of using was from Virgil: "Facilis descensus Averno"—easy is the descent into hell. Now, mark you, Senators, in title I of this bill, how the initial premise of the destruction of the antitrust laws inevitably leads to other excesses abhorrent to our institutions and obnoxious to the tenets of the Democratic Party.

Assuming the premise of the destruction of the antitrust laws for the purpose of price fixing designed to artificially jack up prices and you have no logical answer to the demand for embargoes to absolutely exclude the goods of

foreign nations from entering at this artificial level. And then, Mr. President, the fact that we have emasculated our antitrust laws and that we have constructed another Chinese wall around our boundaries in the form of embargoes is used to enforce the demand that any citizen engaged in legitimate business may be prohibited from continuing it unless he can obtain a Federal license from an administrator appointed by the President. Having once started on the downward path by the reversal of our antitrust policy there is no logical stopping point short of a Federal dictatorship of every character and description of business, with an appointive officer possessing despotic power over every means of earning a livelihood, with power so sweeping as to wipe out every vestige of distinction between interstate and intrastate business. "Facilis descensus Averno."

In the language of a distinguished lawyer of my own State, the proposal for the suspension of the antitrust laws "will usher in and substitute for the reign of law the rule of men only. Not the equal power of law but the arbitrary will of the man with cash will govern."

Mr. President, the purposes of the antitrust legislation were perhaps never better stated than in the luminous language of that great jurist and statesman, the late Mr. Justice Harlan, when he said:

> All who recall the condition of the country in 1890 will remember that there was everywhere, among the people generally, a deep feeling of unrest. The Nation had been rid of human slavery—fortunately, as all now feel—but the conviction was universal that the country was in real danger from another kind of slavery sought to be fastened on the American people, namely, the slavery that would result from aggregations of capital in the hands of a few individuals and corporations controlling, for their own profit and advantage exclusively, the entire business of the country, including the production and sale of the necessaries of life. Such a danger was thought to be then imminent, and all felt that it must be met firmly and by such statutory regulations as would adequately protect the people against oppression and wrong.

That situation, Mr. President, was the occasion for the passage of the Sherman antitrust law, later strengthened by the Clayton antitrust law, which is to be repealed tonight if a vote is taken on this bill.

To the repudiation of that doctrine, to the reversal of the whole policy of our Government for nearly 50 years, I find myself totally unable to agree. To my mind, title I is as revolutionary as anything which has happened in Russia.

Let me add just one word in conclusion, and that is to invite the attention of the Senate of the spectacle which will be presented by the United States after solemnly proclaiming to the world that the hope of civilization lies in the success of the pending economic conference and the negotiation of trade agreements for the reopening of the normal channels of world trade, calmly slapping every other nation in the face by the imposition of embargoes.

Mr. President, it is enough to make a Democrat sick at heart when, instead of the bill promised by our national platform for a reduction of the prohibitive robber tariffs, we find the place of that bill being filled tonight, on the eve of adjournment, by a measure for the imposition of absolute embargoes!

Mr. FESS. Mr. President, I shall support the motion of the Senator from Missouri [Mr. CLARK]. While the temptation is very great to make a long speech, or to enter into an exhaustive discussion of this revolutionary proposal, I assure my colleagues that I will be satisfied simply to state in brief terms why I will vote for the motion to strike out title I, and if it is not stricken out, why I will have to vote against the bill itself.

It is disheartening, as well as very disappointing, that, under the name of emergency, we are led to take such steps as we are to take when we enact this proposal. The Senator from Missouri has quoted from the platform of his party, representing the thought in this country for a period of 40 years, directly pronouncing in unambiguous terms the policy of that party, which is now to be entirely repudiated. When we realize that that view represents the sentiment of a great proportion of American citizenship, not only in the Senator's party, but in other parties, and then when we see this double somersault in a month's time, in repudiation of everything that has been announced upon this subject for 40 years, I say it is disheartening; disappointing is too mild a term. It causes mental distress.

Mr. President, this proposal is not unlike the proposal for the relief of agriculture recently presented to the Congress. That was another revolutionary move. It matters not what the American people have stood for heretofore, it does not matter what is the genius of American institutions of which we are so proud; here, in a day's time, we can repudiate all that we have defended for 150 years and do it without blinking.

The only defense is that there is an emergency. Under the plea of "emergency" we would be justified, according to that argument, in suspending the Constitution of the United States. Men would claim that that would be our right and our duty if they could put it on the basis that there was an emergency.

I could not vote for the agricultural proposal for the same reason which prevents me from voting for title I in this bill. I have sympathized with the efforts of the administration to meet this great problem. I was in sympathy with the last administration in its constructive program, representing step after step to pull us through this economic world break-down. Many of the proposals—many of them drastic—I have supported with sympathy because they seemed to be the only way out. I voted for the economy program, and would do so again, in the belief that that was the only possible way for us to secure any substantial economy. I voted for the emergency bank bill, not believing that it would do all its proponents thought it would do, but that it would help. I do not include what is known as the "Glass bill", because that was a measure which we supported at the last session and supported at this session, not primarily as an emergency measure, but I think it is a piece of wise, constructive legislation, and I shall regret exceedingly if it fails to become a law.

I voted for the reforestation bill with some hesitation, knowing that Government operation is wasteful, extravagant, and inefficient, but the unemployment problem was great, and that seemed to afford an opportunity to relieve it in a degree, and for that reason I supported that measure.

I supported the railroad bill, together with my friend the chairman of our committee and the ranking member of the committee, not because it was, as permanent legislation, wise, but because it seemed to be essential, and I hope that when it is reported tomorrow from the committee on conference it will be accepted without much delay.

Mr. President, I cannot, however, vote for such legislation as that now proposed. I gladly supported a bill looking to the relief of home owners, which was presented here by my colleague the junior Senator from Ohio [Mr. BULKLEY]. I do not believe that the situation is such that we are under any command to abandon everything that is American and go to the extent, on the one side, of sovietizing, as in Russia, and, on the other hand, to fascism, as in Italy. I see no need for any such extravagant legislation as that.

Mr. President, I have simply been amazed at the urgent messages which have come to me, not only from my own State but from other parts of the Nation, urging me to support this legislation. They come from the highest-minded business men of my State and of other States. They come from the most progressive and aggressive labor organizations of my State. Both sources of the messages are for the bill for opposite reasons. Business has but one objective in supporting the legislation—to be free of the antitrust legislation. The messages from business men remind me that for the last 20 years there has been urgency of relief, in a degree, from the inhibitions of the antitrust legislation. Amendments to the antitrust laws have been offered from many sources, but never has there been any concrete proposal in the form of an amendment which could meet with the approval of either the House or the Senate. It has been impossible to get through an amendment of antitrust legislation which would afford any relief.

Now comes what appears to be an open way to reach what the country has been unable, in its legislative branch, to accomplish; and business men are urging me, for no other reason under the sun than that the bill contains provisions which would permit agreements resulting in a release from the inefficiency of the antitrust legislation, to support this measure as wise, constructive legislation. They do not seem to realize that the forces which have prevented amendments will prevent agreements. Yet in the face of that they are insisting that I should join in affording the opportunity by my vote of doing what they ought to know cannot be done.

On the other hand, labor is urging me to support this measure because they hope that union forces will be more effective; that they can secure a shorter work week and a shorter workday. I am very frank to admit that I think that that is a possibility through the legislation, but that is only one item. I have insisted, and I now insist, that we will be compelled, because of the methods of mass production, ultimately to adopt a shorter workweek. I think that is absolutely essential. But I cannot see how it can be done by a rigid law. I would not vote for a shorter workweek that would be inelastic, without any exceptions covering emergencies; but I would vote for an opportunity for industry, representing management and labor, to get together and work out the shorter workweek, and that is the way it ought to be done. That, I think, is capable of accomplishment under the agreements which may be entered into under this legislation.

Labor, however, will want to adopt the closed-shop principle, which they believe is in their interest. Labor has insisted right along for the recognition of the democratization of industry, and that is coming to be a policy which is more favorably discussed from day to day. The time will probably come when any industry doing interstate business will be required to have on the directorate of that industry a representative of union labor. That is an objective toward which labor is leaning in order that it might have a voice in the management of industry.

Labor, on the one side, is looking through this legislation to get better results from the standpoint of unionization, not only to secure the shorter workweek but also a more perfect unionization that will reach to the closed shop, including the next step, the democratization of industry. That is an objective of labor, and labor is not in favor of the abolition of the antitrust legislation. While industry is for relief from antitrust legislation, it is not for the closed shop or the democratization of industry.

Here are the two great forces in this battle of the ages going now into voluntary agreement, the one thinking it is going to get this side and the other thinking it is going to get the other side, and both in a degree will be unsuccessful, if, perchance, agreements cannot be reached, and licenses must be resorted to; and that is precisely what will take place.

Mr. President, never in the history of any civilized country, outside of Russia and Italy, has there been such a proposal as this one. First it deals with codes, indeterminate, undefined, with nothing definite. Nobody knows what will be in the codes. The President himself cannot know what will be in them.

Second, regulations and rules; third, agreement; fourth, licenses; all burdening American industry, whose chief function is to employ American labor.

The code is what? Whatever the President may see fit. What will he see fit to make it? He does not know, and no one else knows. When it is once made, as an experiment, then he may modify it, not simply alter it, but he may entirely repudiate it. Listen to this language:

> The President may, as a condition of his approval of any such code, impose such conditions (including requirements for the making of reports and the keeping of accounts) for the protection of consumers, competitors, employees, and others, and in furtherance of the public interest, and may provide such exceptions to and exemptions from the provisions of such code, as the President in his discretion deems necessary to effectuate the policy herein declared.

What is the code to be? What the President may see fit to make it. When he makes it, what can he do? He can exempt from the operation of the code anyone that he desires or sees fit to exempt. In other words, blanket authority so broad in character is conferred that nobody, including the President, knows what it will be, and to make it more uncertain there is written in the provision authority to make exceptions to it and exemptions from it. That is to be the law.

The next step under the measure is:

> After the President shall have approved any such code, the provisions of such code shall be the standards of fair competition.

The code which is indeterminate, indefinite, which may be or may not be what it purports to be and from the provisions of which, when promulgated, exemptions may be made, is to be established as the standard, and anybody violating the standard is subject to penalty. Never in a civilized country would one expect to find such a provision as that written into the law; and yet it is being written into law under an administration whose party has always, from the beginning, stood for no encumbrances on the individual, especially upon his liberty to act and to do the things which his ability and talents would justify.

When this indeterminate standard is made, then the courts of the country are authorized to enforce these regulations; and the courts, under the appointment of the President, would probably feel impelled to effect prosecutions, if prosecutions should be necessary.

That is not all; listen to this, my colleagues:

> (d) Upon his own motion, or if complaint is made to the President * * * the President, after such public notice and hearing as he shall specify, may prescribe and approve a code of fair competition for such trade or industry or subdivision thereof, which shall have the same effect as a code of fair competition approved by the President under subsection (a) of this section.

Mr. President, the difficulty of legislation of this kind is its uncertainty, its indefiniteness; and yet we are to give this uncertain thing, not yet hatched out, the force of law, making it a standard, for the violation of which the penalty of law is to be imposed.

After the code shall be adopted, then come these agreements. What are included in the agreements? Will they represent what can be agreed upon by the conflicting parties to the agreement? The agreement is in reference to prices and production.

The Socialists have always claimed that there is no possible way to maintain the stability of prices without making a contact somewhere between what is produced and what is consumed; that unless production can be kept within the limits of consumption, there is not any such thing as stability of prices. With unregulated production in industry, overproduction cannot be prevented; and when overproduction has reached the point where men can lose their employment because business cannot go on, then is reached the point of underconsumption rather than of overproduction. Socialists advocate, as a fundamental principle, the regulation of production. In similar manner this socialistic agreement is provided for, under which industry in any particular line is permitted to agree as to how much it will produce, under what conditions it will produce, and at what price it will sell its product. Then in some way production may be regulated to the point where it can be kept within the limits of consumption. That is the basis of the argument for the agreements provided for. The agreements, however, will be broad enough, after determining how much production there shall be, to provide what the price shall be, and there we have the price-fixing element.

Not only that, but we have the wage element. The first thing we know we will be called upon not only to legislate to maintain a minimum wage, but we will be called upon to direct and control contracts between industry and labor, not only as to the hours of work, but as to the terms of employment and as to the price paid for labor. What has become of the proud boast of America that an individual can organ-

ize his industry, employ his own labor, and sell his product in the market? In order that he may do that under this proposed legislation, he will have to have the aprpoval of the President of the United States, and will have to comply with whatever terms the President may see fit to prescribe, otherwise he may not continue in business.

If, Mr. President, the agreements provided for shall be entered into, no matter what their terms may be, no matter what the President may require before giving his approval, then if they shall be violated the business must either stop or else the proprietor of the business must secure a license from the Government of the United States.

Mr. President and Senators, I think no one ever dreamed that we in the United States should reach the point where no man could enter into a business of an interstate character without first coming to Washington and securing a permit, and then, after securing such a license, would not be able to continue in business unless agreeing to produce only so much, so that his output should be limited. If anybody had ever suggested such a thing happening in America, it would have been thought that he was of unsound mind, that there was something the matter with his brain. Yet here we are facing that very thing today.

When the suggestion was made that no one should be allowed to practice medicine without first obtaining a license, and that no one should be allowed to be admitted to the bar without obtaining a license, there was an outcry against it. Now, however, we are listening to arguments that there ought to be a tax on the lawyer as such and a tax on the physician as such, and the time is coming when if an individual desires to enter into some business he will have to pay a tax for the privilege of going into that business, and when he does go into the business he will have to conduct it under the direction of some bureau in Washington or else lose the privilege of continuing in business. That is the point to which America has come today on the ground of an existing emergency, and, as my friend from Michigan [Mr. VANDENBERG] suggests to me, under the auspices of the party of Thomas Jefferson.

Mr. President, I am delighted that the very distinguished junior Senator from Virginia [Mr. BYRD] is at the present moment presiding over the Senate. I have always maintained that Thomas Jefferson was the greatest exponent of individual liberty and of free government the world has ever known. I have said publicly on the platform and in writings that he was the finest exponent of local self-government, of the rights of the States and of the liberty of the citizens, who ever lived at any time in this or any other country. Thomas Jefferson announced principles antagonistic to those of Alexander Hamilton, but I have never in my life depreciated the value of the principles advocated by Thomas Jefferson.

I took it as a great honor to be invited years ago to become one of the board of governors in charge of the restoration of Jefferson's famous home at Monticello, and I had hoped to be able to introduce and have passed by this body a joint resolution providing that the Federal Government should participate in that restoration to the extent at least of rebuilding the shops on one side of the quadrangle which had been allowed to fall into decay, the others all having been restored, but under the force and stress of economy it has not been thought wise to do that. Recently I had the great privilege of looking over the plans of the famous architect of Monticello. As the Senate knows, that architect was Thomas Jefferson himself, and those plans are preserved and are extant today.

I cannot allow anyone to depreciate the value to America of the man who proclaimed liberty as one of the cornerstones of American Government. Alexander Hamilton represented the other foundation stone—Jefferson, liberty on behalf of the individual; Hamilton, authority on behalf of order. Jefferson's ideas, too far unrestrained, might lead to anything; Hamilton's, too far restrained, would lead to despotism. It took both of them to lay the foundation that underlies the ark of American Government as we now know it—the one foundation, liberty, and the other, authority. If we weaken one of them, our structure is gone. While Hamilton represented power, Jefferson represented liberty unrestrained by power. Jefferson feared Hamilton. Hamilton feared Jefferson. Either by himself would have been dangerous, but both of them, held together by Washington, gave to us the structure we now have built upon authority, on the one hand, in behalf of order, and liberty; on the other hand, in behalf of the individual citizen.

Jefferson was much more of a publicist than Hamilton. Hamilton wrote, it is true, but not so copiously as Jefferson. Hamilton was not the letter writer that Jefferson was, although I think that in the few letters he wrote he represented as fine a type of talent as there was in America.

I agree that his was probably the most constructive mind North America had produced. Jefferson wrote on all subjects. He not only penned the Declaration of Independence, but he wrote his famous autobiography, the wonderful work Anas, which is virtually a history of Virginia, and then his 20 volumes that have been published, representing a discussion of a wider range of governmental subjects than can be credited to any other man of his day.

Mr. President, Senators will recall that when the Constitution was being considered Jefferson was in France and did not happen to be a member of the convention, but his splendid representative, James Madison, was in the convention. Jefferson, from France and when he came home, was very copious in his expression on behalf of the new form of government.

Men overlook the fact that Hamilton did not emphasize liberty as did Jefferson. Jefferson did not emphasize power as did Hamilton. Hamilton would have kept out of the Constitution some of the elements of liberty; but, in accordance with the Jefferson idea, represented by Madison and others, the elements of liberty were written in the first 10 amendments to the Constitution, known as the "bill of rights".

The fundamental philosophy of Hamilton might be regarded as the constructive element in the Constitution, but the fundamental philosophy of Jefferson is contained in the first 10 amendments to the Constitution. That is the finest bill of rights, outside of the old Virginia bill of rights, of which we have any knowledge. It might be of value—and I am not doing more than simply refreshing the memory of Senators who are sitting by me—to remember that the original Bill of Rights, the finest document of its kind that ever came from the pen of any man, was the Virginia bill of rights that was written by the famous George Mason, an intimate friend of Jefferson. Those two men thought alike on that subject. Therefore the Bill of Rights, which comprises the first 10 amendments to our Constitution, represents the philosophy in government of Thomas Jefferson; and he emphasized this all the way through from the days the Constitution went into effect until 1826, when he left this world.

Mr. President, I know how perfectly futile it is for anybody to quote Thomas Jefferson on an occasion such as this today. The very distinguished and able Senator from Oklahoma [Mr. GORE] took the time to quote from Jefferson today, and also took the time to refer to four decisions of the Supreme Court of the United States.

I wondered whether the distinguished Senator realized the futility of quoting such authority—Jefferson, the founder of American Democracy, the Supreme Court, the interpreter of the laws of the Nation—on an occasion such as the present one. They do not have any effect at all, not the slightest, because now we are operating under the fetish that this is an emergency; and it makes no difference how drastic, how revolutionary, how totally abdicating it is for the American Congress to turn everything over to the President and allow him to do the most indefinite things—nobody knows just what, not even including the President himself.

Being dominated by that situation, we are going to pass the bill without blinking; and when we are asked what we

are doing, the reply will be, "I do not know." When a Senator is asked, "Where are you going?" his reply will be "To hell!" [Laughter.] That is the answer that came to me two or three times today from Senators. That is the spirit in which we are operating today.

Mr. President, Jefferson in 1792, just 3 years after the Constitution went into effect, wrote in his famous annals his interpretation so far as the Jeffersonian philosophy goes:

I told Washington that the Hamilton Party had now brought forward a proposition far beyond every one ever yet advanced and to which the eyes of many were turned, as the decision which was to let us know whether we live under a limited Government or under an unlimited Government.

Then he went on to comment upon what he feared in the centralization of power from giving too much authority to the President of the United States.

In 1800, 8 years later, he wrote to his famous friend, Gideon Granger:

You have seen the practices by which the public servants have been able to cover their conduct, or, where that could not be done, delusions by which they have varnished it for the eye of their constituents.

Notice this from the pen of Jefferson to his friend Granger:

What an augmentation of the field for jobbing, speculating, plundering, office building, and office hunting would be produced by an assumption of all the State powers into the hands of the General Government.

Someone on the Democratic side of the Chamber this afternoon called attention to the drift away from the States into supreme authority on the part of the Federal Government. One of the things about which Jefferson was very fearful was the intrusion of the judiciary. He wrote copiously upon that subject, merely because the tenure was for life, and it was independent of the people.

While I think Jefferson was unduly afraid, I think it is worth while to quote what he said back in 1821, just 5 years before he died. This was to his friend Mr. Hammond. Referring to the Federal Government, through the judiciary, usurping the rights of the States, he said:

To this I am opposed; because when all government, domestic and foreign, in little as in great things, shall be drawn to Washington as the center of all power, it will render powerless the checks provided of one government on another, and will become as venal and oppressive as the government from which we originally separated.

That is the language of Jefferson in 1821, when he was ripe in old age and matured in judgment, that this sort of thing of centralizing everything in Washington would lead to corruption and jobbery.

Mr. President, if I should say these things, people would ridicule me. I am reading from Jefferson; and I do not believe we are justified in ridiculing Jefferson. He was afraid that this movement to centralize power would entirely obliterate liberty; and this is what he said to his friend, John Taylor, in 1798:

It is a singular phenomenon that while our State governments are the very best in the world, without exception or comparison, our General Government has, in the rapid course of 9 or 10 years, become more and more arbitrary and has swallowed more of the public liberty than even that in England.

That was said by Thomas Jefferson in 1798. His fear is my fear, and ought to be the fear of other Senators, that when we once open the door for legislation like this it will be difficult, if not impossible, for us ever to close it again.

This is what he said to his friend Gordon the very year that he died, in 1826. The letter was written in January, and Senators will all recall that he died on the 4th of July 1826, the very day on which John Adams died. This is what he said:

It is but too evident that the branches of our foreign department of Government—executive, judiciary, and legislative—are in combination to usurp the powers of the domestic branch, all so reserved to the States, and consolidate themselves into a single Government without limitation of powers. I will not trouble you with details of the instances which are threadbare and unheeded. The only question is, What is to be done? Shall we give up the ship? No, by heavens, while a hand remains able to keep the deck.

This was the language of the old apostle of liberty, the writer of the Declaration of Independence, in the very year in which he died.

The other day we passed the agricultural bill, putting into the hands of an appointive officer the details of the farm. I want my good friend the distinguished Senator from South Carolina [Mr. SMITH] to listen to this. I am reading this especially for the benefit of my friend from South Carolina. This is from Jefferson's autobiography, penned in the last days of his life:

Were we directed from Washington when to sow and when to reap, we should soon want bread.

Let that soak in! [Laughter.]

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Delaware?

Mr. FESS. I yield.

Mr. HASTINGS. I desire to inquire of the distinguished Senator, who is a student of the life of Jefferson, whether he intends to intimate to the Senate and to the country that title I of this bill in any way violates any of the teachings of Jefferson.

Mr. FESS. It violates all of them. [Laughter] There is not any that is exempt; and that, Mr. President, is the disheartening thing to me: There is absolutely no consistency in the face of an emergency.

Mr. HASTINGS. Does the Senator think it would be possible to get the Democratic administration to admit that fact?

Mr. FESS. They will all admit it. They admit it here but say it is necessary. There is not a Democratic Member on this floor who wants to vote for this thing—not one.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. FESS. I do.

Mr. WALSH. I will state to the Senator that I intend to vote for the bill; and I think it gives the most promise of improved conditions of any measure yet presented.

Mr. FESS. Mr. President, I did not say there would not be a Democratic Senator who would vote for the bill. I know that almost every Senator on the Democratic side will vote for it, though there are some who will not. I said there was not a Democratic Senator here who wanted to vote for it. There is not a Democratic Senator in this body who does not apologize for voting for it.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. BARKLEY. I not only want to vote for this bill, but I am so anxious to do it that I wish the Senator would desist and let us do it. [Laughter.]

Mr. FESS. Well, Mr. President, I want to be kind to all of my Democratic friends and especially to my Democratic friend from Kentucky, who wrote the prohibition law in the House and who now is out espousing the repeal of the prohibition law. [Laughter.] I can see how a Senator like the Senator who is interrupting me can change as easily as a chameleon can change, if the public sentiment seems to be that way.

Mr. BARKLEY. Mr. President, that statement is not justified by anything in my record either in the House or in the Senate.

Mr. FESS. Then I withdraw it. I will not say anything to offend the Senator.

Mr. BARKLEY. I thank the Senator.

SEVERAL SENATORS. Vote!

Mr. FESS. Mr. President, I promised my friends on the other side that, while this subject is such that one could talk for 3 hours on it, I would take only time enough to say why I cannot support the bill. I have said that, and I am ready to quit.

Mr. WALSH. Mr. President, we have all listened with admiration and general approval to the political principles announced in the able speech of the Senator from Missouri [Mr. CLARK]. The Senator from Missouri, however, as it

seems to me, omitted to state the circumstances and the conditions under which these sound political principles were enunciated.

No one will contend that if a plague spreads through a community, the same governmental agencies and the same governmental restraints and the same governmental rights should be applied as in normal times. A mild conflagration does not call for the exercise of the destruction of property to prevent its spread that a sweeping conflagration requires.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WALSH. I would rather not.

No one will claim that if an earthquake rocks the land and destroys life and property the militia should not be called on to augment the police force and to restrain personal liberty and check the abuses that that new condition creates.

The trouble with the able Senator's speech is that he argues now for the same political philosophy that was appropriate when America was prospering, when greed and selfishness were rampant in the exploitation of the natural resources of our country, and when our political party was pleading for laws and regulations to restrain the excesses and economic errors that have resulted in the chaos and economic destruction of this hour.

The trouble with the Senator's philosophy, and with the philosophy of the Senator from Ohio [Mr. FESS], is that they have failed to realize the present conditions in America, and that these conditions cannot be corrected by reciting old political maxims, or resorting to the political philosophy of normal conditions.

What are the conditions in America today?

The Senator from Ohio states that under this bill no man can expect or hope to engage in business without a license from the Government. Omit this bill: Does not the Senator from Ohio know that no man in America today can engage in business except the sweatshop or industrial scalping business? Does he not know that this depression has destroyed legitimate business; that the legitimate producer is ruined? Does he not know that wages have gone down and down and down, and does he not know that hours of labor have increased and conditions of employment become intolerable? Does he not know, that in competition with our great industries sweatshop after sweatshop has sprung up, and men and women are toiling long hours for a few pennies? That unemployment is bad, but employment that means slave conditions is intolerable? Is this condition one to be met with the recitation of the political philosophy of the past?

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WALSH. I prefer not to be interrupted.

Mr. CLARK. The Senator is asking me a question, and I should be glad to answer it.

Mr. WALSH. I have not asked the Senator a question. [Laughter.]

Does this condition permit the recitation of the political principles of bygone times, when we were dealing with a prosperous people and a prosperous nation; when wealth was accumulating, and was gradually and steadily being concentrated in the hands of a few? Very properly our party raised its voice in protest, and raised its voice in condemnation of the political philosophy that was making for the ruin and desolation that surrounds us today.

Mr. President, can you imagine a worse economic condition in all the history of our country than exists today? I fail to find any record of a condition approximating the deplorable economic chaos that has come about as a result of the depression of the past few years. What efforts have been made to change these conditions? What philosophy has been employed?

"Leave it alone."

"Do not touch it."

"Nature will remedy conditions."

"Wait! Wait!"

"Laissez faire! Laissez faire!"

"Do not act. Do not act."

"Just reiterate the old political philosophies of the past, and do not make any change."

"Time, and time alone, will remedy matters."

We waited until the 4th day of March; and what happened? Down and down and down we slipped. Since the 4th of March, thank God, under the leadership of a President who has promulgated a political philosophy to meet new conditions, to meet the problems of this depression, a ray of hope and of promise and of new opportunities has at last appeared upon the horizon.

What is proposed here?

It is proposed in this measure to increase the miserable, contemptible wages that American men and women are obliged to work for at the present time. It is proposed in behalf of our people to give the support of the Government to the legitimate, honest producer and manufacturer, and to prevent him and his investment from being ruined by ruthless, unconscionable competition upon the part of those who resort to sweatshop methods and miserable wages—to those who take advantage of the suffering and destitution of the people.

What a remarkable fact it is that industry has asked for this measure! What a remarkable fact it is that the labor organizations have asked for this measure. Why?

Industry has asked for it because it realizes that in certain particulars the once-necessary antitrust laws, under present conditions, were resulting in giving the advantage in business to the ruthless competition which was forcing down prices below the cost of production, and was forcing down wages, and resorting to sweatshop methods.

Labor has asked for it, realizing that against this condition the only hope it had of a living wage, of the enjoyment by the working class of the frugal comforts of life, was for the Government to step in and become, as it proposes to do in this bill, a partner with business—to become a protector of the worker and the decent employer.

I agree that under normal times this measure would be unthinkable; but these are not normal conditions or times. That is the trouble with the philosophy of the Senator from Missouri. That is the trouble, for we agree with every platform policy that he has read, and every political principle he has enunciated. We are not dealing with a prosperous era. We are not dealing with the ordinary conditions in America. We are dealing with an economic war—a war that has gone on for 3 years, that is still going on, that threatens serious consequences, that threatens possibly the very destruction of our political institutions.

"Oh, leave conditions alone! Leave them alone! Leave them alone!"

That is what we heard for 3 years. No! Under the new leadership of the present President of the United States it is proposed that industry, capital, and labor shall join hands under the direction of our Government, and that we shall find out what is the trouble with business conditions, that we shall give support to legitimate industry, that we shall fix maximum hours of labor, that we shall fix minimum wages, that we shall give workingmen a decent living, that we shall end unemployment to a degree by spreading out the opportunities of employment through shorter working days.

This bill is not a bill in favor of any class. This bill primarily is a bill to relieve unemployment, to remove and to end the economic debacle that has gone on in this country for the past 3 years. Why have we voted for the Reconstruction Finance Corporation? Why have we voted for measure after measure to prevent the financial ruin of banks and of railroads and of insurance companies and the loss of the savings and homes of our people? Now we propose to grant this extraordinary, this extreme power; and I concede that the danger is not so much in the enactment of the powers granted here as in the administration of these powers. I am not unmindful of the fact that the situation is fraught with grave danger; but the situation deserves and is entitled to and necessitates desperate means.

I am willing and ready to vote for this measure. I welcome it because I believe it is the measure of all others that gives the most hope of ending the most fundamental causes of conditions at the present time; namely, unemployment, low wages, long hours of labor, and ruthless competition in the industrial field.

Mr. President, I conceive that we are granting extraordinary and most unusual powers to the President of the United States, and it is regrettable that it becomes necessary to enact such legislation, but I do not deem that I am violating a single, solitary Democratic principle for which I have stood and fought through all these years by meeting this extraordinary situation through the granting of extraordinary powers to the Chief Executive of our country.

I sincerely believe that the partnership between capital and labor is extreme and tremendous, but in the expectation that minimum hours of labor will be fixed, because producers will not be in competition with the ruthless capital producers of this country, because I believe it is fundamental and necessary to recovery, I am going to vote for this measure without any apology. I submit that this bill will give legitimate industry an opportunity to free itself from the forces which are dragging it down, and it will give the working men and women of this country freedom from industrial slavery, and it will help to spread employment to a few million more people. This hope and promise makes it one of the best pieces of legislation we have adopted during this session.

Mr. President, for these reasons I think that title I should remain in the bill, and I intend to support it.

Mr. CLARK. Mr. President, I want to detain the Senate for just a moment in response to what the Senator from Massachusetts has said. Evidently the Senator was out of the Chamber or asleep a few minutes ago when I read from the last platform upon which the Democratic Party appealed to the country hardly 6 months ago.

The Senator is undertaking to make it appear that the principles for which the Democratic Party has stood for the last 40 years, beginning with 1892, were shopworn maxims, useful and proper in times of great prosperity, but not to be relied on or followed in times of depression or hard times.

I will ask the Senator to let his mind go back to June 1932, and I should like to ask him if that was a tune of great prosperity or if that was a time of depression. I should like to ask him if the Democratic Party in convention assembled at Chicago no longer ago than last June believed that the principle underlying antitrust legislation was a shopworn maxim or had outlived its usefulness. I should like to ask the Senator from Massachusetts whether he himself, as a member of the platform and resolutions committee at the Chicago convention, which stood up and offered a platform plank in favor of the strict regulation or prohibition of trusts and monopolies, believed that that doctrine had outworn its usefulness or that it was necessary and desirable, in view of the depression which now exists, to suspend and emasculate those laws and sign a blank check for a Presidential appointee to do as he pleased with every industry and business in the United States.

The Senator did not. He was one of the majority on the committee who signed the report in this language, and I am going to read it again to refresh the memory of the Senator from Massachusetts:

> In this time of unprecedented economic and social distress—

Does that sound as if that were a time of great prosperity? Does that sound as if the Democratic Party thought that a principle which applied in other times was no longer applicable, or does that indicate that the Senator from Massachusetts himself thought so when he signed that majority report? I read:

> In this time of unprecedented economic and social distress the Democratic Party declares its conviction that the chief causes of this condition were the disastrous policies pursued by our Government since the World War, of economic isolation, fostering the merger of competitive businesses into monopolies and encouraging the indefensible expansion and contraction of credit for private profit at the expense of the public.

Mr. President, that was what the Senator from Massachusetts thought last June when he signed the majority report. Further, he evidently agreed with the following plank, because he did not present any minority report to this language:

> We advocate strengthening and impartial enforcement of the antitrust laws, to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor.

It was on that proposition, Mr. President, that we went to the country. It was on that declaration that we won the election, and I dare assert without fear of successful contradiction that if the Democratic Party had placed in its platform at Chicago last June a declaration in favor of the emasculation of the antitrust laws, a declaration in favor of setting up a dictatorship over industry, a declaration in favor of the signing of a blank check, which could be filled in at the whim of an administrator to be appointed by the President, we would not have carried a single doubtful State of the Union.

I recognize, as fully as does the Senator from Massachusetts, the need for remedial legislation in the control of industry. I supported the bill introduced by the Senator from Alabama [Mr. BLACK] for a 30-hour week. I would welcome an opportunity to assist in writing into the statutes of the United States other remedial legislation having to do with the minimum wage and the betterment of the conditions of labor; but the necessity for improvement in these conditions is no excuse for the emasculation of the antitrust statutes, which is the primary object of this legislation.

For 50 years it has been the policy of the United States to make it a crime to indulge in price fixing, and under a Democratic administration we have arrived at the point where it is actually to be made a crime not to indulge in price fixing.

Mr. LONG. Mr. President, I want to take about 3 minutes to make a record as we pass this bill. I am glad that I went on record the day we met here against the policy of this administration to legislate by administrative and executive decree. Now, on the eve of the party's execution, I want to have an opportunity to send out under frank a statement of my record.

I voted against the system of legislative decree under the economy bill. I voted against the system of legislative decree under other bills. I intend to vote against the system of legislative decree under this bill.

I had not read the pending bill until yesterday. I was so astounded that I could not formulate expressions with which to explain it. But what has astounded me has been the silence with which this bill has been accepted. I expected to see forces arise to fight this legislation which have remained silent. I cannot understand how so many voices have been stilled. There is nobody here who amounts to anything who thinks we are doing a very good thing. I do not indict anybody. Every man can take exception to my statement, and he will not be included when he rises and excepts himself from what I am saying. But there is hardly anyone here who thinks we are doing anything good. There are many here who fear we are courting disaster, and many here who think that we are probably taking a good party—and we hope not the country with it—to its fatal hour of doom.

The Democratic Party dies tonight, Mr. President. We will bury it. We will continue to operate under that emblem, and I will continue to be under the emblem myself. But let us not be talking about the times and about changed conditions. We were all at Chicago. We wrote the platform in which we said we would not emasculate the antitrust laws, but that we would strengthen them. We wrote the tariff plank in the platform. I was not one who was going to remain bound by that, but the party was to be bound by it and by all the things in the platform. But we are burying them here tonight.

Forty-one billion was the income of industry, so a Senator told me in the cloakroom a moment ago, and $11,000,000,000 was the income of agriculture. Of $62,000,000,000 of national

income, eleven billion went to agriculture and forty-one billion went to industry. More than 40 percent of the people of the United States live on the farms, and they receive slightly more than 22 percent of the national income upon which to support over 40 percent of the population. We are now guaranteeing that the antitrust law can be emasculated, that the clothing men can get together, and that the shoe men can get together, and raise the prices of the commodities of industry without anything whatever to take care of the population on the farms, who must go lower and lower and receive a smaller percentage of the world's and the Nation's income when this bill shall have been enacted.

Mr. President, I am glad to say, in closing, just so that the record may be made, that I wanted to vote with the administration every time I could. There were differences between my colleagues and myself as we began this session. There were differences as to my stand as we went along. But as we go tonight to cast this vote, my vote may not show, as the others will show, but in our heart of hearts we have but one mind as we pass this damnable and iniquitous legislation tonight.

Mr. SCHALL. Mr. President, I should like to ask the Senator whether he does not think the principal argument of the Democrats in the last campaign would be apropos now in reference to this bill, "It could not be worse."

Mr. LONG. I do not think the times have changed at all. As I said, we are burying the platform, as we Democrats usually do within a few months after every victory.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Missouri [Mr. CLARK] to strike out title I.

Several Senators asked for the yeas and nays.

The yeas and nays were ordered.

Mr. WHEELER (when his name was called). On this vote I have a pair with the senior Senator from Virginia [Mr. GLASS], but I transfer that pair to the senior Senator from Oklahoma [Mr. THOMAS] and vote "nay."

The roll call was concluded.

Mr. LEWIS. I should like to attract the attention of the distinguished Senator from Rhode Island [Mr. HEBERT] while I announce the general pairs of the Senator from Nevada [Mr. PITTMAN] with the Senator from Connecticut [Mr. WALCOTT], of the Senator from Kentucky [Mr. LOGAN] with the Senator from Pennsylvania [Mr. DAVIS], of the Senator from California [Mr. MCADOO] with the Senator from Vermont [Mr. DALE], and of the Senator from Florida [Mr. FLETCHER] with the Senator from New Hampshire [Mr. KEYES]. If there are some other Senators, who are paired, whose names I have omitted, I will thank the Senator from Rhode Island to announce them.

Mr. HEBERT. Mr. President, in that connection, I should like to announce the pair on this question between the Senator from Idaho [Mr. BORAH] and the Senator from Arkansas [Mrs. CARAWAY]. If present, the Senator from Idaho would vote "yea", and the Senator from Arkansas would vote "nay."

I also wish to announce the temporary absence from the Chamber of the Senator from Kansas [Mr. CAPPER]. If present, the Senator from Kansas would vote "nay" on this question.

Mr. ROBINSON of Indiana (after having voted in the negative). I understand the Senator from Mississippi [Mr. STEPHENS], with whom I am paired, would on this question vote as I have voted. I therefore let my vote stand.

The result was announced—yeas 31, nays 49, as follows:

YEAS—31

Austin	Dickinson	Hebert	Reynolds
Bailey	Dill	Kean	Schall
Barbour	Fess	Long	Smith
Black	Goldsborough	McGill	Townsend
Byrd	Gore	Metcalf	Tydings
Carey	Hale	Overton	Vandenberg
Clark	Hastings	Patterson	White
Connally	Hatfield	Reed	

NAYS—49

Adams	Barkley	Bulkley	Copeland
Ashurst	Bone	Bulow	Costigan
Bachman	Bratton	Byrnes	Cutting
Bankhead	Brown	Coolidge	Dieterich
Duffy	La Follette	Nye	Thompson
Erickson	Lewis	Pope	Trammell
Frazier	Lonergan	Robinson, Ark.	Van Nuys
George	McCarran	Robinson, Ind.	Wagner
Harrison	McKellar	Russell	Walsh
Hayden	McNary	Sheppard	Wheeler
Johnson	Murphy	Shipstead	
Kendrick	Neely	Steiwer	
King	Norris	Thomas, Utah	

NOT VOTING—16

Borah	Dale	Keyes	Pittman
Capper	Davis	Logan	Stephens
Caraway	Fletcher	McAdoo	Thomas, Okla.
Couzens	Glass	Norbeck	Walcott

So the motion of Mr. CLARK to strike out title I was rejected.

Mr. HARRISON. Mr. President, may we now proceed to title II?

The VICE PRESIDENT. The next committee amendment will be stated.

The next amendment was, on page 16, line 12, after the word "appointed", to insert:

Provided, That no officer or employee receiving a salary in excess of $5,000 per annum shall be appointed or designated under this title except with the advice and consent of the Senate; but the provisions of section 1761 of the Revised Statutes shall not apply to the members of the Board or to any person so appointed or designated. The Board shall consist of three members to be appointed by the President, by and with the advice and consent of the Senate, and each member of the Board shall receive compensation at the rate of $10,000 per annum.

The amendment was agreed to.

The next amendment was, on page 17, line 1, before the word "may", to strike out "Administrator" and insert "Board", and in line 10, after the word "title" and the period, to insert the following sentence: "The Board shall not fix the compensation of any expert, officer, or employee appointed by it at a rate in excess of $5,000 per annum", so as to read:

(b) The Board may, without regard to the Civil Service laws or the Classification Act of 1923, as amended, appoint and fix the compensation of such experts and such other officers and employees as are necessary to carry out the provisions of this title; and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books and books of reference, and for paper, printing, and binding) as are necessary to carry out the provisions of this title. The Board shall not fix the compensation of any expert, officer, or employee appointed by it at a rate in excess of $5,000 per annum.

The amendment was agreed to.

The next amendment was, on page 18, line 5, after the word "The", to strike out "Administrator" and insert "Board"; in line 13, after the word "waters" and the comma, to insert "construction of sewage-disposal plants."

The amendment was agreed to.

Mr. COPELAND. May I ask the Senator if paragraph (c), which reads:

Any projects of the character heretofore constructed or carried on either directly by public authority or with public aid to serve the interests of the general public—

will include the improvement of the historic battlefields?

Mr. WAGNER. I did not hear the inquiry of my colleague.

The VICE PRESIDENT. It is impossible for the Senate to transact business until it is in order.

Mr. COPELAND. I should like to inquire of my colleague if subsection (c) of this section, in his opinion, would cover the improvement of battlefields and the erection of historic monuments which are maintained by the public?

Mr. WAGNER. It would.

Mr. WALSH. Mr. President, I should like to inquire whether the clause reading, "(a) Construction, repair, and improvement of public highways and parkways, public buildings, and any publicly owned instrumentalities and facilities", would include a water-supply system?

Mr. WAGNER. It would.

Mr. NORRIS. Mr. President, I should like to inquire of the Senator from New York—it may be that there has been an agreement and I do not know about it—if we are confined to the consideration of committee amendments at the present time?

Mr. WAGNER. I understand that we are first to dispose of committee amendments and that then general amendments may be offered.

Mr. NORRIS. The Senator intends to proceed with the committee amendments in title 2 and then take up general amendments in title 2?

Mr. WAGNER. It is the intention then to take up amendments to title 2.

Mr. NORRIS. I have an amendment to which I should like to call the attention of the Senator. On page 18, line 14, the bill now reads:

Development of water power, transmission of electrical energy.

I should like to have the Senate consider an amendment I desire to offer at that point, after the word "transmission" to insert the words "generation and distribution."

Mr. WAGNER. I think that would be a desirable amendment.

Mr. TRAMMELL. Mr. President, I appreciate the efficiency of the clerk, and all that, but we are entitled to know about what is going on here. I have an amendment—I think it is an amendment to the committee amendment—and I want to submit a parliamentary question as to that. We have adopted an amendment in line 7, on page 19, relative to the authorization for the building of battleships and aircraft required by the Navy.

Mr. ROBINSON of Arkansas. We have not as yet reached that.

Mr. HARRISON. Let me say to the Senator that we have not as yet come to that amendment.

The VICE PRESIDENT. That provision of the bill has not been reached.

Mr. TRAMMELL. There is so much confusion and the clerk reads so rapidly I could not keep up with what was going on.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The CHIEF CLERK. On page 24, section 202, in line 24, after the word "amended", it is proposed to insert:

, and paragraph (3) of such subsection (a) shall for such purposes be held to include loans for the construction or completion of reservoirs and pumping plants.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

Mr. REED. Mr. President, I send to the desk an amendment to the committee amendment, which I ask may be read.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 19, line 2, after the word "completion" it is proposed to insert the following:

of hospitals the operation of which is partly financed from public funds, and.

Mr. REED. Mr. President, by way of a very brief explanation of this proposal——

Mr. HARRISON. Mr. President, if the Senator will desist, I do not think there would be any objection to letting the amendment go to conference.

Mr. ASHURST. How would the provision read with the amendment?

Mr. REED. The provision would read:

Shall for such purposes be held to include loans for the construction or completion of hospitals the operation of which is partly financed from public funds and of reservoirs and pumping plants.

I should like to say, by way of explanation, that the case I have in mind is that of the Robert Packer Memorial Hospital, at Sayre, Pa. It is comparable only with the hospital of the Mayos in Rochester, Minn. It stands, as I think the Senator from New York [Mr. COPELAND] will agree, as one of the outstanding diagnostic centers in the United States. Very recently one of its main buildings was destroyed by fire. The community has raised a part of the necessary fund. The hospital is entirely self-liquidating, with the exception of some $80,000 a year which it receives for charity patients in the State of Pennsylvania. It pays its entire cost of operation from its receipts, and it will be able from its income to repay a loan from the Reconstruction Finance Corporation. I hope very earnestly that the amendment may be accepted.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. CONNALLY. Does the Senator object to his amendment's coming in after the words "pumping plants"?

Mr. REED. I think it should come before those words, in view of the language "partly financed from public funds." I think grammatically that is the better place for it. We do not want to have the words used in my amendment qualify the pumping-plant provision.

Mr. CONNALLY. That is exactly what I have in mind. I do not want the Senator to confuse the reservoirs and pumping plants with public hospitals.

Mr. REED. I knew that the Senator did not, and that is why I suggest that my amendment precede the words "pumping plants", so that the qualifying sentence will apply only to hospitals.

Mr. CONNALLY. I do not want reservoirs and pumping plants to be restricted in connection with hospitals. I want this language open for reservoirs and pumping plants.

Mr. REED. It would be. If the Senator will look at the amendment, he will see that it does just that.

The VICE PRESIDENT. The question is on the amendment of the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. CONNALLY. I offer an amendment to follow the amendment just offered by the Senator from Pennsylvania.

The VICE PRESIDENT. The amendment to the amendment of the committee will be stated.

The CHIEF CLERK. At the end of the amendment just agreed to it is proposed to insert the following:

To more effectually carry out the purposes of this act the Reconstruction Finance Corporation is further authorized to lend to persons and corporations engaged in manufacturing, until December 31, 1934, upon the security of their raw or finished product in storage or on consignment or upon their solvent customers' notes, acceptances, or accounts: *Provided*, That no such loan shall exceed 75 percent of the value of the security offered, and shall be for no longer period than 6 months: *Provided further*, That such loans may be made to persons and corporations from time to time but the aggregate thereof to any one person or corporation shall not exceed $100,000 at any one time: *And provided further*, That the said Reconstruction Finance Corporation may establish a revolving fund of not exceeding $200,000,000 to be used for said purposes.

Mr. CONNALLY. I modify the amendment so that it will come in after the words "pumping plants."

The VICE PRESIDENT. The question is on agreeing to the amendment as offered by the Senator from Texas to the amendment offered by the committee.

Mr. BARBOUR. Mr. President, I desire to offer an amendment.

Mr. HARRISON. Mr. President, let us vote on the pending proposal first.

The VICE PRESIDENT. The Chair will say that there is an amendment pending to the committee amendment at the present time.

Mr. CONNALLY. Mr. President, this amendment is offered at the present time simply for the purpose of making the Reconstruction Finance Corporation loans available to certain manufacturing concerns that cannot obtain credit elsewhere. I do not care to argue the amendment but submit it for a vote.

Mr. BYRNES. Mr. President, I desire to ask the Senator from Texas if the amendment authorizes the Reconstruction Finance Corporation to lend funds to any manufacturer upon adequate security. Is that the purpose?

Mr. CONNALLY. That is the purpose.

Mr. BYRNES. And the Senator would restrict it only to manufacturers?

Mr. CONNALLY. It is restricted to property which they have in the way of credit and raw material.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Texas to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. BARBOUR. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from New Jersey proposes, on page 19, line 3, after the word "plants", to add a new subsection to read as follows:

(f) Construction, repair, or improvement of buildings, institutions of higher learning, including those not operated for profit.

Mr. BARBOUR. Mr. President, I may say that there are probably 100 privately owned and privately operated institutions of higher learning in the country. It seems to me only fair that those institutions of higher learning should have some part in availing themselves of this legislation. I point, for instance, to the University of Princeton, which is privately owned and is excluded at present from availing itself of the law, while the University of Pennsylvania can take advantage of it because it does receive public support. I do not think I need dwell at any length on the subject, but it seems to me there can be no objection to the amendment. It refers only to institutions of higher learning operated without profit.

Mr. NYE. Mr. President, will the Senator yield?

Mr. BARBOUR. Certainly.

Mr. NYE. Does the language of the amendment, "institutions of higher learning", include State normal schools and like institutions?

Mr. BARBOUR. I should be glad to have it do so.

Mr. NYE. Would the Senator object to modifying his amendment to include the term "normal schools"?

Mr. BARBOUR. If that is added so as not to exclude universities.

Mr. NYE. I would not, of course.

Mr. BARBOUR. Then I have no objection to the modification.

The VICE PRESIDENT. The question is on agreeing to the amendment as modified to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. TYDINGS. Mr. President, I desire to offer an amendment, the effect of which has already been adopted and the committee was favorable to it, but it was omitted through an oversight, I believe. It provides for loans from the Reconstruction Finance Corporation for the construction of quarters for Army, Navy, and Marine Corps officers. The housing shortage in several places in the country is being benefited by loans from the Reconstruction Finance Corporation, and the amendment will provide for the construction of projects for housing of families of officers of the Army, Navy, and Marine Corps.

Mr. WAGNER. Mr. President, the Senate has already approved an identical provision in another act which we passed. However, I personally have no objection.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 19, line 3, after the word "plants", insert:

and construction of projects for housing of families and of officers of the United States Army, Navy, and Marine Corps.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment. [Putting the question.] The Chair is in doubt.

Mr. TYDINGS. I ask for a division.

On a division the amendment to the amendment was agreed to.

Mr. REYNOLDS. Mr. President, I offer the following amendment, which I send to the desk.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 19, line 3, after the word "plants", insert the words "and roads."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Carolina to the amendment of the committee.

Mr. AUSTIN. Mr. President, I wish to ask the Senator a question. I had the intention of offering an amendment at this time and place to read as follows:

Toll roads which have the approval of State legislatures.

I ask the Senator from North Carolina whether his amendment includes toll roads?

Mr. REYNOLDS. I should like to ask the Senator to eliminate "having the approval of State legislatures." I hope the Senator will grant that request. I am sure I would do so if he asked it of me.

Mr. AUSTIN. If the distinguished Senator will include "toll roads" in his amendment I shall be glad to strike out the words "which have the approval of State legislatures." Would the Senator modify and perfect his amendment by including toll roads?

Mr. REYNOLDS. In answer to the inquiry of the Senator from Vermont I have no objection to the addition of the word "toll."

Mr. AUSTIN. That is satisfactory.

The VICE PRESIDENT. The clerk will report the amendment as modified.

The CHIEF CLERK. On page 19, line 3, after the word "plants", insert "and toll roads."

The amendment to the amendment was agreed to.

Mr. VANDENBERG. Mr. President, may I have the attention of the Senator from New York [Mr. WAGNER]? I want to ask for an interpretation. Is the Senator certain that the widening of public streets is included?

Mr. WAGNER. Certainly.

Mr. VANDENBERG. The Senator is certain of that?

Mr. WAGNER. There is no doubt about it.

Mr. VANDENBERG. Mr. President, in connection with my inquiry of the Senator from New York respecting the widening of streets, the problem is so definitely important in the city of Detroit, his answer being entirely satisfactory, that I want further to identify the colloquy by asking permission to print in the RECORD the telegram which I send to the desk.

The VICE PRESIDENT. Without objection, it is so ordered.

The telegram is as follows:

DETROIT, MICH., *June 8, 1933.*

HON. ARTHUR H. VANDENBERG:

Urgently request you introduce amendment to industrial control bill enabling Detroit to complete widening of Woodward Avenue. This project will furnish employment relief immediately to thousands of workmen and stimulate new building amounting to millions. Work could start as soon as financing is provided.

DETROIT BOARD OF COMMERCE,
HARVEY CAMPBELL.

Mr. TRAMMELL. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 19, line 3, after the semicolon, insert the following:

and for the construction of dry docks or graving docks, their works, and accessories.

Mr. HARRISON. Mr. President, there was an order agreed to by the Senate that we would consider committee amendments first. I think we ought to dispose of committee amendments before we consider individual amendments.

The VICE PRESIDENT. This is an amendment to the committee amendment.

Mr. TRAMMELL. I am following the precedent that has been prevailing here for the last 20 minutes.

The VICE PRESIDENT. The question is on the amendment of the Senator from Florida to the amendment of the committee.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee as amended.

The amendment as amended was agreed to.

Mr. LEWIS. Mr. President, I desire to ask the Senator from New York [Mr. WAGNER] a question. Is there any doubt in the Senator's mind under the clause respecting public improvements or the construction of such as plants

and development as the Supreme Court of the United States has by decision ordered for the drainage district of Chicago and for the construction of public works as ordered by that court?

Mr. WAGNER. There is no doubt that under this bill authority is given to extend loans for that particular public project.

Mr. BARKLEY. Mr. President, I should like to inquire of the Senator from New York, under the phraseology on page 18, lines 8, 9, and 10 "construction, repair, and improvement of public highways and parkways, public buildings and any publicly owned instrumentalities and facilities," whether jails, prisons or other similar public institutions would be included?

Mr. WAGNER. They would be.

Mr. BARKLEY. So, if there is a city, county, or State that desires a fund for that purpose, it is not necessary to include it specifically in the bill?

Mr. WAGNER. No; it is not. They would be eligible for a loan.

The VICE PRESIDENT. The clerk will state the next amendment of the committee.

The next amendment of the Committee on Finance was, on page 19, in line 7, to strike out the word "therefor" and insert "by the Navy".

Mr. TRAMMELL. Mr. President, I offer an amendment and I want a few minutes to explain it, unless the Senators in charge of the bill are willing to accept it.

The VICE PRESIDENT. The amendment offered by the Senator from Florida will be stated.

The CHIEF CLERK. On page 19, line 7, after the word "Navy", insert the following:

And Navy housing projects and the construction of necessary improvements and facilities at naval shore stations, including naval air stations.

Mr. HARRISON. Mr. President, I have no objection to letting the amendment go to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 19, line 7, after the words "construction of", insert "aircraft, aircraft equipment, and technical construction for the Army Air Corps, and."

The amendment was agreed to.

The next amendment was, on page 19, line 16, after the word "naval", to insert "or military", so as to make the proviso read:

Provided, however, That in the event of an international agreement for the further limitation of armament, to which the United States is signatory, the President is hereby authorized and empowered to suspend, in whole or in part, any such naval or military construction or mechanization and motorization of Army units.

The amendment was agreed to.

The next amendment was, on page 19, line 18, after the word "this", to strike out "section" and insert "title"; and in line 20, after the word "commission", to insert "or committee", so as to make the additional proviso read:

Provided further, That this title shall not be applicable to public works under the jurisdiction or control of the Architect of the Capitol or of any commission or committee for which such Architect is the contracting and/or executive officer.

The amendment was agreed to.

Mr. FESS. Mr. President, I should like to have the attention of the Senator from New York. This particular proviso will prevent public funds from coming from this fund for the construction of the Library Annex, will it not?

Mr. WAGNER. I understand that is specifically provided for by separate appropriation.

Mr. FESS. No.

Mr. WAGNER. It was considered not to be a part of this particular public-works program. It has been dealt with separately right along, and it was thought we had better leave the procedure as it is now.

Mr. FESS. The Senator will recall that 5 years ago we appropriated a sufficient amount of money to purchase the site. We purchased the site, and 3 years ago we authorized $6,000,000 for the construction, but never have made the appropriation. I think that is one of the best examples we have of public construction, and we ought to have access to those funds to go ahead with it. I am afraid this amendment excludes the getting of money from this fund to construct the project that was authorized 3 years ago.

Mr. WAGNER. Those in charge of the public projects to which the Senator refers, I understand, suggested this amendment, and for that reason——

Mr. FESS. No; those who suggested the amendment did not want the application of the funds under the director of this fund, but wanted it under a committee of the Congress. What I am concerned about is whether the Senator would not accept an amendment making available these funds for this purpose under the Architect of the Capitol.

Mr. WAGNER. Suppose the Senator proposes such an amendment? We can then have it go to conference, and in the meantime we can adjust the matter.

Mr. FESS. Very well.

Mr. SHIPSTEAD. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. SHIPSTEAD. Are we considering only committee amendments now?

The VICE PRESIDENT. That is correct. Under the order of the Senate we are considering committee amendments only until we get through with the title and then individual amendments will be in order. The clerk will state the next amendment of the committee.

The next amendment of the Committee on Finance was, on page 20, line 1, after the word "the", to strike out "Administrator" and insert "Board", so as to read:

SEC. 203. (a) With a view to increasing employment quickly (while reasonably securing any loans made by the United States) the President is authorized and empowered, through the Board or through such other agencies as he may designate or create, (1) to construct, finance, or aid in the construction or financing of any public-works project included in the program prepared pursuant to section 202; (2) upon such terms as the President shall prescribe, to make grants to States, municipalities, or other public bodies for the construction, repair, or improvement of any such project, but no such grant shall be in excess of 30 percent of the cost of the labor and materials employed upon such project; (3) to acquire by purchase, or by exercise of the power of eminent domain, any real or personal property in connection with the construction of any such project, and to sell any security acquired or any property so constructed or acquired or to lease any such property with or without the privilege of purchase.

The amendment was agreed to.

The next amendment was, on page 20, line 18, after the word "section", to strike out "207" and insert "209", so as to make the proviso read:

Provided, That all moneys received from any such sale or lease or the repayment of any loan shall be used to retire obligations issued pursuant to section 209 of this act, in addition to any other moneys required to be used for such purpose; and (4) to aid in the financing of such railroad maintenance and equipment as may be approved by the Interstate Commerce Commission as desirable for the improvement of transportation facilities.

The amendment was agreed to.

Mr. KEAN. Mr. President, I offer an amendment on page 20, line 10.

The VICE PRESIDENT. The amendment is not in order until after the committee amendments are disposed of. The clerk will state the next amendment of the committee.

The next amendment of the Committee on Finance was, on page 21, line 25, after the word "the", to insert "highway departments of the"; on page 23, line 1, after the word "an", to strike out "aggregate amount of" and insert "amount not less than", and in line 2, after the word "expended", to insert "by such departments as agencies of the Federal Government", so as to read:

SEC. 204. (a) For the purpose of providing for emergency construction of public highways and related projects, the President is authorized to make grants to the highway departments of the several States in an amount not less than $400,000,000, to be ex-

pended by such departments as agencies of the Federal Government in accordance with the provisions of the Federal Highway Act, approved November 9, 1921, as amended and supplemented, except as provided in this title, as follows:

Mr. CONNALLY. Mr. President, I want to ask the Chair about an amendment on page 20, line 18. Was that amendment agreed to, striking out "207" and inserting "209"?

The VICE PRESIDENT. The amendment was agreed to.

Mr. HAYDEN. Mr. President, I desire to offer an amendment to the committee amendment, on page 22, lines 2 and 3, to strike out in line 3 the words "as agencies of the Federal Government."

Mr. HARRISON. Mr. President, I have no objection to the words being stricken out.

Mr. BARKLEY. Mr. President, does not that raise the same question as to whether the money has to go through certain operations of the Treasury?

Mr. HAYDEN. No; I have looked into the matter very carefully, and it does raise a question as to whether the contracts let are Federal or State contracts. There are many implications which I think should not be contained in the bill; and I, therefore, move to strike out the words "as agencies of the Federal Government."

Mr. REED. Mr. President, I offered that amendment in the Finance Committee. I have studied it with the Senator from Arizona, and I am inclined to think the amendment he offers is wise. Otherwise, there might be a question as to whether the Federal Government was responsible for the pay of the employees of the highway departments.

Mr. HAYDEN. I can say to the Senator that that very question has been asked, as to whether the entire highway departments would go on the Federal pay roll.

Mr. REED. We certainly do not intend that. Furthermore, there might be a question as to whether the contracts made by these highway departments were to be enforceable directly against the Federal Government; and we certainly do not intend that.

Mr. LA FOLLETTE. Mr. President, while we are on this subject, may I ask the Senator who has the floor a question?

Mr. HAYDEN. I yield.

Mr. LA FOLLETTE. If the amendment suggested by the Senator from Arizona is adopted, would it not be necessary to reject the committee amendment at the bottom of the page?

Mr. HAYDEN. The amendment at the bottom of the page I do not quite understand. The matter can well go to conference, and can be straightened out there. That amendment deals with one particular kind of construction, railroad crossings, and there may be a reason for that; but, generally, we should not make the State highway departments agencies of the Federal Government.

Mr. REED. Mr. President, if I may take a moment more of the time, it seems to me the reason for accepting the amendment of the Senator from Arizona applies equally well to striking out the last four lines on the page. Those words ought to be stricken out, and the committee amendment at the bottom of the page should be agreed to.

Mr. HARRISON. I have no objection to that.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Arizona to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The reading of the bill was resumed.

The next amendment was, on page 22, line 22, after the word "traffic" and the period, to strike out:

In carrying out the improvements to eliminate traffic hazards in connection with railroad crossings at grade, the State highway department shall constitute an agency of the Federal Government.

The amendment was agreed to.

The next amendment was, on page 23, line 16, after the word "States", to strike out the comma and "three fourths"; in line 19, after the word "supplemented", to insert "(which act is hereby further amended for the purposes of this title to include the District of Columbia)" and beginning with line 21, to strike out "and one fourth in the ratio which the population of each State bears to the total population of the United States, according to the latest decennial census", so as to read:

(b) Any amounts allocated by the President for grants under subsection (a) of this section shall be apportioned among the several States in accordance with the provisions of section 21 of the Federal Highway Act, approved November 9, 1921, as amended and supplemented (which act is hereby further amended for the purposes of this title to include the District of Columbia), and shall be available on July 1, 1933, and shall remain available until expended; but no part of the funds apportioned to any State need be matched by the State, and such funds may also be used in lieu of State funds to match unobligated balances of previous apportionments of regular Federal-aid appropriations.

Mr. COPELAND. Mr. President, I hope the language which was stricken out of the House bill will be restored. I think it is an unfortunate thing that any change is made.

This bill was sent up to us by the President with a view to relieving unemployment; and if the amendment suggested by the committee should be adopted, it would mean that a large part of this fund would be spent in the less populous portions of the country. Large, populous States like Alabama, California, Connecticut, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Virginia, and West Virginia would receive a very limited portion of this money; while on the other hand in the West, where the population is less dense, a special appropriation of $50,000,000 is made in this bill for trails and roads in the forests.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. COSTIGAN. Does not the able Senator from New York think the less populous States serve such States as New York?

Mr. COPELAND. Oh, I am not speaking about the matter from that standpoint. I am speaking about it purely as an employment proposal, an emergency proposal. That is the only thought I have in mind. It is not a question about our being glad to serve the other States. If we are providing here for road building to give employment, it ought to be, as I view it, in the language that the House presented; and I hope the committee will be willing to restore the language of the House bill in line 16 and lines 21, 22, and 23 of page 23.

I ask permission to have printed in the RECORD a statement on this subject.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

INEQUITABLE DISTRIBUTION OF HIGHWAY FUNDS IN PUBLIC WORKS BILL AS PROPOSED BY SENATE FINANCE COMMITTEE

When the President sent the industrial recovery-public works bill to Congress he provided, in section 204 of the bill, that $400,000,000 allocated to highways, as a direct grant to the States, not to be repaid to the Federal Treasury, should be distributed three fourths on the basis of the Federal Aid Act and one fourth on the basis of population. In changing the allocation from the regular Federal Aid Act to the compromise he recognized that greater consideration should be given to unemployment rather than to building up a system of highways for transportation alone. This allocation was passed by the House as submitted by the President.

The Senate Committee on Finance has failed to appreciate that the public works bill submitted by the administration was submitted, not because the Nation is in great need of public works but because there is a tremendous unemployment problem. The public works bill is simply a vehicle to carry the country's unemployed into reemployment, and this policy, insofar as it can be successfully translated, must necessarily be directed to, and predicated upon, unemployment and population rather than on other factors of theoretical desirability.

The Senate Finance Committee has seen fit to amend the allocation in section 204 so that the money will be distributed on the basis of the Federal Aid Act, which means that unemployment or population is only a secondary feature in the distribution of this fund, and that area and road mileage control the amount of money that each State gets. It failed to appreciate that there would be no such bill before the Congress as the $3,300,000,000 public works bill except for the tremendous unemployment and business stagnation.

The bill as submitted by the President helps 19 of the more densely populated States where unemployment is the greatest. These States are:

Alabama, California, Connecticut, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, New Jersey, New

York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Virginia, and West Virginia.

Under the amendment made by the Senate Finance Committee, these 19 States will receive but 44 percent of the $400,000,000 highway allocation in spite of the fact that they have within their borders 64 percent of the population of the country and 74 percent of the unemployed. The amount received by these 19 States divided by the number of unemployed means $15.96 for each unemployed person, while the amount received by the other 29 States which have but 36 percent of the population and 26 percent of the unemployed means that each unemployed person in those States will receive $57.06, or nearly four times the amount received by the unemployed in the more densely populated 19 States. The very purpose of the administration proposal, directed toward relieving unemployment where it is the greatest, is thus being defeated.

Under the allocation as proposed by the Senate Finance Committee the State of Massachusetts, for instance, will receive but $7.69 per unemployed worker while the State of Nevada will receive $362.24; New Jersey will receive $8.58 per unemployed worker while South Dakota gets $284.34; Pennsylvania will receive $12.65 per unemployed worker while New Mexico will receive $193.26; New York will receive $10.06 as against $160.76 for North Dakota; and so on down the list.

Ten of these States—California, Connecticut, Illinois, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania, North Carolina—having 49 percent of the population and nearly 63 percent of the unemployed, will receive but 30.3 percent of the $400,000,000 or an average of $12.92 per unemployed person. The remaining 38 States, having 51 percent of the population and only 37 percent of the unemployed, will receive nearly 70 percent of the amount available, or an average of $50.89 per unemployed person.

It might well be remembered that while these 10 States receive but 30 percent of the allocation they contribute more than 77 percent of the taxes, on the basis of the 1931 tax returns.

There is some argument that the balance of the moneys made available in the bill are expected to go to the more densely populated States, and that therefore the road money should be turned into those States which have the least expectation of getting other public works. Let us assume that the whole $2,900,000,000 remaining after the highway fund deduction will be allocated to the States either by subsidy or by purchase of State and municipality bonds. On the basis of its unemployment, New York, for instance, should receive $389,000,000 of this amount. Nevada should receive $2,900,000 and Wyoming $4,900,000. It is more probable that Nevada and Wyoming will be able to spend those amounts than that New York will be able to spend the $389,000,000.

Another point: There must be deducted from the remaining public-works authorization the sum to be devoted on Federal projects which is estimated at $900,000,000. After eliminating this item, and the highway allocation, the direct cash contributions by the Federal Government for remaining public works would be reduced to a total of approximately $600,000,000, and this amount could only be availed of where the States or municipalities are able, through taxation, or otherwise, to raise the other 70 percent of the cost of these projects.

In the case of the road funds in the bill, there is no matching limitation of any kind, and these funds are given gratuitously to the States in recognition, presumably, of the feasibility of bringing these works into immediate contract stage. And here it might be pointed out that in addition to the $40,000,000 regular road program provided for, about 14 Western States will receive the bulk of the additional expenditure of $50,000,000 authorized for roads and trails in the national forests and the public domain by a proposed amendment of the Senate Finance Committee.

The point should be kept ever in sight that the bill is not intended to meet any problem other than the one of unemployment and there should be no other theory behind it.

Mr. LONG. Mr. President, this committee amendment has been much better worked out for all the States than what my friend from New York offers, for I notice he mentions my State as an example. We would lose two or three hundred thousand dollars under this allotment.

I hope we will adopt the committee amendment, and vote down the other provision.

Mr. LA FOLLETTE. Mr. President, if the entire public-works program provided in this bill were confined to highway construction, I think there would be great force in the argument made by the Senator from New York. However, Senators should remember that the great bulk of this program, it is to be hoped, is to be expended in the municipalities, in the counties, and in the States for carrying on there public-works projects other than highways. Therefore it seems to me that it becomes quite obvious that in the rural and more sparsely settled sections of the United States, their chief reliance for reemployment of labor and for the expenditure of money for materials must rest upon the highway section of this public-works program. That becomes especially important when we remember that in this bill there has been included the right to expend money upon the secondary roads.

Therefore, Mr. President, in view of the fact that the major portion of the money appropriated for this public-works program will no doubt be spent in the larger centers, and in view of the further fact that the chief expenditure in the rural communities and in the more sparsely settled sections of the United States will have to depend upon the $400,000,000 provided for roads, I think the Finance Committee, after most careful consideration, was completely and amply justified in striking out the provision passed by the House which required a three-fourths distribution under the Federal Highway Act and one fourth upon the basis of population.

Therefore, so far as I am concerned as a member of the committee, I hope the committee amendments will prevail.

Mr. REED. Mr. President, this matter is going to lead to considerable discussion. When it is brought to the attention of the Senate that the disparity is so great as to give about $8 per unemployed person in the State of New Jersey and about $360 per unemployed person in the State of Nevada, it can be seen that there is something to talk about on this particular amendment.

If I may have the attention of the Senator from Mississippi [Mr. HARRISON], I want to plead with him to allow the Senate to recess now and take up this matter in the morning. We have been here now for 12 hours and 40 minutes, working on the most sweeping innovation that has been presented to the Congress of the United States in many years—a bill appropriating billions of dollars; a bill changing our method of handling the industry and commerce of the Nation.

The Senate has almost lost the capacity to think. Our action in passing upon amendments during the last half hour has shown it. We have shouted amendments through, or shouted them down, with scarcely any realization of what they meant. We talk about working laboring men long hours, and yet here, after 12 hours and 40 minutes, it is proposed to keep the Senate on until we finish the whole of title II. In justice to our work, and in justice to the country, I think it is high time that the Senate take a recess until tomorrow.

Mr. HARRISON. Mr. President——

Mr. WALSH. Mr. President, may I join the Senator from Pennsylvania in expressing the hope that the Senator from Mississippi will agree to his proposal?

Mr. HARRISON. Mr. President, I was just going to say that I did not anticipate there was any objection to these other committee amendments. If there is going to be a long controversy over this road item, we can carry it over until tomorrow; but is there any objection to adopting the two or three remaining Senate committee amendments? If there is no objection to them, let us act on them. Then we can start out in the morning on the individual amendments.

Mr. REED. Yes; if we can pass over the amendments on page 23, and take those in the morning, I see no reason why we should not agree to all the other Senate committee amendments to title II.

Mr. HARRISON. I ask unanimous consent that the road amendment there be carried over until tomorrow morning.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment was, on page 24, line 19, after the name "Territory of Hawaii", to insert "and the District of Columbia", so as to read:

(e) As used in this section the term "State" includes the Territory of Hawaii and the District of Columbia. The term "highway" as defined in the Federal Highway Act approved November 9, 1921, as amended and supplemented, for the purposes of this section, shall be deemed to include such main parkways as may be designated by the State and approved by the Secretary of Agriculture as part of the Federal-aid highway system.

Mr. LA FOLLETTE. Mr. President, I wish to add an amendment to the committee amendment by inserting after

the word "Hawaii" a comma, striking out the word "and", and after the word "Columbia" inserting a comma and the words "and the Panama Canal Zone."

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The next amendment was, on page 25, line 2, after the word "under", to insert "this section or", and in the same line, after the figures "202", to strike out "or 204", so as to read:

(f) Whenever, in connection with the construction of any highway project under this section or section 202 of this act, it is necessary to acquire rights of way over or through any property or tracts of land owned and controlled by the Government of the United States, it shall be the duty of the proper official of the Government of the United States having control of such property or tracts of land, with the approval of the President and the Attorney General of the United States, and without any expense whatsoever to the United States, to perform any acts and to execute any agreements necessary to grant the rights of way so required, but if at any time the land or the property the subject of the agreement shall cease to be used for the purposes of the highway, the title in and the jurisdiction over the land or property shall automatically revert to the Government of the United States and the agreement shall so provide.

The amendment was agreed to.

The next amendment was, on page 25, after line 16, to insert:

(g) Hereafter in the administration of the Federal Highway Act, and acts amendatory thereof or supplementary thereto, the first paragraph of section 9 of said act shall not apply to publicly owned toll bridges or approaches thereto, operated by the highway department of any State, subject, however, to the condition that all tolls received from the operation of any such bridge, less the actual cost of operation and maintenance, shall be applied to the repayment of the cost of its construction or acquisition, and when the cost of its construction or acquisition shall have been repaid in full, such bridge thereafter shall be maintained and operated as a free bridge.

The amendment was agreed to.

The next amendment was, on page 26, after line 3, to insert:

SEC. 205. (a) Not more than $50,000,000 of the amount made available by this act shall be allotted for (a) national forest highways, (b) national forest roads, trails, bridges, and related projects, (c) national park roads and trails in national parks owned or authorized, (d) roads on Indian reservations, and (e) roads through public lands, to be expended in the same manner as provided in paragraph (2) of section 301 of the Emergency Relief and Construction Act of 1932, in the case of appropriations allocated for such purposes, respectively, in such section 301, to remain available until expended.

(b) The President may also allot funds made available by this act for the construction of public highways in Alaska, Puerto Rico, and the Virgin Islands.

Mr. HAYDEN. Mr. President, I desire to offer an amendment to the committee amendment by striking out, on line 4, page 26, the word "more" and inserting the word "less", so as to read "not less than."

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 26, line 4, it is proposed to strike out "more" and insert "less", so that it will read—

Not less than $50,000,000—

And so forth.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arizona to the amendment of the committee.

Mr. TRAMMELL. Mr. President, I have thought we dealt pretty liberally with these park roads and park bridges and forest trails when we provided that there should be as much as $50,000,000 appropriated for that purpose. That represents one eighth of all the appropriation that is being given to the entire United States for our highway system; and yet the Senator from Arizona wishes to fix it so that that amount can be increased.

Mr. HAYDEN. Mr. President, I am leaving it entirely in the discretion of the administration. My amendment simply fixes a minimum amount.

I will state to the Senator that there are four Federal road-building agencies—the National Park Service, the National Forest Service, the Indian Service, and the Bureau of Public Roads. They have submitted estimates for $112,000,000. I am asking that we leave the matter in the discretion of the President. It does not come out of the Federal-aid appropriation of $400,000,000, but is in addition thereto.

Mr. HARRISON. Mr. President, if the Senator will yield, there is some controversy about this item, and I hope it can go over. I understand there is to be an executive session; and I hope that after that we can take a recess until tomorrow morning.

The VICE PRESIDENT. The Senator from Mississippi asks unanimous consent that this amendment go over until tomorrow. Is there objection? The Chair hears none.

CHAIN STORES—PRICES AND MARGINS OF CHAIN AND INDEPENDENT DISTRIBUTORS: MEMPHIS GROCERY (S.DOC. NO. 69)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, transmitting, pursuant to Senate Resolution 224, Seventieth Congress, first session, a report of the Commission entitled "Prices and Margins of Chain and Independent Distributors: Memphis Grocery", which, with the accompanying papers, was referred to the Committee on the Judiciary and ordered printed.

LAWS AND RESOLUTIONS OF THE PHILIPPINE LEGISLATURE

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying documents, referred to the Committee on Territories and Insular Affairs, as follows:

To the Congress of the United States:

As required by section 19 of the act of Congress approved August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands", I transmit herewith a set of the laws and resolutions passed by the Ninth Philippine Legislature during its second regular session, from July 16, 1932, to November 9, 1932, and its special session of 1932, from December 7 to 9, 1932.

With reference to Act No. 4053 (H. No. 2516) the following is quoted from an opinion of the Attorney General of the United States, rendered February 14, 1933, prior to the approval of this act by the President of the United States:

4. Sections 6 and 7 are separable from the rest of the measure. If you approve the bill, sections 6 and 7 will be void and inoperative, but the other provisions of the bill will not be affected and will stand as valid legislation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 7, 1932.*

REPORT OF THE DISTRICT OF COLUMBIA COMMITTEE

Mr. KING, from the Committee on the District of Columbia, to which was referred the joint resolution (S.J.Res. 60) making an appropriation for an investigation of housing conditions and rentals in the District of Columbia, reported it without amendment.

ADDITIONAL BILL INTRODUCED

Mr. FESS introduced a bill (S. 1864) granting a pension to Nettie Sonner, which was read twice by its title, and, with the accompanying papers, referred to the Committee on Pensions.

AMENDMENTS TO NATIONAL INDUSTRIAL RECOVERY BILL—GENERAL MANUFACTURERS' EXCISE TAX

Mr. WALSH. Mr. President, on behalf of the Senator from Pennsylvania [Mr. REED] and myself, I submit several amendments intended to be proposed to House bill 5755, the pending national industrial recovery bill, which I ask may be printed and lie on the table. Two of the amendments pertain to a general manufacturers' excise tax.

The VICE PRESIDENT. The amendments will be printed and lie on the table.

THE TRUTH ABOUT COMPETITION

Mr. CLARK. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Frank A. Fetter entitled "The Truth About Competition", appearing in the Annals.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[Reprinted from The Annals of the American Academy of Political and Social Science, Philadelphia, January 1933. Publication No. 2553]

THE TRUTH ABOUT COMPETITION

By Frank A. Fetter

(Frank A. Fetter, Ph.D., LL.D., is a past president of the American Economic Association, has been professor of political economy in Indiana, Stanford, Cornell, and Princeton Universities, has written extensively on economics, including The Masquerade of Monopoly and Big Business and the Nation (in Facing the Facts), and acted as economic adviser for the Associated States, representing the public in the Pittsburgh-Plus complaint against the Steel Corporation.)

Ever since the passage of the Sherman Antitrust Act 42 years ago the policy of industrial competition in interstate commerce has been the center of a strenuous controversy. Particularly in the last few years a well-organized propaganda, backed by the National Association of Manufacturers and conducted largely by the aid of able corporation lawyers composing a committee of the American Bar Association, has laid down a terrific barrage of public argument against the Sherman Act preparatory to an advance upon Washington to cripple or destroy that legislation.

Powerful interests bent on weakening the operation of competition in large areas of business have given it an evil name. If it were a "natural person" instead of an abstract idea, she or he could sue and recover damages for malicious slander before any intelligent jury and honest court. Competition is not, as some would have us believe, a Dulcinea suffering imaginary wrongs, whom only some half-crazed modern Don Quixote would try to defend. Competition is the present established policy of our people and of our legal system in respect to business, and it cannot be abandoned "without a definite change in our economic philosophy."[1]

The Supreme Court of the United States has repeatedly declared that the existing law and the judicial decisions interpreting it are based upon the assumption that public interest is best protected from the evils of monopoly and price control by the maintenance of competition.[2] It, therefore, is highly important that at the very outset of any discussion of existing laws regulating business and of proposals to modify them, our ideas should be clear as to what is meant by the word "competition." What but confusion can result from proceeding in any other manner? And yet, sad to relate, the recent hostile critics of our present antitrust-law policy have not taken this simple and indispensable precaution in drawing their indictment against it.

THE NATURE OF COMPETITION

What does the word "competition" mean? It has a broad and general meaning and numerous applications. Competition in its most general sense is rivalry to excel in some activity or to attain some specific end. It goes on everywhere in the subhuman world between individuals and species of plants and of animals. It is unfortunate that the popular discussion of biologic evolution has so strongly flavored the word "competition" with the suggestion of a lethal struggle for survival—nature red in tooth and claw; for in civilized human affairs competition takes varied forms for varied ends, and never, save in war between nations or in individual crime, is competition in human affairs a struggle to the death. It is never waged without rules and limits.

Always, among social beings legitimate competition is carried on for some chosen purpose and always it is regulated. Otherwise it would be impossible to know which contestant excelled in the competition. The runner on a track team may not beat his competitors over the head with a club and then lope leisurely to the goal. That would prove only that he was a brute with a strong arm; whereas in a contest of runners the purpose is to see who, under equal and fair conditions, can run fastest. Without umpires and referees, football would not be a game but a riot. Contract bridge must be played according to rules, and not with a deck of marked cards. If card players were pulling aces out of their sleeves, what test would that be of the merits of the several "systems of play" or of the skill of individual players?

In short, in every sort of civilized competition there are "the rules of the game" which must either be observed through a spirit of courtesy or be enforced by judges and impartial officials. Without rules administered and enforced, there is no true competition of a specific sort, but merely a meaningless anarchy of selfish individual action.

Every word of this is essentially just as true of competition in business. True business competition must be an orderly process carried on within the established system of civil law and the accepted morals and codes of conduct. A large part of municipal law is concerned with defining the acts that are criminal, fraudulent, negligent, unfair, or against public policy. The police powers of government are exerted to regulate traffic, weights and measures, sanitation, housing, zoning, and many commercial relations. So familiar are most of these regulations that they usually are accepted as a part of the natural order of things, without recognizing that they are all artificial measures for controlling individual competitive behavior for the public good.

Now, what is the particular nature and purpose of economic competition? It is the process in which individuals and legally incorporated groups are given the chance to earn their livings in our social order by producing desirable things and performing useful services and selling them for all that other folks are willing and able to pay for them. More and better goods, lower prices made possible by the steady march of science and technological invention, material progress constantly shared by the masses of the people—this is the ideal social purpose of competition. Economic competition must be carried on according to the rules of the game, in fair and open commerce, to insure that purpose. Competition is an essential part of the system of individualism and capitalism. Where competition ends, monopoly and special privilege begin, unless the public protects itself by authoritative price fixing.

DISTORTED PICTURE OF COMPETITION

To restate these elementary notions would be superfluous were they not so constantly ignored and denied in much of the current discussion. Those who quarrel with the accepted philosophy of competition because of some inconvenience or disadvantage which they are suffering—or think they are—in their private business, and who are urging that our present antitrust laws be changed, always paint a very different picture. They rarely halt to inquire whether the troubles of which they complain result from violation of the established rules of the game or from failure to enforce those rules, but they assail the contest and the rules as causing all the evils.

We need seek no further for evidence of the truth of these statements and for examples of this state of mind than the addresses and writings of Mr. J. Harvey Williams. His views fairly represent an influential section of business opinion, though excelling in the sincerity, the zeal, and the ability with which he expresses those views. We find him denouncing, under the accusatory title of "The Reign of Error", the "conditions of destructive competition", and "the blind type of competition that is imposed by the Sherman law";[3] declaring that "destructive competition is wellnigh universal";[4] deploring "the ferocity of this competition";[5] and attributing this to the Sherman law which "enforces a reign of cutthroat competition."[6] These phrases are used again and again by him and his associates with the implication or the assertion that they express the ideal and the practical result of our present antitrust laws.

Mr. Williams compresses his understanding of the present theory of our law into this sarcastic phrase: "Cutthroat competition is the life of trade."[7] The attentive reader will have his doubts aroused, however, by the implication that any reduction in the prices of one's competitor is "cutthroat competition."[8] Indeed, it becomes very doubtful whether such critics of our antitrust laws really see any difference between cutthroat competition and any regular and legitimate bidding for trade by their competitors.

The evils complained of are usually not pictured as the accidental and unintended effects of the law (although elsewhere they recognize that they result from its weak and inconsistent enforcement). Critics of this school caricature the present situation thus: "The philosophy of America deems it to the public interest * * * to squander our natural resources for a mess of pottage."[9] "The economic philosophy underlying the law [is] the fetish that the consumer is entitled to his cut-rate bargain before either capital or labor efficiently conducted is entitled to its fair wage."[10] "The law encourages the selfish or inefficient."[11] Of course, such results are the very opposite of what the law was intended to accomplish. No wonder that this crusader for a new deal exclaims, with righteous indignation: "Repeal, not amend the Sherman Act. Oil and water will not mix."[12]

But the reader of these opinions needs to be warned that by a peculiar use of words "the consumers", who are getting these "cut-rate bargains" by the evil operation of our present laws, are not ultimate consumers, as commonly meant by the word "consumers", but are monopolistic trusts buying equipment from a smaller producer such as Mr. Williams' company. Elsewhere Mr. Williams concedes, however, that the creation of these great trusts would have been impossible if the Sherman Act had been enforced as it plain terms require. So we have this strange accusation against the Sherman law and its whole underlying philosophy; that the law is to blame for an outrageous situation that has resulted from its nonenforcement and its violation in letter and in spirit. The law has caused this great injustice because it has not been obeyed. This is a pretty mess of reasoning, which we should try to disentangle.

MONOPOLY THROUGH MERGERS

It is a pleasure to turn from complete disagreement with so sincere an antagonist to partial agreement. I believe that Mr. Williams and his group are about half right, though I hasten to recall the familiar adage that the most mischievous errors are half truths. A single sound premise, together with an unsound one, may, and often does, breed a monstrous conclusion.

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[1] Williams, J. H., in Atlantic Monthly, 147: 795, June 1931.

[2] *Trenton Potteries case*, 273 U.S. 392 ff.

[3] Atlantic Monthly, 147: 788.

[4] Ibid., 789.

[5] Magazine of Business, 55: 102.

[6] Atlantic Monthly, 147: 789; see also Magazine of Business, 55: 155.

[7] Atlantic Monthly, 141: 418.

[8] Magazine of Business, 55: 155.

[9] Atlantic Monthly, 141: 412.

[10] Ibid., 141: 846.

[11] Ibid., 851.

[12] Ibid., 847.

It is always well to get an advocate's personal equation in an issue of public policy before weighing the force of his arguments, for in such matters the opinions of men are often but the rationalization of their own environment. Mr. Williams has full right to speak as the mouthpiece of a certain large group of men of affairs charged with the management of comparatively small businesses. They are small only "comparatively", for in this day of billionaire combinations other highly useful and important corporations with modest assets of, say, six or even sixty millions are only pygmies creeping about at the feet of industrial giants.

Now, in this rather precarious position, these comparatively small manufacturers have been doing a lot of thinking. It is not difficult to trace the course of their serious thoughts and to see that they have already gone halfway along the road, and with further thinking may eventually go the whole way and finally arrive at the truth. The first distressing fact that they have lately discovered is that they no longer have a really open market and a normal group of freely competing buyers for their own products. A business that could truly claim to be "the largest maker of drop-forgings and drop-forged tools in the United States and probably in the world" is a pretty helpless seller of its special products today in the face of great platoons of factories, marshaled as buyers under unified ownership. It is these big combinations which more and more constitute the buying public for such special industrial equipment. In the way of thinking already noted, the "trusts" are called the "consumers" of the products of the smaller manufacturer.

Mr. Williams awakes to the alarming truth that really big businesses have buying-monopoly power in their dealings with him, because they constitute the major part of the demand in many areas for the products of his business.[13] Then he realizes that this buying-monopoly power which is injuring him and his kind of business is the natural result of the selling monopoly that was brought about by merging large numbers of formerly independent plants into giant combinations. He fittingly calls this "virtual" monopoly, or again he calls it a condition of "semi-monopoly which, if it differs from the trust of 1890, does so only in respect to * * * enlightened instead of ruthless selfishness."[14] He and his friends in the National Association of Manufacturers had watched this process of merger with little concern, or even with hearty approval. Now his prophetic eye sees truly the inevitable outcome: "Eventually competitive units will be so few that there will be no alternative to this virtual monopoly, since two or three corporations in unregulated control of a Nation-wide field protect the public little better than one."[15]

That sets Mr. Williams to thinking again, and to doubting the professed motives for the formation of big business. He questions, as many others now do, "that efficiency is inherent in mere size."[16] He accepts the considerable body of evidence showing "that the majority of mergers have not been so successful as is popularly supposed."[17] With a flash of insight he glimpses the real motive of most mergers, and exclaims: "The prime motive underlying the whole merger movement has been to enable competing companies to exercise as a single corporation the stabilizing influence upon prices, production, and division of territory which the law forbids them to exercise by agreements as independent units."[18] In plain words, the prime motive for mergers has been monopoly, and the purpose has been to evade and defeat the Sherman law enacted to prevent monopoly.

While violently attacking the Sherman Act, these critics elsewhere recognize that the merger movement has been in conflict with the original purpose and the plain meaning of that act. They throw the blame upon the policy of the Supreme Court, which has permitted many combinations "to attain or approach the status of a trust which is clearly inhibited by the antitrust part of the Sherman Act."[19] Eager to abolish or to modify the Sherman Act, they become suspicious of the coolness of some elements of really "big" business toward such a plan. They discover discordant interests among business men and discordant opinions among their agents, the corporation lawyers. "It is a question whether existing conditions [as to the Sherman Act] are not welcome to the agents of big business as making them constantly bigger and more powerful through the elimination or absorption of their smaller competitors."[20] If these ideas and expressions involve many inconsistencies, it is probably because they reflect different moods and times rather than purely rational thinking at any time.

MONOPOLY THROUGH PRICE FIXING

Thus far we have followed the line of thought of these critics of the present situation with considerable sympathy and approval; but now we approach the point where they and we must part company. For what, at this point, do they propose to do? When intelligent men have discovered that the cause of their own troubles is the monopolistic power of "big" business resulting from mergers, we might expect them to urge the removal of this cause. When they see also that these trusts have been formed in spite of the Sherman antitrust law, and by reason of its negligent enforcement, we might expect them as good citizens to rally in defense of that law. But no, instead, they say in the same breath that the antitrust purpose of that law is excellent, and that it should now be abandoned as hopeless.

The regime of special privilege which giant combinations have created, these "virtual" monopolies which have so largely destroyed true competition in free and open markets, are now to be accepted and perpetuated to the injury not only of smaller business but of the buying public (the rest of us). Sauve qui peut. The public is to be left to its fate while antagonists of the Sherman law, intent upon their own safety, undertake the immense propaganda of the past few years—to do what? To create another kind of special privilege for themselves, the privilege of combining in trade associations in restraint of commerce, by conspiring to control production and to fix prices in their industries, for all buyers, trusts, and public alike.

Sugar-coat such a policy as they may, it means the creation of a multitude of other "virtual" and semimonopolies over a large part of the field of industrial prices. Its advocates even admit in unguarded moments that it is "price fixing", but excuse it on the ground that it "would operate chiefly to prevent demoralization when supply exceeded demand";[21] in plain words, that means whenever the competitive price is too low to satisfy the price fixers. They deny, of course, that this is monopoly; they call it, in carefully chosen words, merely charging "the highest price that will attract the largest profitable demand without inviting avoidable competition."[22] But inasmuch as the action of such a legalized conspiracy of sellers would make almost all effective competition "avoidable", the price resulting would be highly monopolistic. Of course, they disavow the desire to get an "excessive" price; they seek only the "right" price; that is, what is right in their own opinion.

Such an arrangement would, to be sure, give to trade associations greater bargaining power in selling to the large trusts, but these would still be able to look out pretty well for their own interests in the bargain. The rest of the people, however, the unorganized sellers of their goods and services, would then have two monopolistic masters, one scourging with whips and the other with scorpions. It is not a pleasant prospect.

SOME LEGAL OBSTACLES

To Mr. Gilbert Montague, the other speaker at this session, may safely be left the task of demonstrating as an expert in this special field of the law that this whole N.A.M.-A.B.A. plan with its ingenious devices for tinkering with the Sherman Act is nothing but an attempt to camouflage monopoly, and that it would meet the frown of the Supreme Court on constitutional grounds. Indeed, he has already performed this task on various occasions, with withering effects to these pet projects and illusions.

Mr. Williams consequently holds a very qualified opinion of this brand of corporation law, and has impatiently declared that the lawyers "have succeeded to date in perpetuating this goose, with its golden eggs of uncertainty, rigidity, and legal technicality beyond the time and training of the average business man to fathom."[23] He even pronounces this advice from the corporation lawyers as a "truly legal racket." Mr. Montague comes back with the retort courteous: "These misinformants apparently esteem their ignorance of these Supreme Court decisions as a specially high qualification for passing judgment upon the Sherman law."[24] Let us hope that this little controversy will be settled by the rule of reason. My own economic studies make me incline to the views of Mr. Montague on this phase of the question.

Mr. Montague, however, is a lawyer whose business it is to advise his clients, the trade associations and others, what he finds the law to be and what is best for their interests. In substance, what he shrewdly and competently says to them is this: The Sherman Act has not worked out so badly for you, after all. The lawyers have performed wonders in skillfully guiding the courts for 40 years so as to mollify if not wholly to modify the original purpose of the law. If we are not yet able to give you all you desire, nevertheless hope on. Things might be worse. We may even be able to get the courts to concede a little more. Let a sleeping dog lie.

But the members of the N.A.M. group say: "No, it's well enough for the big fellows, it has some features that even we halfway like, but on the whole we are getting the bad end of the bargain. We want a change." And then they get mad and call the practice of trade association law "a racket."

THE MENACE TO CAPITALISM

What is to be the conclusion of the whole matter? Who dares to predict with confidence, when on the one side are alined the accepted philosophy of our law, a great weight of trained economic opinion, and the masses of our people with their deep-rooted suspicion of monopoly; and on the other side are arrayed well-nigh irresistible industrial self-interest and financial power to affect public opinion and to dominate political action?

The truth is that capitalism is becoming more unwieldly and unworkable in geometric ratio as the field of competition is narrowed and as independent enterprises are merged into great monopolistic units, with resulting special privilege and autocratic price fixing. The truth is that capitalism is working pretty badly now for the public welfare in some respects, and its breakdowns

[13] Atlantic Monthly, 147: 791; North American Revue, 227; 568–569.
[14] Magazine of Business, 55: 102.
[15] Atlantic Monthly, 147: 792.
[16] Atlantic Monthly, 793.
[17] Magazine of Business, 55: 195.
[18] Atlantic Monthly, 147: 791.
[19] Magazine of Business, 55: 31.
[20] Atlantic Monthly, 141:424.
[21] Atlantic Monthly, 419.
[22] Pamphlet, A Cure for Our Sherman Act Troubles, by J. H. Williams, address delivered Oct. 20, 1931, p. 17.
[23] Ibid., 25.
[24] Magazine of Business, 55: 333.

are becoming increasingly disastrous. The truth is that business leaders are trying vainly to operate a capitalistic system by methods and business practices that are in conflict with its fundamental assumptions. The truth is that a large part of the industrial field is already in the possession of industrial oligarchies rather than of independent enterprisers. The truth is that capitalism is being destroyed by the capitalists—or by some of them—heedlessly bent on their own supposed advantage. The truth is that while we may temporize, the ultimate alternative to a regime of competitive prices is one of authoritative prices, whether of private monopoly or of public socialism. Is it going to be possible to save the system of individual freedom from its false friends, those very men who should have most at stake in its preservation?

The truth is that the sort of competition contemplated in our accepted philosophy is regulated and reasonable competition. The Supreme Court's announcement of its ambiguous "rule of reason" was not needed to make that clear, and served only to muddy the waters of discussion. The truth is that any competition is unreasonable that fosters and eventuates in monopoly, now a legal synonym for "restraint of commerce." The truth is that the Sherman Act reasonably interpreted and enforced would prohibit aggregations of industrial units with monopolistic powers, and would put an end to the very evils of which the opponents of that act now complain. The truth is that the Sherman Act, as well as the Clayton Act, is designed to prevent the very business practices that weaken and destroy regulated and effective competition. The truth is that so-called "cutthroat competition" which many business men so strongly denounce is but another name for the discrimination in prices to which they cling as an inalienable right. Open and uniform prices, placarded at the mill, are a necessary condition of free competition and open markets in this day of big business.

Industrial price methods are only a part of the larger corporation problem, but a very important part. The truth is that we have been heading the wrong way and have got off on a wrong road in our economic development. Our present course can lead only to general disaster, worse in the long run than the temporary and still comparatively superficial evils of the present depression.

Can the better part of the Nation be brought to realize these truths? Will the better part of the business world unite with earnest citizens and sincere public officials in the effort to get further needed legislation and effective enforcement of existing laws? That is at once the most truly conservative and the only truly progressive course to pursue. The political and legislative history of the next 4 years may record the answer to these questions.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

Mr. ROBINSON of Arkansas, from the Committee on Foreign Relations, reported favorably sundry nominations in the Diplomatic Service.

Mr. POPE, from the Committee on Foreign Relations, reported favorably the nominations of Hooker A. Doolittle, of New York, and of Clarence E. Gauss, of Connecticut, to be secretaries in the Diplomatic Service of the United States.

TENNESSEE VALLEY AUTHORITY

Mr. SMITH. Mr. President, from the Committee on Agriculture and Forestry I report favorably the nomination of David E. Lilienthal, of Wisconsin, to be a member of the Board of Directors of the Tennessee Valley Authority for the term expiring 3 years after May 18, 1933, and the nomination of Harcourt Alexander Morgan, of Tennessee, to be a member of the Board of Directors of the Tennessee Valley Authority for the term expiring 6 years after May 18, 1933.

It has been reported to me that it is necessary for these appointments to be acted on at once, so that the Muscle Shoals project may be gotten under way. Therefore, I ask unanimous consent for the confirmation of the two nominations which I have reported.

Mr. McCARRAN. I object.

Mr. McNARY. Mr. President, I did not understand the nature of the request.

Mr. SMITH. Objection has been made. I asked for immediate consideration of two appointments, as the Muscle Shoals project is being delayed for lack of organization of the Tennessee Valley Authority.

The VICE PRESIDENT. Is there objection?

Mr. McCARRAN. I object.

THE CALENDAR

The VICE PRESIDENT. Are there further reports of committees? If not, the calendar is in order.

THE JUDICIARY

The Chief Clerk read the nomination of Jim C. Smith to be United States attorney, northern district of Alabama.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Paul E. Ruppel, to be United States marshal, southern district of Illinois.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

DEPARTMENT OF THE NAVY

The Chief Clerk read the nomination of Rear Admiral William D. Leahy to be Chief of the Bureau of Navigation, with rank of rear admiral, term of 4 years, from the 1st day of July 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

BUREAU OF INTERNAL REVENUE

The Chief Clerk read the nomination of E. Barrett Prettyman, of Maryland, to be General Counsel.

Mr. REED. Mr. President, we have recently confirmed a Commissioner of Internal Revenue against whose confirmation there were very serious protests. It is important to know whether this nominee, Mr. Prettyman, has had any connections with Mr. Helvering or with Mr. Arthur Mullen, and what his connections generally have been. I wish the Senator from Maryland would enlighten us.

Mr. TYDINGS. Mr. President, I cannot speak as to Mr. Prettyman's complete experience, of course, but I think I can in substance give an answer to the Senator's question.

Mr. Prettyman is a Marylander, who has lived practically all of his life in Montgomery County, adjoining the District of Columbia. For a number of years he has practiced in that county, particularly in Washington. He is known as a very excellent income-tax lawyer. He has practiced before the Department. I do not think he has ever tried a case with or been directly or indirectly associated with either Mr. Helvering or Mr. Mullen in income-tax matters, so far as I know.

I know that I am not breaching any confidence when I say to the Senator from Pennsylvania that only a couple of days ago Mr. Prettyman came to my office and told me that he thought the office to which he had been appointed was the largest law office in the world in point of attorneys. He said he wanted to make a good record, and to eliminate, if possible, some of the reflection that has been thrown on the office under previous administrations, perhaps wisely or unwisely, justly or unjustly. He asked me if I would not stand back of him. He is not a political fellow in the general sense. He said he did not want to put anybody in the office who could not discharge the work, first of all, and he wanted a character of men who would help him to administer the office impartially and fairly.

I simply mention that conversation, which Mr. Prettyman did not know would reach the floor of the Senate, to show his aim to administer his new office in the best way possible.

Mr. REED. Is he in some firm of lawyers here in Washington?

Mr. TYDINGS. I do not think so. I think he practices in his own name. He may have associates, but there is no one in the firm that I know of besides himself. I think it is E. Barrett Prettyman, attorney at law.

Mr. REED. Approximately how old is he?

Mr. TYDINGS. He is about 45 years old, I should imagine. I may say to the Senator that Mr. Prettyman enjoys an exceptionally high reputation for integrity and stands high at the bar and also as a man.

Mr. McKELLAR. Mr. President, I think I can say something about Mr. Prettyman. He is the son of the Reverend Forrest J. Prettyman, who was at one time Chaplain of the Senate. I would hardly have taken him to be 45 years old. I should say he is about 40 years old, from what I know of him. I am quite sure he is a very fine man and the kind of a man the Senate would like to confirm to this office.

Mr. CLARK. Mr. President, is Mr. Prettyman the attorney who represented the Senator from Michigan [Mr. COUZENS] in his case before the Bureau of Internal Revenue?

Mr. McKELLAR. I think he is. I think he was associated with the attorneys of the Senator from Michigan in the trial of his case before the income-tax people, and I should say that was indicative of his standing as a tax lawyer. While Mr. Prettyman is not infallible, I think he will do his utmost to administer the office in a way that will reflect credit on himself and on those who have sponsored his appointment.

Mr. REED. I hope it will not be assumed that my questions indicate a desire to cast any reflection on Mr. Prettyman. I have heard of no criticism of him. The position he is about to take over, however, is one of the most important positions in the Government. If it were in the hands of a man of dubious integrity there would be the possibility of great scandal; and I feel I was justified in making my inquiries.

Mr. TYDINGS. Let me say another thing to the Senator from Pennsylvania. Mr. Prettyman has been a Democrat, but he has been an independent Democrat in politics. As my colleague, Mr. GOLDSBOROUGH, knows, he has been a free lance for good government in his community as he saw it, and has not hesitated to fight the whole organization of his own county on several occasions. I simply mention that as showing his independence in looking at political questions.

Mr. GOLDSBOROUGH. Mr. President, I might say, for the information of the Senator from Pennsylvania, that I have known of Mr. Prettyman and his family for a great many years. I think he is a man of ability in his profession, and a man of very high character. I feel quite sure that he will represent the Government well, and reflect credit on himself and those who recommended him for the appointment.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, as in legislative session, I move that the Senate take a recess until tomorrow at 11 o'clock.

The motion was agreed to; and (at 11 o'clock p.m.) the Senate took a recess until tomorrow, Friday, June 9, 1933, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate June 8 (legislative day of June 6), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Robert P. Skinner, of Ohio, now Envoy Extraordinary and Minister Plenipotentiary to Estonia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Turkey.

ENVOYS EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Robert Granville Caldwell, of Texas, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Portugal.

Francis White, of Maryland, now an Assistant Secretary of State, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Czechoslovakia.

John Flournoy Montgomery, of California, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Hungary.

Alvin Mansfield Owsley, of Texas, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Rumania.

UNITED STATES DISTRICT JUDGE

Robert C. Bell, of Minnesota, to be United States district judge, district of Minnesota, to succeed William A. Cant, deceased.

DISTRICT JUDGE, DIVISION NO. 1, DISTRICT OF ALASKA

George F. Alexander, of Oregon, to be district judge, division no. 1, district of Alaska, to succeed J. W. Harding, term expired.

JUDGE OF THE UNITED STATES CUSTOMS COURT

William J. Keefe, of Iowa, to be judge of the United States Customs Court in New York City.

ASSISTANT ATTORNEY GENERAL

George C. Sweeney, of Massachusetts, to be Assistant Attorney General, to fill an existing vacancy.

UNITED STATES ATTORNEYS

Berthol J. Husting, of Wisconsin, to be United States attorney, eastern district of Wisconsin, to succeed Edward J. Gehl, appointed by the court.

Ralph J. Rivers, of Alaska, to be United States attorney, division no. 4, district of Alaska, to succeed Julien A. Hurley, term expired.

UNITED STATES MARSHAL

Joseph A. McDonald, of Alaska, to be United States marshal, division No. 4, district of Alaska, to succeed M. O. Carlson, appointed by court.

MEMBER OF THE BOARD OF DIRECTORS OF THE RECONSTRUCTION FINANCE CORPORATION

Russell Hawkins, of Oregon, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932, vice Charles A. Miller.

MEMBER OF THE FEDERAL HOME LOAN BANK BOARD

Walter H. Newton, of Minnesota, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 2 years from July 22, 1932, vice H. Morton Bodfish.

PURCHASING AGENT FOR THE POST OFFICE DEPARTMENT

Harrison Parkman, of Kansas, to be Purchasing Agent for the Post Office Department, vice Robert S. Regar.

SUPERINTENDENT OF THE UNITED STATES MINT AT SAN FRANCISCO, CALIF.

Peter J. Haggerty, of San Francisco, Calif., to be Superintendent of the United States Mint at San Francisco, Calif., in place of Michael J. Kelly.

COLLECTORS OF INTERNAL REVENUE

J. Enos Ray, of Hyattsville, Md., to be collector of internal revenue for the district of Maryland, in place of Galen L. Tait.

Eugene Fly, of Jackson, Miss., to be collector of internal revenue for the district of Mississippi, in place of George L. Sheldon.

James W. Maloney, of Pendleton, Oreg., to be collector of internal revenue for the district of Oregon, in place of Clyde G. Huntley.

Charles M. McCabe, of Nashville, Tenn., to be collector of internal revenue for the district of Tennessee, in place of Hal H. Clements.

Sidney P. Osborn, of Arizona, to be collector of internal revenue for the district of Arizona, in place of Fred O. Goodell.

Harwell G. Davis, of Alabama, to be collector of internal revenue for the district of Alabama, in place of William E. Snead.

John P. Carter, of Los Angeles, Calif., to be collector of internal revenue for the sixth district of California, in place of Galen H. Welch.

John V. Lewis, of Oakland, Calif., to be collector of internal revenue for the first district of California, in place of John P. McLaughlin.

William E. Page, of Columbus, Ga., to be collector of internal revenue for the district of Georgia, in place of Josiah T. Rose.

Lewis Penwell, of Montana, to be collector of internal revenue for the district of Montana, in place of Charles A. Rasmusson.

David L. Lawrence, of Pittsburgh, Pa., to be collector of internal revenue for the twenty-third district of Pennsylvania, in place of Daniel B. Heiner.

Walter R. Thurmond, of Logan, W.Va., to be collector of internal revenue for the district of West Virginia, in place of Vernon E. Johnson.

COLLECTORS OF CUSTOMS

Warren Van Dyke, of Pennsylvania, to be collector of customs for customs collection district no. 11, with headquarters at Philadelphia, Pa., in place of A. Lincoln Acker.

James Houlahen, of Millvale, Pa., to be collector of customs for customs collection district no. 12, with headquarters at Pittsburgh, Pa., in place of Samuel H. Thompson.

William B. George, of San Diego, Calif., to be collector of customs for customs collection district no. 25, with headquarters at San Diego, Calif., in place of William H. Ellison.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 8 (legislative day of June 6), 1933

UNITED STATES ATTORNEY

Jim C. Smith to be United States attorney, northern district of Alabama.

UNITED STATES MARSHAL

Paul E. Ruppel to be United States marshal, southern district of Illinois.

GENERAL COUNSEL, BUREAU OF INTERNAL REVENUE

E. Barrett Prettyman to be General Counsel, Bureau of Internal Revenue.

PROMOTION IN THE NAVY

Rear Admiral William D. Leahy to be Chief of the Bureau of Navigation, with rank of rear admiral.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 8, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Heavenly Father, in a world of changes and vicissitudes, we pray for wisdom to learn their lessons and to acquire their discipline. We seek Thee, O Lord, for in Thy presence there is a sense of the stability and the security of things good and helpful; give us the bright light of a happy assurance. As we lift our cheerful song to Thee this day, set Thy seal upon our lips and restrain us from magnifying the faults and the failings of others. Stimulate us with a patriotic desire to minister unto our country and to those whom the thorns of circumstances have injured. Almighty God, clear the way and diminish difficulties. May we walk all this day long with Thee, and let Thy revealed truth touch all hearts with thanksgiving and praise. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 5793. An act to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 4812. An act to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes; and

H.R. 5208. An act to amend the probation law.

The message also announced that the Senate had passed bills and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 512. An act for the relief of Peter Pierre;

S. 690. An act for the relief of Charles L. Graves;

S. 723. An act to amend the act of March 13, 1924 (43 Stat.L. 21), so as to permit the Flathead, Kootenai, and Upper Pend d'Oreille Tribes or Nations of Indians to file suit thereunder;

S. 815. An act to provide for the survival of certain actions in favor of the United States;

S. 1126. An act for relief of M. M. Twichel;

S. 1561. An act providing for payment of $50 to each enrolled Chippewa Indian of the Red Lake Band, of Minnesota, from the timber funds standing to their credit in the Treasury of the United States;

S. 1742. An act granting consent of Congress to Ernest N. Hutchinson, Otto A. Case, and A. C. Martin to construct, maintain, and operate a bridge across Deception Pass between Whidby Island and Fidalgo Island in the State of Washington;

S. 1745. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg.;

S. 1746. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg.;

S. 1747. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Waldport, Lincoln County, Oreg.;

S. 1748. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg.;

S. 1749. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg.;

S. 1774. An act to provide for extension of time for making deferred payments on homestead entries in the abandoned Fort Lowell Military Reservation, Ariz.;

S. 1780. An act to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, and for the replatting and development of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes;

S. 1807. An act to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.;

S. 1808. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century; and

S.Con.Res. 2. Concurrent resolution providing for the printing, with an index, of the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence.

ADDRESS AT MEMORIAL EXERCISES OF SONS AND DAUGHTERS OF THE CONFEDERACY

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an address I delivered to the Sons and Daughters of the Confederacy at Fairfax Court House.

The SPEAKER. Is there objection?

There was no objection.

Mr. FLANNAGAN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include an address I delivered at Fairfax Court House on June 1, 1933, at the memorial exercises held by the Sons of Confederate Veterans and the Daughters of the Confederacy. The exercises, I may add, were presided over by a distinguished ex-Member of this House, the Honorable R. Walton Moore.

The address is as follows:

Seventy-two years ago tonight this quiet, peaceful village, at that time already rich in the history of the past, was the scene of the first armed conflict between the States, and gallant Capt. John Quincy Marr, for whom your camp was named, laid down his life for the Southland.

As a descendant of one whose blood was also shed for the Southland, I come to you this evening in the sunset days of your lives without one blush of shame for the ideals which you have cherished, without one pang of regret for the things which you have done, without one single apology for the sacred principles for which you have stood, with a heart full of love, with a conscience that approves of your every act and deed, with a mind believing as you believe, and with the knowledge that under every condition, in war and in peace, you have acquitted yourselves like men.

In the name of your progeny I thank you for the lessons of self-sacrifice you have taught us, for the God-given examples you have set before us, for the lofty ideals you have instilled in us, for the glorious heritage you have left us, and for the noble aspirations you have planted in our bosoms.

It has been asked, "Was the blood of the South shed in vain?" Such a question could only have emanated from a base and depraved mind—a mind devoid of all noble sentiment and shorn of all manly instincts and ideals. In answer I say: Two thousand years ago the blood of the Savior of mankind was shed on Calvary to free the world from the curse of sin—to provide a means whereby you and I, through faith and repentance, can triumph over sin and receive eternal life. His blood was not shed in vain. It will trickle down through the ages alleviating suffering, putting songs in the hearts of the dejected, restoring the broken in mind and body, providing rest for the weary, bringing faith to the skeptic, hope to the downtrodden, charity to the neglected, and peace and new life to countless millions.

From 1861 to 1865, nearly half a million men, the flower of the Southland, laid down their lives in defense of a principle that they held sacred and dear. Their blood was not shed in vain. It will trickle down through the ages bringing faith, hope, courage, strength, and inspiration to every son and daughter of the Southland until the stars no longer twinkle, the sun no longer shines, the earth has crumbled, and time shall be no more.

Upon an occasion like this I am beset with the temptation to recount your deeds of valor upon the fields of battle, to review again your prowess as warriors; but I refrain, for your deeds upon the battlefields will never die. They have been painted by the delicate hands of our artists upon convas, they have been chiseled into marble and granite by our sculptors, they have been recounted in thousands of volumes by our historians, they have been eloquently proclaimed by our orators, and they have been sung by our poets.

Oh, but you have other achievements to your credit—achievements not acquired upon the fields of battle—but achievements acquired after the storm of battle had ceased and you set about rebuilding the ruined South. It is of these achievements I would speak.

After the surrender you were met face to face with the greatest problems that ever confronted a people. Your homes—many of them—had gone up in flames; your livestock had either been consumed in the war or driven off by the enemy; your fields were grown up in briars, washed and gullied; your factories—those left standing—idle; your commerce ruined; your Southland due to the conditions prevailing before the war was in the crudest state of development; your labor system was overthrown and only the most unseeming elements existed out of which to construct a new one; and half a million men of your slim Caucasian population were dead or disabled in their prime. Then to add to your misery and distress the reconstruction governments brutally disregarding your welfare, and as if to wring from the prostrate body of the South the last drop of blood, weighed down the weakened States with debts until over $300,000,000 were robbed from the present and future.

"Can the South ever recover?" was the question that fell from thousands of lips during those dark days. Little did the propounders of such a question realize the mettle of which you are made, or the indomitable courage and strength of our women. While you came home penniless and in poverty, you came rich in energy and self-denial and went to work without a day's delay. Well have your efforts been crowned with success, and today, due to your fidelity and untiring efforts, the South, as if by magic, has arisen from the ash heaps of the sixties to its present position of grandeur and strength and stands abreast with the sister sections in wealth, in business advantages, and in economic possibilities.

May I not recount briefly some of your achievements?

By improving our soil, by building up our transportation system, by erecting factories, and developing our natural resources you have brought millions of people to the South, and today we have one third of the Nation's population. And I may add in passing that we are all proud of the fact that our southern population is the purest American stock we have.

You have developed and greatly improved our agricultural lands, and today with 35 percent of the farming area we are producing 40 percent of the Nation's farm crops.

From a few miles of railroad with scarcely no equipment you have developed our transportation system until it covers the Southland, east and west, north and south, with around 90,000 miles of roadbed.

You have developed our highway system, and today 222,738 of the 694,110 miles of hard-surfaced roads are in the South.

From an industry in which only a few thousand dollars were invested you have invested in our cotton mills millions of dollars, and today our southern cotton mills have practically two thirds of the spindles in America.

You have turned the attention of our people to manufacturing, and today we have invested in manufacturing plants billions of dollars and, in my opinion, the day is not far distant when the industrial East will be transplanted to our own Tennessee Valley.

You have developed our natural resources and found that we have the largest sulphur deposit in the world, and today we are producing 83 percent of the world's sulphur supply; and 99 percent of American sulphur comes from the South.

You have discovered that we have the largest known gas fields in the world, and today the South is producing 67 percent of American gas.

You have discovered that one half of the reserve oil is in the South, and today we are supplying 71 percent of the American production of crude oil.

You have developed our water power to over 2,000,000 horsepower, and we have yet undeveloped nearly 8,000,000 horsepower.

You have made wonderful progress in developing our deposits of iron ore, and today a southern city—Birmingham—is among the largest steel markets in the world.

You have erected sawmills that are daily cutting millions of feet of soft- and hard-wood lumber, and today 67 percent of the hardwood lumber comes from the South, and we have discovered that our southern hardwood sections are producing the finest-known texture of hardwood lumber.

You have developed our coal veins, and today we are shipping to our foreign and domestic trade millions of tons of the finest bituminous coal in the world, and we have discovered that we own one third of the Nation's coal area.

You have made wonderful progress along educational lines. In recent years, nowhere in this broad land of ours, save in the South, where the preceding lethargy was long and marked, has progress in education been amazing. Today our colleges and universities of higher learning offer our boys and girls the services of teachers as learned as any to be found in the northern and foreign universities, and our public schools are not only efficient but sufficiently numerous to bring an elementary education within reach of every boy and girl. As an indication of our progress in public education I call your attention to the fact that last year here in Virginia we spent practically three times as much for public education as the whole South spent in 1870.

In your march of progress, thank God, you have not forgotten our religious side. The church in the South has kept pace with our economic develpoments. You have held fast to the faith, and because of this fact today we find in the South the purest religion preached by the purest ministry to be found in the world. Here the infidel finds no audience, the agnostic no followers, and the higher critic is looked upon as one with more ego than piety. Yes; our mothers' prayers have followed us, and may they ever follow us, keeping us in the straight and narrow path that leads from this world by Calvary to the heights beyond.

Yes; you have accomplished great things, and the noonday has not yet arrived. The future never looked more inviting and hopeful. I know not what is beyond the mystic veil that separates the present from the future, but when I look into the future "as far as human eyes can see" I see our agricultural interests giving employment to innumerable thousands; I hear the whistle of our factories break the stillness of the morn, summoning myriads of men to honest labor; I see our workmen delving into the bowels of the earth and bringing forth unheard-of riches; I see the ships of diverse nations anchored in our harbors eagerly seeking the grain from our fields, the products from our mills, and the minerals from our mines; I see our employers paying a fair wage and our workmen giving in return an honest day's work; I see our public officials honestly trying to promote the public weal; I see a land where womanhood is honored, motherhood held sacred, children valued above sordid gold, and where the church is exalted above every other institution. Yes; I see a picture of the greatest country of all time, the South at its zenith.

Oh, but you have had assistance—noble, sacrificing assistance. I am not detracting from your achievements when I tell you that you did not accomplish these things single-handed. You accomplished them by and with the assistance of our southern women. Oh, what thoughts the mere mention of our southern women conjure up! Oh, what mental pictures pass in kaleidoscopic parade before the eye!

I see the parting between the southern mother and her soldier boy. Yes; soldier boy, whether son, husband, or brother. I see her with supreme effort close the floodgate of her heart, and bid her soldier boy goodby with a hidden tear in her eye, a secret prayer upon her lips, but a smile upon her face.

I see her during the long wait when her soldier boy was on the firing line intermittingly working and praying, praying and work-

ing—working for those left behind on her hands and to assist in supplying those in battle—praying for both and that God might give her health and strength to labor on for the cause.

I see her tenderly and eagerly nurse from the very jaws of death back to life those near and dear to her in order that they might return as quickly as possible to their posts of duty.

I see her without losing faith, hope, or courage, keep the home fires burning for five long, dark, and dreary years.

I see her as she meets her exhausted though unconquered and unconquerable hero and hears the news of the surrender; and I see plainly written upon her face the Bible she believes—"not my will but Thine be done." For her hero not a word of censure, but thousands of praise; not a look of despair, but a beaming countenance that speaks louder than words: "I am happy with you; we will work it out together; God liveth and all is well!" That night I see them around the fireside. Not all, perhaps, for some are sleeping upon the battlefields, but all that are left. There they sit in a semicircle! The mother, whose girlish beauty has ripened into motherly loveliness, has upon her lap a young southerner—the baby of the flock—and from the expression of joy I see in his eyes I know he would not exchange his seat for a kingly throne. I see on one side of her chair another young southerner, his head resting upon her shoulders, and on the other side I see a miniature of the mother, her tangled hair hiding a face radiant and beautiful. A little to the right I see her hero—the father of the flock—with his arms clasped around his firstborn, his tired and care-worn face, chamelionlike, reflecting the sadness and happiness that is in his heart. I see in the mother's hand a book. Yes, the book we all go to in time of trouble. She is reading, and all are eagerly listening to the words that fall from her lips. Power! Did you ever think of the power of a Godly woman? Did you ever think of her power to interpret the Scripture? It holds the young and the old; it satisfies the vivid imagination of childhood and the logic of maturity; it brings joy to the young and happiness to the old; it dispels the clouds and brings the sunlight. And that night the battle was won. Her faith, her hopes, and her prayers prevailed, and brought the needed strength and courage to her hero to face the future.

I see her during the days of the reconstruction, when the regime of the carpetbagger and scalawag hung like a pall over the Southland—hung for interminable years, it seemed, until God Himself became disgusted at their perfidy and brushed them off the stage—her faith in the future unshaken, preaching, teaching, and counseling that behind the cloud a brighter day awaited the Southland.

I see her during the years following the reconstruction encouraging the man of the South to plan for the future, to build for the future, and to live for the future.

Yes; and above all I see her presiding over our southern homes—the homes where the family Bible is read, where family prayers are daily offered, where men and women are made.

Oh, I know wonderful women have been produced in other lands. I am not unmindful that the Jews produced a Mary Magdalene, the Egyptians a Cleopatra, the Italians a Florence Nightingale, the French a Joan of Arc, and the English an Edith Cavell; but no nation, no people outside of the Southland ever produced a southern mother. When I contemplate our southern mothers my heart swells with pride, for I see a picture of the one who kissed away the pains from my cuts and bruises in childhood, whose counsel and advice I cherished in manhood, whose simple faith led me to the cross, and whose daily life was so clean, so sweet, and so pure that to me she was the godliest of the godly.

O southern women, blessed be thy name! Who knows how many of the factories that now give employment to untold thousands have been erected, how many railroads that now traverse our fair land in all directions have been constructed, how many coal mines have been opened up, how many sawmills have been started, how many fields have been planted, how many farms have been cleared, how many schools and churches have been built by thy vision, thy counsel, thy inspiration, and thy prayers?

Yes; you have accomplished great things, but ever remember you accomplished they by and with the assistance of our southern women. With such help, how could you fail?

The line of gray is rapidly thinning. Few of the war mothers linger longer with us. God, as if loath to give up such brilliant examples of strength, courage, and valor, faith, hope, and love, has kept you who remain with us far beyond the allotted three score years and ten. May He in His goodness and mercy continue to extend your years of usefulness and service, and may they be years of peace and tranquillity blessed with the conscious knowledge that when the last bugle sounds and you are marched into the presence of the Great Judge you will hear the benediction, "Well done thou good and faithful servant."

In a few years the future destiny of the Southland will be committed to the keeping of your descendants. With a courage strengthened by the examples set by you in rebuilding the Southland from poverty and ruin to opulence and grandeur, with a vision broadened by your prophetic eye that looked through the darkness of the reconstruction to the glories of today, with a faith made firm by the fidelity with which you have labored for our homeland, and with the remembrance that the blood that crimsoned the sod of Manassas and Chickamauga still courses through our veins, we accept the sacred trust, swear allegiance to the ideals for which you have always stood, solmenly declare that we still believe in the sacred principles for which you fought, in all seriousness vow that we will ever respect, honor, and observe the traditions of our people; earnestly pledge to devote our time, our wealth, our energy, and our strength to the work of carrying on the rebuilding of the Southland which you so nobly advanced, and lovingly dedicate our lives to the cause of perpetuating your memories through the countless ages yet to come.

May the God of our fathers witness our vows, and may we keep them inviolate!

HITLERISM

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks on my resolution concerning the German situation.

The SPEAKER. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, under leave to extend my remarks on my own resolution, House Resolution 148, asking our Government to issue strong remonstrances against the Hitler government because of its outrageous activities against the German Jews, I draw attention to the return to this country of Michael Williams, editor of the Commonweal and president of the Calvert Association, who spent 6 weeks in Germany investigating the reports of persecution of the Jews.

Mr. Williams is a member of the committee appointed by the American Committee on Religious Reports and Minorities for the express purpose of going to Germany to investigate conditions there. For approximately 2 weeks Mr. Williams interviewed members of the Hitler government in Berlin, leaders among the German and American business and professional men, as well as the leaders among those of the Protestant, Catholic, and Jewish faiths, respectively.

The statement of Michael Williams is a complete answer to the propaganda that the cruelties, if any, that exist in Germany, have been political cruelties, and that in the mighty political upheaval it was impossible to spare even the Jews.

The Nazi, with great cunning, has set in motion propaganda swollen with lies and chicanery in an endeavor to counteract the adverse world public opinion developed against Hitler, Rosenberg, Goebbels, and Goering.

But Mr. Williams affirms the truth of the reports that there was and still is in Germany a cruel persecution of the Jews which in its extent probably surpasses any recorded instance of persecution in Jewish history; for in their barbaric and inhuman intent absolutely to eliminate the Jewish portion of the German nation the Nazi government has deliberately proceeded to write into the fundamental law of the land measures outlawing all of the Jewish faith, without distinction between criminals and the law-abiding, patriotic citizens. Already the recorded cases of physical violence are at least 3,000 in number. This is aside from the more than 300 deaths which have resulted from outright killings to deaths brought about from injuries and shocks produced by physical violence. Equally heart-rending and sad, indeed, is Mr. Williams' further observation that under the present Hitler regime there is no future at all for the hundreds of thousands of young Jewish men and women in Germany.

EVEN THE CATHOLICS ARE PLACED UNDER THE HITLER BAN

Hitler, so we are informed by dispatches from Berlin under date of June 13, has warned the Catholics not to hold meetings. The Catholics will not forget for many days to come the suppression of the Congress of Catholic Journeymen and Apprentices in Munich last Sunday, June 11. This was a severe blow at religious freedom. Hitler has given many excuses concerning the dispersing of the devout Catholics who gathered in Munich last Sunday. These excuses will not wash. The Bavarian political police ruthlessly dispersed these Catholic communicants and caused much sorrow and suffering.

The suppression of this meeting is but one of the many evidences of the treachery of Hitler and his gang. It may be deemed a forerunner of what may follow. What has been meted out to the Jews may, in a less degree—because the Catholics are greater in number—be the portion of the Catholics.

Well might we agree with what Senator ROBINSON said in the Senate last Saturday, June 10, that the German spectacle is "sickening and terrifying." Especially pertinent is his

comment when we read the brutal statement of Rosenberg, Hitler's lieutenant, that he will not rest until he sees the head of a prominent Jew on every telegraph post from Berlin to Dresden.

DISTRICT OF COLUMBIA APPROPRIATION BILL—1934

Mr. CANNON of Missouri. Mr. Speaker, I call up the conference report on the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, and I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Missouri calls up a conference report and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such district for the fiscal year ending June 30, 1934, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 3, 4, 6, 10, 11, 17, 20, 21, 23, 24, 25, 30, and 33.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 8, 12, 13, 14, 16, 18, 19, 26, and 27, and agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert "Director of the Bureau of the Budget"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$1,300,000, to be immediately available"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Director of the Bureau of the Budget"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 9, 15, 22, 28, 32, and 34.

CLARENCE CANNON,
THOMAS L. BLANTON,
J. P. BUCHANAN,
Managers on the part of the House.

ELMER THOMAS,
WILLIAM H. KING,
HENRY W. KEYES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On no. 1: Appropriates $5,700,000, as proposed by the House, instead of $6,250,000, as proposed by the Senate, as the Federal contribution.

On no. 2: Strikes out the proposal of the Senate to appropriate $40,494 for the executive office and fix the salary of the two civilian Commissioners at $9,000 per annum each, and restores the House provision appropriating $38,794 and leaving the salary of the two civilian Commissioners to be fixed by the Classification Act of 1923, as has been provided in previous acts beginning with the fiscal year 1925.

On nos. 3 and 4: Restores the language of the House providing for the installation and modification of electric traffic lights and appropriates $45,000, as contained in the House bill, in lieu of $10,000, as provided in the Senate bill.

On no. 5: Appropriates $265,000 for personal services under the Public Library, as proposed by the Senate, instead of $260,000, as proposed by the House.

On no. 6: Appropriates $60,000 for personal services under the office of the register of wills, as proposed by the House, instead of $63,509, as proposed by the Senate.

On no. 7: Provides that the expenditure of additional funds from the gas-tax fund for additional street and road improvements and repairs must be approved by the Director of the Bureau of the Budget, instead of by the President, as provided by the House, and by the Commissioners, as provided by the Senate.

On no. 8: Appropriates not to exceed $1,500,000 additional from the gas-tax fund for street and road improvement and repair, as proposed by the Senate, instead of not to exceed $1,040,000, as proposed by the House.

On no. 10: Restores the House provision prohibiting the use of appropriations for the operation of a testing laboratory of the highways department.

On no. 11: Restores the House provision prohibiting the use of appropriations for the operation of a high-temperature incinerator for the disposal of combustible refuse in the southeast section of the city.

On no. 12: Appropriates $97,167, as provided by the Senate, for personal services, public playgrounds, instead of $95.000, as provided by the House.

On no. 13: Appropriates $5,225 for the maintenance of bathing pools, as provided by the Senate.

On no. 14: Appropriates $5,432,760, as provided by the Senate, instead of $5,427,360, as provided by the House, the additional $5,400 being for three additional teachers for sight-conservation classes.

On no. 16: Provides $32,000, as proposed by the Senate, for maintenance and instruction of deaf and dumb persons admitted to the Columbia Institution for the Deaf, instead of $31,500, as proposed by the House.

On no. 17: Appropriates $7,500, as proposed by the House, for Americanization work, instead of $9,500, as proposed by the Senate.

On nos. 18 and 19: Appropriates $6,000 for the purchase of furniture for the Logan School, as proposed by the Senate.

On no. 20: Strikes out the proposal of the Senate to appropriate $50,000 from unexpended balances for the improvement of school grounds.

On no. 21: Strikes out the proposal of the Senate to make available for repairs and improvements to school buildings $25,000 from unexpended balances for buildings and grounds for the fiscal years 1932 and 1933.

On no. 23: Appropriates $103,000, as proposed by the House, instead of $104,530, as proposed by the Senate, for personal services under the Metropolitan Police.

On no. 24: Strikes out the proposal of the Senate permitting officers and members of the fire department to become members of any organization which does not permit the use of the strike for any purpose.

On no. 25: Appropriates $41,000, as proposed by the House, instead of $43,932, as proposed by the Senate, for repairs to apparatus of the fire department.

On no. 26: Makes available the unexpended balance of not exceeding $54,000 for continuing construction of build-

ings and other improvements at the workhouse and reformatory, as proposed by the Senate.

On no. 27: Appropriates $59,000, as proposed by the Senate, instead of $55,000, as proposed by the House, for maintenance of the Tuberculosis Hospital.

On no. 29: Appropriates $1,300,000 for emergency relief in the District of Columbia, instead of $1,250,000, as proposed by the House, and $1,500,000, as proposed by the Senate, provides that such appropriation shall be immediately available, and eliminates the language proposed by the Senate making the appropriation available for expenditure without regard to monthly or other apportionment.

On no. 30: Restores the House provision appropriating $1,000,000 for reimbursement to the United States in compliance with the act of May 29, 1930.

On no. 31: Provides that the expenditure of $635,000 additional from the water fund must be approved by the Director of the Bureau of the Budget instead of by the President, as proposed by the House, and by the Commissioners, as proposed by the Senate.

On no. 33: Corrects a section number.

The committee of conference report in disagreement the following amendments:

On no. 9: Relating to the construction of the Calvert Street Bridge over Rock Creek and the paving of Constitution Avenue from North Capitol Street to Second Street NW.

On no. 15: Relating to the filling of teaching vacancies in the public schools.

On no. 22: Relating to the construction of additional school buildings.

On no. 28: Appropriating $5,100 for maintaining the War Veterans' Service Office.

On no. 32: Relating to the increase in salary of any officer or employee of the District of Columbia by reason of the reallocation of the position of such officer or employee to a higher grade.

On no. 34: Permitting the transfer of funds between subheads of appropriations for the Public Library, public playgrounds, health department, and public welfare.

CLARENCE CANNON,
THOMAS L. BLANTON,
J. P. BUCHANAN,
Managers on the part of the House.

Mr. CANNON of Missouri. Mr. Speaker, this bill is of particular interest for the reason that it is the first general appropriation bill to be enacted under this administration. On that account it is especially gratifying that it carries out two important pledges. In the first place, it reduces expenditures 25 percent; and, in the second place, it balances the District budget. The current appropriation bill carries an appropriation a little in excess of $41,000,000. This bill provides for a total expenditure a little in excess of $30,000,000, a retrenchment of slightly more than the 25 percent which was promised.

This retrenchment, Mr. Speaker, is for the benefit of the taxpayers of the District of Columbia and the Federal taxpayers alike. It plays no favorites. It reduces the amount of the Federal contribution only in proportion to the savings in the bill. The Budget reduced the estimates of the bill 26.8 percent, and naturally we made a corresponding reduction in the Federal contribution of exactly that proportion. The last Federal contribution was $7,775,000, and reducing that by 26.8 percent we have the Federal contribution provided in this bill of $5,700,000. Numerous newspaper statements to the contrary notwithstanding, we have not reduced the Federal contribution a dollar, except in proportion to the reduction of expenditures in the bill.

And we have provided for a similar saving to the taxpayers of the District. We have eliminated from this bill the provision heretofore carried in all recent District appropriation bills, prohibiting a reduction of the local tax rate, and have specifically requested in our conferences with the representatives of the District government, that the reductions provided in the bill shall be reflected in a reduction of the tax rate in the District. The present tax rate—and the rate levied for a number of years in the District—is $1.70. The economies invoked in this bill make it possible to reduce that tax rate to $1.50, and on the initiative of the committee, as approved by the House, we have suggested—and we trust the Commissioners will find it practicable—that the Board of Commissioners, under the authority conferred by this bill, reduce the local tax rate from $1.70 to $1.50.

The retrenchments made in the bill are temporary, insofar as they affect the maintenance of the water system, the highways, and the construction of school buildings. Other than that, it is our hope and expectation that these retrenchments will be largely permanent. There has been an unprecedented expansion in the cost of District government. It has increased at a rate unequalled in any other appropriation bill, even in the last 10 years of hysterical expansion of governmental activities and mushroom growth of governmental expenditures.

For the years 1919 and 1920, when the city was still filled with Federal war workers, when war-time prices were still in effect, and the cost of every local department might have been expected to reach the maximum, the bill carried only $15,000,000.

In the decade that followed the close of the war the costs of the District government, instead of returning to pre-war levels, skyrocketed to the incredible amount of $50,000,000—three and a half times the amount expended at the war peak. Even in this bill we are appropriating more than twice the amount spent for the same purposes in 1920.

It is to be hoped that for sometime to come the expenditures for purposes other than those indicated can be largely limited to the amounts provided in this bill.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the distinguished leader from New York.

Mr. SNELL. I have listened with much interest to the gentleman's statement, and I think it is commendable. Has there been any large deduction, or has there been a general cut all along the line in expenditures?

Mr. CANNON of Missouri. It has been a general reduction all along the line. It is, in effect, a blanket reduction. Of course, some items have been cut lighter than others, but there have been no reductions which, in our judgment, will in any way curtail unduly the legitimate activities of the District government.

Mr. SNELL. As I understood the gentleman's explanation, the Federal Government is contributing to the District the same amount proportionately as it did last year.

Mr. CANNON of Missouri. Precisely. The Federal Government is contributing in proportion exactly the same amount it contributed last year. There has been no reduction in the proportionate contribution of the Federal Government to the District.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. I yield to my colleague on the committee.

Mr. TABER. If the gentleman will yield, the expenditures in the current bill are something like $7,775,000 out of the Federal Treasury, while this bill carries $5,700,000.

Mr. SNELL. The gentleman did not understand my question. I said proportionately to the whole bill we are contributing as much as we did last year.

Mr. TABER. Oh, yes.

Mr. CANNON of Missouri. We have reduced last year's bill 26.8 percent and we reduced last year's Federal contribution 26.8 percent.

Mr. SNELL. That is what I understood.

Mr. CANNON of Missouri. Certainly, even the most enthusiastic partisan of the District could not expect us to pay a larger share than we paid last year, in view of the many statements in conference that the amount of the Federal contribution in the last bill was eminently fair and eminently satisfactory. Furthermore, Mr. Speaker, to be certain that there would be no injustices in this bill, we have provided, at the suggestion of the chairman of the committee, Mr. BUCHANAN, two provisions which made it possible, if extraor-

dinary occasion should arise, to increase the amount available under the bill to the extent of $2,135,000—that is, in event unemployment conditions in the District justified it.

Mr. BUCHANAN's amendments provide that this amount can be allocated from the gas and water funds and expended, as provided by law, when in the judgment of the Director of the Budget unemployment in the District increases to a point where additional funds are required for public work to meet emergency conditions.

But I wish to take advantage of the opportunity to emphasize the terms of the section authorizing this additional expenditure only in such emergency. If, as it is expected, there is no increase in unemployment in the District, these additional funds are not available, and the Director of the Budget alone is authorized to determine when there shall have been such increase in unemployment over present conditions as to justify recourse to these additional funds.

I might say in this connection, speaking personally, that the provision which is being reported to the Senate in an amendment to the industrial recovery bill providing a large fund for expenditures on highways in the District of Columbia is wholly unjustified. If this amendment should be adopted, it is estimated there would be available for highways here in the District an amount aggregating approximately $2,000,000 in addition to the amount provided in this bill. I am wholly at a loss to see how that amount of money could possibly be expended when we have here in our highway fund already more than we need for District purposes.

Mr. COLLINS of Mississippi. Will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. COLLINS of Mississippi. Amendment no. 15 relates to the filling of teacher vacancies in the public schools. Under the agreement reached by the conferees, will teacher vacancies come from lists of eligibles? In other words, was the Senate provision accepted?

Mr. CANNON of Missouri. It was agreed to without amendment. There are two classes of teachers provided for in this amendment. One provides that as vacancies occur teachers who have heretofore done special work, such as giving what is known as the "IQ" tests, shall be taken from such special work and transferred to regular class work. Second, it is provided that if it becomes necessary to appoint other teachers, they shall be drawn from lists prepared by examination, and shall go in as temporary teachers at the basic pay. In other words, they cannot be appointed temporarily and demand permanent appointment later on because of such service.

Mr. COLLINS of Mississippi. To what extent is the transfer or interchangeability of funds permitted in this bill?

Mr. CANNON of Missouri. Of course, under the economy bill provision was made for the transfer of funds between items—that is, funds could be increased not more than 15 percent or reduced not more than 12 percent. In this bill we provide for the same transfer within services, but provide that it shall be done only at the express direction and authorization of the Director of the Budget.

Mr. GOSS. Will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. GOSS. As to amendment no. 9, the Calvert Street Bridge——

Mr. CANNON of Missouri. The House made no provision for the Calvert Street Bridge.

Mr. GOSS. But the Senate has; and is it the gentleman's intention to concur with the Senate?

Mr. CANNON of Missouri. It is our intention to ask that the House recede and concur in the Senate amendment.

Mr. GOSS. In line 19 it reads "without reference to section 3709". That is the section that puts it without the lowest bidder, is it not, on the engineering work?

Mr. CANNON of Missouri. That has to do with personal services.

Mr. GOSS. As I understand it, some years ago a drawing was made, not working drawings, but drawings for a stone bridge.

Mr. CANNON of Missouri. That is true.

Mr. GOSS. Then the Commissioners forgot they ever had that drawing made, although that drawing was made and approved by the Fine Arts Commission. Is that right?

Mr. CANNON of Missouri. Unfortunately no record is kept of lapses of memory on the part of public officials.

Mr. GOSS. Then they went ahead, without the approval of the Fine Arts Commission, and entered into a contract with some steel-bridge company to make up a set of working drawings, costing how much?

Mr. CANNON of Missouri. The total costs of the plans, as I recall it, was $70,000.

Mr. GOSS. Now, if you will look on page 20, it says that the Commissioners shall have made a restudy and reinvestigation to determine which particular type of bridge is the most economical. Under this language, it seems to me, although we have had two plans drawn up, one of which has not been accepted by the Fine Arts Commission, they could still have another plan drawn up, even without going to the lowest bidder, and perhaps have a third bridge. Is that correct?

Mr. CANNON of Missouri. In the discussions before the committee and the conferees there seemed to be a general understanding that if this item was agreed to we would construct the bridge provided for in the last plans.

Mr. GOSS. Does the gentleman mean the steel bridge?

Mr. CANNON of Missouri. The steel bridge. However, as will be noted, there is a provision that the type of bridge shall be subject to approval by the Fine Arts Commission.

Mr. GOSS. But you go farther than that.

Mr. CANNON of Missouri. It would be quite possible for the Fine Arts Commission to order a masonry bridge, but if the investigation provided for here is made, it is the intention that it should be handled by personnel in the engineering department and at no additional expense to the Government.

Mr. GOSS. But any other money can be spent for these plans, in view of the fact that you are waiving section 3709, which is the lowest-bidder section; can they still go ahead and have other plans drawn without approval of the Fine Arts Commission, and spend a lot more money?

Mr. CANNON of Missouri. The plans have already been drawn and another type of bridge cannot be substituted without the approval of the Fine Arts Commission.

Mr. Speaker, I wish to make acknowledgment at this time of the valuable assistance rendered by the members of the minority on the committee of conference in the preparation of this bill. It would have been all but impossible to have kept within the Budget on many of these items had it not been for the counsel and advice and the active aid and cooperation of the members of the minority, the gentlemen from New York [Mr. TABER and Mr. BACON]. I desire at this time to make acknowledgment and express appreciation of their invaluable services to the committee and the country. [Applause.]

Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, this House and the Nation owes a debt of gratitude to our distinguished colleague, the gentleman from Missouri [Mr. CANNON], Chairman of the Subcommittee on Appropriations that held the House hearings and framed this bill [applause]; to my colleague from Texas, Judge BUCHANAN, the able, efficient, patient, and dependable Chairman of the most important Committee on Appropriations [applause]; and also to our able and courageous friends on the committee from the minority side, the gentleman from New York [Mr. TABER] and the gentleman from New York [Mr. BACON], who are absolutely dependable and have rendered signal service to the country [applause], for forcing such a bill as this to come out of conference. It is the first time in many years that any kind of just treatment has been accorded the overburdened taxpayers of the United States in a District appropriation bill. The courage and good common sense of the above gentlemen forced out of this bill much injustice against the whole people that has remained in previous bills.

I hold in my hand this bill as it came amended from the Senate in the last Congress, when we killed it on the night of March 3, 1933. The Senate by amendment provided that the United States Government should pay a lump-sum contribution of $9,500,000 to the people of Washington to help them pay their civic expenses. That was $3,000,000 more than the House had voted its willingness to pay. On that bill the Senate had placed 173 additional amendments, ranging in amounts from $1,000 and $2,500 on up to $3,000,000.

At the conference between the House and Senate there were seven United States Senators seated around the table, headed by the arrogant former Senator Bingham, of Connecticut, who, thank goodness, has gone home and now no longer browbeats us. Our five House conferees, in trying to reach an agreement, receded and concurred until we were sore and discouraged. On the gratuity they were asking for Washington people from the American taxpayers we stood pat, and said that they must come down $3,000,000. The Senate conferees refused, and a deadlock ensued. Concerning the situation the Washington Star that afternoon stated:

All hope of passing the District appropriation bill at this session appeared to be gone when Senate and House conferees reached a deadlock late this afternoon over the amount of the Federal contribution and broke up without any plans for a further meeting.

The House, in passing the bill several weeks ago, cut the Federal share to $6,500,000. The Senate placed it at $9,500,000.

That night, through the insistence of Senator Bingham, a majority of the House conferees, rather than have the bill die, as Congress was to adjourn sine die the next day, went over to the Senate on a compromise, and agreed on a conference report. As one of the conferees, I gave notice that I would use every parliamentary means within my power to defeat the conference report and kill the bill, so that we might pass a proper bill in the impending special session that we all knew would be called.

The conference report was called up that night in the House, and if you will look on pages 5607 to 5618 of the RECORD for March 3, 1933, you will see what happened. After debate we killed the bill by voting down the conference report by a vote of 102 to 14. So that bill died when Congress adjourned the next day.

In reframing this bill in the present Congress we allowed only $5,700,000 as the Federal contribution. The President's Budget approved this amount. And after debate in the House, with all of us under fire from the bitter and revengeful newspapers of Washington, the House approved such sum, and when the bill went to the Senate it carried $5,700,000 as the amount the Government would contribute to Washington expenses. The Senate promptly increased it with the other numerous amendments it added to the bill.

Weeks ago we House conferees tried to get together with the Senate. We made many concessions. But respecting fundamentals in many important Senate amendents we refused to yield. Among them was this lump-sum item which we had insisted that they reduce $3,300,000, and the other was an item of $1,000,000 which the District owed the Federal Goverment for money advanced, and which the Senate sought to relieve the District of paying. We refused to yield on these items, and on others almost as important.

Until last night the bill was in a deadlock. But instead of having an arrogant, autocratic Bingham of Connecticut presiding at the head of the conference table we now have an able, fair-minded Democratic Senator from Oklahoma [Mr. THOMAS], to whom, as well as to the rest of the courteous Senators we met there in conference, I take off my hat and commend them. They have at heart not only the interests of the people of the District of Columbia but also as well the interest of the people living in the 48 States of the Union. Last night we signed up the agreement with them without our yielding on the important matters mentioned above, and thus we got the bill out of deadlock.

We have brought in here a bill that has saved approximately $6,000,000 over the old bill we killed on the night of March 3, 1933.

Mr. JOHNSON of Texas. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. JOHNSON of Texas. The gentleman in listing the names of the members upon the Appropriations Committee who were entitled to credit in saving the Government this money left himself out, I assume due to his modesty, but he also is entitled to a great deal of praise for what has been done in this regard.

Mr. BLANTON. I thank my friend, but I give due credit to my friends on the committee whose names I mentioned, because they are not afraid to stand for the right, even when Washington newspapers are bombarding us with attacks. Our great Chairman of the Committee on Appropriations is not afraid of man, devil, or newspaper. He does what he thinks is right regardless. And the able chairman of our subcommittee, the gentleman from Missouri [Mr. CANNON], knows every detail about the business and affairs of the District of Columbia, and no one can take advantage of him.

And we can always depend upon our minority colleagues, Mr. TABER and Mr. BACON. And I want the country to know just how valuable have been the services of our able majority leader, the distinguished gentleman from Tennessee [Mr. BYRNS], who has fought valiantly to reduce expenses and help to balance the Budget. The appropriations for four different departments of government are in charge of the gentleman from Alabama [Mr. OLIVER], and I serve under him on his subcommittee, and he knows more about the intimate details of these departments than the various bureau chiefs who come before us to sustain their estimates. If you will read his effective speech on the night of March 3, you will see that he aided very materially in killing the former bill.

I wonder if the people back home realize just what it means to us who make fights here in their behalf. We become targets for vicious darts, striking at us from every direction. We are ridiculed by the press. We are misrepresented. We are regularly misquoted. Everything we do is misconstrued. Special-feature writers are designedly hired to break us down. Have you been reading Hearst's Washington Herald every day since last March 3? If you have, you undoubtedly noticed the special attack upon me it has carried daily, written by Hearst's feature expert, Edward T. Folliard. He has numbered each one consecutively. He not only attacks me but he attacks my home city of Abilene and my district and my State, with no purpose whatever except to break me down, if possible, because I have stood firm against this lump-sum-contribution steal the District takes from the Government each year, and I have fought against the many attempts of the District to get its long, hairy arms into the Federal Treasury for hand-outs so often.

In yesterday's Herald feature-expert Folliard had his sixty-fifth daily attack upon me. He had become desperate, for he believed that there was little hope for the House and Senate conferees to reach an agreement. So he tried to say something that would prejudice the conferees against me. He began by saying, "This is the sixty-fifth of a series of articles." And as usual this Herald attacked me, from which I quote:

When the District appropriation bill came up in the House 2 months ago it was passed as it stood, all proposals to change it being howled down.

To a suggestion that the bill be changed, Representative TOM BLANTON (D.), of Texas, said:

"Now, this is the President's Budget. This is not our Budget. This is not from the Committee on Appropriations; it is from the President of the United States."

The Herald and other Washington newspapers suggested that the chances were that Roosevelt, busy as he was, knew nothing about the blunders that crowded the District appropriation bill.

But TOM BLANTON, who dominated the House when the District bill was up, declared:

"Who am I, to say the President is wrong."

And the House, as if hypnotized, approved of the bill as it was, blunders and all.

I feel encouraged to know that I survived the sixty-fifth consecutive daily attack this Herald made on me yesterday, and that nevertheless we conferees got together and agreed on the bill without the House yielding on any fundamental matter of importance.

Many Senators once served in the House. We now have in the House some former Senators. Yet this is the way the

Herald sized the situation up in an editorial on May 17, 1933, to wit:

THE SENATE TO THE RESCUE

It is not often in vain that the people of the District of Columbia put their confidence in the United States Senate.

For many years this body, by its superior enlightenment, has stood between the defenseless citizens of the Capital and the narrow-minded, if not, indeed, vindictive, action of the other branch of Congress.

If the House had been in favor of giving the District $9,500,000 out of the Public Treasury, and the Senate had been for reducing the amount, the above editorial would have been headed "The House to the Rescue", and it would have been the House with the "superior enlightenment", and it would have been across the Capitol from the House where "narrow-minded and vindictive action" existed.

It is such barbed darts as the above that we must stand when we make fights here for the people. It would be far easier for us to "seek the path of least resistance", and then we would never be attacked and we would never be troubled by opposition politically.

Mr. BYRNS. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BYRNS. The gentleman has paid a very high compliment to the several members of the Appropriations Committee, all of which every Member of the House knows is deserved. Of course, the gentleman is too modest to speak of his own efforts upon that committee, but I want to say that I served with the gentleman for 2 years upon that committee, and there is no more vigilant member of the committee in the interests of the people and in the interest of saving money for them than the gentleman from Texas [Mr. BLANTON]. We all know that the gentleman, in the course of his service, has saved multiplied millions for the people and that he gives close and valuable attention to all legislation. [Applause.]

Mr. BLANTON. Mr. Speaker, I want to thank my friend from Tennessee for that statement. Coming from our Democratic majority leader I would rather have that statement than to have four full pages in the Herald each day for the next 20 years. [Laughter and applause.]

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, I yield the gentleman 10 additional minutes.

Mr. BLANTON. I am deeply grateful to the gentleman. Now, I yield to the gentleman from Illinois.

Mr. PARSONS. I wonder if the gentleman has at his command the amount of money that the Federal Government has contributed to the District during this 133 years.

Mr. BLANTON. It would take an adding machine to count it; it would run up into so many millions of dollars that it would be hard to count.

Mr. PARSONS. I think the gentleman should have that information inserted in his remarks.

Mr. BLANTON. There used to be a distinguished Member here, Chairman of the District Committee. It was Ben Johnson of Kentucky. He was a wonderful chairman and he did some hard work on the committee.

He said years ago that in all fairness the District of Columbia owed the people of the Federal Government at least $561,000,000.

That was away back in Ben Johnson's time, and only God knows just all they have gotten since.

Mr. PARSONS. I think the gentleman should have those tables prepared and inserted in the RECORD so the country may have the information.

Mr. BLANTON. If you will take the trouble to get the index and look back at the 40 or 60 speeches I have made on this subject, you will see those figures clearly stated. I will, later on, under an extension of remarks, put in the RECORD a full report on the fiscal affairs of the District and Government.

Mr. BOYLAN. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. BOYLAN. The gentleman says 40 or 50 speeches; it would come nearer to the fact to say five or six thousand speeches. [Laughter.]

Mr. BLANTON. The distinguished Representative from New York [Mr. BOYLAN] not only runs the affairs in that great New York metropolis of 6,000,000 people but he also runs some affairs here in Washington, because the other day he did something that nobody else on earth could do. He made the street-railway corporations put in a crossing to keep him from getting run over when he gets off the car at the New House Office Building. [Laughter.] I want to say to him that I represent the people of my district. They sent me here to represent them. I represent about 400,000 people in 19 big counties. It takes a whole day to go across my district. They look to me to represent them, and they expect that when they ought to be heard on the floor of the House that I will get up here and be heard, and I am. [Laughter and applause.]

Mr. BOYLAN. I should like to say that the people of his district are fortunate in having so able a Representative as you, sir, and I trust that they will keep sending you here for years. [Applause.]

Mr. BLANTON. After that nice remark I am not going to impose on my friend any further, and I yield the floor. [Applause.]

Mr. CANNON of Missouri. Mr. Speaker, there is one of the many virtues of the gentleman from Texas which I think should be particularly emphasized at this time. That is his absolute fairness. The local press may have taken occasion from time to time to criticize him for advocating reductions in appropriations for the benefit of the District which he considered excessive or extravagant. I hope it will not overlook the fact that he has been just as ready to oppose reductions in appropriations which he considered unjustified. His fairness in this respect and his friendship for the District are shown by an item in this report. When the bill came back from the Senate it carried an amendment reducing the appropriation for the traffic department from $45,000 to $10,000. It was an unreasonable cut, but we were in a position where it would have been accepted but for the stanch objection of the gentleman from Texas, who insisted that in justice to the city of Washington the service could not be adequately maintained if the amendment was agreed to, and on his insistence the original appropriation was restored. The city of Washington and the taxpayers of Washington have no better friend than the gentleman from Texas [Mr. BLANTON]. He insists on rigid economy in all Government expenditures, but he is just as insistent on adequate provision for all legitimate functions of government.

Let me repeat what I have said many times before both publicly and privately: The gentleman from Texas is, in my opinion, one of the most valuable men who ever sat in the American Congress, and the country as a whole owes a debt of gratitude to his constituents who year after year send him back to the House in spite of the enemies he makes here defending the public interest. [Applause.]

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Page 19, line 13, after the word "fund", insert:

"*Provided*, That of said amount the sum of $575,000 is hereby made available for the construction of a bridge to replace the Calvert Street Bridge over Rock Creek, including necessary changes in water and sewer mains, and including the employment of engineering or other professional services by contract or otherwise, without reference to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5), or the Classification Act of 1923, as amended, and engineering and incidental expenses, and the Commissioners are authorized to enter into contract or contracts for construction of said bridge at a cost not to exceed $1,250,000; but no part of said sum shall be available for expenditure in connection with the construction of said Calvert Street Bridge until the Commissioners of the District of Columbia shall have made a restudy and reinvestigation to determine which particular type of bridge is most economical and serviceable and best suited to the proposed location; and the Commission of Fine

Arts shall have approved the type of bridge decided upon, and any street railway company using said bridge shall install thereon at its own expense an approved underground system of street-car propulsion and, at its own expense, shall thereafter maintain such underground construction, and bear the cost of surfacing and resurfacing and maintaining in good condition the space between the railway tracks and 2 feet exterior thereto, as provided by law, and shall defray the cost of excess construction occasioned by such use, including the relocation and construction of closed plow pits at the west approach to the bridge, in accordance with plans to be approved by the Commissioners of the District of Columbia: *Provided further*, That of said amount of $1,500,000 the sum of $45,741 is hereby made available for widening to 73 feet and repaving the roadway of Constitution Avenue NW., North Capitol to First Street, and for widening to 80 feet and repaving the roadway of Constitution Avenue NW., First Street to Second Street, in accordance with plans therefor to be jointly approved by the National Capital Park and Planning Commission and the Commissioners of the District of Columbia, including the necessary reconstruction, relocation, changes, and adjustments of all water mains, sewers in advance of paving, trees, sidewalks, lampposts, fire hydrants, or other structures affected, and including personal services and all necessary incidental expenses, and the total cost of said work shall not exceed $76,235, of which sum not to exceed $30,494 shall be transferred from and in accordance with the appropriation in the Independent Offices Appropriation Act, 1934, for the construction of the Arlington Memorial Bridge."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. GOSS. Mr. Speaker, I have an amendment that I desire to offer. I ask for a division of the question.

The SPEAKER. The question is on receding from the disagreement to the Senate amendment.

The motion was agreed to.

The SPEAKER. The gentleman from Connecticut offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. Goss moves to concur in the Senate amendment no. 9 with an amendment, as follows: "On page 19, line 23, after '$1,250,000', insert: '*Provided*, That no part of any money appropriated herein shall be used to pay anyone for plans submitted prior to the passage of this act.'"

Mr. GOSS. Mr. Speaker, when this bill passed the House a short time ago, I called the attention of the House to the item of the Calvert Street Bridge and to what I thought the scandalous way in which the Commissioners had handled the matter. I inquired of the chairman of the committee this morning, and I understood him to say that the Commissioners had let a contract for plans of a steel bridge without any authority in law, and I yield to him now to ask him if I understood him correctly.

Mr. CANNON of Missouri. Mr. Speaker, that is not for the bridge here provided. That may have been true in connection with the original bridge, plans for which were drawn in 1917.

Mr. GOSS. There is still $10,000 due.

Mr. CANNON of Missouri. There is testimony to that effect in the Senate hearings, but I am informed otherwise.

Mr. GOSS. My purpose in offering this amendment is to teach these Commissioners that they should not enter into contracts for any matters not authorized by law.

Mr. CANNON of Missouri. While they may not have been specifically authorized by a special provision of law, they were within their rights under the appropriations that have been made totaling $70,000.

Mr. GOSS. We had the plans for one bridge made. The Commissioners apparently forgot they had it made. They went out and authorized other plans to be made at an expense of some $70,000. The plans were submitted. The plans of that bridge have never been approved by the Fine Arts Commission in accordance with the amendment, and I do not think we should pay out any money for matters of that sort without more mature deliberation than the Commissioners have given the matter in the past. Has the gentleman any objection to my amendment?

Mr. CANNON of Missouri. The gentleman is not referring to the item in this bill?

Mr. GOSS. Yes; I am.

Mr. CANNON of Missouri. The item to which the gentleman refers is $40,000 which was provided a year ago in the 1933 District appropriation bill and $30,000 made available by the 1932 bill.

Mr. GOSS. But the gentleman still says they owe money and they could get it out of this appropriation carried in this bill.

Mr. CANNON of Missouri. Sixty thousand dollars has been paid.

Mr. GOSS. Let us show these gentlemen that they cannot come up here and issue contracts without authority of law, and do just as they please.

Mr. CANNON of Missouri. They had ample authority of law under the appropriation acts.

Mr. GOSS. Why have not they paid out this other $10,000?

Mr. CANNON of Missouri. They have the money for it but the expenditure is not necessary.

Mr. GOSS. We ought to turn over all this power as we seem to be doing to the Commissioners to do as they please or else we should hold them under our thumb. That is the only purpose in offering this amendment. I have talked to the gentleman many times on this subject and I think it is scandalous the way these Commissioners have handled this particular matter. I think the gentleman will agree with me.

Mr. CANNON of Missouri. The Commissioners to whom the gentleman refers are not in office at this time.

Mr. GOSS. I do not care who they were.

Mr. CANNON of Missouri. Those Commissioners long since retired from office. That is water that went over the dam years ago.

Mr. GOSS. One of the gentlemen is down there in the engineering department, still doing business there.

Mr. CANNON of Missouri. Oh, no.

Mr. GOSS. Oh, yes; the head one in the engineering department.

Mr. CANNON of Missouri. He has been there only 2 years.

Mr. GOSS. But he is still there.

Mr. CANNON of Missouri. But he is not a member of the Board of Commissioners, which provided for the plans to which the gentleman refers.

Mr. GOSS. I simply do this to call the attention of the Congress to the fact that we should not have these scandalous matters going on in the District.

Mr. CANNON of Missouri. The time to have brought that up was many years ago.

Mr. GOSS. Oh, I brought it up last year and this year again.

Mr. CANNON of Missouri. But that has no reference whatever to this bill.

Mr. GOSS. The gentleman from Texas [Mr. BLANTON] signed this report. What does he think about it?

Mr. BLANTON. Will the gentleman yield?

Mr. GOSS. Yes; I yield.

Mr. BLANTON. If the gentleman would go down there and check up on them he would find many things he does not like.

Mr. GOSS. Probably I would.

Mr. BLANTON. Nevertheless, by this bill we are saving $6,000,000 over the bill we killed on the night of March 3, and we are causing a reduction in taxes of from $1.70 to $1.50 per $100.

If we could eliminate all of the waste out of this District government, and stop the many junkets its officials take, we could further reduce the tax rate here for the people. Does the gentleman know that many District officials take junkets at public expense?

Mr. GOSS. No.

Mr. BLANTON. The gentleman ought to check them up on that.

Mr. GOSS. Well, the gentleman from Texas signed this report. Is he in favor of this sort of business?

Mr. BLANTON. I was in favor of getting the best bill we could out of conference. And we did do that. If the gentleman has ever sat in conference across the table from

a bunch of Senators on the other side of this Capitol he would be glad to get as good a bill as this.

Mr. GOSS. Is the gentleman in favor of doing business in this way?

Mr. BLANTON. There are many things in that bill that I do not approve of, but in conference you have to give and take.

Mr. GOSS. Will the gentleman support the amendment I have just offered?

Mr. BLANTON. I am going to support the conference report, because I always keep faith with the conferees who get a bill out of conference.

Mr. GOSS. I am sorry to see the gentleman approves of that type of conduct.

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore (Mr. BEAM). The question is on the motion of the gentleman from Connecticut [Mr. Goss] to concur in the Senate amendment with an amendment.

The motion was rejected.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to extend my remarks and to incorporate some excerpts therein.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. BLANTON]?

There was no objection.

The SPEAKER pro tempore. The question is now on the motion of the gentleman from Missouri [Mr. CANNON] to concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 15: On page 30, after line 2, insert " : *Provided further*, That teaching vacancies that occur during the fiscal year 1934 wherever found may be filled by the assignment of teachers of special subjects and teachers not now assigned to classroom instruction, and such teachers are hereby made eligible for such assignment without further examination: *Provided further*, That in the interests of economy the Board of Education may, at its discretion, during the fiscal year 1934 appoint as temporary teachers in public schools of the District of Columbia qualified teachers from the eligible list of applicants established by examinations: *Provided further*, That in filling all such vacancies teachers now in the schools shall have the preference."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement:

The Clerk read as follows:

Amendment no. 22: Page 37, in line 8, insert:

"BUILDINGS AND GROUNDS

"Not to exceed $876,000 of any unexpended balances of appropriations contained in the District of Columbia appropriation acts for the fiscal years 1932 and 1933 for the Municipal Center is hereby reappropriated and made available for the construction of public-school buildings, as follows:

"For the erection of an 8-room building on a site already appropriated for in the vicinity of the Logan School, $95,000;

"For the construction of an addition to the Deal Junior High School, including 10 classrooms and 1 gymnasium, $153,000;

"For the construction of an addition to the Browne Junior High School, including 10 classrooms and 1 gymnasium, $153,000;

"For beginning the construction of a senior high school building at Forty-first and Chesapeake Streets NW., in the Reno section, $475,000, and the Commissioners are authorized to enter into contract or contracts for such building at a cost not to exceed $1,150,000;

"In all, $876,000, to be immediately available and to be disbursed and accounted for as 'Buildings and grounds, public schools', and for that purpose shall constitute one fund and remain available until expended: *Provided*, That no part of this appropriation shall be used for or on account of any school building not herein specified."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement and concur in the amendment with an amendment, which I have sent to the desk.

The Clerk read as follows:

Mr. CANNON of Missouri moves that the House recede from its disagreement to the amendment of the Senate no. 22 and agree to the same with an amendment, as follows:

"In lieu of the matter inserted by the said amendment insert the following:

"'BUILDINGS AND GROUNDS

"'Not to exceed $570,000 of any unexpended balances of appropriations contained in the District of Columbia appropriation acts for the fiscal years 1932 and 1933 for the Municipal Center is hereby reappropriated and made available for the construction of public-school buildings, as follows:

"'For the erection of an 8-room building on a site already appropriated for in the vicinity of the Logan School, $95,000;

"'For beginning the construction of a senior high school building at Forty-first and Chesapeake Streets NW., in the Reno section, $475,000, and the Commissioners are authorized to enter into contract or contracts for such building at a cost not to exceed $1,150,000;

"'In all, $570,000, to be immediately available and to be disbursed and accounted for as "Buildings and grounds, public schools", and for that purpose shall constitute one fund and remain available until expended: *Provided*, That no part of this appropriation shall be used for or on account of any school building not herein specified.'"

Mr. GOSS. Will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. GOSS. If the gentleman's amendment is adopted, the bill will go back to conference, will it not?

Mr. CANNON of Missouri. No. This is final disposition of the proposition so far as the House is concerned.

Mr. GOSS. It is in disagreement, so that the remarks of my friend from Texas, Mr. BLANTON, on my amendment are no different than here?

Mr. BLANTON. We have an agreement on this.

Mr. GOSS. You have a prior agreement with the Senate, you mean?

Mr. BLANTON. We have a tentative agreement among ourselves.

Mr. GOSS. I have no objection to it. I just wanted to clear it up for the RECORD.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Missouri [Mr. CANNON] to recede and concur with an amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 28: Page 63, after line 17, insert:

"WAR VETERANS' SERVICE OFFICE

"For personal services, without reference to the Classification Act of 1923, as amended, to enable the municipal government to aid and advise war veteran residents of the District of Columbia and their dependents as to their rights and privileges under Federal legislation of which veterans and/or their dependents may be beneficiaries, including assistance in the presentation of claims to the Veterans' Administration or other appropriate Federal agencies, $5,100, to be expended under the direction of the Commissioners of the District of Columbia."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement and concur in the amendment.

Mr. DUNN. Will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. DUNN. Will the gentleman please explain just what that is?

Mr. CANNON of Missouri. This item has been carried in the District bill for a number of years. It was eliminated this year in the estimates received from the Budget Bureau. When the bill went to the Senate the Senate merely put back the item in the same language in which it has been carried in previous years.

In the testimony given before the committee we were told by a representative of the American Legion that if provision were made for the item this year it would not be needed in the future. On that understanding it is included in the bill.

Mr. DUNN. This does not take anything away from the veterans.

Mr. CANNON of Missouri. Nothing at all.

Mr. DUNN. Does it add anything to the veterans?

Mr. CANNON of Missouri. It merely restores language carried in former bills.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Missouri.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 32: Page 80, strike out, beginning in line 3, all of section 6, which reads as follows:

"SEC. 6. No part of the appropriations contained in this act shall be used to pay any increase in the salary of any officer or employee of the District of Columbia by reason of the reallocation of the position of such officer or employee to a higher grade since June 30, 1932, by the Personnel Classification Board of the Civil Service Commission."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate no. 32 and agree to the same with an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. CANNON of Missouri moves that the House recede from its disagreement to the amendment of the Senate no. 32 and agree to the same with an amendment, as follows:

"Restore the matter stricken out by the said amendment, amended to read as follows:

"'SEC. 6. No part of the appropriations contained in this act shall be used to pay any increase in the salary of any officer or employee of the District of Columbia by reason of the reallocation of the position of such officer or employee to a higher grade after June 30, 1932, by the Personnel Classification Board or the Civil Service Commission, and salaries paid accordingly shall be payment in full.'"

The SPEAKER pro tempore. The question is on the motion of the gentleman from Missouri.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 34: Page 80, after line 15, insert section 7, as follows:

"SEC. 7. When specifically recommended by the budget officer of the District of Columbia and approved by the Commissioners of said District, transfers may be made between subheads of appropriations provided in this act for the free Public Library, public playgrounds, public schools (except buildings and grounds and repairs to buildings), health department, and public welfare, respectively: *Provided*, That such transfers under this section shall not be made between appropriations for the several municipal services named, and all transfers, whether approved or contemplated, shall be reported to Congress in the estimates of the District of Columbia for the fiscal year 1935."

Mr. CANNON of Missouri. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate no. 34 and agree to the same with an amendment which I send to the desk.

The Clerk read as follows:

Mr. CANNON of Missouri, moves that the House recede from its disagreement to the amendment of the Senate no. 34 and agree to the same, with an amendment as follows:

"In lieu of the matter inserted by the said amendment insert the following:

"'SEC. 8. When specifically approved by the Director of the Bureau of the Budget upon recommendation of the Commissioners of the District of Columbia, transfers may be made between subheads of appropriations provided in this act for the free Public Library, public playgrounds, public schools (except buildings and grounds and repairs to buildings), health department, and public welfare, respectively: *Provided*, That such transfers under this section shall not be made between appropriations for the several municipal services named, and all transfers, whether approved or contemplated, shall be reported to Congress in the estimates of the District of Columbia for the fiscal year 1935.'"

The SPEAKER pro tempore. The question is on the motion of the gentleman from Missouri.

The motion was agreed to.

On motion of Mr. CANNON of Missouri, a motion to reconsider the vote by which the conference report and the several amendments were agreed to was laid on the table.

COLLECTION OF INTERNAL-REVENUE TAXES

Mr. DOUGHTON. Mr. Speaker, I call up the bill (H.R. 5904) to validate collections of internal-revenue taxes stayed by requests or claims for credit, and for other purposes, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

Mr. SNELL. Mr. Speaker, reserving the right to object, as I understand from the Chairman of the Committee on Ways and Means, this is a unanimous report from the committee and is agreeable to both sides.

Mr. DOUGHTON. That is my understanding.

Mr. SNELL. There is no objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Revenue Act of 1928 is amended by adding after section 619 a new section reading as follows:

"SEC. 620. COLLECTIONS STAYED BY CLAIMS OR REQUESTS FOR CREDIT

"(a) If any internal-revenue tax was, within the period of limitation properly applicable thereto, assessed prior to June 2, 1924, and if a claim was filed, or a request in writing made, for a credit against the tax so assessed of an amount claimed as an overpayment of internal-revenue tax, and if collection of any part of the tax so assessed was postponed, then (1) a credit (made prior to May 29, 1928) against the tax so assessed shall not be considered as void under the provisions of section 609 (a) of this act, relating to credits against barred deficiencies, and (2) the payment (made prior to May 29, 1928) of any part of the tax the collection of which was so postponed shall not be considered as an overpayment under the provisions of section 607 of this act, relating to payments made after the expiration of the period of limitation on assessment and collection.

"(b) If any overpayment of internal-revenue tax was credited against any internal-revenue tax assessed prior to June 2, 1924, and within the period of limitation properly applicable thereto, and if the first date upon which the Commissioner signed the schedule of overassessments in respect of the overpayment so credited was within the period of limitation properly applicable to the collection of the tax so assessed, then the credit, if made prior to May 29, 1928, shall not be considered as void under the provisions of section 609 (a) of this act, and the payment by such credit of the tax so assessed shall not be considered as an overpayment under the provisions of section 607 of this act.

"(c) The provisions of this section shall not operate to validate a credit of an overpayment of internal-revenue tax against a tax not due on the merits.

"(d) As used in this section the term 'tax' includes any interest, penalty, additional amount, or addition to any internal-revenue tax."

Mr. SNELL. Mr. Speaker, as I understand, this bill pertains to changes in the regulations in the settlement of tax payments, and that it is entirely in favor of the Government.

Mr. DOUGHTON. Absolutely. It will save the Government $15,000,000 in this way. In many cases taxpayers have asked an extension of time and the Government has granted it. In the meantime, the statute of limitations having run, the taxpayer seeks to take advantage of this technical situation to evade payment of his taxes.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. DOUGHTON, a motion to reconsider the vote by which the bill was passed was laid on the table.

ALBERT HENRY WIGGIN

Mr. COOPER of Tennessee. Mr. Speaker, I present a privileged report from the Committee on Ways and Means, in the form of a resolution (H.Res. 151), and ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the Secretary of the Treasury is hereby directed to furnish the House of Representatives all such information as he may possess, or may be available in the Treasury Department, with respect to the amount of compensation paid during the 5 years preceding the passage of this resolution to Albert Henry Wiggin as president and/or director of the Chase National Bank of New York City; the Adams Express Co.; and/or the American Express Co.; and/or any and all of their affiliates and associated corporations, and the rate of retirement compensation (pension, annuity, or other provision) provided for the said Albert Henry Wiggin by the said bank, companies, and/or affiliates and associated corporations.

Mr. COOPER of Tennessee. Mr. Speaker, I ask unanimous consent that the Clerk read the report accompanying the resolution.

There being no objection, the Clerk read the report, as follows:

REPORT NO. 209, TO ACCOMPANY HOUSE RESOLUTION 151

Directing the Secretary of the Treasury to furnish the House of Representatives certain information

The Committee on Ways and Means, to whom was referred the resolution (H.Res. 151) to direct the Secretary to furnish the House of Representatives information with respect to the amount of compensation paid during the past 5 years to Albert Henry Wiggin by the Chase National Bank and other corporations, having had the same under consideration, report it back to the House and recommend that the resolution do not pass.

It appears to your committee, after a careful consideration of the resolution, that action on the part of the House is not necessary, in view of the fact that on May 29 the Senate passed a resolution (S.Res. 75) more comprehensive and far-reaching in its scope and which should elicit the specific information called for by House Resolution 151.

Mr. COOPER of Tennessee. Mr. Speaker, as is indicated by the report, the passage of this resolution is not deemed necessary by the Ways and Means Committee for the reason that the resolution referred to therein has recently been passed by the Senate, which calls for information incorporated in this resolution and is even more comprehensive in its scope and application than this resolution.

Therefore, Mr. Speaker, I move that the resolution be laid on the table.

The motion was agreed to.

On motion of Mr. COOPER of Tennessee, a motion to reconsider was laid on the table.

EXPORTATION OF AMERICAN APPLES AND PEARS

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4812) to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 4, strike out "common."

Page 1, line 4, after "carrier", insert ", or any steamship company, or any person."

Page 2, line 12, strike out all after "act." down to and including "act.", line 15.

Mr. SNELL. Mr. Speaker, as I understand, the request is to concur in the Senate amendments, which are minor amendments, and, perhaps, improve the bill.

Mr. ROBERTSON. Yes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Senate amendments were agreed to.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the conferees on the home loan bank bill may have until 12 o'clock tonight to file a report.

Mr. SNELL. Mr. Speaker, I reserve the right to object to ask the gentleman from Tennessee a question. Will there be any further special business this afternoon?

Mr. BYRNS. Nothing more, except I have one more unanimous consent that I should like to submit.

Mr. SNELL. I have no objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. I may say further that the gentleman from Oklahoma has a conference report to bring up, but I do not know whether he proposes to call it up at this time or not.

Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until 12 o'clock tonight to file a report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

GASOLINE BLEND

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to address the House for one half minute in order to make an announcement.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. DIRKSEN. I want to call the attention of the House to the fact that the demonstrations in connection with a so-called "alcohol-gasoline blend" will take place tomorrow morning at 10 o'clock, starting in front of the main building of the Department of Agriculture. There will be technicians and experts and engineers here from practically all the States of the Union, among them professors from the Universities of Michigan, Oklahoma, Minnesota, and Iowa State, and incidentally, Captain Rickenbacker, the war ace, will be here. I think it would be very advisable and desirable that the Members, particularly those from the Central Mississippi States, attend this demonstration.

SALARIES, COMMISSIONS, ANNUITIES, ETC., PAID CERTAIN CORPORATION OFFICIALS

Mr. McCLINTIC. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. McCLINTIC. Mr. Speaker, a few minutes ago a report was presented from the Ways and Means Committee by the distinguished gentleman from Tennessee [Mr. COOPER], which related to a resolution which had been introduced in this body calling for certain information relative to the salaries and incomes of certain individuals connected with certain large business institutions. This report was adopted on the grounds that a similar resolution introduced by Senator COSTIGAN had been passed by the Senate calling for information relative to salaries, commissions, annuities, and gratuities received by bank officials and those connected with other concerns, and from the confidential information I have received I am of the opinion that this will result in revelations that will be more startling than those in connection with the Morgan investigation.

When the Members of this House and the people of the country realize that there are certain big institutions that are paying bonuses and pensions for life in some cases amounting to as much as $100,000 per year, they will then understand why the assets of this Nation to a certain extent have dried up.

All during this session I have tried to form a conclusion as to why it was necessary to close all of our banks and to cause the same to be reexamined before they were allowed to reopen. I think I now have the answer, as it is evident that many of the business concerns that used the method of selling stock for the purpose of obtaining finances have manipulated their affairs in such a way as to make it possible to vote themselves salaries and different kinds of favors to the extent that many who patronize the same have been unfairly dealt with. I believe it is a fair statement to say that 80 percent of the companies that sell common stock to the people and then ask for their proxies to use for the purpose of electing officers and other purposes use the power so granted to vote to themselves salaries and favors that would not be countenanced if the stockholders had any conception of what was taking place. In other words, this is the way the public is robbed from the inside; and, in my opinion, bank robbers who only obtain a few thousand dollars are far better citizens than those who defraud by using such methods.

I prepared the following resolution and would have introduced the same had I not been advised of the action taken by the Senate on the Costigan resolution.

Resolution

Resolved, That the Secretary of the Treasury is hereby directed to furnish the House of Representatives all such information as he may possess or may be available in the Treasury Department with respect to the amount of compensation in excess of $25,000 paid during the 5 years preceding the passage of this resolution to

all persons connected with national banks and all of their affiliates and associate corporations, and in addition the amounts of compensation that have been received in excess of $25,000 by all persons connected with companies or corporations that have received loans from the Reconstruction Finance Corporation.

I do not wish to disclose any information that has come to the committee of which I am a member in confidence, yet it is pretty tough to be tied down with ethical restrictions when you know what is taking place throughout the Nation. If anyone had told me that a bank had paid one person salary, fees, and compensation amounting to over $400,000 per year for a long period of time, I would have had my doubts. Yet I am in a position to say that such practice is now going on, and unless something is done so that officials will not take that to which they are not entitled, I will support some legislation to open up income-tax returns to the public, feeling that when the searchlight of publicity is turned on that such officials will not dare to continue these practices in the future.

Everyone knows that facts cannot be obtained from an ordinary statement that relates to the financial condition of an institution. Bank statements can be manipulated in such a way as to fool the public. Statements in numerous cases have been presented to the Reconstruction Finance Corporation for the purpose of securing loans and in some instances the company that obtained the same has gone broke within a few weeks after the money was obtained. This kind of fraud is practiced on the Government Departments, and, of course, an unsuspecting public has been the victim of many similar occurrences. I predict that if Senator COSTIGAN would push the investigation authorized by his resolution and then give the results to the public our citizens will then realize what has been done to them by those who rob institutions from the inside.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. McCLINTIC. I yield to the gentleman from Tennessee, who is a member of the committee.

Mr. COOPER of Tennessee. I will ask the gentleman if he does not feel it is fair to state that many of us on the Ways and Means Committee are very much in favor of securing the information which is called for in this resolution?

Mr. McCLINTIC. Yes; certainly.

Mr. COOPER of Tennessee. But we felt that the resolution which had already passed the Senate was much broader in its scope and would be very much more helpful in serving the same purpose.

Mr. McCLINTIC. I thank my colleague for his statement, because the members of the committee are in accord, and the only reason I am speaking here today is that the Senate has already taken action. If the Senate had not taken this action, in my opinion, the committee would have taken such action, and from my way of thinking the most important revelation that has ever been brought to your attention will be disclosed when the committee asks for the information which they can get, and I hope this will be done soon.

Mr. BACHARACH. Will the gentleman yield?

Mr. McCLINTIC. I yield.

Mr. BACHARACH. I want to call the gentleman's attention to the fact that he stated that certain persons were getting a pension of $100,000 a year. I think in all fairness the gentleman should state that that person is not even a director of that particular company, but has a pension of $100,000 a year for life.

Mr. McCLINTIC. Yes. The gentleman is eminently correct, and when the Members of the House realize how the big business institutions of the Nation are depleting the resources that are under their control by allocating them in such an unfair and ungodly manner, I cannot remain in my seat without bringing this much of the facts to your attention. [Applause.]

Mr. McFADDEN. I ask unanimous consent that the gentleman's time may be extended 2 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MARTIN of Massachusetts. If there are going to be any extended speeches, I will raise the point of no quorum.

Mr. BYRNS. I hope the gentleman will not do that. We have a conference report yet to be considered.

Mr. McCLINTIC. Mr. Speaker, I yield the floor.

Mr. McFADDEN. I ask unanimous consent that the gentleman's time be extended 2 minutes.

Mr. BANKHEAD. Mr. Speaker, I understand the gentleman from Oklahoma has concluded his remarks, and he does not desire any further time.

Mr. McFADDEN. The gentleman was speaking on a subject that I wanted to interrogate him about. Mr. Speaker, may I have 2 minutes to address the House?

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Speaker, I should like to inquire of the gentleman from Oklahoma whether I understood him correctly that the Ways and Means Committee had tabled my resolution, House Resolution 151, seeking inquiry in regard to the salary and pension paid Albert H. Wiggin, former head of the Chase National Bank, of New York, and its affiliated companies. This resolution was as follows:

Resolved, That the Secretary of the Treasury is hereby directed to furnish the House of Representatives all such information as he may possess, or may be available in the Treasury Department, with respect to the amount of compensation paid during the 5 years preceding the passage of this resolution to Albert Henry Wiggin as president and/or director of the Chase National Bank, of New York City; the Adams Express Co.; and/or the American Express Co; and/or any and all of their affiliates and associated corporations, and the rate of retirement compensation (pension, annuity, or other provision) provided for the said Albert Henry Wiggin by the said bank, companies, and/or affiliates and associated corporations.

I call to your attention a very serious situation existing with relation to the public funds of the United States—a situation so serious that its fair consideration forecloses any discussion or action looking to the levying of any new methods or rates of taxation.

For nearly 2 years there have been before the Bureau of Internal Revenue and the Treasury Department several specific cases of illegal tax evasion, accompanied by direct evidence, which evidence has never been challenged or questioned by any of the individuals or departments concerned.

Although abundant time has elapsed for complete investigation of all the evidence involved, no known action has been taken by any Government department to collect the taxes so owing to the Treasury or to prosecute the violators of the revenue laws and criminal statutes.

The evidence in these cases, as well as the disclosures made in hearings before a committee of the Senate, gives ample ground for the opinion that the Bureau of Internal Revenue is in the position of being a partisan of those engaged in tax evasion. There is no evidence to indicate that the Bureau of Internal Revenue has been so directed that the public interest is either served or protected.

Tax evasion is an organized business and a very profitable business. It includes in its personnel many accountants, attorneys, tax experts, and, I regret to say, it apparently includes, or has included, important officials of the Bureau of Internal Revenue and the Treasury.

It is difficult to escape the conclusion that the Bureau, which should be organized and directed with the single view of enforcing the revenue laws in the public interest, is or has been organized and directed with the view of aiding in the violation of those laws for the private profit of privileged individuals at the expense of the Government and the people.

In this connection I present the outstanding allegations made in the declaration of a suit filed in the Supreme Court of the District of Columbia on Wednesday, June 7, 1933. The plaintiffs in this suit are the United States of America and David A. Olson. The defendant is David H. Blair, former Commissioner of Internal Revenue.

Divested of legal terminology, the allegations made in this suit are as follows:

First. James W. Cannon, manufacturer of towels and other cotton goods, was assessed and required to pay large additional taxes over and above the amounts voluntarily reported and paid by him.

Second. James W. Cannon on March 28, 1921, filed a claim with the Bureau of Internal Revenue for the refund to him of the additional income taxes so levied and paid. This claim for refund was denied by Daniel C. Roper, then Commissioner of Internal Revenue, on May 9, 1921.

Third. James W. Cannon did not contest this action of Commissioner Roper at any time during his life, indicating that he accepted the refusal to allow the requested refund as just and legal.

Fourth. James W. Cannon died in December 1921. His last will and testament directed that David H. Blair, then Commissioner of Internal Revenue, be appointed one of the executors and trustees of his estate. David H. Blair was presumably selected for this position because he was the son-in-law of James W. Cannon and a benificiary of the will of which he was the executor and trustee.

Fifth. On June 30, 1922, David H. Blair, acting in his capacity of Commissioner of Internal Revenue, assessed additional income taxes against the estate of James W. Cannon of which he—Blair—was trustee and executor.

Sixth. On August 28, 1922, David H. Blair, acting as trustee of the Cannon estate, filed with himself as Commissioner of Internal Revenue a claim for the refund of the taxes he had himself levied and collected.

Seventh. Thereafter David H. Blair, acting as Commissioner of Internal Revenue, denied the refund which he himself has requested in his capacity as trustee and executor of the Cannon estate.

Eighth. The status quo of these taxes and rejected refund requests remained unchanged until January 5, 1926, 5 days before the lapse of the statute of limitations would have forever debarred any further attempt to recover the amounts paid by the deceased Joseph W. Cannon.

Ninth. On January 5, 1926, David H. Blair, acting as executor and trustee of the Cannon estate, filed in the United States District Court for the Eastern District of North Carolina "false and fictitious" suits against the collectors of internal revenue for North Carolina for the return of the additionally assessed income taxes so levied and paid, with interest from the date of payment.

Tenth. On July 21, 1927, David H. Blair, again acting as executor and trustee of the Cannon estate, filed similar suit in the same court for the return to the Cannon estate of the additional taxes he had himself, acting as Commissioner of Internal Revenue, levied and collected and the refund of which he had himself, acting as Commissioner of Internal Revenue, denied. This was exactly 3 weeks before the statute of limitations on these particular taxes would have run.

Eleventh. The answers filed to these suits by the attorneys of the United States are alleged to have been incomplete and insufficient, and did not recite the facts under which the taxes in question had been levied nor properly present the case of the Government. It is intimated that the case as presented by the Government's attorneys was apparently designed not to win but to lose the Government's case.

Twelfth. The case did not go to trial, but was settled by a compromise entered into in the chambers of Federal Judge I. M. Meekins, at Raleigh, N.C., on December 19, 1928. Under the terms of this compromise, the court signed a purported judgment, under which the United States was required to pay to the Cannon estate the sum of $1,081,027.26. No evidence or computations, with relation to the law, were employed at arriving at this figure. The sum decided upon was exactly one half of the sum of the taxes under discussion, plus interest from the date of their payment to the United States Treasury.

Thirteenth. David H. Blair was in the remarkable position of being, as executor and trustee of the Cannon estate, the plaintiff in these suits—and, as Commissioner of Internal Revenue, the defendant in the same suits. This was a situation which offered little hope for justice and none for the interests of the Government and people of the United States.

Fourteenth. David H. Blair is alleged to have been present in the chambers of Judge Meekins when this compromise was agreed upon. Since the law requires that any such compromise of income taxes must have the approval of the Commissioner of Internal Revenue, it may be presumed that he acted in a third capacity and gave his official approval to this remarkable bargain upon which he had agreed with himself.

Fifteenth. Section 3229 of the Revised Statutes of the United States requires that in making any such compromise the Commissioner should have the consent of the Secretary of the Treasury, the recommendation of the Attorney General of the United States, and that there should be filed a written opinion of the Solicitor of Internal Revenue. None of these appear in the record as it appears in the files of the United States District Court for the Eastern District of North Carolina, in which the compromised judgment was issued.

Sixteenth. The office of the General Counsel of the Bureau of Internal Revenue states that the papers in this transaction went into the closed file about January 15, 1929, indicating that the sum of $1,081,027.26 was paid immediately after the issuing of the compromise judgment.

Seventeenth. The payment of this refund does not appear in the published report of the Joint Committee on Taxation of the House and Senate, although it is a legal requirement that all tax refunds in excess of $75,000 shall so appear.

Eighteenth. The volume of the listed refunds submitted by the Secretary of the Treasury to the House Committee on Expenditures in the Executive Departments, which should contain a statement of the payment of this refund, is missing from the files of that committee.

Nineteenth. It is stated in the declaration of the suit filed against David H. Blair that he did not report the payment of this million-dollar refund to Congress, as required by law.

I submit that this remarkable recital of alleged facts requires immediate action by the Attorney General of the United States. If the facts as recited are true, there has been a grave malfeasance in office. If a Commissioner of Internal Revenue is permitted to consummate such a transaction for his own benefit, it is easy to believe that other transactions equally reprehensible were perpetrated during his term of office—and David H. Blair was Commissioner of Internal Revenue for 8 years.

It is certain that all efforts to secure the prosecution and collection of proven tax evasions under the administrations of a later Commissioner of Internal Revenue, David Burnet, were absolutely barren of results for the Treasury and the public.

Evidence of tax evasion has been repeatedly presented to the legislative and executive branches of the Government. None of this evidence has been denied; none of the charges made have been controverted. The only defense against such charges and evidence has been silence. To continue this policy of ignoring fact and refraining from investigation and action is to confess that the tax laws of the United States are administered on a basis of favoritism, and that the Government as now constituted is organized in defense of the industry of tax evasion and against the interests of the people.

Every dollar of just taxation that is evaded through official favoritism or connivance is another dollar that must be raised by additional burdens on the honest taxpayer.

I submit that it is unjust and illegal to maintain a policy which increases deficits, adds to the public debt, and levies unbearable taxation—not for the honest needs of government but for the private profit of favored individuals.

I also submit that the subject can no longer be avoided nor answered by silence.

This is not a question of party politics. It is a question of the integrity of government itself.

Mr. McCLINTIC. I take it the gentleman was not on the floor when the gentleman from Tennessee [Mr. COOPER]

presented the report from the Committee on Ways and Means which was adopted by the House.

Mr. McFADDEN. I was not. I was called out of the Hall for a few moments.

Mr. McCLINTIC. I will say that the committee carefully considered the resolution introduced by the gentleman from Pennsylvania, but for the reason that it found a wider and more far-reaching resolution adopted by the Senate, calling for the identical information, the committee had the gentleman's resolution laid on the table.

Mr. McFADDEN. The gentleman is referring to a resolution passed a year ago by the two Houses?

Mr. McCLINTIC. No; a resolution passed on May 29.

Mr. McFADDEN. And they are going to get the information and make it available to Members of Congress?

Mr. McCLINTIC. That is the information.

Mr. McFADDEN. I hope they do. I cannot understand why this House does not get this information for themselves, when Members of this House ask for information which they are entitled to have from the various departments of the Government. This is the second resolution pertaining to tax evasion that I have introduced that has been tabled. The result, of course, is that this particular information I have asked for will not be available till the next session of Congress.

PROTECTION OF GOVERNMENT RECORDS

Mr. McKEOWN. Mr. Speaker, I call up the conference report on the bill H.R. 4220, for the protection of Government records, and I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4220) for the protection of Government records, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same.

TOM D. McKEOWN,
J. BANKS KURTZ,
Managers on the part of the House.

JOE T. ROBINSON,
WM. E. BORAH,
TOM CONNALLY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4220) for the protection of Government records submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

This bill as it passed the House consisted of three sections. Section 1 provided that it shall be a crime for any person by virtue of his employment having custody of or access to any records of the Government to remove, sell, or destroy them for any purpose prejudicial to the Government. This section is merely an extension of existing law (U.S. Code, title 18, par. 234, Criminal Code, sec. 128). Section 2 made it a crime for any person without authorization of competent authority to publish or furnish to another any matter prepared in any official code, or for any purpose prejudicial to the safety or interest of the United States, willfully to publish or furnish to another any matter obtained without authorization of competent authority from the custody of any officer or employee of the United States or anything purporting to be such matter. Section 3 provided that proof of the commission of any of the acts forbidden by sections 1 and 2 shall be prima facie evidence of a purpose prejudicial to the safety or interest of the United States.

The Senate amendment struck out the entire House bill after the enacting clause and substituted one paragraph making it a crime for anyone having, or having had, custody or access to any official diplomatic code or any matter prepared in such code, willfully, without authorization or competent authority, to publish or furnish to another such code or matter, or what purports to be such, or any matter which was obtained while in the process of transmission between any foreign government and its diplomatic mission in the United States.

The conferees recommend the acceptance of the Senate amendment.

TOM D. McKEOWN,
EMANUEL CELLER,
J. BANKS KURTZ,
Managers on the part of the House.

Mr. McKEOWN. Mr. Speaker, this bill created quite a good deal of flurry after it had passed the House. The Senate, however, struck out all of that part of the bill that was in controversy, rewrote the bill, and confined it to one paragraph dealing with the code of other countries. So that it is back here without the objectionable features in it. I yield to the gentleman from Pennsylvania, if he desires any time.

Mr. KURTZ. Mr. Speaker, this bill is similar to the laws in every civilized country. We have taken the Senate bill and agreed to it because it is simpler and somewhat less drastic and more comprehensive than the one we had.

Mr. McKEOWN. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, this bill, in order to refresh the memory of Members, was one that met originally with a considerable amount of controversy, because it was feared that it would interfere with the prerogatives of Members of this House and the body at the other end of the Capitol, and that we might place ourselves in jeopardy.

As I read the bill originally, it had no such dangerous provision, and certainly the bill now before us, agreed to in conference, has none. It is very simple and aims at one specific evil, namely, the publication of information obtained or extracted from a Government bureau having to do with the code of a foreign government. It is a "snide" and disloyal act, to publish for private gain the facts obtained when holding a confidential and trusted position in the Government.

It would appear that a man named Herbert O. Yardley, who was employed by the Intelligence Bureau of the Department of State until 1929, when he was dismissed for cause, published a book called the "American Black Chamber" in 1929, which contained decoded messages passing between Japan and the United States at the time of the 1921 Disarmament Conference.

This same gentleman, who comes from the State of Indiana, now threatens to publish another book containing other dispatches thus decoded, and it is feared by the State Department, in the light of the coming International Economic Conference, that the publication of this book might seriously embarrass this Government, because it may contain certain decoded messages that would be derogatory to the Government of Japan, whose representatives will sit around the table with our own representatives in a few weeks. A delicate situation may be presented. It is because of that imminent danger of embarrassment, and to prevent a repetition thereof, that this bill comes before you today.

There is nothing in it that infringes upon the freedom of the press. It was thought at the time the bill was originally passed in the House that there was a deprivation of the right of the freedom of the press. There is nothing in that regard in this bill, and I think we can safely vote "aye" on this conference report.

I am a stanch upholder of the freedom of the press, and as a member of the Judiciary Committee, that originally re-

ported this bill, and as one of the House managers, I certainly would strike a blow at anything that would interfere with our time-honored liberty. It has been charged that this bill is a revival of something akin to the alien sedition laws. That is clearly not true. I have great respect for our newspapers. They do a splendid service. There is nothing in this bill hurtful to the newspapers. Jefferson once said:

If I were given a choice of government without newspapers or newspapers without government, I would choose the latter.

I quite agree with Jefferson. The newspapers have nothing to fear from this bill. It is only when in a disloyal and seditious way a message from a foreign government is misquoted and our friendly relations with that government are thereby marred that this bill comes into operation.

Mr. McKEOWN. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. RUFFIN].

Mr. RUFFIN. Mr. Speaker, in my judgment this bill, as amended by the Senate, is a material improvement upon the bill as it passed the House. The bill was designed to accomplish one purpose, and it does that in a direct manner in the Senate bill; whereas in the House bill there were ramifications that tended to make it somewhat obscure. I for one offered an amendment when the bill was in committee to make it in exactly the form the Senate has made it. I think this is a material improvement upon the bill as it passed the House, and it meets the objections interposed to it when under discussion in the House.

Mr. MOTT. What is the difference between this bill, as amended, and the existing law?

Mr. RUFFIN. This bill, as amended, is designed to cover a situation where a man in the employ of the Government obtains information passing from this Government to another government or its representatives in this country and discloses that information.

Mr. MOTT. I understand; but what is the difference between this proposed law and the present law? In other words, is not this prohibition contained in the present law?

Mr. RUFFIN. There is some doubt as to whether it is in the law or not. I think even though it may be construed to be in the present law, there is justification for passing this bill.

Mr. MOTT. That is not my understanding. It was not the argument made when the bill was argued in the House. It was argued at that time that existing law covered this particular code situation.

Mr. RUFFIN. I know, but there was some question about it.

Mr. MOTT. And that, in the opinion of the Secretary of State, it should be broadened to contain all of these provisions.

Mr. RUFFIN. That is the reason.

Mr. McKEOWN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

ORDER OF BUSINESS

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. BANKHEAD. Mr. Speaker, I expect to propound an inquiry to the majority leader, the gentleman from Tennessee [Mr. BYRNS], and I think that the House and the entire country will probably be very much interested in his reply. In looking over the calendar of the House, it appears to me that the major program has almost been completed. I would like very much, if the gentleman from Tennessee feels so inclined, to have him give us his views with reference to the probability of finishing the House program and the possibility of adjournment.

Mr. BYRNS. Mr. Speaker, the House has completed consideration of all legislative matters presented by the President. It is ready to adjourn as soon as the Senate has passed the public works bill and conference reports which are now under consideration are disposed of. In addition to that, it will be necessary to pass an appropriation bill in the way of a deficiency appropriation bill, making some appropriations for some of the legislation that has been adopted. For instance, the Federal Trade Commission needs a certain sum of money to carry out the purposes of the Securities Act, and, I take it, although I have not been advised, that when the public works bill becomes a law it may be necessary to provide some appropriations for that purpose.

The independent offices appropriation bill is upon the Speaker's table, pending an effort to come to some agreement with reference to veterans' legislation. I am very hopeful that the conference which is now in progress will bring about a settlement of that question, which is uppermost in the mind of every Member, and if that is done I am hopeful that the committee of which the gentleman is a member will bring in a rule and we can take that up tomorrow and consider it.

With that out of the way, it does seem to me that we ought to be able to get away from here within the next few days. I do not think it will be possible, under the circumstances, to get away on Saturday night, as some have predicted.

Mr. BACHARACH. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BACHARACH. The gentleman said he hoped we could get away within the next few days. Does the gentleman refer to Tuesday or Wednesday or the latter part of next week?

Mr. BYRNS. I am unable to state to the gentleman. I have just stated that we have this appropriation bill, which will have to go to conference. I do not anticipate it will require any particular length of time. Of course, we have to wait on the Senate on the public works bill, and that may have to go to conference. Then we will have to pass a deficiency appropriation bill, and some hearings will be required for that. Then there is a conference report, I am reminded by the gentleman from Alabama, on the railroad bill. That must be considered. So it is impossible to say Tuesday or Wednesday. We all hope we can get away by Tuesday or Wednesday, but I have stated for some time that I could see no chance of adjourning before the 17th. I hope we can adjourn by that time at the latest.

Mr. TREADWAY. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. TREADWAY. In relation to the public works bill, has the gentleman any opinion as to the time the Senate will likely finally act on it, so that that could go to conference?

Mr. BYRNS. There was a statement by several leaders of the Senate that they expected to conclude the bill before they adjourned tonight. Another prominent Senator told me, however, that that was impossible. So the gentleman can take his choice.

Mr. TREADWAY. I should choose the former one, if I had my way about it.

Mr. BYRNS. I know the gentleman's choice is that way.

Mr. TREADWAY. But that would not permit of that bill going to conference tomorrow, would it, even if it were voted on tonight?

Mr. BYRNS. Well, it could go to conference tomorrow if it were passed tonight.

Mr. TREADWAY. Well, there is usually a day or two between the time a bill is passed and when it goes to conference.

Mr. BYRNS. But it could be thrown into conference tomorrow.

Mr. MEAD. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. MEAD. The gentleman has not mentioned the Glass-Steagall bill, which contains a bank guaranty, and which I

understand is still in conference. I was wondering if the gentleman had any information with regard to that bill?

Mr. BYRNS. I have the information from the Chairman of the House Committee on Banking and Currency [Mr. STEAGALL] that he hopes and expects that they will be able to come to an agreement upon that bill.

Mr. MEAD. There was a provision in the Senate bill which would destroy the Postal Savings banks. That was not in the House bill. I hope that is eliminated before it returns to the House.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. WEIDEMAN. Does the gentleman know if there is any possibility of the Sumners bill, H.R. 585, being considered?

Mr. BYRNS. While we are waiting for the adoption of the various conference reports, it will be possible, I hope, to consider the bill to which the gentleman refers.

Mr. WEIDEMAN. I want to mention this fact: I was speaking of the Sumners bill concerning bankruptcies of cities, and so forth. The State of Michigan has recently passed three laws which will enable municipalities in that State to come under the protection of this law if it is made effective. I believe it will contribute considerably to the financial recovery of those bankrupt municipalities if we can consider that law.

Mr. BANKHEAD. Mr. Speaker, the gentleman from Tennessee having concluded his statement, I yield back the balance of my time.

QUESTION OF PERSONAL PRIVILEGE

Mr. BLANTON. Mr. Speaker, for the purpose of asking the Chair some questions, I rise to a question of personal privilege.

In today's Washington News appears my picture, over the top of which is the word "Censured", and underneath it says I was censured on yesterday by the Speaker. Is that so? Did the Speaker censure me?

The SPEAKER. The Chair will state to the gentleman from Texas that the Speaker has no authority whatever to censure any Member of Congress unless ordered to do so by the Congress itself.

Mr. BLANTON. And the Speaker did not censure me?

The SPEAKER. The Speaker did not violate the rules.

Mr. BLANTON. Then that statement in the paper is not true.

The SPEAKER. Neither did the House censure the gentleman from Texas, because the House permitted the gentleman's remarks to remain in the RECORD.

Mr. BLANTON. I will call the Speaker's attention to the fact that when the Republicans tried to stop me from speaking, and my friend from Mississippi [Mr. RANKIN] moved that I be allowed to proceed, the yeas and nays were demanded by the Republicans, and the Rankin motion carried by a vote of 263 to 92, and the House permitted me to continue my speech; and when the gentleman from New Jersey [Mr. LEHLBACH] moved to expunge my remarks, as is shown on the next page of the RECORD, 5206, it clearly shows that by a yea-and-nay vote of 238 to 112, in my favor, the House refused to take my remarks out of the RECORD. And the Journal of the House will correctly show these record votes.

The SPEAKER. The Journal will show what the vote was. The Chair recalls the fact that the gentleman's remarks remained in the RECORD.

Mr. BLANTON. A little, small-sized sheet like this Washington News ought to quit lying on Congressmen. [Laughter and applause.]

Having been granted unanimous consent to extend, Mr. Speaker, I will quote word for word from the RECORD of yesterday every ruling made by the Speaker, showing conclusively that not only was I not censured but that the House also sustained me by a tremendous majority on both votes. I quote from page 5204:

The SPEAKER. The Clerk will report the words objected to.

The Clerk read as follows:

"He has been so used to cutting melons and has been associated with melon cutters so long that he imagines the President has looked up and found out there is $10,000,000 in the Treasury that could be split up and divided. That does not do you justice, Brother SNELL. You are not the SNELL I have always thought you were if you have such thoughts as that. That is beneath your dignity."

Mr. RANKIN. Mr. Speaker, I make the point of order that that does not violate the rules of the House.

The SPEAKER. The Chair is ready to rule.

Under the rules a Member may not refer to another Member by name.

Mr. RANKIN. Mr. Speaker, I make the further point of order that the gentleman did not refer to him except either as "Mr." or "Brother" SNELL, expressions that are frequently used on the floor of the House.

The SPEAKER. A Member may not do that, though, as the Chair understands the rules.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to substitute "Mr." for "Brother."

Mr. LEHLBACH. Mr. Speaker, I make the point of order the gentleman from Texas may not be heard.

Mr. BLANTON. Mr. Speaker, I withdraw the "Brother SNELL" part and put in place thereof "the gentleman from New York, the minority leader."

Mr. BRUMM. Mr. Speaker, I object.

Mr. BLANTON. I was inquiring what Mr. SNELL meant when he said he thought the President wanted to divide a $10,000,000 melon.

The SPEAKER. The Chair thinks the remainder of the remarks hold the gentleman from New York up to ridicule, and that is a violation of the rule.

Mr. RANKIN. Mr. Speaker, I move that the gentleman from Texas be permitted to proceed in order.

The SPEAKER. The question is on the motion of the gentleman from Mississippi.

Mr. SNELL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 263, nays 92.

So the motion was agreed to.

The SPEAKER. The gentleman from Texas will proceed in order. [Applause.]

Not one word of censure ever came from the lips of the Speaker. The Speaker merely decided points of order, as to what is in order and is not in order under the rules, as he is called upon to do in every session of the House. He held that I could not refer to a Member by name. Certainly. That is the rule, yet it is violated in practically every speech that is made in the House. The Speaker held that remarks could not be made that held a Member up to ridicule. Certainly. There is a rule against that. But it is violated daily. The Speaker did nothing more than rule on a point of order. He did not censure. He would have made the same ruling, had a point of order been made timely against the remarks of the gentleman from New York, when he asserted that the reason for passing the bill was that Democrats "have found out they have $10,000,000 in the (Hawaiian) treasury, and you want to divide it among deserving Democrats." This Washington News purposely and deliberately misrepresented the facts. It did it hoping to injure me. It has been doing this same thing for years. And that is the reason that neither Congressmen nor citizens of Washington can rely upon or have any confidence in anything it publishes.

Then when the gentleman from New Jersey tried to expunge my remarks from the RECORD the House refused to do it by a vote of only 112 for his motion and 237 votes against it. And when it is remembered that there are 122 Republicans in this House, it will be seen that not even all the Republicans voted for the motion. I now quote the motion to expunge my remarks, the Speaker's rulings, and the vote of the House to show that I was not censured but upheld, and that by a large majority the House refused to expunge my remarks, to wit:

Mr. LEHLBACH. Mr. Speaker, I make a privileged motion. I move that the words spoken by the gentleman from Texas in Committee of the Whole House on the state of the Union and reported to the House be expunged from the RECORD.

Mr. O'CONNOR. If the gentleman will yield, we are not in Committee of the Whole; we are in the House.

Mr. RANKIN. We have not been in the Committee of the Whole House on the state of the Union. If the gentleman will watch the mace, he will know that.

Mr. LEHLBACH. I am perfectly aware of that.

The SPEAKER. The question now is on the motion of the gentleman from New Jersey.

Mr. LEHLBACH. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 112, nays 237.

So the motion of Mr. LEHLBACH was rejected.

Mr. BLANTON. Mr. Speaker, I am deeply grateful to my Democratic colleagues for protecting me in my rights here.

I want the good people of Washington who have access to the CONGRESSIONAL RECORD to get a copy of today's issue of the Washington News and compare the false statement it printed in top headlines in trying to make people believe I was censured with what really happened in the RECORD, and they will quit advertising in and buying this unreliable little sheet. As the Speaker has stated, not only did the Speaker not censure me but the House of Representatives by a tremendous majority twice upheld me and allowed me to finish my speech, and also kept my remarks in the RECORD. Let me repeat once more to our splendid new colleagues who are now serving here for the first time that if it were not for this daily CONGRESSIONAL RECORD a malicious newspaper could ruin any man in this Congress. The RECORD daily protects every Member here in this House of Representatives.

If it were not for the daily CONGRESSIONAL RECORD that goes into every district of the United States, a weak, little, half-sized, irresponsible, malevolent Washington News could get away with such libelous statements. It tells a falsehood when the truth would serve it just as well. It stated today that the Sergeant at Arms seated me beside "JENNINGS RANDOLPH, a West Virginia Republican", when as a matter of fact JENNINGS RANDOLPH is a dyed-in-the-wool, 100-percent Democrat, and the Sergeant at Arms did not seat me, or come near me, or have any order to seat me, but this double-barrel lie was made out of the whole cloth, without even the semblance of foundation for it. So very few Members ever look at this scandalous midget of a press pretense that I should have left its spewing unnoticed, but once in a while it is our duty to keep the record straight on this Washington News.

MAIL SERVICE

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech on the Department of Justice, delivered by my colleague, Hon. EUGENE W. CROWE. This speech is of great historic value and one of the best speeches I ever read on the subject.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. MEAD]?

There was no objection.

Mr. MEAD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by Congressman EUGENE B. CROWE, of Indiana, at the district meeting of postmasters, postal officials, letter and rural-route carriers, at Scottsburg, Ind., September 24, 1932:

Mr. Chairman, ladies, and gentlemen, it is my pleasure again to address you at your yearly meeting and under such pleasant surroundings as are had here this evening following this bountiful banquet and program.

I shall take for my subject this evening a matter which I believe will be of interest to each and every official of the Post Office Department not only here but throughout the State and Nation. I shall attempt in a brief way to outline the mail service, not so much in its present-day form, with which you are all so familiar, but to give you some idea of the mail service in various forms, starting back at a period long before Christ and a total of some 5,000 years ago.

While we think of our present-day post office with all its modern equipment and excellent service for the rapid and efficient disbursement of mail as purely a modern institution, we find when we pursue its development that its foundation was laid as early as the ancient period beginning 3000 B.C.

King Sargon of Chaldea or ancient Babylon, whose greatness is dimmed in history only by the remoteness of his age, having lived many centuries before Abraham, who won as many victories as Alexander the Great and became a world conqueror, had his personal messenger, Urduk, who is described as a "trusted messenger", fleet of foot.

Sargon counseled him, "Keep a wise head upon thy shoulders and thy tongue between thy teeth." Urduk always kept his own counsel and that of his King. At first his duties seemed simple. They were some such errands as, "Say unto Seddar of the Sumerians that this will be a dry moon", or "Tell Gemek of the Hittites that the hunt is not proceeding well. He must obtain more ostriches." Such messages were code, and Urduk committed them to memory and would go on foot until he attained his goal. After conveying these messages over the entire kingdom for many years and sometimes meeting with difficulty in getting them accepted as authentic, he presented a plan to the King whereby the King could get his gem cutters to take a precious stone of extra size and carve on it the name of King Sargon and his official greeting. It could be pressed upon a tablet bearing the message from the King and would thus carry his official authority. None could dare dispute the word of the messenger.

Thus the King's seal at the bottom made the message a law. From this beginning we have our present great seal and also the modern letter.

Pharaoh used his trusted messengers (in 380 B.C.) to carry secret tidings in the face of great danger, which aided him in overthrowing the old gods. In 490 B.C. an account is given of the famous defeat of the Persians by the Greeks at Marathon, and the tidings were brought to Athens by Phidippides, the most famous athlete and fleetest runner of his day, although it cost him his life to do it.

During the reign of Queen Esther (in 482 B.C.) a disaster was plotted against the Jews, but was averted by her swift messengers, whose loyalty was dearer than life itself.

The courier system had by 98 A.D. developed in the Roman Empire until it became necessary to establish a system of post roads. The name "post" is of Latin origin, meaning station. These messengers or couriers were kept in readiness at these posts or stations to relay dispatches. One of these young couriers, Laurentius, found favor in the eyes of the Emperor Trajan, and by bravery and shrewdness helped his Emperor to defeat the Dacians.

When Charles Martel smote the Saracens (in 732 A.D.), Roland the Faithful carried the appeal for help from his lord to Paris, which led to the defeat of the Mohammedans at Tours and saved Europe for Christendom.

Richard the Lion Hearted of England would doubtless have lost his life after the battle, in which he tried to save the Holy Land from the infidels, when he attempted to return to his homeland in the feudal days of lawlessness had it not been for the assistance of his faithful page and favorite minstrel.

Wandering over Europe seeking him, the story relates how speedily they brought the tidings of finding him to his faithful subjects.

An interesting story is told of a youth who was a descendant of the famous Von Taxis family of Postment, who served kings about 1500, asking his uncle Francis to send him out on a route. The uncle replied, "You know not what you ask. The life of my riders is a hard one. When I send them on a journey I spare not; it concerns me not whether they live or die, so long as my letters go through. Do you realize that?" Undaunted by the warning and his uncle's desire to make a clerk of him in his office to receive and assort mail, the youth asserted his preference to ride. "Spoken like a true Von Taxis", exclaimed the uncle, who proceeded to tell him how as early as 1300 one of their ancestors organized the Bergamascan couriers in Italy. But despite the hardships of bandits, ruffians, murderers, and by reason of broken bridges, storms, rain, mud, heat, war, and pestilence, the service set up by his ancestor, Omodeo Tasso, flourished and in time spread to other lands. This family has been called Tasso in Italy, Tassis in France, and Taxis in Germany. They became known all over Europe and served kings. These riders wore the family livery and were paid by their own house and were in no way connected with the government.

Francis ran courier lines from Ghent to Brussels in many directions and managed them so well that in 1505 Philip I, King of Spain, signed a contract with him, after appointing him captain and master of posts, and agreed to pay him an annual salary of 12,000 livres, a large sum in those days. These lines were extended until they included Netherlands, Spain, Vienna, Paris, Lyons, and Granada. In addition a regular schedule was adopted.

Knowing this, young Johann, who was an expert horseman, became more eager to enter the service.

After some deliberation as to the boy's future, which was entrusted to him, Francis approached him one day with this question: "I have an important commission for Paris. It may be fraught with danger. Will you undertake it?" The happy expression on the boy's face was sufficient answer.

The French Queen had been having a tiara made by a skilled lapidary in Brussels. It was ready for delivery. It was worth a king's ransom; and if a band of thieves set their hearts upon it, they would stop at nothing to seize it. To send it by a regular messenger would only invite disaster. Francis thought of a plan whereby he would ask the lapidary to display "the diamonds of the Queen of France in his window", except that they were to be made of imitation jewels.

Johann was to set forth with a bundle of books on his shoulder, thus giving the appearance of a schoolboy bound for Paris.

When the horse was made ready Johann was quite disappointed, for instead of his pet saddle a rather worn and shabby one rested on the pony's back. His uncle, seeing the look of displeasure, whispered a few sentences earnestly into his ear. Johann looked puzzled at first, then brightened. "I see what you mean", he said. "the old saddle is good enough."

He set out on his journey and traversed the same soil that was to be so bitterly fought over in the World War 4 centuries later.

The second day out he was about to be attacked by a band of six villainous bandits when, quick as a flash, he bent over the pony and unloosed the saddle girth, leaving the saddle apparently undisturbed. He did not have time to do more for the men were upon him. They searched him but decided he was not a courier so they concluded they would keep him and sell the pony. "Even the saddle's worth keeping", exclaimed one. Although they stripped off his clothing except for a thin shift, the mention of the saddle filled him with alarm. While they were searching his

clothing they left a little open space between the captive and his pony.

He leaped to his pony's back like a flash and instantly urged his pony to the nearby stream. The demoralized robbers sprang for their guns and horses, but Johann was almost across the river before one of them fired. The fugitive swung far over to one side, and the bullet missed him, for the animal shielded him entirely. In swerving, Johann's saddle fell into the river near the farther shore.

The bandits gave up the chase for fear they might miss the regular courier when he should ride by with the Queen's jewels.

Johann finally reached a relay station, where an old and trusted employee gave him some hot broth and makeshift garments. The boy related what had happened, and they quietly laid plans.

At early dawn the next day, Johann and a small band of men rode back to the stream. The ruffians had disappeared. They rode into the river and found the old saddle, which Johann placed on the horse. The next day at noon he was admitted to see the Queen, and after relating his story, drew his sheath knife from his belt and slit open the old saddle. A concealed pocket was revealed and from that he drew a small packet, which he presented with a low bow to the Queen.

So impressed was the Queen with his faithful service and the fact that he was a scion of the famous Von Taxis family, she took from her finger a ring and gave it to him. The muddy messenger also became her favored knight.

The uncle was so much pleased with the result of his first mission that he gave him more and more responsibility, and upon his death the great postal organization reaching into every country in Europe passed into his hands. But before the uncle's death Emperor Maximilian conferred upon Johann a knighthood and the Order of the Golden Spur, which was one of the most coveted decorations in Christendom.

The great Francis Von Taxis not only served kings and nobles but as his service grew firmly established he demanded the privilege of taking private mail and even passengers. It was some time before this was conceded, and then the Emperor stipulated such service was not to interfere with carrying royal dispatches. This fact deserves special mention, as here for the first time was instituted a postal service for the man in the street.

The earliest record of a post office in North America appears in the General Assembly of Massachusetts in 1639, when the house of a certain Richard Fairbanks was appointed for all letters which were brought from beyond the seas, or sent thither to be left with him, and he was to take care that they were delivered or sent according to direction. Twenty years later a postal service was established in Virginia and in 1672 a monthly post between New York and Boston was put into operation. In 1691 Thomas Neal secured the right through a royal patent to operate an intercolonial postal service and from this event dates the real beginning of the post office in America. Service was begun in 1693, the post riders traveling from Portsmouth, N.H., to several points in Virginia, taking many days to make the trip. Later the English Crown purchased the right to operate the colonial service as a branch of the general post office in London.

In 1755 Benjamin Franklin established the colonial postal service across the Alleghenies with Philadelphia as a center. In wet weather these roads were seas of mud wandering uncertainly as grading was unknown but did have mileposts to keep the mail carriers from getting lost. From 1773 to 1774 Franklin was deputy Postmaster General. When the Continental Congress met in 1775, they passed a Post Office Act setting up a line of communication from Falmouth, Maine, to Savannah, Ga., with as many cross routes as might be deemed necessary by Franklin, who had now become Postmaster General with a salary of £1,000 a year. Not only was the mail carried by riders but mention is made of the stagecoach.

Since then the post office has developed in marvelous fashion and by 1789 there were 75 post offices. In 1900 there were 76,688, but by establishing rural routes this number was reduced to 59,580 in 1910.

When steam was harnessed to sails in 1819, Nat Crane, who had just arrived in Washington from Philadelphia in a big, clumsy mail coach, was summoned into the private office of Post Master General Meigs and asked to accompany a sack of mail on the first ocean-going steamship, the *Savannah*, to Liverpool. Although eager for the trip, Crane felt doubtful, as did almost everyone else, whether a boat could carry enough fuel for the engine for such a voyage. Meigs assured him the sails would assist the steam, and thus the boat was launched.

Crane was chosen because Meigs thought he was a dependable man with a clean record and because Meigs hoped to inaugurate a service. Crane was to go as an official observer of the vessel to see whether steam navigation was practicable and to observe the methods used abroad for carrying and handling mail.

The ship made the trip in the record-making time of 27 days and set the whole world buzzing. Crane performed his mission and returned on the *Savannah* in about the same length of time. While the trip seemed to be a success and aroused great enthusiasm, some mechanical difficulties arose which remained to be solved. The problem of fuel was vexing and the promoters went back to sails, which continued to be used for 20 years. Then, while Americans failed to make use of the opportunity which this vessel offered, and the mails continued to require weeks and months for delivery, Samuel Cunard, of Halifax, a British subject, formed a British company and established the Cunard Line which would ply the Atlantic by steam alone. His first ship came across in 14½ days.

Just 100 years after the voyage of the *Savannah*, we can see approaching New York Harbor the *Majestic*, of the White Star Line, another British company, a ship of 50,000 tons, bringing in her hold for American friends thousands of Christmas gifts sent less than a week ago. Mail chutes are run out from the vessel's side and dropped into waiting tenders, filling six at once. The work is supervised by an Assistant Postmaster General, 4 assistant postmasters, and 125 men from the New York City post office. All work madly so that this Christmas mail may be delivered to the farthest corner of the United States before Christmas. Some of it is hustled over to the flying field in Long Island and sent by air. The planes are gone many miles inland before the boat lands. The pieces of mail number about 17,661 bags, but not one bag is of such importance as the lone bag that went to England a century before.

One of the most important factors in the progress of mail distribution is the invention of the locomotive by Peter Cooper. From the time one of the first tracks was laid, about 1842, from Washington to Richmond, a new era was ushered in, in the rapid transit of mail that subsequently would do more than all other forces combined.

But all great forces move slowly and this necessarily was no exception. The country was vast and the cost of railroad construction excessive. Between the Mississippi River on the East and the Pacific on the West lay hundreds of miles of trackless wilderness, barren deserts, and giant mountains. California seemed as remote from the East as Madagascar as late as 1860. This usual route for mails was by water, either around Cape Horn, requiring weeks, or across the Isthmus of Panama from one ship to another, thence up the coast, a journey nearly as tedious. No railroad or telegraph line had as yet pierced this vast stretch. A quicker and steadier means of communication was a necessity. No doubt you are all familiar with the story of the pony express, which supplied this great need for the brief period of a year and a half from 1860 to the fall of 1861. But I wish to review a few of the outstanding events of this period, which, while so brief, contains more thrills, adventure, and romance than any other similar period of our history.

It brings to mind the names of Russel, Majors & Waddell, who laid the plans for this fleet of fast riders called the "pony express" and whose names became famous on the old West. A succession of relay stations were established where a rider would exchange mounts and proceed to the next one until he had covered his required number of miles. A certain William Cody applied for the job of rider, and I quote you the oath required:

"I, William F. Cody, do hereby swear, before the Great and Living God, that during my engagement, and while I am an employee of Russell, Majors & Waddell, I will, under no circumstances, use profane language; that I will drink no intoxicating liquors; that I will not quarrel or fight with any other employee of the firm, and that in every respect I will conduct myself honestly, be faithful to my duties, and so direct all my acts as to win the confidence of my employers. So help me God."

I was deeply impressed by this oath for it told eloquently of the high character of the riders employed, as well as of the company employing them, and I felt it would be a good thing to tack up on the lintel of every office today, and if everyone would live up to the high ideals set forth in it, what a different world this would be. As I pondered on this, I doubted if any group of employees could be found today that came so nearly measuring up to these ideals as the faithful group of mail carriers assembled here and all other groups wherever they may be. It was also a revelation to me to find this same William Cody was none other than the colorful Buffalo Bill of the wild West, the account of whose wild adventures and of his ability to overcome plots of wild Indians, desperadoes, wild animals, rough weather, mountain trails, all to the end that he perform his service faithfully and deliver his cherished packages according to schedule, reads like tales of magic.

The pony express was supplanted by the stagecoach, which, as we know, not only carried mail but passengers. It began to operate about the time the Civil War began, and the newspapers which it carried bore accounts of the war. The stagecoach blazed the trail for the covered wagon, drawn by oxen, and thus the development of the wild West began. The character of the stagecoach drivers and mail carriers was of the same high order as that of the pony-express riders and was exemplified by such men whose names, Bill Jennings and Bob Alder, have come down to us in history as representative of their type.

From the very earliest times of mail delivery, speed has been the watchword. From the fleetest runners, the fastest riders, the best drivers, men emphasized speed in each new development. It was not surprising then at the beginning of the twentieth century when railway companies, which had hitherto designed wooden cars that had two apartments, one for the use of the great mails and the other for way mails, should continue to build cars and revise schedules to expedite the handling of mail. With this thought ever present, they realized strength must accompany speed for safety. Accordingly, the Twentieth Century Limited was the outgrowth called "express trains", with coaches so completely equipped for mail distribution that they were complete post offices within themselves. This really was the foundation of the American system which did not become firmly established until 1864. Since then the growth has been phenomenal and the Post Office Department is without question the most gigantic of all

organizations. It handles more pieces, employs more men, spends more money, touches more interests, reaches more homes, uses more agencies, goes through more details, and has more outlets than any other business, public or private, over all the world. It costs the Government upward of $600,000,000 a year.

This one Postal System is greater than that of any European country. The number of letters delivered each year in the United States is from 12 to 15 billions greater than those of Great Britain, Germany, France, and Russia combined. There are more than 56,000 post offices and more than 300,000 employees who handle one third of the total postal business of all civilized nations. The annual receipts average about $3 for each man, woman, and child. The Rural Free Delivery, the Parcel Post, the Postal Savings Systems, the special air service, and other special deliveries are all a part of its marvelous development.

At the close of the war, our Government began putting in experimental air mail lines. It started with a route from New York to Washington, which was maintained so successfully that other eastern cities began to be linked up. Presently airmen with their mail bags flew into Cleveland, Chicago, Kansas City, and Omaha. By 1921 the Post Office Department was ready to proceed further with this fascinating game, and a route was laid out extending to San Francisco. The first flyers went only in daylight, entrusting their bags to the railway trains at night, and other flyers picking them up in the morning. Then beacon lights were set-up to permit day and night flying.

But still our airmen were dissatisfied. They wished to fly as fast as the sun or as fast as it appears to fly. The War Department chose Lt. Russell Maughan, of the United States Army, who had distinguished himself in the World War by bringing down at least four German planes and by winning a Pulitzer prize for having attained a speed of 206 miles per hour, to try the unheard-of feat of delivering a letter in 1 day from coast to coast. It was not a stunt flight but a service flight to see what schedule was practical for our air and mail service. You all remember how it thrilled the world when, on June 23, 1924, leaving Mitchel Field in New York at 4 a.m. with a letter of greeting from Mayor Hylan, of New York, to Mayor Rolfe, of San Francisco, a small packet of other letters, and a copy of the New York Times just off the press, he delivered the letter to Mayor Rolfe at sunset. This was the first dawn-to-dusk flight and a record-breaking transcontinental flight consuming 21 hours and 48 minutes.

It was from this new Air Mail Service our famous Lindbergh developed. He first won his spurs on a regular air route in the West and was known for his daring and the long chances he took. But by far the longest chance he ever took was on May 20, 1927, when he left Roosevelt Field, Long Island, and landed in the Paris airport 21 hours later and presented a letter of introduction to Ambassador Herrick. This letter was the first carried across the Atlantic by air.

Although many transcontinental flights had been attempted since the spectacular flight of Maughan, it remained for Colonel Lindbergh to blaze a new trail. Although it was not his aim to try to break any records, he held to the theory that flying at a higher altitude would make for greater speed, as it would be possible to avoid storms and other unfavorable weather and the very thinness of air would offer less resistance. While this was really a test flight, it proved his theory was true, and he made the trip from Los Angeles to New York in 14¾ hours at an altitude of 14,000 feet and prepared for the day when a letter could be delivered across the continent in much less than 15 hours. How much less none of us can tell, neither to what great distant points, nor how short a time, so rapid has been its development. The words of the Bible can find no truer application than to air mail, "It doth not yet appear what it should be."

As I have attempted to bring to you something of the history of the delivery of mail, two things have made a distinct impression on me. The first, that time has wrought wonderful changes in the manner of delivering mail, beginning with the post runners of King Sargon in ancient times, the courier system of the middle ages, and the pony express, stagecoach, express train, and air mail service of modern times.

But the next thing and the one thing that impressed me very deeply was the fact that the character of the men who have entered this service from ancient times to the present day has remained unchanged. The "trusted messengers" and couriers of the kings of old have become the trusted messengers of all the people everywhere today. The same spirit of loyalty, adventure, honesty, joy in the knowledge of a task well done, prevails today as in bygone days. Although you can proudly boast of such men in your ranks as our great and noble Lindbergh, you are our heroes of the everyday, overcoming all obstacles to perform your tasks worthily and honorably. May the public grow in greater knowledge and appreciation of your great contribution to civilization and to the growth of world history and be made to realize the importance of your great organization in world affairs. May it also see the truth of the words of old Herodotus, father of all historians, as President Wilson saw them when he caused these words to be put up in large letters across the front of the new post office built in New York City a few years ago.

"Neither snow nor rain, nor heat, nor gloom of night stays these couriers from the swift completion of their appointed rounds."

HOME OWNERS MORTGAGE BILL

Mr. STEAGALL, from the Committee on Banking and Currency, submitted a privileged report on the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

CONSTRUCTION AND INSPECTION OF STEAMSHIP BOILERS

Mr. BLAND. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1129), to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of title 46 of the United States Code relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof, with amendments.

It is a bill unanimously reported by the Committee on Merchant Marine, Radio, and Fisheries. I make this request because the Department of Commerce desires to have the bill passed at this session.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of title 46 of the United States Code be, and the same are hereby, amended to read as follows:

"SEC. 361. Every vessel subject to inspection propelled in whole or in part by steam or by any other form of mechanical or electrical power shall be considered a steam vessel within the meaning of and subject to all of the provisions of this act: *Provided, however*, That motor boats as defined in the act of June 9, 1910, are exempt from the provisions of this act.

"SEC. 392. The local inspectors shall also inspect, before the same shall be used and once at least in every year thereafter, the boilers, unfired pressure vessels, and appurtenances thereof, also the propelling and auxiliary machinery, electrical apparatus and equipment, of all vessels subject to inspection; and the inspectors shall satisfy themselves by thorough examination that the same are in conformity with law and the rules and regulations of the board of supervising inspectors, and may be safely employed in the service proposed. No boiler, unfired pressure vessel, or appurtenances thereof shall be allowed to be used if constructed in whole or in part of defective material or which because of its form, design, workmanship, age, use, or for any other reason is unsafe. At each annual inspection all boilers, unfired pressure vessels, and main steam piping shall be subjected to hydrostatic tests or such other tests as may be prescribed by the board of supervising inspectors. The ratio of the hydrostatic test to the maximum working pressure shall be determined by action of the board of supervising inspectors.

"SEC. 406. All boilers and unfired pressure vessels constructed of iron or steel plates or other approved metals for use on vessels subject to inspection shall be made of material that has been tested, inspected, and stamped in accordance with the requirements of this act.

"SEC. 407. Any person, firm, or corporation who constructs a boiler, or steam pipe connecting the boilers, or an unfired pressure vessel for use on vessels subject to inspection, of iron or steel plates or other approved metals which have not been duly tested, inspected, and stamped according to the provisions of this act and the requirements of the board of supervising inspectors; or who knowingly uses any defective material in the construction of such boiler, steam pipe, or pressure vessel; or who drifts any rivet hole to make it come fair; or who delivers any such boiler, steam pipe, or pressure vessel for use, knowing it to be defective in design, material, or construction, shall be fined $1,000. Nothing in this act shall be so construed as to prevent from being used on such vessels any boiler, steam generator, steam pipe, or unfired pressure vessel which may not be constructed of riveted iron or steel plates: *Provided*, That scientific data and facts are submitted to enable the board of supervising inspectors to satisfy themselves that such boiler, steam generator, or pressure vessel is equal in strength and as safe from explosion as one of the best quality of iron or steel plates of riveted construction: *Provided, however*, That the Secretary of Commerce may grant permission to use any boiler, steam generator, or unfired pressure vessel not of iron or steel plate riveted construction upon the certificate of the supervising inspector for the district wherein such boiler, steam generator, or pressure vessel is to be used, and other satisfactory proof that the use of the same is safe and efficient, said permit to be valid until the next regular meeting of the board of supervising inspectors who shall act thereon: *Provided further*, That such boilers, steam generators, or pressure vessels may be constructed with seamless shell or by means of any approved method of welding governed by the rules and regulations prescribed by the board of supervising inspectors.

"SEC. 408. All iron or steel plates, or other material used in the construction of boilers or unfired pressure vessels for the use on vessels subject to inspection shall be tested and inspected in such manner as shall be prescribed by the board of supervising inspectors and approved by the Secretary of Commerce, so as to enable the inspectors to ascertain the tensile strength, homogeneity, toughness, and ability to withstand the effect of repeated

heating and cooling; and no plate or other material shall be used in the construction of such boilers or pressure vessels which has not been tested, inspected, and approved under the rules and regulations of the board of supervising inspectors: *Provided, however,* That small unfired pressure vessels having diameters not exceeding 30 inches and subject to a maximum allowable working pressure not exceeding 100 pounds per square inch shall be exempt from this requirement.

"The Director of the Bureau of Navigation and Steamboat Inspection may, under the direction of the Secretary of Commerce, detail inspectors to inspect iron or steel plates or other material at the mills where the same are manufactured; and if such plates or material are found in accordance with the rules of the board of supervising inspectors, the inspector shall stamp the same with the initials of his name and the official stamp of the Bureau of Navigation and Steamboat Inspection, which stamp shall be authorized by the board of supervising inspectors; and material so stamped shall be accepted by the local inspectors of the various districts as being in full compliance with the requirements of this section regarding the test and inspection of such plates and material: *Provided,* That any person, firm, or corporation who affixes any false, forged, fraudulent, spurious, or counterfeit of the stamp herein authorized to be put on by an inspector shall be deemed guilty of a felony and shall be fined not less than $1,000 nor more than $5,000 and imprisoned not less than 2 years nor more than 5 years.

"SEC. 409. Every plate of iron or steel, made for use in the construction of boilers, unfired pressure vessels, or riveted steam pipe shall be distinctly and permanently stamped by the manufacturer thereof, and, if practicable, in such places that the marks shall be left visible when such plates are assembled, with the name of the manufacturer, and the minimum tensile strength in pounds per square inch, and the inspectors shall keep a record in their office of the stamps upon all plates, material, and boilers which they inspect.

"SEC. 410. Any person, firm, or corporation who counterfeits, or causes to be counterfeited, any of the marks or stamps prescribed for iron or steel plates or other material tested and inspected under this act, or who designedly stamps, or causes to be stamped falsely, any such plates or material; and every person who stamps or marks, or causes to be stamped or marked, any such plates or material with the name or trade-mark of another, with the intent to mislead or deceive, shall be fined $2,000, and may in addition thereto, at the discretion of the court, be imprisoned not exceeding 2 years.

"SEC. 411. The board of supervising inspectors is hereby empowered to prescribe formulas, rules, and regulations for the design, material, and construction of boilers, unfired pressure vessels, and appurtenances thereof, and steam piping for use on vessels subject to the provisions of this act The maximum working pressure shall be determined by formulas prescribed by the board of supervising inspectors, and no such boiler, pressure vessel, or appurtenance thereof shall be designed or operated where the factor of safety is less than four: *Provided,* That the minimum thickness and maximum allowable working pressure of valves, fittings, and other appurtenances shall be determined by formulas prescribed by the board of supervising inspectors.

"SEC. 412. The maximum allowable thickness of shell plates and the details of material, design, and construction of externally fired boilers shall be determined by action of the board of supervising inspectors."

All laws or parts of laws which may conflict with the provisions of this act are hereby repealed.

With the following committee amendments:

On page 1, lines 3 and 4, strike out the words and figures "361, 392, 406, 407, 408, 409, 410, 411, and 412, of title 46 of the United States Code", and insert in lieu thereof the words and figures "4399, 4418, 4428, 4429, 4430, 4431, 4432, 4433, and 4434 of the Revised Statutes, as amended (U.S.C., title 46, secs. 361, 392, 406, 407, 408, 409, 410, 411, and 412)."

On page 1, line 6, after the word "Sec.", to strike out the figures "361", and insert in lieu thereof the figures "4399."

On page 2, line 4, after the word "Sec.", strike out the figures "392", and insert in lieu thereof the figures "4418."

On page 2, line 24, after the word "Sec.", strike out the figures "406", and insert in lieu thereof the figures "4428."

On page 3, line 4, after the word "Sec.", strike out the figures "407", and insert in lieu thereof the figures "4429."

On page 4, line 13, after the word "Sec.", strike out the figures "408", and insert in lieu thereof the figures "4430."

On page 5, line 24, after the word "Sec.", strike out the figures "409", and insert in lieu thereof the figures "4431."

On page 6, line 9, after the word "Sec.", strike out the figures "410", and insert in lieu thereof the figures "4432."

On page 6, line 20, after the word "Sec.", strike out the figures "411", and insert in lieu thereof the figures "4433."

On page 7, line 8, after the word "Sec.", strike out the figures "412", and insert in lieu thereof the figures "4434."

Amend the title so as to read:

"An act to amend sections 4399, 4418, 4428, 4429, 4430, 4431, 4432, 4433, and 4434 of the Revised Statutes, as amended, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof."

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. GOSS. Will the passage of this bill affect any vessels that do not now come under the inspection service?

Mr. BLAND. I asked the same question of an inspector yesterday when he was before the committee and he said that it did not, that it covered the same vessels that are covered now.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. McFARLANE. What change does this make in the present law?

Mr. BLAND. It makes a number of changes in the present law in that it liberalizes the present law. The boiler inspection law of the United States was passed many years ago and the opinion of the inspectors is that it is not modern and up-to-date, that this will really be in the interest of safety. There are many technical changes made in the law.

Mr. McFARLANE. Will the gentleman tell us what some of them are?

Mr. BLAND. It gives wider power to the Bureau in fixing the rules whereby an inspection may be had.

Mr. McFARLANE. Does it cost the Government any more money?

Mr. BLAND. I asked that question and was told that it did not. I asked the question if it would require any additional employees and was informed that it would not.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. LEHLBACH. I do not know whether the gentleman stated so or not, because I was temporarily called from the Chamber, but this is the same measure that has been recommended by the present and the preceding administrations.

Mr. BLAND. That is a fact.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. BLANCHARD. The gentleman said it liberalized the law. He did not mean by that that there is to be any letdown in the inspection service?

Mr. BLAND. The inspector said there is not.

The SPEAKER. The question is on the committee amendments.

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. BLAND, a motion to reconsider the vote by which the bill was passed was laid on the table.

The title of the bill was amended.

THE FEDERAL INCOME TAX LAW

Mr. RUFFIN. I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. RUFFIN. Mr. Speaker, the correct theory of a judicious income tax is that it taxes citizens according to their ability to pay. I have maintained for years that our Federal income tax law was clumsily drawn and was not accomplishing the purposes intended. The depression caused many people to believe that the income tax was a failure, in that it was not producing its fair share of Government revenue. The Morgan hearing now being conducted before a Senate committee has proven conclusively that it is not the principle of the income tax but the particular instrument used to apply that principle—the existing inadequate law—that has failed.

These hearings should convince all thinking people that material changes should be made immediately in this law, with the view of strengthening it and making it impossible for the wealthy to avoid the payment of their fair share of this tax. I am not maintaining that under this law taxes should be increased on the people with small incomes, but I am contending that the law should be immediately changed to reach the wholesale evasions that have been effectuated by the wealthy, who have in a large measure been able to exempt themselves from the application of the law. All thinking people agree that under the Federal scheme of taxation the income tax law has its proper function, and in

my opinion this Congress should not adjourn without taking some action concerning this important matter.

In order to properly and scientifically make all needed changes it will probably be necessary to eventually amend the Constitution itself in order that our income tax law may be made to perform its proper function; but, of course, it will take time to do this. I regard it as of the utmost importance, however, that such changes be made now in this law as can be made within constitutional limitations. I am informed that the Ways and Means Committee has under consideration some changes at this time, and I am hopeful that they can be reported out of that committee within sufficient time for Congress to act upon them at this session. Otherwise, if the matter goes over to the next session, for 1 more year the Government will be that much poorer and the wealthy tax evaders that much richer.

DISABLED SERVICE-CONNECTED VETERANS AND SPANISH-AMERICAN WAR VETERANS ARE NOT HAVING FAIR DEAL UNDER ECONOMY BILL

Mr. AYERS of Montana. I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. AYERS of Montana. Mr. Speaker, it has become apparent that a limit must be put upon the amount that a disabled service-connected veteran's compensation can be cut.

THE CONNALLY AMENDMENT

The Connally amendment to the independent offices appropriation bill provides that in no event shall service-connected disability compensation of any World War veteran, or the pension of any veteran of a war prior to the World War, or the pension of any widow or dependent of any such veteran, be reduced more than 25 percent.

The newspapers controlled and owned by the great interests of this country have been denouncing the Senate in adopting this amendment because it will tend to unbalance the Budget, but I have not noticed any editorial comment in these same papers advocating teeth in the income tax law so that the Morgans, the Mitchells, the Van Sweringens, and other millionaires will be compelled to pay their just and legitimate share to help balance the Budget.

FRAUDS UPON THE GOVERNMENT

We all know that there have been a large number of serious abuses, deceits, and frauds in the administration of the compensation and pension laws; indeed, in many instances they have reached the proportions of graft. Unjust and unlawful non-service-connected cases, and in many of which no injury or ailment at all exists, have been a loot and a daylight robbery of the Treasury. Another class of unjust cases are those where men are drawing compensation with one hand for total disability while with the other hand they are receiving large salaries from the Government for discharging duties that can only be discharged by men 100 percent well and efficient. With one hand Uncle Sam is writing checks as compensation for total disability and with the other he is writing checks to the same persons in payment of their service for 100-percent ability. The physical facts in these cases brand them as frauds on one side or the other. Both sets of facts cannot be true. It is physically impossible. And then we find many men, amply able financially to care for themselves, foraging upon the Government Treasury through veteran hospitals.

No one can approve of such administration of affairs. The veterans themselves are strictly opposed to it. But are we to say that because of these violations that all of the men who have bared their breasts to preserve the integrity of this Nation, and that the dependents of those who have died from service disability or disease, or that the dependents of those who died on the battle front shall suffer the same penalty that those who are now violating the law should suffer?

NO INTENDED REDUCTION IN SERVICE-CONNECTED CASES

At no time during the discussion of the economy bill on its enactment was there a single expression on this floor that the disabled service-connected veterans should have a cut any greater than the 15-percent cut which the Members of this House themselves were taking. Not even the so-called "Economy League", up to the time of the passage of that act, ever suggested any greater cut than 15 percent in the service-connected veterans' cases, and, really, no one in this country ever urged any cut at all in service-connected cases. The most that was urged in that respect was reclassification in certain instances. Service-connected cases, combat-service cases, and battle-casualty cases were not complained of, yet since the passage of the act such cases have been reduced by rates of from 29 to 68 percent. I feel sure that this is not fair dealing with the veterans of service-connected disabilities.

Approximately 390,000 non-service-connected cases have now been stricken from the rolls. I am not directing my remarks this afternoon to those cases. The veterans themselves are not holding briefs in those cases. I am directing my remarks to the service-connected cases, and the veterans all over this Nation are writing their briefs for these service-connected cases. Those are the cases we are confronted with today. Those are the cases that the Connally amendment deals with.

When the young manhood of America went to foreign soil to maintain the honor of this Nation, at the cost of their lives if necessary, the American people pledged them that nothing was too good for them. And now in this brief period surely we will not breach that pledge to the service-connected disabled. The action taken since the passage of the economy bill in reducing service-connected cases by rates of from 29 to 68 percent is having the effect of putting them on the rolls of the towns, the cities, and the counties; in fact, it has the effect of putting that burden upon the backs of the small taxpayers of this country who support the smaller municipalities and counties. This is not humane treatment to these service-connected disabled veterans or the dependents of such deceased veterans, and it is unfair and unjust to local communities.

INJURIES ARE NOT CURED BY OTHER INJURIES

The many frauds, fakes, and deceits that have been perpetrated through the Veterans' Administration does not warrant the sweeping order that has been made. The machinery of our Government can surely eliminate those cases of fraud, fake, and deceit without punishing the innocent who are suffering from service-connected disabilities. The present order in the name of correcting existing evils is no more consistent than a judgment of imprisonment against an entire neighborhood for larceny just because one thief happened to be among them. Just because there are a few diseased sheep in a flock is no sign that the entire flock should be destroyed.

FAVORS CONNALLY AMENDMENT

The evils of the Veterans' Administration can and must be corrected, but defeating the Connally amendment will not correct them. I am for making the correction and I am for the Connally amendment. Those two positions are perfectly consistent. I find only one fault with the Connally amendment and that is it does not go far enough. If that bill ever gets back to this House and I have an opportunity, I shall offer an amendment to the Connally amendment limiting the cut of service-connected disability cases to 15 percent instead of 25 percent. And I will offer another amendment to the effect that the Spanish-American War veterans and their dependents should have the same classification as the Civil War veterans and their dependents. We could not offer such amendments when the bill was here before. I hope we can if and when it gets back.

If the necessary saving of $450,000,000 cannot be achieved by correcting the existing ills that have grown out of the Veterans' Department, then let us not prey on the service-connected disabled veterans—on the maimed and crippled, the deaf, the blind, and the tuberculosis cases—but let us go to some other place to make the required reduction, or let us make up the deficit by plugging the holes that Ferdinand Pecora has shown to exist in the income-tax law for the benefit of the millionaires.

PRESENT INJUSTICES TO DISABLED SERVICE-CONNECTED VETERANS

To illustrate that injustices under the new program are real and not imaginary I shall list a few instances which have come to my attention, this information coming from the Amputation Post of the Veterans of Foreign Wars in Minneapolis, where many veterans from my State are treated. I have taken 24 cases at random from a larger list. This list has to do with the nature of the service-connected wounds, the present compensation, and the compensation that will be granted under the reduction order:

1. Gunshot wounds, left arm, left thigh, right lower leg; sciatic neuritis due to gunshot wounds; previously rated permanent partial disability 40 percent, $40 per month; rerated under present rule permanent partial 25 percent, $20 per month.

2. Gunshot wound, chest wall with adhesions and foreign body; previously rated permanent partial 35 percent, $35 per month; rerated 10 percent, $8 per month.

3. Gunshot wound through left chest with fibrosis; previously rated permanent partial 34 percent, $34; rerated 10 percent, $8.

4. Gunshot wound, right leg, with 1½-inch shortening; previously rated permanent partial 30 percent, $30; rerated 10 percent, $8.

5. Gunshot wound, left arm, previously rated permanent partial 20 percent, $20 per month; rerated at less than 10 percent with no compensation.

6. Gunshot wound, right wrist and hand, impaired function of hand and retained foreign bodies; amputation, third finger of right hand; paralysis almost total right ulnar nerve due to gunshot wound; previous rating 41 percent, $41; rerated 25 percent, $20.

7. Gunshot wound through and through right foot with atrophy of disuse right calf; previous rating permanent partial 17 percent, $17; rerated 10 percent, $8.

8. Gunshot wound, right upper arm; gunshot wound through and through right thigh; arthritis right knee and neuritis traumatic; previous rating permanent partial 33 percent, $33; rerated permanent partial 10 percent, $8.

9. Gunshot wounds, left thigh and right wrist, with sciatic neuritis; previously rated permanent partial 15 percent, $15; rerated less than 10 percent, no compensation.

10. Healed multiple gunshot wound and operative scars on left face and left mastoid; deafness due to gunshot wound; paralysis left facial nerve; partial ankylosis of the jaw and neurasthenia; also gunshot wound right thigh; previously rated permanent partial 54 percent, $54; rerated 25 percent, $20.

11. Gunshot wound left wrist with ankylosis; deformity and ankylosis of second, third, fourth, and fifth fingers, left; foreign body left thumb; previously rated permanent partial 48 percent, $48; rerated permanent partial 25 percent, $20.

12. Gunshot wound left elbow; partial paralysis ulnar nerve; arthritis secondary to gunshot wound; previously rated permanent partial 83 percent, $83; rerated 50 percent, $40.

13. Gunshot wound left leg and back; previously rated permanent partial 25 percent, $25; rerated 10 percent, $8.

14. Gunshot scars right arm, compound comminuted fracture right humerus; previously rated permanent partial, 22 percent, $22; rerated 10 percent, $8.

15. Amputation right thigh with neuroma, large painful stump, second degree pes planus; left foot and anxiety neurosis secondary to gunshot wound; previous rating permanent total, $125; rerated permanent partial 50 percent, $60.

16. Gunshot wound back, moderately severe with muscle hernia, injury to tenth or eleventh spinal nerve division, dorsal tenth and eleventh right; previously rated permanent partial 34 percent, $34; rerated 10 percent, $8.

17. Gunshot wound, right buttocks, left thigh; previously rated permanent partial, 28 percent, $28; rerated 10 percent, $8.

18. Amputation right leg, middle third, neuroma of the stump; gunshot wounds, right forearm and left thigh; previously rated permanent partial, 55 percent, $80; rerated permanent partial 25 percent, $40.

19. Amputation right thigh, middle third, with neuroma, right thigh, traumatic neurosis; previously rated 81 percent, $106; rerated 50 percent, $60.

20. Gunshot wound, left hand, amputation second finger with ankylosis of third finger; previously rated 31 percent, $30; rerated 10 percent, $8.

21. Gunshot wounds, left chest, left arm, right leg, with muscle hernia; previously rated 51 percent, $51; rerated 25 percent, $20.

22. Gunshot wounds, left shoulder and back; previously rated permanent partial, 30 percent, $30; rerated 10 percent, $8.

23. Gunshot wound, right thigh, with nerve injury and partial atrophy; previously rated 34 percent, $34; rerated 10 percent, $8.

24. Gunshot wounds, left hand, right thigh; previously rated permanent partial, 28 percent, $28; rerated 10 percent, $8.

I believe these cases reflect a fair representation of the reductions that are being made under present rules, and to me it evidences the fact that we are turning our backs upon our own defenders who are war casualties suffering from injuries in line of duty.

In these actual service-connected cases, where the veteran's service and disability are unquestioned, and when a decision has been reached, and particularly so with the Spanish-American War veterans, where time has wiped out their evidence, the burden of proof should now be upon the Government and not upon the soldier. In such cases the soldier should not again be called upon to maintain the decision at his peril. The theory now is to require the veteran to again furnish proof to reestablish his case. It is unjust, and it is impossible in many instances, and it mitigates to the injury of the individual. With the case of Spanish-American War veterans, in every instance, it is practically impossible to furnish any additional proof, and in a great majority of the cases it is impossible to resubmit the proof that was theretofore offered. In litigation between individuals and between the Government and individuals, the law places the burden upon the person attacking a judgment, decree, or decision, and this is the procedure that should be followed in these service-connected cases.

SPANISH-AMERICAN WAR VETERANS

The Spanish-American War veterans should be treated absolutely the same as the Civil War veterans. No distinction should be made. Their average age is now past 59 years. Thirty-three years ago when they left the malaria and typhoid swamps of the Philippine Islands and of Cuba, with germ-ridden and diseased bodies, little did they think of ever desiring or needing a Government pension. Their pride and their hope was that they had preserved the integrity of their country and that they get back home to the land of health and happiness. A large percentage of them started home from a malaria, a dysentery, or a typhoid bed, and not until the aftermaths of those terrible diseases had made serious inroads on their physical ability did they ask or seek monetary relief from their Government. Then, an appreciative Government put them on the pension list; and now, after 33 years, it is not fair to say that they must furnish new evidence of service-connected disability. Their present condition, when considered with the very nature of the service they performed, should be presumptive evidence, and to all reasonable men is presumptive evidence, that their disability is service-connected. Eighteen months in the Philippines in those days under the conditions that then existed in the islands would permanently disable any white man. "Malaria", "chronic dysentery", "typhoid", "camps in stagnant swamps", "leprosy", "lack of medical and hospital facilities", "all-around insanitary conditions", "Alger's embalmed beef", were all common words and phrases connected with our Army in the War with Spain and the Filipino insurrection.

Therefore I say that the veterans of the Army of 1898, which was the only 100-percent volunteer Army this coun-

try ever had, should be placed on the same basis as the veterans of the War between the States, and their widows and dependents should be placed on the same basis.

UNFAIR TREATMENT TO WIDOWS OF SPANISH-AMERICAN WAR VETERANS

By the recent order issued under the Economy Act pensions of widows of soldiers who fought in the Spanish-American War have been reduced 50 percent—from $30 to $15 per month, except in cases where the widow secures special benefits by act of Congress.

Men enrolled in the present reforestation camps enlist under the protection of present compensation laws, which give the widow a $45 pension in case of fatal injury to her husband. I make these comparisons to show the unfair effect of the orders issued under the economy law. I am not making the comparison in the sense of begrudging the reforestation men and their dependents this protection, but I am showing this fact to demonstrate the inequities placed upon the widows of service men.

AGE PENSION SHOULD REMAIN FOR VETERANS OF 1898

With the Spanish-American War veteran an age pension has been granted of $20 when he reached the sixty-second milestone. This was copied from the age pension law provided for Civil War veterans. It increases at the ages of 68, 72, and at 75, when the veteran received a $50 age pension. Through the efforts of Senators DILL and LEWIS, by procuring an amendment in the Senate, these men over the age of 62 are not to be removed from the rolls. It was evidently presumed that this protection thrown about them would cause their pensions to remain intact; but that is not the case. Under the present rules these veterans of the 100 percent volunteer army who did their fighting in the malarial swamps and typhoid-breeding places, have been reduced to $6, and they are excluded from the hospitals unless they can show service-connected disability.

HOSPITAL SITUATION

There are now approximately 15,000 empty beds in Government hospitals. This has been caused by the wholesale expulsion of veterans who are suffering from non-service-connected disabilities. Under the bill it is discretionary to do that. These beds are empty. I do not believe that I am stretching my estimation when I say that it is fair to estimate that there are now 15,000 suffering and poverty-stricken veterans who need hospitalization and who are not in Government hospitals.

Now, that I be not misunderstood, the veterans with service-connected cases must have first privilege of hospitalization, veterans suffering from ailment not service-connected and financially able to care for themselves should be excluded, but these Government hospitals should be utilized to the fullest extent when there are any financially distressed veterans on the outside needing attention, whether they be service-connected or not. As far back as any man can remember it has been the principle of our country that all suffering humanity, unable to provide for themselves, shall have hospital and medical treatment at public expense. When these veterans, unable to provide these necessities for themselves, are turned out of the Government hospitals the obligation of their care is transferred from the National Government to the local governments to be provided for at their city, county, or other local free hospitals.

I believe it is the duty of this Nation to reopen these hospitals and to shoulder as its share of this load these indigent men who have served in the National Army, whether their disabilities be service connected or not; however, not to the extent of excluding a single service-connected case, but to the extent of these vacant beds. Such vacant beds are not a saving; it only amounts to transferring the load from the National Government to the local government, where the money to bear it is raised by a property tax on property already overtaxed.

PERSECUTION OF THE GERMAN JEWISH PEOPLE

Mr. BLACK. I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. BLACK. Mr. Speaker, the civilized United States is about to sit down in a solemn conference on economics with governments professing and practicing a medieval savagery. At the London Conference will be representatives of the anti-Jew Hitler Government of Germany and the anti-Catholic Governments of Spain and Mexico. If the Conference is to be a success, there must be a foundation of good faith. There can be no such guaranty where religious bigots are subscribers to a pact. Spiritual values necessary for a world economic understanding will be entirely dissipated by the presence of such crass materialists as religious bigots. If governments deal unfairly with their own, how could you expect them to deal fairly with other governments. Unless Germany, Spain, and Mexico give assurances of religious toleration, the London Conference is doomed to failure.

I have introduced a resolution in Congress requiring our delegates to the London Conference to make no arrangements with these governments unless such assurances are given. I believe that the passage of such a resolution will be the most effective method of obtaining these assurances. This country has always been looked upon as the strong protagonist of religious freedom. At a conference in which it is the leading factor, the United States should demand of all involved that our morality on this question be observed.

The United States will be called upon to make economic sacrifices at the Conference. These sacrifices will descend as economic burdens on all our citizens. By them the existing governments of the world will be firmer in their tenures. So the Jew in the United States will be called upon to serve, in an economic way, the Hitler regime in Germany. This is also true of the American Catholic citizens in relation to Spain and Mexico. This is highly unfair, but will result, unless the American delegates to the Economic Conference are instructed not to deal with the offending nations until assurances of religious freedom within their borders are given.

Religious persecution is the lowest and most cowardly form of fraud. It operates in the name of the supernatural, but in reality is a very present and vile class larceny. The persecutors are not concerned with the hereafter of their victims, but merely seek by superior force an economic advantage in the present world. It is not the soul they would save, but the watch they would steal.

In a riot of economic and nationalistic disturbances, Hitler has done the greatest disservice to the world by injecting a religious question. This fool has fanned the flames of religious discord, and it becomes the duty of the entire world to stiffle these flames and Hitler.

Childishly he has thrown to the flames the literature of Jews. You cannot destroy great thought by fire. Hitler will never be able to wipe out Jewish contribution to thought, for it will be enduring as long as the name Hitler spells dishonor, which will be forever.

PERMISSION TO ADDRESS THE HOUSE

Mr. SWICK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. SWICK. Mr. Speaker, since the enactment of the Economy Act and the issuance of regulations for administration of the veterans' section of the act by the President, I have become more and more impressed with the grave injustices being done thousands of men and women who served their country nobly in time of war. Despite the fact that their disabilities were proved to be of service origin to the satisfaction of legal and medical authorities of the Federal Government, many of them have now been informed that a review of their file does not reveal service connection, and they are no longer entitled to compensation or pension.

I hold no brief for the payment of compensation beyond that provided in the Economy Act for non-service-connected World War cases; however, I am opposed to the wholesale repudiation of former rulings made by the Veterans' Administration, which are based on the same evidence which was

deemed sufficient to prove service connection a few months ago.

The administration, through its many spokesmen, both through the press and over the air, is attempting to justify the unfair, unjust, and unmerciful treatment of veterans by appealing to the public in the name of balancing the Budget and waving the danger signal of increased taxes. Is it not strange that no dangers of that kind were thought of when it was determined to pay more than a quarter of a million healthy young men, none of whom were old enough to have served in time of war, $30 per month and furnish them with expensive toilet kits and all necessities of life to go through the motions of reforestation? It caused no straining of the Budget to loan $50,000,000 to the Chinese Government, which in all probability will never be repaid. In order that these things could be done the administration is attempting to convince the public that it is justified in throwing thousands of veterans who are suffering from disabilities incurred in the defense of their country upon the relief rolls of their communities to become objects of charity while their nephews brave the dangers of the forest camps.

In the case of Spanish War veterans insurmountable barriers were established by the President's regulations which have resulted in wholesale removal of their names from the pension rolls. These men, all of them past the age of industrial employment, find themselves in the position of paupers, placed there by the Government whose honor they upheld.

Congress has determined to protect the rights of those who offered their all in the Nation's service in time of war, despite efforts to adjourn before this task is accomplished. We will correct the mistake of relying on the statement made by the administration when we were asked to support the economy bill; then the President said that the veterans would be treated justly, fairly, and humanely.

Under the recent changes in the President's regulations, held out as a compromise to Members of Congress, there is not a ray of hope for the type of case to which I have referred. In my opinion there is no necessity to increase taxes further, to provide fully for service-connected cases. If necessary, let the President curtail his reforestation plan to provide the necessary funds.

That my remarks concerning the injustice being done veterans who have served their country well may be illustrated in no uncertain terms, I submit herewith the military and medical records, secured from the War Department, of one of the outstanding World War veterans in my district, also a letter just received from him concerning his receipt of official notice from the Veterans' Administration of the discontinuance of his compensation. These letters speak for themselves. This case is only one of many similar ones that have been called to my attention since the enactment of the Economy Act. They are convincing evidence and justify my intention to urge the adoption of an amendment to the independent offices appropriation bill that will limit the cuts as proposed in the Senate amendment. I hope it can be made 15 percent in the case of World War veterans.

JUNE 5, 1933.

Hon. J. HOWARD SWICK,
Washington, D.C.

MY DEAR CONGRESSMAN: Please find attached letter from the Veterans' Administration which will explain the unfair treatment to some of the fellows that gave their all for their country. I enlisted 100 percent, was ruptured on both sides by carrying a machine gun, was operated on in France—got a bad job done on me—came home and they both came down so bad that they sent me to Walter Reed Hospital; they gave me an examination and said it would never hold and sent me home. Now I wear heavy braces to hold me up; as you know, there is no one that will hire a man in my condition. I proved this case by even the doctor who sent me to the hospital in France, also by various members of the company.

Surely this Government of ours don't want a man to go through all of this and then let him starve. The braces cost $14 apiece, and the Government never paid for them. After you look this attached letter over and use it, please mail it back to me. I thought you may be able to do something to help out. No doubt there are many like my case.

Very respectfully your friend,

WM. O. COULTER.

P.S.—At my rating I received $40 per month.

VETERANS' ADMINISTRATION,
Pittsburgh, Pa., June 2, 1933.

In reply refer to: 11.21 h C-1367 200.

Mr. WILLIAM O. COULTER,
2505 Seventh Avenue, Beaver Falls, Pa.

DEAR SIR: A review of all claims in which payments of benefits were being made on March 20, 1933, was undertaken for the purpose of determining entitlement to benefits provided by Public, No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government."

Your claim has been carefully reviewed in accordance with the provisions of the above-entitled act, and it has been found necessary to hold that the evidence of record in your case fails to show that you are entitled, after June 30, 1933, to the payment of any benefits thereunder, for the reason that your disability does not exist to a compensable degree as provided in the schedule of disability ratings issued pursuant to recent legislation.

Regulations promulgated pursuant to the provisions of Public, No. 2, Seventy-third Congress, provide that, except as to degree of disability, an application for review on appeal may be filed within 6 months from the date of this notice, or July 1, 1933, whichever is the later date. In the event you contemplate filing such an application, it is suggested that it be deferred until after July 1, 1933, when the condition of the work incident to the review of claims will permit of expedited action on applications of this character.

By direction:

J. N. MORRIS,
Adjudication Officer, Pittsburgh, Pa.

This is the official record obtained by me today at the War Department of Mr. Coulter:

William O. Coulter enlisted at Beaver Falls June 16, 1917, in the National Guard of Pennsylvania (M. G. Co., 10th Pa. Inf.) and reported for Federal service with his organization on July 15, 1917, under the call of the President dated July 3, 1917. (His organization became the M. G. Co. of the 110th Infantry.)

Sailed for overseas May 3, 1918; arrived in United States May 2, 1919.

Served in the following engagements: Champagne-Marne, July 15–18, 1918; Aisne-Marne, July 18–August 6, 1918; Oise-Aisne, August 18–September 7, 1918; Chateau-Thierry (Champagne), June 28–July 14, 1918; Fismes (Champagne), August 7–17, 1918; Clermont (Lorraine), September 19–21, 1918. (He entered hospital Sept. 21, 1918.)

Evacuated to hospital September 21, 1918, for left inguinal hernia; operated on September 25, 1918, at B.H. 31; October 1, condition good; October 3, transferred to B.H. 43 as convalescent, postoperative; October 29, classified at B.H. 43 in B-2 (30 days) for "hernia, left inguinal, indirect, incomplete, herniotomy"; ordered sent to base depot for convalescents. Transferred to First Replacement Depot January 19, 1919.

Honorably discharged, demobilization, May 15, 1919, at Camp Dix, N.J.; character, "excellent."

Mr. SWICK asked and was given permission to extend his remarks and to include therein a letter from a World War veteran.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. UTTERBACK, indefinitely, on account of official business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 1767. An act to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States, and the transfer by the Secretary of the Navy of certain other lands to said city of San Diego;

H.R. 5239. An act to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; and

H.R. 5690. An act to legalize the manufacture, sale, or possession of 3.2 percent beer in the State of Oklahoma when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 59 minutes p.m.) the House adjourned until tomorrow, Friday, June 9, 1933, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE PUBLIC LANDS

(Friday, June 9, 10 a.m.)

The Committee on the Public Lands will hold a hearing on H.R. 2835 on Friday, June 9, at 10:30 a.m., in the committee room of the Committee on the Public Lands.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

87. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, and section 10 of the Flood Control Act of May 15, 1928, a letter from the Chief of Engineers, United States Army, dated May 9, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Little Missouri River, Wyo., Mont., S.Dak., and N.Dak., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc.No. 64); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

88. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated May 2, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Kawishiwi River, Minn., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc.No. 65); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

89. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 29, 1933, submitting a report, together with accompanying papers and illustration, on a preliminary examination and survey of Rahway River, N.J., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 63); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

90. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 3, 1933, submitting a report, together with accompanying papers, on a preliminary examination of entrance to channel of Salt Pond, sometimes called "Point Judith Pond", R.I., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BANKHEAD: Committee on Rules. House Resolution 180. Resolution providing for the consideration of H.R. 5950, a bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; without amendment (Rept. No. 211). Referred to the House Calendar.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. DOUGHTON: Committee on Ways and Means. House Resolution 151. Resolution to request certain information from the Secretary of the Treasury (Rept. No. 209). Laid on the table.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PIERCE: A bill (H.R. 5978) to amend sections 211, 245, and 312 of the Criminal Code, as amended; to the Committee on the Judiciary.

By Mr. DOCKWEILER: A bill (H.R. 5979) to prohibit the export of certain goods except in vessels of the United States; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. CONNERY: A bill (H.R. 5980) to provide for the employment of American citizens in skilled positions on the Panama Canal; to the Committee on Interstate and Foreign Commerce.

By Mr. KENNEY: A bill (H.R. 5981) to allow the use of the mails in aid of sick, disabled, and indigent former soldiers and sailors, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. HARLAN: Resolution (H.Res. 179) authorizing the Ways and Means Committee to make certain investigations; to the Committee on Rules.

By Mr. BANKHEAD: Resolution (H.Res. 180) providing for the consideration of H.R. 5950, a bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on Rules.

By Mr. McSWAIN: Joint resolution (H.J.Res. 200) to reestablish and to maintain the credit of the United States; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. O'BRIEN: A bill (H.R. 5982) for the relief of Ladislav Cizek; to the Committee on Claims.

By Mrs. NORTON (by request): A bill (H.R.5983) to confer jurisdiction on the Court of Claims of the United States to hear and determine the claims of George Cabot and others, and for other purposes; to the Committee on Claims.

By Mr. MILLER: A bill (H.R. 5984) to authorize the appointment of Howard Hillman Hasting as second lieutenant of Infantry, Regular Army; to the Committee on Military Affairs.

By Mr. McLEAN: A bill (H.R. 5985) for the relief of John J. Flanagan; to the Committee on Military Affairs.

By Mr. HILDEBRANDT: A bill (H.R. 5986) for the relief of Mable W. Bill; to the Committee on Claims.

Also, a bill (H.R. 5987) for the relief of Roy Whipple; to the Committee on Claims.

Also, a bill (H.R. 5988) for the relief of Rose Rouillard; to the Committee on Claims.

Also, a bill (H.R. 5989) for the relief of Samuel Renville; to the Committee on Claims.

Also, a bill (5990) for the relief of Fix Henmans; to the Committee on Claims.

Also, a bill (H.R. 5991) for the relief of Adelia W. Jandreau; to the Committee on Claims.

By Mr. HART: A bill (H.R. 5992) granting a pension to Eleanor R. Gage; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5993) granting an increase of pension to Margaret Metcalf; to the Committee on Invalid Pensions.

By Mr. CONNALLY: A bill (H.R. 5994) for the relief of Thomas F. Donohue, Sr.; to the Committee on Claims.

By Mr. CARTER of California: A bill (H.R. 5995) for the relief of John N. Paulson; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1341. By Mr. LINDSAY: Petition of National Economy League, New York State Branch, New York City, approving action taken by executive committee in opposing the Connally amendment to the independent offices bill; to the Committee on Appropriations.

1342. By Mr. RUDD: Petition of Old Glory Club of Flatbush, Inc., Brooklyn, N.Y., opposing the recognition of Soviet Russia; to the Committee on Foreign Affairs.

1343. By Mr. TRAEGER: Petition of the Legislature of the State of California, relative to enactment of legislation which will facilitate the protection of sardines in the terri-

torial waters of this State; to the Committee on Merchant Marine, Radio, and Fisheries.

1344. Also, petition of the Legislature of the State of California, relative to accepting amendments to permit from the Government of the United States for the construction of approach roads over certain rights of way leading to the Golden Gate Bridge in the Fort Baker Military Reservation, and relating to the retrocession by the Congress of the United States of jurisdiction over said rights of way as relocated; to the Committee on Military Affairs.

1345. Also, petition of the Legislature of the State of California, urging legislation to limit the jurisdiction of the Federal courts in suits brought to restrain State officers in the enforcement of public-utility rate orders; to the Committee on the Judiciary.

1346. Also, petition of the Legislature of the State of California, relative to hours of employment of persons on interstate carriers; to the Committee on Interstate and Foreign Commerce.

SENATE

FRIDAY, JUNE 9, 1933

(Legislative day of Tuesday, June 6, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of June 6, 7, and 8 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Dickinson	Logan	Robinson, Ark.
Bachman	Duffy	Lonergan	Russell
Barkley	Erickson	McGill	Sheppard
Borah	Fess	Murphy	Smith
Brown	Hale	Neely	Thomas, Utah
Byrd	Harrison	Norris	Thompson
Clark	Hayden	Nye	Townsend
Coolidge	Johnson	Patterson	Vandenberg
Cutting	Kendrick	Pope	White

Mr. VANDENBERG. I desire to announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is necessarily absent from the Senate in attendance upon the London Economic Conference.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate by reason of his attendance as a delegate representing our Government at the London Economic Conference. I wish this announcement to stand for the day.

Mr. FESS. I wish to announce that the Senator from South Dakota [Mr. NORBECK] is unavoidably absent.

The VICE PRESIDENT. Thirty-six Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. BRATTON, Mr. FRAZIER, Mr. MCKELLAR, Mr. OVERTON, and Mr. WALSH answered to their names when called.

Mr. ASHURST, Mr. AUSTIN, Mr. BAILEY, Mr. BANKHEAD, Mr. BARBOUR, Mr. BLACK, Mr. BONE, Mr. BULKLEY, Mr. BULOW, Mr. BYRNES, Mr. CAPPER, Mrs. CARAWAY, Mr. CAREY, Mr. CONNALLY, Mr. COPELAND, Mr. COSTIGAN, Mr. DALE, Mr. DAVIS, Mr. DIETERICH, Mr. DILL, Mr. GEORGE, Mr. GLASS, Mr. GOLDSBOROUGH, Mr. GORE, Mr. HASTINGS, Mr. HATFIELD, Mr. HEBERT, Mr. KEAN, Mr. KEYES, Mr. KING, Mr. LA FOLLETTE, Mr. LEWIS, Mr. LONG, Mr. MCADOO, Mr. MCCARRAN, Mr. MCNARY, Mr. METCALF, Mr. REED, Mr. REYNOLDS, Mr. ROBINSON of Indiana, Mr. SCHALL, Mr. SHIPSTEAD, Mr. STEIWER, Mr. STEPHENS, Mr. THOMAS of Oklahoma, Mr. TRAMMELL, Mr. TYDINGS, Mr. VAN NUYS, Mr. WAGNER, Mr. WALCOTT, and Mr. WHEELER entered the Chamber and answered to their names.

The VICE PRESIDENT. Ninety-two Senators having answered to their names, a quorum is present.

CORRECTION—VIEWS OF MINORITY ON SENATE BILL 752

Mr. NORRIS. Mr. President, on Tuesday last, on behalf of the Judiciary Committee, I submitted a majority report on Senate bill 752, and at the same time, as I had to get unanimous consent to do that, I asked unanimous consent that the Senator from Vermont [Mr. AUSTIN] be accorded the privilege of filing the views of the minority.

I notice on reading the report it is stated that I have filed them both; that I submitted the majority report and, on behalf of Mr. STEPHENS and Mr. AUSTIN, filed the minority report.

It is not very material, Mr. President, except that I am, of course, very much opposed to the minority report, and I know the minority members who are making it would not want me associated with them in the report, because they know my views are entirely contrary to it. I do not know that there is anything that can be done about it, except, if there is any reprint, I ask that it may be corrected.

The VICE PRESIDENT. The documents will be corrected as requested by the Senator from Nebraska.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

Joint resolution memorializing the Congress of the United States to give serious consideration to allotting for highways a larger proportion of the funds set aside for the public-works program

Whereas the most effective aid to unemployment is Federal highway construction; and

Whereas specifications are now ready and plans prepared for many road projects, thereby assuring quicker and more prompt action in road construction than in any other type of public work; and

Whereas the promptness with which projects were placed under contract under the 1932 emergency Federal-aid road appropriation is conclusive evidence of the effectiveness of immediate relief to the unemployed through highway construction; and

Whereas one of the greatest investments our States have ever made are in their highway systems; and

Whereas these systems are of great value to and constantly used by the entire public throughout the year; and

Whereas according to newspaper reports only one eleventh of the $3,300,000,000 proposed for a Federal public-works program is to be allotted for highway construction; and

Whereas there has been no regular Federal aid for highways provided for the next biennium: Now, therefore, be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin respectfully memorializes the Congress of the United States and Franklin D. Roosevelt, our President, to give most serious consideration to allotting for highway purposes a larger proportion of the funds set aside for a public-works program; and be it further

Resolved, That properly attested copies of this resolution be sent to President Franklin D. Roosevelt, to both Houses of the Congress of the United States, and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate a telegram from the California State Department Convention of Disabled American Veterans of the World War, requesting the elimination of "causative factor" requirement in regulation 5, issued pursuant to the Economy Act, which was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a memorial from Walter Goldman, of New Orleans, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by Local Union No. 393, United Brotherhood of Carpenters and

Joiners of America, and Local Union No. 322, United Association of Plumbers and Steamfitters, both of Camden, N.J., endorsing House bill 5755, the national industrial recovery bill, which were ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the board of managing directors and members of the Drug, Chemical, and Allied Trades Section of the New York Board of Trade, of New York City, favoring postponement of consideration of the national industrial recovery bill until the next session of Congress so that proper study and consideration can be made of its many features, which was ordered to lie on the table.

He also presented a resolution adopted by the New York Pharmaceutical Conference, representing more than 5,000 independent pharmacists of New York City and Westchester County, favoring the passage of the national industrial recovery bill without eliminating the licensing provision thereof, which was ordered to lie on the table.

He also presented a resolution adopted by the Wholesale Confectioners Board of Trade, Inc., of New York City, approving and endorsing the national industrial recovery bill, which was ordered to lie on the table.

He also presented a resolution adopted by the Retailers' National Council, with headquarters at Washington, D.C., endorsing the national industrial recovery bill, and urging the adoption of an amendment relative to code or codes to section 3 of the bill, which was ordered to lie on the table.

He also presented a report approved by a special meeting of the Merchants and Manufacturers Association of Bush Terminal, with headquarters at Brooklyn, N.Y., approving the national industrial recovery bill, and making certain recommendations relative thereto, which was ordered to lie on the table.

TREATMENT OF JEWS IN GERMANY

Mr. WALSH. Mr. President, I present and ask to have printed in the RECORD a memorial, a telegram, and lettter in the nature of memorials, from the Fall River American Jewish Congress, the Hatikvoh Camp, No. 40, O.S.Z., of Dorchester, and other citizens, all in the State of Massachusetts, remonstrating against atrocities committed against the Semitic race in Germany.

There being no objection, the memorials were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, without the signatures to the last memorial, as follows:

FALL RIVER, MASS., *May 15, 1933.*

Senator DAVID I. WALSH,
Washington, D.C.:

At mass meeting of 27 local Jewish organizations, attended by over thousand citizens, it was unanimously resolved that we utter solemn protest against appalling injustice of which German Jews have become victims; that we urge Congress intercede in behalf of these persecuted people; we urge immediate intervention.

FALL RIVER AMERICAN JEWISH CONGRESS,
SAUL ODESS, *Secretary.*

DORCHESTER, MASS., *May 12, 1933.*

Senator DAVID I. WALSH,
United States Senate, Washington, D.C.

DEAR MR. SENATOR: You have no doubt heard of the present condition of the German Jews in Germany under the "Nazis" government.

I and my fellow coreligionists are suffering in spirit along with the Jews in Germany. We ourselves are unable to bring about any change in the "Nazis" policy, so we therefore appeal to you in behalf of humanity and world peace and urge you as Senator of these United States from Massachusetts to take whatever action may appear advisable in behalf of German Jews against whom the Hitler government is waging an unrelenting war of extermination.

I sincerely hope and trust that this matter will receive your immediate attention.

Sincerely yours,

HATIKVOH CAMP, No. 40, O.S.Z.,
By MARCUS SELIKOVITZ, *Secretary.*

BOSTON, MASS., *May 24, 1933.*

Senator DAVID I. WALSH,
Washington, D.C.:

As human beings and as citizens of this liberty-loving country, we earnestly and fervently appeal that you do all in your power in behalf of the German Jews, against whom the Hitler government is waging cruelest unrelenting war.

PROTECTION OF NEW JERSEY SHORE LINE FROM EROSION

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a resolution I have received from the Board of Chosen Freeholders of Monmouth County, N.J., urging that a portion of the public-works fund be spent in checking erosion of the shore line of New Jersey.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas Congress has passed or is about to pass a bill creating a Federal emergency administration of public works and to provide funds, among other things, for the conservation and development of natural resources, including control, utilization, and purification of waters, prevention of soil erosion, river and harbor improvements, with a view to alleviating unemployment; and

Whereas serious erosion of the beach front on the shore line of New Jersey from Sandy Hook to Cape May has created a condition that threatens the very existence of the seashore resorts and has caused inestimable damage to bulkheads and structures heretofore erected, and threatens to destroy valuable properties, thus decreasing the ratables of the shore front to a point where the owners thereof have become discouraged unless this erosion is forthwith checked; and

Whereas the condition above referred to has become so serious that the local governing bodies and the counties of the State have found it impossible to cope with the situation because of the lack of financial ability to adequately meet the problem of checking the erosion and protecting the shore front; and

Whereas the Governor of this State has called to his aid departmental heads of the State government, pursuant to the provisions of the aforesaid legislation passed or to be passed by Congress, outlining a plan for the expending of such funds as may be made available under said program of unemployment relief outlined in said legislation, and will be called upon to submit such program to the Federal administrator in charge of such public works: Be it therefore

Resolved, That in this manner the Governor's attention be again respectfully called to the serious problem faced by all of the municipalities on the shore front and the county governments in which said municipalities are situated, to the end that he press with all the power at his command the need for immediate conservation, restoration, and protection which the situation warrants; and to that end this board in this manner pledges its undivided support, and that all the communities of this county so seriously affected, in the hope that from the funds made available an adequate amount may be set aside for this purpose and be made available at once if serious future loss and damage is to be averted; and be it further

Resolved, That the members of the Legislature of New Jersey representative of this county, our United States Senators at Washington, Hon. W. WARREN BARBOUR and Hon. HAMILTON F. KEAN, and our Congressman for the Third Congressional District, Hon. WILLIAM H. SUTPHIN, be furnished with a true copy of this resolution and urged to expend every effort in behalf of the shore-front communities to seeing to the direction of an expenditure of a portion of the public-works appropriation adequately sufficient to meet the dire needs of the shore-front communities in coping with the public emergency that has visited the entire shore and caused so great a loss and damage; and be it further

Resolved, That the public press of this county be respectfully asked to lend every aid in the form of publicity in furtherance of the objects sought to be attained in the passage of this resolution.

Seconded by Mr. Reichey and adopted on roll call by the following vote:

In the affirmative: Messrs. Jeffries, Polhemus, Reichey, Wyckoff, and Director Newcomb.

In the negative: None.

CERTIFICATION

I hereby certify the above to be a true copy of a resolution adopted by the Board of Chosen Freeholders of the County of Monmouth at a meeting held June 7, 1933.

CHAS. E. COLE, *Clerk.*

DEVELOPMENT OF SOUTHERLY END OF SANDY HOOK PARK, N.J.

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a resolution I have received from the Board of Chosen Freeholders of Monmouth County, N.J., urging that a portion of the public-works funds be utilized in the development of the southerly end of Sandy Hook Park as free public bathing grounds, made possible by the erection and construction of new State highways and bridges leading directly from the intensely populated sections of northern New Jersey and New York to the entrance of Sandy Hook Reservation at Highland Beach.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas Congress has passed or is about to pass a bill creating a Federal emergency administration of public works and to provide

funds, among other things, for the conservation and development of natural resources, including control, utilization, and purification of waters, prevention of soil erosion, river and harbor improvements, and publicly owned instrumentalities and facilities; and

Whereas the southerly end of Sandy Hook Park along the beach front affords unusual opportunities for free public bathing made possible by the erection and construction of new State highways and bridges leading directly from the intensely populated sections of northern New Jersey and New York to the very entrance to said Sandy Hook Reservation at Highland Beach, as well that it affords adequate navigation facilities for boats and craft of all kinds in and about New York Harbor; and

Whereas the State authorities at Trenton have recognized and advocated the need for a public park and free bathing grounds along the ocean front and have under consideration the location of such in the near future to take care of the great numbers of the public seeking such advantages, facilities, and privileges: Now, therefore, be it

Resolved by the Board of Chosen Freeholders of the County of Monmouth, That this board in this manner desires to point out to his excellency the Governor of the State of New Jersey and to the members of the legislature and to our Representatives in Washington the tremendous possibilities which such a project, if developed, would afford to the great masses of the public, as well as the benefits which would inure to the citizens of this county in advocating and pressing for the development of this portion of Sandy Hook not needed for military purposes in times of peace as a free public park and bathing grounds, and we do in this manner urge our public representatives to expend every effort and energy to seeing to the direction of an expenditure of a portion of the public-works appropriation adequately sufficient to make this proposed free public park and playground available to the use of the public; and be it further

Resolved, That the public press of the county be respectfully asked to lend every aid in the form of publicity in furtherance of the objects sought to be attained and that copies hereof be certified to the Governor, our representatives in the legislature at Trenton and at Washington, calling upon them for their cooperation in this important movement.

Seconded by Mr. Wyckoff and adopted on roll call by the following vote:

In the affirmative: Messrs. Jeffries, Polhemus, Wyckoff, Reichey, and Director Newcomb.

In the negative: None.

CERTIFICATION

I hereby certify the above to be a true copy of a resolution adopted by the Board of Chosen Freeholders of the County of Monmouth at a meeting held June 7, 1933.

CHAS. E. COLE, *Clerk*.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H.R. 5645) to amend the National Defense Act of June 3, 1916, as amended, reported it with amendments and submitted a report (No. 135) thereon.

Mr. DICKINSON, from the Committee on Military Affairs, to which was referred the bill (S. 1813) providing for the sale to Joe Graham Post, No. 119, American Legion, of the lands lying within the Ship Island Military Reservation in the State of Mississippi, reported it with amendments and submitted a report (No. 137) thereon.

Mr. PATTERSON, from the Committee on Military Affairs, to which was referred the bill (S. 1654) for the relief of George Yusko, reported it without amendment and submitted a report (No. 138) thereon.

Mr. HEBERT, from the Committee on the Judiciary, to which was referred the bill (S. 1650) amending section 74 of the Judicial Code, as amended (U.S.C., Annotated, title 28, sec. 147), reported it without amendment and submitted a report (No. 136) thereon.

EXECUTIVE REPORT OF THE JUDICIARY COMMITTEE

As in executive session,

Mr. LONG, from the Committee on the Judiciary, reported favorably the nomination of Frank J. Wideman, of Florida, to be Assistant Attorney General, to fill an existing vacancy, which was ordered to be placed on the Executive Calendar.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 8, 1933, that committee presented to the President of the United States the enrolled bill (S. 1562) granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct, maintain, and operate a free highway bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEELY:

A bill (S. 1869) relating to the manner of appointment of certain officers of the United States; to the Committee on the Judiciary.

By Mr. LA FOLLETTE:

A bill (S. 1870) to amend certain laws relating to American seamen, and for other purposes; to the Committee on Commerce.

By Mr. ERICKSON:

A bill (S. 1871) to amend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. McKELLAR:

A bill (S. 1872) to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn.; to the Committee on Commerce.

By Mr. JOHNSON:

A bill (S. 1873) to provide revenue by increasing the taxes on certain vinous liquors and prescribing conditions and limitations on the manufacture, transportation, and sale thereof; to the Committee on Finance.

By Mr. THOMAS of Oklahoma:

A bill (S. 1874) relative to leasing restricted lands of Indians of the Five Civilized Tribes of Oklahoma, and for other purposes; to the Committee on Indian Affairs.

COSTS OF MARKETING AND PROCESSING MILK AND ITS PRODUCTS

Mr. LA FOLLETTE submitted the following resolution (S.Res. 99), which was referred to the Committee on Agriculture and Forestry:

Resolved, That the Committee on Agriculture and Forestry, or a duly authorized subcommittee thereof, is authorized and directed to investigate the costs of marketing and processing milk and its products, including the salaries or other compensation received by officials or employees of companies marketing or processing dairy products and the profits and ownership of such companies, with the view of determining the extent to which such costs of marketing and such salaries and profits are excessive in relation to the prices received by farmers in payment for milk or other dairy products.

For the purposes of this resolution such committee or subcommittee is authorized to hold hearings and to sit and act at such times and places as it deems advisable; to employ experts and clerical, stenographic, and other assistance; to require by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths and to take testimony and to make all necessary expenditures as it deems advisable.

The cost of stenographic services to report such hearings shall not be in excess of 25 cents per 100 words. The expenses of such committee or subcommittee, which shall not be in excess of $7,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed the bill (S. 1129) to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of title 46 of the United States Code, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H.R. 5904) to validate collections of internal-revenue taxes stayed by requests or claims for credit, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 5904) to validate collections of internal-revenue taxes stayed by requests or claims for credit, and for other purposes, was read twice by its title and referred to the Committee on Finance.

TAX-EXEMPT SECURITIES—EDITORIAL FROM THE ST. LOUIS STAR

Mr. CLARK. Mr. President, I ask unanimous consent to insert in the RECORD an editorial from the St. Louis Star and Times on the subject of the taxation of tax-exempt securities.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the St. Louis Star and Times]

AN INCOME-TAX PRECEDENT

In 1909 on the day the income-tax amendment was submitted by Congress to the States, Congressman Cline, of Indiana, made a statement which applies remarkably to the present situation regarding taxation of the income from tax-exempt securities.

The enthusiastic support of the constitutional amendment by some congressional leaders, he declared, "is to convert the country and Congress to the theory that Congress cannot now pass a valid income tax law which the Supreme Court would uphold as constitutional."

The theory was that if the amendment was submitted, 13 States could block it, and in the meantime it would be assumed that Congress had no power to legislate. Something of the same reason is back of the demand that Congress submit an amendment for the taxation of income from tax-exempt securities. It would be an admission that no power exists to tax the income from securities now exempt. Thus the holders of those securities would continue safe from the surtax. But if Congress simply repealed the present exemption and taxed all income, it would end the tax dodging, provided the Supreme Court upheld it.

The St. Louis Star and Times has pointed out previously that the sixteenth amendment gave Congress power to lay a tax on "incomes from whatever sources derived", and that in ordinary language that includes income derived from Federal, State, and municipal bonds.

It is argued against this that the Pollock decision of 1895, invalidating the 1894 income tax, laid down the rule that under the Constitution all power not granted to Congress was reserved to the States and that among the reserved rights of the States was the power to borrow money. A tax on income from State bonds, the court held, would diminish the borrowing power of the States and, therefore, would infringe upon their sovereignty in a matter reserved to them. The power to tax income from State bonds is the power to destroy them. So, even though Congress under the sixteenth amendment has power to levy a tax on "incomes from whatever sources derived", it has no power to levy a tax on incomes derived from State bonds because that covers a matter in which sovereignty is reserved to the States.

That argument has a plausible sound, but it ignores two very important facts: In the first place, if Congress levies a tax equally upon all income, including income from Federal and State bonds, it no more destroys State sovereignty than it destroys its own sovereignty. It no more diminishes State borrowing power than it diminishes its own borrowing power. If the tax applies to all income, it does not shift the relative borrowing power of anybody or anything. An assumption that such a tax is destructive, against a State, must carry the corresponding assumption that it is destructive to the Nation, which is plainly false. In brief, it is a mere bit of legal sophistry.

In the second place, the sixteenth amendment was a definite transfer of part of the reserved sovereignty of the States to the Nation—to wit, the right to protection from the effect of an income tax upon income "from whatever sources derived." By ratifying the sixteenth amendment the States definitely limited their sovereignty. If a tax upon all income would reduce their borrowing power, they consented to that reduction. The logic of the Pollock decision would hold good, after the adoption of the sixteenth amendment, only if Congress attempted to levy a discriminatory tax upon income from State and municipal bonds.

Why should not Congress submit this issue to the Supreme Court? There is good precedent for suggesting it. William Howard Taft, when a candidate for President, urged that Congress enact an income tax law despite the Pollock decision. He said in an address at Columbus, Ohio, August 19, 1907:

"In times of great national need, however, an income tax would be of great assistance in furnishing means to carry on the Government, and it is not free from doubt how the Supreme Court, with changed membership, would view a new income tax law under such changed conditions."

Then, in his address accepting the Presidential nomination in 1908, he said:

"In my judgment, an amendment to the Constitution for an income tax is not necessary."

The logic of events today is just what it was when Mr. Taft spoke those words, save that the emergency is greater and the constitutional path, because of the adoption of the sixteenth amendment, is clearer. When a future Chief Justice of the United States Supreme Court can thus appeal to Congress not to let itself be bound by an out-dated 5-to-4 decision, why should Congress hesitate to follow that path today?

It is time to end the fraud of income-tax exemption by congressional action under the sixteenth amendment.

NATIONAL RECOVERY ACT—EDITORIAL FROM BALTIMORE SUN

Mr. CLARK. Mr. President, I also ask unanimous consent to insert in the RECORD an editorial from the Baltimore Sun having to do with industrial control bill and the pledges of the last Democratic national platform.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, June 9, 1933]

PROPOSAL AND PROMISE?

The platform approved by the Democratic National Convention a year ago contains the following pronouncement on the Federal antitrust laws:

"We advocate strengthening and impartial enforcement of the antitrust laws to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor."

President Roosevelt accepted in full the platform, of which this, relative to the notable brevity of the document, was one of the more expansive planks. He said of the platform that it "is a proposal and at the same time a promise binding on the party and its candidates."

That part of the so-called "National Industrial Recovery Act", which provides for the regimentation of American industry under Federal auspices says:

"While this title is in effect and for 60 days thereafter any code, agreement, or license approved, prescribed, or issued and in effect under this title, or any action complying with the provisions thereof taken during such period shall be exempt from the provision of the antitrust laws of the United States."

Thus, insofar as the provisions of the so-called "recovery bill" are employed—and they are broad enough to embrace virtually the entire sweep of American industry—the Federal antitrust laws are for all practical purposes repealed.

The national industrial recovery bill is in legal form an emergency measure (though the sweeping economic readjustments contemplated give every promise of creating a perpetual emergency, so far as the time limit is concerned). Hence it may be argued after a fashion that the bill does not repudiate the Democratic platform.

It so happens, however, that the economic emergency at the time the platform was drafted was perhaps more acute than it is today. But at that time there was no qualification of the antitrust-law plank to suggest that these laws might be repealed during the emergency, though the case for that course was being strenuously pressed at the time.

The plank stands as an unqualified advocacy of a strengthening and impartial enforcement of the antitrust laws. And the first decisive step taken by the administration in this field is to deliver a coup de grâce to these laws. How this course can be reconciled with the view that "a platform is a proposal and at the same time a promise binding on the party and its candidates" we find very difficult to see.

ST. LAWRENCE DEEP WATERWAY TREATY

Mr. PATTERSON. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial appearing in the Kansas City Times of June 6, 1933, and in the morning issue of the Kansas City Star, in opposition to the St. Lawrence waterway treaty in its present form.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Kansas City Times, June 6, 1933]

A THREAT TO THE VALLEY STATES

The giant St. Lawrence waterway project, as commonly understood, is an enterprise calculated to help balance the transportation advantages of this middle-States region with those of the coastal areas of the United States. Its purpose, along with that of the Mississippi River outlet to the south, is to free this midwestern area from the heavy transportation handicaps it has suffered since the building of the Panama Canal. The St. Lawrence project is designed, in short, to move an Atlantic seaport 1,000 miles or more inland and give this territory fair access to the cheap ocean transportation of the world.

It is with such an understanding that this project has been accepted and its benefits recounted. It was such a view in this country that led to signing of the joint treaty with Canada, which would authorize construction of the waterway and establish the terms upon which it should be maintained. Ratification of that treaty now is pending in the Senate. It is extremely important—especially to the valley area south of the Great Lakes, including Missouri, Kansas, and other States—that all the terms and conditions of this treaty be clarified and that the interests of a region to be vitally affected shall be thoroughly safeguarded.

In particular, one portion of the treaty, article 8, is open to serious question. It must be noted that the Mississippi waterway south from St. Louis and north from that point on east to Chicago and the Lakes is vital in a double sense to the middle and lower valley. The outlet to the south and that to the Lakes are equally essential. This treaty section as it now stands is a threat to both.

The article provides that diversion of Lake Michigan water through the Chicago Drainage Canal on to the Illinois River and into the Mississippi Channel shall be limited to only 1,500 cubic feet per second. That is inadequate to assure continued navigation of the Lakes-to-the-Gulf channel, opened in its entirety but a few days ago. For nearly 20 years the diversion at Chicago has

ranged from 8,500 to 10,000 cubic feet. An average diversion volume of at least 5,000 up to 10,000 feet is deemed an absolute necessity to the north-and-south channel.

The treaty article incorporates a decision of the United States Supreme Court with respect to future diversion. But the Court, in reaching its opinion 3 years ago, took into account the navigation needs only of the drainage canal, not the requirements of a Mississippi channel. That was recognized when Congress, only a few months after the Court's decision was rendered, authorized a survey of the Lakes-to-Gulf waterway project, a report of which was to be made in 1938.

Thus the matter stands. The treaty not only includes the diversion limit as stated, but it stipulates that should the United States at any future time desire an increase of diversion volume, "in order to meet an emergency", the matter shall be submitted for final decision to an arbitral tribunal. But on that Canada would have equal representation with this country, and no decision could be reached without the consent of the former. And it so happens that Canada was insistent upon the extreme low limit on diversion as incorporated in the treaty and has made it a cardinal point in the acceptance of that document. Further, waterway needs probably could not be termed an emergency. So the hands of this country would be tied, to the most serious detriment of this inland region.

The treaty makes Lake Michigan an international body of water, although it is wholly within the United States, a fact that has been recognized officially by this country for nearly 150 years. The article, therefore, is a surrender of sovereignty, with the attendant dangers noted.

If the article should be included, unchanged, in the ratification, these Middle States, distant from the Lakes, not only might be wholly denied participation in the St. Lawrence waterway benefits but denied as well safe access to an ocean outlet to the south. This area in effect might be left stranded with respect to transportation advantages, with even less advantage than it now holds through but limited use of the Mississippi channel.

The obviously just and necessary procedure is to incorporate a treaty reservation bearing upon lake water diversion and the valley navigation requirements of this country. As the treaty is drawn in this respect, and in others of less importance, the advantages are preponderantly with the other country. That is neither equitable nor needed. The adjustment can and should be made. If it is not made, the treaty should be held over from the present session and then given the thoroughly serious attention it deserves before it receives this country's final endorsement.

WHAT THE FIDAC IS

Mr. COPELAND. Mr. President, I present a letter addressed to the editor of the New York Sun and published in the issue of that paper of the 5th instant, entitled "What the Fidac Is, a Concise Explanation of the Society's Purpose", by Charles Hann, Jr., American president of the Fidac.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the New York Sun, June 5, 1933]

WHAT THE FIDAC IS—A CONCISE EXPLANATION OF THE SOCIETY'S PURPOSE

To the EDITOR OF THE SUN:

SIR: The recent brief visits of the famous Polish general, Roman Gorecki, head of the Fidac and president of the largest bank in Poland, to over a dozen cities in America, has aroused great interest in the Fidac and caused many to inquire about that organization. I am sure that many of your readers would like to know a little about the Fidac.

The Fidac, a name made up of the initials of "Fédération Interalliée des Anciens Combattants", the Interallied Federation of Ex-Service Men, is the great international organization of veterans' societies of 10 of the allied countries in the World War. The American Legion, with 1,000,000 members, is the sole society member of the Fidac in the United States. I have the honor to have been elected the American president by the congress in Portugal. The Fidac, which was founded in Paris in 1920, now has more than 8,000,000 members.

The purposes of the Fidac include the maintenance, fostering, and development of that spirit of comradeship which manifested itself on the battlefields of the World War of 1914–18, fought in common for a common cause, and to use that comradeship in the cause of peace. Ex-service men are informed how to know one another better so that they may better understand one another. Knowledge of the life, customs, problems, and aspirations of other countries often helps to remove obstacles to international understanding.

The Fidac stands aloof from all political parties or sectarian denominations, but one of its objects is to review impartially the great problems to be solved by the different countries, especially by the countries affiliated with the Fidac. Its constitution is as democratic as the constitutions of its component members. It desires to make known the program, the life, and the works of the member associations.

It supports the governments of its constituent countries and is determined to help those governments in any way that lies within its power to see that insofar as possible justice is meted out to the war disabled, the widows and orphans, to help in the maintenance of law and order, and generally to assist in obtaining as full a realization as may be possible of the results of the victory achieved in common.

Many constructive things have been accomplished by the Fidac in the interest of permanent world peace and the promotion of good will on earth, and the Fidac consistently strives to remove friction between allied nations, through unofficial explanations and contacts of responsible citizens and officials. It combats national or international false news and antiallied campaigns.

The Fidac recalls the sacrifices and efforts of the Fidac countries during the World War, which was hateful to them, and keeps reverently the memory of the dead. It strives to instruct the younger generation in respect to a better understanding among the peoples of the world.

The Fidac has splendid headquarters in Paris, France, at 15 rue de Presles. It publishes monthly a beautiful review, conducts a travel bureau, and sells souvenirs. The Fidac holds its annual Congresses in each allied member country in turn. The congress in Washington established the Fidac international identity card. The Fidac organized annual awards of the educational medal of the Fidac to educational institutions featuring international relations and friendship. The Fidac has done and is doing countless other good things in its activities which cover a wide field.

CHARLES HANN, JR.,
American President of the Fidac.

NEW YORK, *June 3.*

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arizona [Mr. HAYDEN] to the amendment of the committee.

Mr. McNARY. Mr. President, I ask that the amendment may be stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 26, line 4, it is proposed to strike out the word "more" and insert the word "less."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arizona to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. The next amendment will be stated.

The CHIEF CLERK. On page 27, after line 7, it is proposed to insert the following:

(b) All contracts let for Federal construction projects pursuant to this title shall contain provisions for minimum rates of wages, to be predetermined by the awarding authorities, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in the proposals for bids for the work. The awarding official shall have power to revise the predetermined wages if in his judgment changed conditions so justify. In event the rate of wages is increased, an amount equal to the amount of such increase in wages in any one month shall be paid at the end of such month to the contractor by the United States upon a satisfactory showing by the contractor as to the amount thereof, and in the event of a decrease in the rate of wages, the contract price shall be decreased by the amount of such decrease in wages, and such decrease in the contract price shall be computed on the basis of satisfactory evidence submitted by the contractor.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. COPELAND. Mr. President, there is a good deal of opposition to this amendment on the part of the American Federation of Labor. I do not see the Senator from Rhode Island [Mr. METCALF] in the Chamber, but we held hearings before the Committee on Education last year, at which time the American Federation of Labor and others appeared before us. It supported that proposed legislation, but the organization is quite distressed over the inclusion in the bill of this particular amendment.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. COPELAND. Yes.

Mr. WAGNER. I may say to the Senator that I am not responsible for the insertion of this provision; it was inserted by the committee. I recognize the opposition of labor organizations. They feel that it would interfere somewhat with their efforts to secure increase of wages at times if wages were fixed by a commission. I think they would prefer to do it as the result of collective bargaining, and, so far as I am concerned, I will not insist on the amendment.

Mr. COPELAND. I hope that the Senate will reject the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

Mr. COPELAND. I hope it will not be agreed to.

Mr. HAYDEN. Mr. President, I do not know who is responsible for the amendment as adopted by the committee. I can say, however, that a similar system was adopted in the emergency public works act of 2 years ago, whereby the State highway commission predetermined the rate of wages. That provision of law has worked very satisfactorily. In that case the State highway department fixes the wages for various kinds of labor employed on road construction, sets them out in the specifications, and makes them a part of the bids, and then all contractors bid, knowing that they will have to pay labor at the same rate. As I have said, it has worked very satisfactorily. I do know, upon the other hand, that in the construction of public buildings, where the rule has been merely "the prevailing rate of wages", there have been continuous disputes all over the United States as to what was "the prevailing rate of wages" in the community where the buildings were erected.

Mr. DAVIS. Mr. President, if I may interrupt the Senator, let me say that under the so-called "Davis-Bacon law" wages throughout the United States are determined by the Secretary of Labor. That is the law now, and it has worked very satisfactorily to practically all those interested in this character of construction work.

Mr. COPELAND. It is only right; there should be an increase in the compensation of the contractor that labor should be benefited. There should be a range with reference to it. I hope the amendment will not be agreed to.

Mr. WAGNER. Mr. President, I would like to say to the Senator from Arizona [Mr. HAYDEN] that the provision to which he refers is still a part of the law and it is in this bill. The suggestion of my colleague does not in any way interfere with that particular provision.

Mr. JOHNSON. Mr. President, may I ask the junior Senator from New York [Mr. WAGNER] if he is familiar with what is known as the "Bacon-Davis Act"?

Mr. WAGNER. Does the Senator mean the act which authorizes the Secretary of Labor to determine the prevailing rate of wage?

Mr. JOHNSON. Yes. Is this virtually a repeal of that act?

Mr. WAGNER. No; we are not interfering with that act at all.

Mr. JOHNSON. That is what is expressed to me by some who are interested in it.

Mr. WAGNER. If we eliminate the provision, as is proposed by my colleague, then the Bacon-Davis Act remains the law of the land.

Mr. JOHNSON. The Senator then has no objection?

Mr. WAGNER. Oh, no.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. FESS. Mr. President, last evening before we recessed the Senator from New York [Mr. WAGNER] was ready to accept an amendment that I did not then have ready in reference to the annex of the Library of Congress. I have the amendment now at hand and offer it.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Ohio proposes, on page 20, line 23, after the word "facilities", to insert:

(5) To advance, upon request of the Commission having jurisdiction of the project, the unappropriated balance of the sum authorized for carrying out the provisions of the act entitled "An act to provide for the construction and equipment of an annex to the Library of Congress", approved June 13, 1930 (46 Stat. 583); such advance to be expended under the direction of such Commission and in accordance with such act.

The VICE PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Ohio.

The amendment was agreed to.

Mr. FESS subsequently said: Mr. President, I ask unanimous consent that following the adoption of the amendment which I offered a few moments ago I may have inserted in the RECORD a letter from the Librarian, Dr. Putnam, giving the reasons why the amendment should be adopted.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

LIBRARY OF CONGRESS,
Washington, June 9, 1933.

Hon. SIMEON D. FESS,
Senate Office Building.

MY DEAR SENATOR FESS: Herewith three copies of the amendment. You will notice it goes in on page 19, at line 23, inserting there a new clause (5). In case of question the emphasis might be:

(1) The original proviso to section 202 remains untouched.

(2) This amendment merely authorizes an advance of funds.

(3) It authorizes even that only on the request of your Commission.

(4) It reserves for your Commission the direction of the expenditure.

To the suggestion that the matter belongs rather to the appropriation bill, the answer is:

(1) This will delay the project by at least another year.

(2) Plans have already been prepared and with the funds in hand the main contract could be let at once.

(3) In the meantime the congestion is very serious and impedes every operation of the Library.

Faithfully yours,

HERBERT PUTNAM, *Librarian.*

The VICE PRESIDENT. The clerk will state the next amendment of the committee.

The next amendment of the Committee on Finance was, on page 28, after line 10, to strike out:

(b) No articles, materials, or supplies shall be acquired for public use or for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, under this or other acts of Congress, unless such articles, materials, or supplies have been manufactured in the United States of articles, materials, or supplies mined or produced in the United States, if available at a reasonable cost.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. MURPHY. Mr. President, I desire to offer an amendment to the committee amendment on page 19, line 3.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from Iowa proposes, on page 19, line 3, after the word "plants", to insert the words "armory and memorial buildings."

Mr. HARRISON. I think that is all right, and I am willing to have it go to conference.

The VICE PRESIDENT. The vote by which the committee amendment as amended was agreed to will have to be reconsidered. Without objection, that vote is reconsidered. The question is on agreeing to the amendment of the Senator from Iowa to the amendment of the committee.

The amendment to the amendment was agreed to.

The committee amendment as amended was agreed to.

The VICE PRESIDENT. The clerk will report the next amendment.

The next amendment of the Committee on Finance was, on page 28, after line 18, to insert:

SUBSISTENCE HOMESTEADS

SEC. 207. To provide for aiding the redistribution of the overbalance of population in industrial centers $25,000,000 is hereby made available to the President, to be used by him through such agencies as he may establish and under such regulations as he may make, for making loans for and otherwise aiding in the purchase of subsistence homesteads. The moneys collected as repayment of said loans shall constitute a revolving fund to be administered as directed by the President for the purposes of this section.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. ASHURST. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ASHURST. Is the pending amendment on page 28?

The VICE PRESIDENT. The pending amendment is on page 28, beginning in line 19.

Mr. ASHURST. On page 28 I observe a committee amendment beginning in line 11, striking out down to and including line 18.

The VICE PRESIDENT. The amendment has been agreed to.

Mr. ASHURST. I was out of the Chamber at the time, attending a meeting of the Judiciary Committee.

Mr. REED. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Pennsylvania?

Mr. ASHURST. I yield.

Mr. REED. The reason why that was stricken out was that by an act of March 3 of this year, in the Treasury and Post Office Departments appropriation bill, it was made general law applicable to all departments and governmental agencies that domestic materials shall be purchased where reasonably practical.

Mr. ASHURST. That is the trouble—"where reasonably practical."

Mr. REED. I am not quoting the exact language. The language, as I recall it, is, in effect, "where the interests of the Government will permit and where it can be done without paying an unreasonable price." It seemed to Congress that those limitations ought to be applied.

Mr. ASHURST. I accept the statement of the Senator, and I ask unanimous consent to reconsider the vote by which the amendment was agreed to.

The language stricken out and which I desire restored reads:

(b) No articles, materials, or supplies shall be acquired for public use or for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, under this or other acts of Congress, unless such articles, materials, or supplies have been manufactured in the United States of articles, materials, or supplies mined or produced in the United States, if available at a reasonable cost.

The scope and purpose of this bill seem to be generally approved, and need not be repeated now. The scholarly Senator from Ohio [Mr. FESS] delivered last evening a speech here that, in my judgment, elevated him to a still higher position as a scholar and historian. A reply was made thereto by the Senator from Massachusetts [Mr. WALSH], who with an eloquence and a flawless logic rarely seen even in the Senate, pointed out that these are unusual times; these are catastrophic times; these are times that try men's souls. We are calling into requisition latent powers of the Constitution seldom resorted to except in grave emergencies.

Mr. President, there is no disguising the fact that American labor cannot successfully compete with foreign articles and foreign labor. The American shoe factories cannot make shoes in competition with foreign shoe factories. The American manufacturer of furniture cannot compete with the foreign manufacturer. The American miner, who smites the obdurate face of nature in search of the metals, cannot compete with the cheap and conscript labor of Russia. The American sawmill man, converting logs into lumber and shingles, cannot compete with the convict and conscript labor of Russia.

How ironical it is to find in a bill the supposed purpose of which is to restore industry in the United States and reduce unemployment in the United States—how ironical it is, I say, to find public funds used in the purchase of materials mined and fabricated in foreign countries.

I see sitting before me with their usual diligence the two Senators from California [Mr. JOHNSON and Mr. MCADOO], and I am thus reminded that the Federal Government is financing the construction of the Oakland Bridge, near the Golden Gate, the most romantic, the most fascinating of all harbors in the world. Yet the manganese that goes into the steel used in that bridge, which steel is paid for by the United States, comes from Russia, and this manganese is produced and mined by conscript or convict labor, and thus the United States, out of its public funds, is generously advancing the money to construct that bridge, whereas at home and in the State of California there is ample manganese.

For example, let me refer to a distressing and singular episode. Some years ago in a certain town in Arizona it was concluded by the citizens that they should have a new schoolhouse. I do not here mention the town. The trustees of the school district let the contract and concluded that inasmuch as Arizona produced copper they would roof the new schoolhouse with copper. The trustees stipulated for copper, but, behold, when the building was completed there was indeed a copper roof on the building which roof has been paid for by the taxpayers of that district, but the copper came from a foreign country where copper may be mined at one eighth of the cost at which copper may be mined in America.

I cite another illustration, and I am not certain as to these facts I now relate, but a gentleman in whom I have confidence, whose name may be given, who is now attached to the Senate, told me that 2 years ago the very chairs in the Senate restaurant were made in Europe. I am not vouching for the authenticity of this statement, but the gentleman who told me is at hand and may be called.

So, Mr. President, in this time of national distress, when we are heavily oppressing and burdening our taxpayers and necessarily doing so, we surely ought to be statesmen enough and fair enough to our own taxpayers to see to it that in every case where Federal funds are used all the materials, articles, and supplies paid for by Federal funds shall be available if, only, and when such materials, articles, and supplies are made, mined, and produced in the United States.

It is folly—and I now use a phrase that I heard last fall that attracted me. It was used by the Senator from Michigan [Mr. VANDENBERG], who said that a certain thing was "fiddle-faddle." I apologize to the Senate for using such slang, but it is so apt that I apply it at this time. It is folly, it is mere froth, it is fiddle-faddle to pretend we have not manganese enough and lumber enough and other raw materials enough in America to make the articles that go into our public works financed by Federal funds.

So, Mr. President, I therefore urge that this language be restored. I believe that if we are to acquire an emergency stock of materials and supplies strategic to the national welfare, such materials, articles, and supplies should be produced, grown, mined, and fabricated in the United States.

You may call that an embargo if you choose. I never was afraid of epithets. On the countrary I desire to secure, temporarily, at least, an embargo of goods, articles, and materials made by cheap, convict, or conscript labor abroad when and while we are trying to stabilize America and reduce unemployment here. I ask Senators not to allow this bill to pass unless they are certain that all the materials and articles used and paid for by public moneys shall be produced, grown, fabricated, and manufactured in the United States.

What a folly, what a puerile procedure, to appropriate billions of dollars designed and intended to aid our own country to restore business, to reduce unemployment, and yet leave the door open, leave the gap down, so that foreign countries with lower standards of living, with cheaply paid labor, may send their goods, materials, and articles here and receive in payment therefor the hard-wrung money of our taxpayers.

If one John Smith or Richard Roe desires to spend his own earnings in a foreign country, that is his business. If any American citizen desires to purchase a hat, or a suit of clothing, or a piece of furniture, made in Europe rather than in America, that is that citizen's business, and no one has a right to complain; but we must draw the line when it comes to spending the public money. As to all public moneys that are expended under such a bill as this one, care and prevision should be taken to see to it that no materials, supplies, or articles are used except those that come from the bosom of America, especially when her own taxpayers are paying for them.

Mr. President, the able Senator from Pennsylvania [Mr. REED]—and I am not using the word "able" merely as a gesture of polite speech, because the Senator from Pennsylvania is known throughout this country to be a diligent, able statesman and an exceedingly astute lawyer—tells me that already we have on the statute books a law which denounces

the use of materials and supplies produced in a foreign country and paid for out of our Federal Treasury. That is what the Senator's statement seems to be.

Mr. REED. That is right.

Mr. ASHURST. The Senator then takes the position that we do not need this statute.

Mr. President, it requires fortitude and presumption to challenge a direct statement as to the law as pronounced by the Senator from Pennsylvania. It may be that such law would be efficacious and sufficient for the Treasury Department expenditures or for such Departments as are mentioned; but I am fearful that the law referred to by the able Senator is not sufficient wholly to protect our country and our citizens against the influx of cheaply made goods, articles, and materials.

Mr. TRAMMELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CONNALLY in the chair). Does the Senator from Arizona yield to the Senator from Florida?

Mr. ASHURST. I yield to the Senator.

Mr. TRAMMELL. I think in substance the law that we passed some time ago is about as the paragraph contained in this bill; but it occurs to me that that policy is such a wholesome policy, and there is such necessity to impress it upon those who administer the law in regard to purchasing American products, that it would be a very desirable thing to have it continued in this bill, even if covered by the other measure.

Mr. ASHURST. That is my point. I was at the bar for 14 years. I did not achieve such eminence at the bar as did my learned friend the Senator from Pennsylvania [Mr. REED]. No honors, no wreaths in the legal world placed upon his brow could be so splendid as to make me at all envious of him. I rejoice in the success and ability of other men, for I am ennobled by their learning, and I do say the Senator from Florida has put his finger upon the point. That law referred to by Senator REED is not adequate, is not efficacious for all purposes; hence out of abundant caution this language ought to be restored in the form in which it passed the House.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Maryland?

Mr. ASHURST. I yield to the Senator.

Mr. TYDINGS. I desire to ask a question as a matter of information.

I understood that the Senator from California [Mr. JOHNSON] had already offered an amendment which I thought was comprehensive enough to cover this situation. It is the law of the land. I remember the Senator offering the amendment some time ago.

Mr. JOHNSON. Mr. President, it was the amendment that was attached, I think, to the Post Office bill last March, just before we adjourned.

Mr. TYDINGS. That is right.

Mr. JOHNSON. But the Senator from Arizona and some others think that it is not entirely appropriate to this new legislation.

Mr. ASHURST. That is the point.

Mr. TYDINGS. The reason why I interrupted the Senator from Arizona was not to take issue with him, but to get information. I understand that the law passed at the behest of the Senator from California would apply to the legislation which we are now about to enact.

Mr. JOHNSON. Mr. President, if the Senator will pardon me——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from California?

Mr. ASHURST. I yield for that purpose.

Mr. JOHNSON. The hope was, when the amendment was attached to the Post Office bill, that it would constitute general legislation which in the future would deal with the subject; but we never contemplated at that time this measure, of such extent that we have no comprehension of what it may be and what it may do. For that reason, I think it would be a safer idea to do as the Senator from Arizona is suggesting.

Mr. TYDINGS. What I had in mind was that I think the amendment offered by the Senator from California had been dressed over several times, and was pretty generally acceptable; and it struck me that if we were to go along in the same line it would be well to stick to the same phraseology. What I desire to ask the Senator from Arizona is, What did not the amendment offered by the Senator from California contain that this amendment does contain, and which is necessary to carry out the philosophy of that amendment?

Mr. REED. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Pennsylvania?

Mr. ASHURST. I yield to the Senator from Pennsylvania.

Mr. REED. I have in my hand a copy of the Treasury and Post Office appropriation bill approved March 3, 1933. In title III of that act, which is found on page 35, occurs the following. While it is somewhat lengthy, I think it ought to be read, because it is so much more comprehensive than this language which the Finance Committee struck out of the pending bill.

Mr. ASHURST. I yield for that purpose.

Mr. TYDINGS. Mr. President, before the Senator reads that, I wonder if he will permit an interruption.

Mr. REED. Surely; as far as I have the floor.

Mr. TYDINGS. May I ask the Senator if, in his judgment, the amendment of the Senator from California, which he has in his hand, is sufficiently comprehensive to cover this situation?

Mr. REED. I think it is much more comprehensive; and that will appear as I read it. If the Senate will bear with me, I think the reading is better than any argument that I might advance:

SEC. 1. That when used in this title—

(a) The term "United States", when used in a geographical sense, includes the United States and any place subject to the jurisdiction thereof;

(b) The terms "public use", "public building", and "public work" shall mean use by, public building of, and public work of, the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico, the Philippine Islands, American Samoa, the Canal Zone, and the Virgin Islands.

SEC. 2. Notwithstanding any other provision of law, and unless the head of the department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States, substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use. This section shall not apply with respect to articles, materials, or supplies for use outside the United States, or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

Mr. ASHURST. Mr. President, I do not wish to interrupt the Senator, but he has read far enough for me to say that I can drive a coach and four through that law in nine places. Why, Mr. President, I will show the Senator where and how I can drive a coach and four in nine places through it.

Mr. REED. Mr. President, before the Senator starts on his coaching trip, will he not let me read the third section? [Laughter.]

Mr. ASHURST. Yes, indeed.

Mr. REED (reading):

SEC. 3. (a) Every contract for the construction, alteration, or repair of any public building or public work in the United States growing out of an appropriation heretofore made or hereafter to be made shall contain a provision that in the performance of the work the contractor, subcontractors, material men, or suppliers shall use only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from

articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States except as provided in section 2: *Provided, however*——

Mr. ASHURST. Ah! "Provided, however!"

Mr. REED. Yes; that is there.

Mr. ASHURST. Yes. "Provided, however, if the head of the department does not want to buy American manganese, he may buy it elsewhere."

Mr. REED. The worst of it is the words "Provided, however" are in italics. [Laughter.]

Mr. ASHURST. That makes the trouble still greater.

Mr. REED (reading):

That if the head of the department or independent establishment making the contract shall find that in respect to some particular articles, materials, or supplies it is impracticable to make such requirement or that it would unreasonably increase the cost, an exception shall be noted in the specifications as to that particular article, material, or supply, and a public record made of the findings which justified the exception.

I shall not read any more; but the act goes on to provide that if any contractor violates these provisions, he shall not again be given a public contract by the Federal Government.

Surely the Senator does not think that this miserable little sentence which the Finance Committee struck out can compare in effectiveness and comprehensiveness with that general law which was put in by the Senator from California last March.

Mr. ASHURST. Mr. President, I should be inclined at first blush to accept any legal paper prepared by the Senator from California, and to which he gave his attention; but I think it is well to remember that the language proposed by the Senator from California was to cover the particular cases he had in mind on that bill.

I am not going to array myself as a lawyer against such another eminent lawyer as the senior Senator from California; but I do point out that the defect in the act that has just been read by the able Senator from Pennsylvania is this:

Provided, however, That if the head of the department or independent establishment making the contract shall find that in respect to some particular articles—

In the case of the Oakland Bridge, costing $40,000,000, to be paid for by the Federal Government, the departments must have held that there was no manganese in America, and that therefore they would use manganese from Russia to construct the Oakland Bridge, to be paid for by the American taxpayers. So much for Brackenberry, so much for that law. It did not work. It allowed foreign material to come in.

Mr. TYDINGS. Mr. President, I should like to point out that in the amendment which was reported in the bill, which was stricken out, and which the Senator wants to have reinserted, the last six words are "if available at a reasonable cost."

Mr. ASHURST. I am willing that they be stricken.

Mr. TYDINGS. I want to point out that the same objection would be applicable.

Mr. OVERTON. Mr. President, the provision in the bill as it came from the House makes the language applicable to "State, municipal, or private projects financed in whole or in part by Federal funds." Does the law referred to by the Senator from Pennsylvania, the existing law, cover projects which are financed by Federal funds, and are State or private in their character?

Mr. REED. No, Mr. President; it relates only to public spending for articles manufactured by private persons and subsequently bought for the Government.

Mr. President, will the Senator from Arizona permit a question?

Mr. ASHURST. Certainly.

Mr. REED. The Senator says he is about to move to strike out the last six words in the paragraph. Let me call to his attention the fact that the conservation corps has just bought 6,000 trucks.

Mr. ASHURST. Yes.

Mr. REED. Each of them has four rubber tires on it.

Mr. ASHURST. Yes.

Mr. REED. Rubber is made in the United States at the present moment out of goldenrod, at a very high cost. It is available for about 3 cents a pound as it comes from Brazil and the East Indies. The Senator's amendment would compel the Government to buy goldenrod rubber instead of the rubber which is imported. At the present time in the United States there is a very small quantity of tin produced from American ore, smelted in America. The quantity is infinitesimal. It does not amount to 1 percent of the national needs of tin each year. The Senator's amendment, as he would change it, would force the Government to buy nothing but that American tin. The price would go sky-high.

Mr. ASHURST. That is what we are seeking to do, is it not? What is the purpose of this bill?

Mr. REED. I am only a Republican. I believe in reasonable tariffs.

Mr. ASHURST. I should think the Senator would, coming from a State which has always urged reasonable tariffs.

Mr. President, the word "reasonable" sounds well; it is a large, euphonious, mouth-filling word, "reasonable" tariffs. I am in favor of tariffs which will, until this unemployment crisis comes to an end, keep out goods and materials produced by cheap foreign convict, conscript, or forced labor, whether the tariff be reasonable or unreasonable.

Mr. REED. Will the Senator yield?

Mr. ASHURST. Certainly.

Mr. REED. The test of a reasonable tariff, then, might be whether it was so high as to completely exclude all foreign products. The Senator, while he disapproves of such a tariff, reaches exactly the same end in a more direct way by just clapping on a complete embargo.

Mr. ASHURST. I do not disguise my position. I do not hide behind ambushes. I have fought for years for an embargo, not only a high tariff but an embargo, on copper produced by cheap foreign labor.

Mr. REED. That is the kind of Democrat I like. I thank the Senator. [Laughter.]

Mr. CLARK. Mr. President, in view of the numerous disputes which have taken place here between the proponents of tariffs and embargoes, it seems to me that the matter might be simplified, if the Senator would permit me to make a suggestion.

Mr. ASHURST. I yield to the able Senator from Missouri.

Mr. CLARK. I think this might settle the whole business: "On and after the approval of this act no article or commodity shall, under any circumstances, be imported into the United States or exported from the United States which can in any manner or by any possibility be produced in the United States."

That would, of course, include an embargo on exports, because it logically and inevitably follows from the embargo on imports.

Mr. ASHURST. I accept the amendment. [Laughter.]

Mr. COSTIGAN. Mr. President, may I ask the Senator from Missouri whether he would be willing to include in his amendment a provision applying the same paralyzing rule to the products of each State?

Mr. CLARK. Yes.

Mr. ASHURST. Mr. President, I am willing to accept the suggestion that tin and rubber, for which the Senator from Pennsylvania pleads, may constitute an exception.

I advocate no free-trade nostrums. Free trade exists only in the minds of those who sit in academic chairs. It does not exist in the practical world.

The able Senator from Missouri [Mr. CLARK] last night vindicated a great name. He is a worthy scion of an illustrious sire, and he disclosed a research of history, particularly referring to the Democratic positions, in a manner that won for him the admiration of his colleagues.

The PRESIDING OFFICER. The Senator from Missouri will give attention to the Senator from Arizona.

Mr. ASHURST. I am a Jacksonian Democrat. It was the protective-tariff State of Pennsylvania that first proposed General Jackson for the Presidency. General Jackson was not at first proposed by Tennessee, and in the initial days of General Jackson's Presidential campaign a distinguished gentleman from Virginia, Mr. Ritchie, a great editor of a great paper, an illustrious man, wrote to General Jackson and said, in substance:

> We in Virginia have had notice in the press that you, sir, are advocating protective tariffs.

It has been years, Mr. President, since I read the letter, but I can quote some of it.

"If it be true, General Jackson", the letter went on, "that you are advocating a protective tariff, the support for the Presidency that Virginians have heretofore given you will be relaxed."

Whereupon General Jackson, with that courage and frankness that always characterized him, wrote to Mr. Ritchie, and in his letter of reply wrote one of the greatest protective-tariff speeches in the history of our country. General Jackson pointed out that if America was to be a great, powerful, and happy country, we must in and of our own selves and in our own bosom produce the materials of war in order to protect ourselves, and in and of ourselves from the rich bosom of America produce the articles, materials, and supplies needful to a people pursuing the arts of peace and progress.

If any Democrat is perplexed as to what his duty is or as to what the ancient and original doctrine of the Democratic Party was, let him read the letter of General Jackson to Mr. Ritchie. Not even the Senator from Pennsylvania, in his most exuberant desire for a protective tariff, reached the point Andrew Jackson reached.

Thomas Jefferson wrote 14, mayhaps 16, letters urging a protective tariff. The free-trade, low-tariff doctrine introduced into our country some 40 or 50 years ago is an excrescence upon the party. It is not the true Democratic doctrine. But whether it be the doctrine or not, it is not my doctrine. I stand for the protection of American industry and for the protection of American labor, no matter what epithet may be given to such doctrine.

Mr. President, my State has honored me far beyond my deserts. Yet, indeed, I am presumptuous enough to ask them to continue these honors. That State at one time produced one sixth of the copper of the world. As my able friend from Massachusetts [Mr. WALSH] says, many of those copper towns are now ghost towns.

Some 10 years ago the able Senator from Massachusetts came to Arizona, and as he traveled the highway from Tucson to Douglas the people came out from their mines and ranches on the hillsides to see this illustrious man from Massachusetts. His reputation had preceded him. He passed through the historic and glamorous town of blood and silver and sand of bygone days—Tombstone. The copper mines of that county in which Tombstone is located have been closed because of a lack of tariff protection. The smelter stacks, which once poured their plumes of smoke skyward, testifying to industry and good wages, are empty. The drill and pick have fallen silent. The bats and the owls and the reptilia of the desert now in large part inhabit some of the buildings where in happier days my good friend from Massachusetts visited and spoke. That is the result of free trade.

Mr. WHITE. Mr. President, does the Senator charge this result to the visit of the Senator from Massachusetts? [Laughter.]

Mr. ASHURST. The Senator from Massachusetts was received with a royal welcome. His speeches were listened to with respect. Industry then flourished in the copper camps. But when vast quantities of copper were discovered in Africa, where labor is paid 30 or 40 cents a day, and where the ores are four times as rich as our ores, our copper industry in Arizona, in Montana, in Colorado, in Nevada, in Michigan, and elsewhere, fell into obsolescence because of free trade, and, I repeat, towns and cities where once a happy people labored and were paid good wages—towns, villages, and cities where people worked on week days and worshiped their Creator on Sunday, where their children went to school well dressed, where each citizen was radiant with optimism, hope, and joy, and had faith in the institutions of his country—gloom, pessimism, and contagious despair now reign and hope has abandoned her noble functions.

I tell Senators that I am through with the folly of throwing my porcelain theories against a concrete wall of fact. The porcelain is always shattered; the facts remain. Free trade is a porcelain theory. When hurled against the concrete wall of facts, the porcelain is always shattered.

Mr. SHIPSTEAD. Mr. President, it seems that this proviso of the law which has been quoted here, and which has been the subject of this debate, revolves about a question of fact as to whether or not manganese can be produced in the United States at a reasonable cost.

Mr. ASHURST. Mr. President, I reply that manganese is produced in 32 of our States. About 3½ years ago an investigation was made by the Bureau of Mines, supplemented by the efforts of 15 or probably more, perhaps 20, engineers, miners, men skilled in geophysics, men skilled in chemistry, and the conclusion was reached, buttressed upon facts, that there is an ample supply at reasonable cost of manganese to be found in the United States.

Mr. SHIPSTEAD. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Minnesota?

Mr. ASHURST. I yield.

Mr. SHIPSTEAD. I simply want to call attention to the fact that the use of American manganese ore in the manufacture of steel cannot be compared with the use of goldenrod in the manufacture of rubber, because in a ton of steel there are only 14 pounds of manganese used, and if we use American manganese it costs 1 cent a pound extra, which would add 14 cents to the cost of a ton of steel.

Mr. ASHURST. I thank the Senator for his contribution.

Mr. LEWIS. Mr. President——

Mr. ASHURST. I yield to the Senator from Illinois.

Mr. LEWIS. Mr. President, I ask the Senator from Arizona, known as he is to all of us on both sides as an historian of his party, as well as a practical follower of his party, to recall and state if he does not——

The PRESIDING OFFICER. Let there be order in the Senate.

Mr. LEWIS. Of course, Mr. President, no one ever expects a Senator to listen to any other Senator.

Mr. ASHURST. Mr. President, I always listen with instruction and delight to my able friend from Illinois.

Mr. LEWIS. I was only remarking that an innovation such as intimated by the Chair should really not be put upon Senators ever to listen to anybody except themselves.

Mr. President, I return to my observation, and ask my able friend from Arizona if he will not state to this honorable body on both sides that it is a mistake to indulge the idea or make the accusation that the Democratic Party was ever for free trade.

Mr. ASHURST. The Senator is correct.

Mr. LEWIS. It never was, and it never has subscribed itself to such a doctrine as a principle of government.

Mr. ASHURST. I thank the Senator. He is correct.

Mr. LEWIS. May I not say in this connection that the theory——

The PRESIDING OFFICER. The Senate must be in order and the galleries will please be quiet or the Chair will clear them.

Mr. LEWIS. Mr. President, let me ask the Senator if it be not true that our theory has ever been a tariff not only legitimately for legitimate revenue but always as an incidental guardianship, which we speak of as incidental protection, and that the doctrine of John C. Calhoun and those who followed him, which was a doctrine addressed to those who early engaged in agriculture and who, having to purchase many things before manufacturing became an incident to our own development, demanded reductions and adjust-

ments of tariffs as to such commodities imported; but there never was in the policy of the Democratic Party, since the Republic was founded, the doctrine of free trade, in the sense in which the expression is used.

Mr. ASHURST. The Senator is correct. He referred to one of the most eminent of Americans, one of the purest of statesmen, John C. Calhoun. I have always had before me a sentence in substance from John C. Calhoun: Every man and every institution in our country should bear alike the burdens of government and receive alike its benefits.

Now, Mr. President——

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ASHURST. Yes.

Mr. VANDENBERG. I simply want to congratulate the Senator upon his able tariff analysis, and urge him to lift his voice loud enough so that Secretary of State Hull will be sure to hear him in London.

Mr. SMITH. Yes; exactly!

Mr. ASHURST. Mr. President, I have a great admiration for Secretary of State Hull. The personal relations between that gentleman and myself are so intimate and so cordial that they are almost brotherly in their affection. There is probably no man, outside of my own blood kin, whom I hold closer in friendship and intimacy that the able, pure-minded and high-minded Secretary of State, Mr. Hull. He knows my tariff views. I have in private conversation inflicted them upon him so often that I now suspect whenever I call upon him to engage in social converse he says to himself, "I hope Henry is not going to try again to impose some of his high-tariff doctrine on me." [Laughter.]

Mr. President, getting back to John C. Calhoun, he began his life as a protectionist.

Mr. SMITH. And regretted it ever afterwards.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Ohio?

Mr. ASHURST. I yield.

Mr. FESS. It is interesting to recall that John C. Calhoun was the author of the Tariff Act of 1816.

Mr. ASHURST. The Senator is correct.

Mr. SMITH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from South Carolina?

Mr. ASHURST. I yield.

Mr. SMITH. The Senator has been a close student and he doubtless is aware that John C. Calhoun lived the remainder of his life regretting the horrible blunder he made when he advocated a protective tariff for infant industries, and he spent the last years of his life in a magnificent fight against that fatal error.

Mr. ASHURST. Mr. President, I said that John C. Calhoun began his career as a high-tariff man, and, as the able Senator from Ohio [Mr. FESS] suggested, Calhoun piloted through the Congress the protective-tariff bill in 1816. Now the scholarly Senator from South Carolina [Mr. SMITH], a worthy follower of John C. Calhoun, suggests that Mr. Calhoun regretted such action the remainder of his life.

Mr. President, there is no one here who has not many private regrets. So Mr. Calhoun was not an exception in that regard. Being a pure man, a man of conscience, if he believed he did wrong, he naturally would regret it——

Mr. SMITH. Mr. President, will the Senator yield to me at that point?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from South Carolina?

Mr. ASHURST. I yield.

Mr. SMITH. Mr. President, the historical connection which forced John C. Calhoun into that error was the War of 1812, as the Senator knows. At that time there was evidence of the fact that in the days of our infancy as a nation, when we had but lately emerged from the struggle for liberty and had but lately achieved victory, there was need for some manufactures. Mr. Calhoun advocated protection—that is, that the Government should lend whatever credit it might have to the development of those things of which during the War of 1812 it became evident we stood so sorely in need. It was, however, only to be a temporary aid, in order to secure such development and to produce commodities which were not then manufactured to any extent in this country. Under those circumstances he did agree to a tariff and specified the commodities that should be protected, which were those that we had not even begun to manufacture and supply for ourselves; but he opened the door to the inordinate greed that has brought us to the horrible conditions from which we are suffering today, the rule of the corporations, which alone, under the very principle of the tariff, can be benefited by it. The masses of the American people have from time to time in their disorganized condition attempted to stem the tide of the bleeding of all the nations for the benefit of the few. Like a patriot, Calhoun deplored the fact, while he had merely lent his support when he thought it was necessary for the protection of his Government from an invading foe, that he had lent himself temporarily to a thing that has devastated America, and I thought drew the line between the two parties.

I do not know where, in the name of God, I am now; I thought that I belonged to the Democratic Party, but if the doctrine I hear here today is the doctrine of the Democratic Party I am a man without a party; but, thank God, there are some faithful ones left yet, and in spite of the fact that copper is produced in Arizona real, genuine Democrats are produced in South Carolina. [Laughter.]

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Illinois?

Mr. ASHURST. I yield.

Mr. LEWIS. Mr. President, as I accept the courtesy of the Senator from Arizona, I regret that we have awakened from the eminent Senator from South Carolina rather an assault upon the views which we represent, and something of indignation and resentment at the views which we say the ancient eminent statesman from South Carolina, Mr. John C. Calhoun, represented. But, Mr. President, since my good friend from Arizona allows me to interpolate some remarks in the midst of his observations, let me say that time does make changes in statesmen, and while the eminent Senator from South Carolina may doubt as to where he stands today, he must reckon that the whole world has been going through such a metamorphosis that none of us can say that we will be tomorrow the same as we were yesterday. If we are to speak the facts of history, lest we shall be held up to a new generation as a party which represented free trade and favored opening our ports to all the world to inundate with their goods our own people, let it be said that so far as he spoke for the Democratic Party—for Mr. Calhoun was not much of a Democrat; he was very much a statesman, but a man who had not reached the point of acknowledged democracy representing equality of opportunity or equality of manhood—those two things he did not advocate. The regret which was in the life of Mr. Calhoun is not as my eminent friend from South Carolina now recalls and describes. It was because in a tempting moment he became an advocate of Henry Clay's tariff of 8 percent proposal, with gradual increase. It was in his advocacy of Henry Clay and that which Mr. Clay subsequently claimed that he stood for in union of States and central power controlling the United States. It was that which embarrassed Mr. Calhoun, for which, as the eminent Senator from South Carolina well says, there were days of regret, but it was regret because of the position he took which justified Mr. Clay in his Presidential campaign in charging him both with motives and objects that were foreign to his purpose. His purpose was the legitimate protection of American industry and not the advocacy of the candidacy or principles of Mr. Clay. There is where the distinction as to politics and theory lies.

Mr. ASHURST. Mr. President, I now speak of another equally distinguished statesman, probably the premier of all America's orators—whose voice boomed like a golden bell

hung in the canopy of the sky—Daniel Webster. He began as a Representative from Massachusetts as a freetrader.

A Senator near me, the Senator from Illinois [Mr. LEWIS], suggests he was from New Hampshire. The Senator is correct. Webster was once a Representative from New Hampshire, and originally was a freetrader.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Ohio?

Mr. ASHURST. Of course I yield to the Senator from Ohio.

Mr. FESS. Daniel Webster was born in New Hampshire, but he moved to Boston and represented a district in Massachusetts in the Congress.

Mr. ASHURST. I am not going to quarrel with or be drawn into any controversy with the learned Senator from Ohio as to whether or not Daniel Webster served in Congress from New Hampshire, but I will be presumptuous enough to say that he was once a Representative from New Hampshire. I beg the Senator's pardon for disagreeing with him, but I am quite sure of my statement. Anyway, whether Daniel Webster was once a Representative from New Hampshire or not, he was once a freetrader.

The logic of events addressed themselves to the intellect and conscience of Daniel Webster; he became a high-tariff man and spent some unpleasant moments later remembering that he had been a freetrader.

Mr. SHIPSTEAD and Mr. COSTIGAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Arizona yield; and if so, to whom?

Mr. ASHURST. I yield first to the Senator from Minnesota.

Mr. SHIPSTEAD. I have in my office a letter written in 1828 by Mr. Lawrence, of Massachusetts, to Daniel Webster, who was then a Senator. The letter was addressed to Mr. Webster and had reference to the then pending tariff bill which had just been reported to the Senate by the Finance Committee. Mr. Lawrence expressed approval of that tariff bill of 1828 and said if it could be passed by the Congress in the form in which it had been reported by the Finance Committee, he could assure Mr. Webster that the West and the South would be mortgaged to New England for the next 100 years.

Mr. ASHURST. I thank the Senator.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Colorado?

Mr. ASHURST. I yield.

Mr. COSTIGAN. While Daniel Webster adjusted himself to the growing protectionist sentiment of Massachusetts, in his later life it has always been the contention of historians that he never turned his back upon his original argument in favor of freer commerce. My trouble with the argument of the distinguished Senator from Arizona is that I fear he has left out of his proposed amendment what would appear to be implicit in his argument, namely, a provision that those who interfere with his embargo shall be subjected to an inquisition, drawn, quartered, and finally thrown to the sharks. [Laughter.]

Mr. ASHURST. The able Senator from Colorado always speaks to the point and with great pungency, but those who will be thrown to the sharks will be those industries that have to compete with the cheap labor and cheap methods of foreign countries that do not have our standards of living.

Mr. FESS. Mr. President, will the Senator from Arizona yield at that point?

Mr. ASHURST. Very well.

Mr. FESS. I want to correct an error into which I fell. I was not aware that Webster had ever been elected a Representative from New Hampshire. I find that he was elected for two terms and then moved to Massachusetts and was elected from Massachusetts to the Senate.

Mr. ASHURST. The Senator is frank and manly. It is additional evidence that even Homer sometimes nods! I have learned, as a Senator once said to me, that even I do not know it all. [Laughter.]

James Madison was a good Democrat in his day. No one questions his democracy. He piloted through the House our first tariff bill. Madison was denied a seat in the Senate. Virginia, for good reasons of her own, sent two other renowned men to the Senate and did not send James Madison, but Madison secured a seat in the House and, in the Congress which assembled in 1789, he piloted, I repeat, the first tariff bill through the House. Madison was 8 years Secretary of State under Jefferson, 8 years President of the United States. Let me read the preamble of that bill:

> Whereas it is necessary for the support of the Government, for the discharge of the debts of the United States, and for the encouragement and protection of manufacturers that duties be laid on goods, wares, and merchandise imported: Therefore be it enacted—

And so forth. Mr. President, I conclude by inquiring how will the shingle mills of Oregon, how will the shingle mills of Washington survive against the lumber of Russia? How will the manganese producers of America survive against the manganese produced by the forced, conscript labor of Russia? How will the copper industry survive against the importations of foreign copper produced by labor which is paid 40 cents a day, and where the ores are, in some cases, four times as rich as some of our own ores?

Mr. SHIPSTEAD. Mr. President, will the Sentor yield?

Mr. ASHURST. Yes.

Mr. SHIPSTEAD. The only question is whether or not the American people and this Government are willing that the steel manufacturers shall have an extra cost of 14 cents a ton on steel by reason of using American manganese.

Mr. ASHURST. Mr. President, I apologize for consuming so much time. I ask that the language be restored, and that the committee amendment be rejected.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from West Virginia?

Mr. ASHURST. I yield to the able Senator.

Mr. HATFIELD. Does the Senator remember the title that was given to the first tariff bill by James Madison?

Mr. ASHURST. Yes; I read it just a few moments ago when the Senator was not in the Chamber.

Mr. HATFIELD. Does the Senator remember the observations made by the then President, George Washington?

Mr. ASHURST. I do not for the moment recall them.

Mr. HATFIELD. May I read them to the Senator?

Mr. ASHURST. I shall be glad to have the Senator do so.

Mr. HATFIELD. This protective tariff worked so well that President Washington, in a subsequent message, said:

> Agriculture, commerce, and manufacturer prosper beyond example. Every part of the Union displays indications of rapid and varied development, and with burdens so light as scarcely to be perceived. It is not too much to say that our country presents a spectacle of national happiness never surpassed.

Mr. ASHURST. Mr. President, in conclusion, surely the American citizen has a right to his own market, and that is all I am asking by restoration of the language, viz, that the American citizen shall have the benefit of his own market and shall have the preference instead of the foreigner.

The PRESIDING OFFICER. Does the Senator from Arizona move to reconsider the vote by which the committee amendment was agreed to?

Mr. ASHURST. I ask unanimous consent to that end. I ask that the vote by which the amendment was agreed to may be reconsidered.

The PRESIDING OFFICER. The Senator from Arizona asks unanimous consent that the vote by which the amendment on page 28, beginning in line 11, was agreed to may be reconsidered.

Mr. HARRISON. Mr. President, I think in fairness to the Senator the vote ought to be reconsidered, but I think after its reconsideration the action of the committee should be upheld by the Senate. The only reason why the Senate committee took action in striking out the language was be-

cause of the law that has already been enacted and too, at the insistence of the Secretary of War who stated in a letter to me that the adoption of the language would slow up a speedy starting of the program.

Mr. ASHURST. Mr. President, has the Senator the letter?

Mr. HARRISON. Yes; and I ask unanimous consent that the letter and a letter from the Secretary of State may be inserted in the RECORD. I hope the action of the Senate committee will be upheld by the Senate.

The PRESIDING OFFICER. Without objection, the letters referred to by the Senator from Mississippi will be inserted in the RECORD.

The letters are as follows:

DEPARTMENT OF STATE,
Washington, May 29, 1933.

The Honorable PAT HARRISON,
United States Senate.

MY DEAR SENATOR HARRISON: I wish to call to your attention section 205 (b) of the Industrial Recovery Act introduced in the Senate May 27, which reads as follows:

"No articles, materials, or supplies shall be acquired for public use or for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, under this or other acts of Congress, unless such articles, materials, or supplies have been manufactured in the United States of articles, materials, or supplies mined or produced in the United States, if available at a reasonable cost."

On May 12 this Government joined seven other governments represented in the Organizing Committee for the Monetary and Economic Conference in an agreement not to adopt any new initiatives which might increase the many varieties of difficulties now arresting international commerce. This provision in the Industrial Recovery Act would appear to be a new initiative substantially adding to the difficulties now arresting international commerce. Similar provisions in State legislation have recently been given great publicity in the Paris press and this enactment could hardly fail to produce a strong reaction detrimental to our efforts to obtain the removal of trade barriers.

I doubt that this limitation on the sound discretion of administrative officials serves any useful purpose. In some cases it would probably prove detrimental to the best administration of projects financed by Federal funds. The important thing, however, is that the enactment of a mandatory provision of this kind at this juncture would be a highly inflammatory gesture from an international point of view. This is not an appropriate time for substantial cancelation of our free list by indirect protectionism.

Sincerely yours,

CORDELL HULL.

WAR DEPARTMENT,
Washington, May 29, 1933.

Hon. PAT HARRISON,
Chairman Senate Finance Committee,
United States Senate.

DEAR SENATOR HARRISON: It has been brought to the attention of the War Department that there has been incorporated in H.R. 5755, which is a bill to encourage national industrial recovery, etc., section 205 (b), on page 19, lines 11 to 18, inclusive, which is as follows:

"(b) No articles, materials, or supplies shall be acquired for public use or for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, under this or other acts of Congress, unless such articles, materials, or supplies have been manufactured in the United States of articles, materials, or supplies mined or produced in the United States, if available at a reasonable cost."

Title III of Public 428, Seventy-second Congress, approved March 3, 1933, contains a provision requiring the use of domestic materials in Government purchases and public works, with certain exceptions and limitations. For your convenience, section 2 of this title relating to the procurement of supplies is quoted:

"SEC. 2. Notwithstanding any other provision of law, and unless the head of the Department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use. This section shall not apply with respect to articles, materials, or supplies for use outside the United States, or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality."

Section 3 of this title provides that a similar provision shall be contained in every contract for the construction, alteration, or repair of any public building or public work in the United States.

It will be noted that the proposed section in the National Industrial Recovery Act differs from title III of Public 428 in the following particulars:

(1) It does not provide that the head of department or independent establishment concerned may determine such purchase to be inconsistent with the public interest.

(2) While the proposed act includes the words "if available at a reasonable cost", it does not provide for the determination of that fact by the head of the department or independent establishment nor does it provide who shall determine that question.

(3) The proposed act limits the purchases to manufactured articles only while the act of March 3, 1933, covers not only articles manufactured in the United States but also such unmanufactured articles, materials, and supplies as have been mined or produced in the United States.

(4) The proposed act does not provide that if articles, materials, or supplies of the class or kind to be used, or articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality that articles of foreign origin may then be procured.

In other words, the proposed section would change completely the provisions of title III of the act of March 3, 1933, which has been in effect in all Government establishments since that date.

The proposed section in H.R. 5755 would be very difficult, if not entirely impracticable, of administration. This statement is based upon the efforts now being made to carry out the more liberal provisions of title III of the act of March 3, 1933. Manufactured articles are complex in their nature, and the task of determining in each purchase the origin of all the components that may enter into an article will present great difficulties to the purchasing agencies and also to the commercial concerns who are attempting to transact business with the Federal departments. Ordinarily, merchants do not know the genealogy of the goods being sold by them. Even manufacturers must go back through one or more steps in the chain of supply to determine the real origin of the materials entering into the product produced by themselves.

In consequence, the proposed section, if enacted into law, will seriously impede the execution of all projects in which any Federal funds are involved. It is believed that the purpose of the industrial-recovery bill is to speed national economic improvement.

It is undisputed that in all construction projects there must be used a certain amount of foreign materials. This is inescapable because certain essential materials are not produced in the United States at all; or, if so, the domestic production is limited in quantity. For example, rubber, platinum, chromium, jute, tin, asbestos, mercury, tungsten, etc., must be used. It is true that the quantities involved may be small, but the proposed restriction makes no exceptions and rests the determination solely upon the question of cost. This can only be determined by inviting bids and comparing those submitted. Therefore, if the agencies of the Government must withold action upon every purchase until a determination can be made whether any bidder expects to use foreign materials, interminable investigations, delays, and disputes will result.

In short, the opinion of the War Department is that the proposed section of H.R. 5755, quoted above, would tend to defeat the purpose of the act.

A further difficulty that is anticipated in the administration of such a provision is the question as to who will determine the only qualifying condition, namely, "if available at a reasonable cost." The existing law provides that agencies of the executive departments are authorized to make determinations of questions that arise under the law. It is the view of the War Department that this duty should be reposed in the head of the department or independent establishment concerned in the transaction who is charged with and is responsible for the results. Otherwise the business of the Government will suffer because of delays in the possible reference to one official of the multitudinous cases that will arise under such a law. It is believed that the heads of the departments and establishments of the Government may be safely trusted to safeguard the interest of American business whenever the law gives them the necessary authority to do so.

Inasmuch as the various Government departments and establishments are now operating under title III of the act of March 3, 1933, and the intent of the proposed act is apparently to extend the restriction of such purchases to articles, materials, or supplies purchased for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, it is suggested that if such is the purpose of this section the expeditious and simple method of so doing would be to provide expressly that the pertinent provisions of title III of the act of March 3, 1933, shall extend and apply to all cases contemplated by the section here under consideration.

The War Department in submitting this letter desires only to bring the foregoing matters to the attention of Congress in order that these aspects of this law may be considered before final enactment.

Sincerely yours,

GEO. H. DERN, *Secretary of War.*

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona that the vote by which the committee amendment was adopted shall be reconsidered? The Chair hears none, and it is so ordered.

Mr. ASHURST. Mr. President, the Senate has been so patient and kind that I am not going to offend by speaking any longer more than to say that in my judgment the pres-

ent law is not efficacious. Unfortunately the department takes refuge behind the language of the present law, wherein it is provided "if it would unreasonably increase the cost." By their mere ipse dixit they say it would increase the cost and hence they buy foreign materials. I ask that the language be restored and that the committee amendment be rejected.

The PRESIDING OFFICER. The clerk will report the amendment of the committee.

The CHIEF CLERK. On page 28 the committee proposes to strike out lines 11 to 18, both inclusive, as follows:

(b) No articles, materials, or supplies shall be acquired for public use or for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, under this or other acts of Congress, unless such articles, materials, or supplies have been manufactured in the United States of articles, materials, or supplies mined or produced in the United States, if available at a reasonable cost.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. ASHURST. On that I respectfully ask the yeas and nays.

The yeas and nays were not ordered.

Mr. ASHURST. Mr. President, that forces me to do that which I very much regret to do. I am forced to speak at enormous length if I am not to have the yeas and nays.

Mr. HARRISON. I understood the yeas and nays were ordered.

The PRESIDING OFFICER. No; the Chair announced there was not a sufficient number seconding the demand.

Mr. HARRISON. I ask unanimous consent that the count be taken again on the demand for the yeas and nays.

The PRESIDING OFFICER. Is the demand for the yeas and nays seconded?

The yeas and nays were ordered.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Are we voting "yea" to retain the language?

The PRESIDING OFFICER. The question is on the committee amendment which strikes out the language on page 28 beginning in line 11. Those favoring striking it out will vote "yea" and those favoring its retention will vote "nay." The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMITH. Mr. President, there seems to be confusion in the Senate as to just what the yeas and nays signify.

The PRESIDING OFFICER. The Chair will restate the question.

The question is on the adoption of the committee amendment on page 28, striking out the language contained in the bill. Those in favor of striking it out will vote "yea." Those opposed will vote "nay."

Mr. ROBINSON of Indiana (when his name was called). In the absence of the junior Senator from Mississippi [Mr. STEPHENS], with whom I have a general pair, and not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. LEWIS. Mr. President, I desire the attention of the Senator from Rhode Island [Mr. HEBERT] to ask if my eminent friend desires to read out the list of missing fellow seamen from the second cabin. [Laughter.]

Mr. HEBERT. Mr. President, I am informed that we have no announcements to make regarding pairs this morning. I desire to announce, however, that the Senator from Delaware [Mr. HASTINGS] is detained from the Senate on official business.

Mr. LEWIS. I announce the absence of the Senator from Nebraska [Mr. THOMPSON], who is engaged at the White House on official business.

Mr. FESS. I desire to announce that the senior Senator from Oregon [Mr. MCNARY] is unavoidably detained from the Senate. Were he present he would vote "yea."

Mr. KENDRICK. I wish to announce the absence on official business of the Senator from Virginia [Mr. BYRD], the Senator from Wisconsin [Mr. DUFFY], the Senator from Florida [Mr. FLETCHER], and the Senator from Mississippi [Mr. STEPHENS].

The result was announced—yeas 48, nays 35, as follows:

YEAS—48

Bailey	Copeland	Kean	Pope
Bankhead	Costigan	Keyes	Reed
Barkley	Cutting	King	Robinson, Ark.
Black	Dieterich	La Follette	Sheppard
Bratton	Dill	Lewis	Smith
Bulkley	Fess	Logan	Thomas, Okla.
Bulow	George	Lonergan	Thomas, Utah
Byrnes	Goldsborough	McAdoo	Townsend
Carey	Gore	McKellar	Tydings
Clark	Hale	Metcalf	Wagner
Connally	Harrison	Murphy	Walcott
Coolidge	Hebert	Norris	Walsh

NAYS—35

Adams	Caraway	Long	Schall
Ashurst	Dale	McCarran	Shipstead
Austin	Davis	McGill	Steiwer
Bachman	Dickinson	Neely	Trammell
Barbour	Erickson	Nye	Vandenberg
Bone	Frazier	Overton	Van Nuys
Borah	Hatfield	Patterson	Wheeler
Brown	Johnson	Reynolds	White
Capper	Kendrick	Russell	

NOT VOTING—13

Byrd	Glass	McNary	Robinson, Ind.
Couzens	Hastings	Norbeck	Stephens
Duffy	Hayden	Pittman	Thompson
Fletcher			

So the amendment of the committee was agreed to.

Mr. HARRISON. Mr. President, last night, when the Senate adjourned, there was a road amendment pending. I should like to have us return to that matter, if the amendment may be stated.

The PRESIDING OFFICER. Without objection, the Senate will return to the consideration of the amendment referred to by the Senator from Mississippi, which will be stated.

The CHIEF CLERK. On page 23, line 16, after the word "States", it is proposed to strike out the comma and the words "three fourths."

Mr. AUSTIN obtained the floor.

The PRESIDING OFFICER. Let the Chair state the question.

The question is on agreeing to the committee amendment on page 23, line 16, to strike out the words "three fourths."

Mr. AUSTIN. Mr. President, I desire to say just a few words in support of the committee amendment.

For the purpose of the RECORD of the Senate on this subject, I should like to call attention to page 4365 of the RECORD of the House, which contains a table of States and columns representing the effect of the change in the allocation of these funds which would have occurred had the bill remained without the amendment proposed by the committee.

Mr. WALSH. Mr. President, will the Senator state again the page to which he refers?

Mr. AUSTIN. Page 4365 of the RECORD.

Mr. WALSH. I thank the Senator.

Mr. AUSTIN. From that table it is perfectly apparent that the distribution of assistance which is intended by this great measure will be largely curtailed if we do not assent to the committee amendment. Some 30 States of the Union will have their allotments reduced materially if we do not adopt the committee amendment, and 16 or 17 States of the Union will have their allotments greatly increased if we do not adopt the committee amendment.

What does this mean in terms of relief?—for this is principally a relief measure.

Of course, it needs no argument whatever to have everyone admit that in terms of development, in terms of highway construction, the committee amendment would achieve the objective of broadly spreading the development all over the country, and making not only a more equitable allocation of the development but a much better allocation of it from the point of view of the general welfare. This, however, is a relief measure; and let us consider where we are at this moment with relief before we pass upon this amendment.

The Wagner-La Follette-Costigan bill, carrying the huge sum of $500,000,000 for relief to be expressed in gifts or

grants to the several States, contains this provision—and I refer to section 4—as follows:

Out of the funds of the Reconstruction Finance Corporation made available by this act the Administrator is authorized to make grants to the several States—

I omit the balance of the paragraph in order to have brought forward prominently the ratio of participation of the several States in this fund.

I read from subsection (b) of section 4, as follows:

Of the amounts made available by this act, not to exceed $250,000,000 shall be granted to the several States applying therefor, in the following manner: Each State shall be entitled to receive grants equal to one third of the amount expended by such State, including the civil subdivisions thereof, out of public moneys from all sources for the purposes set forth in subsection (a).

Mr. President, I shall conclude shortly, but I wish to have in the RECORD these facts. The effect of that law is to make the rich State richer and the poor State poorer. Let us consider the case of a State like Vermont. It finds itself in this situation under that law, that it cannot participate on anywhere near an equitable or reasonable basis with the great States of this Nation, because it has practically nothing as a foundation for drawing funds from this huge sum of $500,000,000 today. Those great States are able to employ, as a measure of the amount of money they can draw out of that $500,000,000, all of that sum which they obtained from the Federal Government and expended in ways of relief heretofore. But a State like the State of Vermont, which did not ask for and did not receive one single cent from the Federal Government to aid it in supporting its poor, unfortunate people, has not any such measure.

Mr. WAGNER. Mr. President, the allocation to which the Senator refers applies to only $250,000,000. In the case of the Senator's State, they will still get whatever additional sum is needed, of which the community itself cannot carry the burden, out of the second $250,000,000, because the allocation of that is purely upon need. I do not think the Senator intends to be inaccurate, but the allocation to which he refers applies only to one half.

Mr. AUSTIN. I have read the language of the measure, and there can be no confusion whatever about it. The Senator from Vermont is talking about that $250,000,000, and that measure which the law lays down for it, and that is one half of the total, $500,000,000. I am referring to it for this purpose, namely, to show that if we carry on in the same manner, with the amendment pending now in the Senate, we are still further crowding the small States right off into a corner and bringing forward the great States, with their large centers of population, which have reached into the Treasury and which will now reach in again, to the great disadvantage of the small States, if we do not adopt the committee amendment.

Mr. President, it should be remembered that in a rural State like the State of Vermont this contribution to highway construction is practically the only way in which the Federal Government can aid the State in relief of unemployment. Therefore we say that this amendment of the committee should be adopted in the interest of a broad, fair distribution of this relief over the entire country, reaching out into the rural communities, and attracting out into rural life people who seek employment and who are now in congested areas. The whole theory of relief would be benefited by adopting the committee amendment. I therefore hope that it will prevail.

Mr. LEWIS. Mr. President, may I ask the Senator from Vermont what proposition is before the Senate at this time which opposes the committee amendment?

Mr. AUSTIN. At the time of considering the committee amendment yesterday, a debate started favoring the rejection of the committee amendment. Thereupon a request was made by the Senator from Pennsylvania [Mr. REED] that that matter be postponed until later because of its controversial character. It has now come up again for consideration, and I have made such statements as I have made in this matter because I hope the committee amendment will prevail.

Mr. COPELAND. Mr. President, I feel almost ashamed to rise in my place to speak against the committee amendment. I have been much impressed by what the Senator from Vermont has said. I know how sincere he is, and it is distressing to me to appear to be in the position of opposing him, particularly to urge something for a rich State like mine.

The figures to which our attention has been called by the Senator from Vermont, found on page 4365 of the RECORD, appear to indicate that, if the committee amendment were defeated, my State would profit to the extent of $5,200,000. With apparent selfishness I must point out why, from my standpoint, we should defeat the committee amendment, in spite of the eloquent appeal of the Senator from Vermont.

It so happens that the States enumerated in this table which would profit by the defeat of the amendment are the industrial States. Who can question but that unemployment and human distress are greater in the industrial States than elsewhere?

Mr. HAYDEN. I question that very, very seriously. I think that the distress in the industrial sections, such as in the centers of population, where there are great newspapers and other avenues of publicity, has been more exploited than elsewhere in the country. I think, in all sincerity, that in small communities, in backward places, where the distress of the people is not generally widely known, there is just as much misery and just as much human suffering, in proportion, as in the industrial centers.

Mr. COPELAND. What my friend from Arizona has said makes it all the more difficult for me. My ears, unfortunately, are so attuned that I can hear a baby's cry, no matter in what State or in what country that baby lives. I suffer myself because of the misery of which I hear.

There is no misery anywhere like the misery in the cities. I was born on a farm and brought up in the country. Perhaps on that account the human suffering in the great, teeming centers makes more appeal to me, because it is so shocking to my sensibilities and to my traditions. But I have often said that when the people in New York suffer it is not like the suffering on a farm, where there are vegetables to be had. If the Senator from South Dakota [Mr. NORBECK] were here, I would not dare trot out the old rooster any more! I have said that one can go out and get an old rooster and parboil him and have something to eat; but with us, when there is hunger, there is nothing to eat but the sidewalks of New York.

Mr. WAGNER. Mr. President, in normal times, of course, I would not think of even citing this comparison, but during this emergency I think we ought to consider somewhat the respective contributions toward the unemployed. I would like to read right here, while the Senator is discussing that question, some figures as to that.

In the State of Arizona the amount per capita received in the distribution of this $400,000,000 is $13.47. In New York it is $1.60. The amount per unemployed worker in the State of Arizona, in the distribution of the $400,000,000 under the Highway Act, would be $123, and in New York it would be $10. If we adopted the House provision Arizona would receive $100 per unemployed worker and New York would receive $12. I wanted to show this extreme disparity, which I do not think ought to exist during this emergency period.

Mr. COPELAND. Mr. President, I thank my colleague for his contribution.

Mr. VANDENBERG. Mr. President, I think there is another factor which we are entitled to emphasize under existing circumstances. It is to be remembered that a substantial portion of the revenue is to come from a gasoline tax, and such taxes come in overwhelming degree from the larger States, which are now struggling with their own problems, and have an existing difficulty to find revenues within themselves with which to meet their own problems.

For example, if the Senator will permit me, if the gasoline tax which is included in this particular bill were to be continued for 15 years, which is the amortizing period to

pay the entire cost of the particular road projects which we are discussing, the following would be the net result of the arithmetic.

The State of New York would pay $111,000,000 in return for $20,000,000 of road rewards, whereas the State of Arizona—and I cite that only because the Senator from Arizona has invited the parallel—would receive $5,800,000 in return for only $4,000,000 during the entire period. Which is to say, that the State of Arizona would make an actual cash profit, in respect to this transaction, whereas States like New York, Michigan, and Ohio would suffer a stupendous net loss, no matter what methods were used for the allocation.

I think that in normal times we are not entitled to make that plea, and I would not think of making it in normal times, but at a time when the larger States are having all in the world they can do to make both ends meet, I submit we are entitled to consider that factor.

Mr. COPELAND. Mr. President, I thank the Senator. I am sorry, if I may be permitted to say it again, that we have to talk of things which are sordid. But in my city we are paying for poor relief, a direct gift by the city, seven and a half million dollars per month. We are paying in New York City for the care of a million families about $90,000,000.

This is a serious thing, let me say, and, while the amount involved in the amendment, so far as my State is concerned, is small compared to our needs, yet, after all, the additional $5,000,000 to our receipts would mean much in promoting human relief and the preservation of self-respect.

It is not good for people to have to be given money; it is not good for people to be on the dole. Every American citizen is entitled to work at a decent wage. The good thing about road work, as I see it, is that about 90 cents out of every dollar is used to pay for labor.

I must not detain the Senate. I wish that my State, generous as it is, might be free from the need of any appeal whatever, and that I might be authorized by my State to say, "We will foot the whole bill." But we have the same troubles in the great State of New York that people have in other States. New York City is looked upon as a very wealthy city. As a matter of fact, the wealth is in the hands of a comparatively few men. The poverty and the human suffering in New York are as great as anywhere on earth.

This contribution and this difference in arrangement will make a difference of $5,000,000 to my State; it will mean that for 20 or 30 days human beings there can earn money and be preserved from the indignity of taking relief from charity. So my appeal is that the Senate be generous with us.

Let me remind the Senator from Arizona [Mr. HAYDEN], who is always eager to help his State and his section—and I honor him for it, and no man does his work here more intelligently or more diligently than does the Senator from Arizona—that in this bill we are providing $50,000,000 for trails and for forests, things which we cannot have in my section of the country. But if we shall be given this additional sum, and be permitted to share a little more generously in the distribution provided by the bill, it will mean relief of human suffering in a State where there is just as much human suffering as there is anywhere else in the Nation.

Mr. BRATTON. Mr. President, I hope the committee amendment will prevail. It is designed to conform the apportionment of this fund to the system which has prevailed with respect to the Federal highway program ever since it was initiated many years ago. It was thought then to be fair and equitable and just among the several States, and I see no reason for making a distinction between this situation and those which have preceded it. Why should we depart from the basis of allotment heretofore existing? Why should we invoke a new system? Why should we disrupt the uniformity of the system that has obtained for more than 15 years?

This provision in the measure, Mr. President, is simply to expand Federal-aid highway construction. The present system has been found to be satisfactory; it has been found to be equitable among the several States, having regard for their population, for their area, and for other factors taken into consideration.

Of course, Mr. President, unusual conditions beset us on every hand; indeed, an abnormal situation surrounds us all; but why should we depart from the well-settled and well-understood system which has obtained through the years? If we disrupt that now, on the next occasion some other departure will be suggested. Mr. President, we may well adhere to the system already tried and found satisfactory.

It has been urged that some 18 States will lose under this new basis of apportionment and that about 30 States will gain. Mr. President, I hope I should be the last one in this body who would say anything intended to array one State against another or to array one group of States against another group; each one of us should refrain from doing that. The system, founded about 20 years ago, has been operated since that time upon a basis of apportionment which has worked satisfactorily; it has proven to be equitable. I cannot see why present circumstances should move the Congress to depart from that system and that plan of apportioning funds for the construction of Federal-aid highways.

The committee amendments are intended to conform the apportionment of this fund to that heretofore existing.

Mr. WAGNER. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from New York?

Mr. BRATTON. I yield.

Mr. WAGNER. The Senator appreciates that, of course, I have always voted in favor of highway appropriations, to be allocated according to the present law?

Mr. BRATTON. Yes.

Mr. WAGNER. Under normal circumstances, of course, it is a very fair apportionment, but in this emergency we are not in a normal situation; we ought to consider the general unemployment situation and the places where unemployment is most intense. Under ordinary circumstances, I would not make this comparison, but I think we ought to consider it in deciding upon this amendment. On the basis of a one-fourth apportionment according to population, the State of New Mexico would get for each unemployed worker $155.13, while the State of New York, even according to the one-fourth apportionment according to population, would get but $12 per unemployed worker. So we are only seeking a very slight increase of what our apportionment would be according to law. It seems to me that the Senator ought to consider that point, and I want to arouse his generous impulses to the extent of helping our populated centers by this slight increase in aid.

Mr. LA FOLLETTE. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Wisconsin?

Mr. BRATTON. I yield.

Mr. LA FOLLETTE. Of course, it is not possible to build up on the table referred to by the Senator from New York, but I venture the assertion that if it were—in other words, if a table showing the entire distribution of the $3,300,000,000 could be formulated at this time, no such discrepancy in the distribution according to the unemployed worker would be shown in that table, for this reason: Under this bill a large part of the money available under the program will no doubt be allocated to cities, counties, and States for carrying on public-works projects other than roads. Therefore they will no doubt get the major portion of that part of the program. On the other hand, the less populous communities, with fewer municipalities, fewer public works other than roads to be built, will have to rely for their unemployment relief chiefly upon the distribution of the money for road work.

Certainly no one in this body will question my interest in unemployment relief and in putting people back to work; and I think I am perfectly justified in saying that upon the basis of this bill, unless the committee amendment shall be

sustained, those communities which are not able to qualify or to furnish projects other than roads will suffer great hardship. Therefore I believe the contention of the Senator from New Mexico is absolutely correct.

Mr. BRATTON. Mr. President, I welcome the observations of the Senator from Wisconsin. No one in this body has given more earnest or prolonged consideration to the subject of unemployment relief than has the Senator from Wisconsin; indeed, few of us have devoted ourselves to that problem, even in a comparable sense, to the manner in which he has labored with it.

Let me say to my friend from New York preliminarily that I recall how he has supported the Federal-aid highway appropriation from year to year. That, Mr. President, was characteristic of the Senator from New York; but let me say to him that if every dime of the $3,300,000,000 of Federal-aid highway money provided in this measure were expended in the 30 States that will gain, and not a dime of it were expended in the 18 States that will lose, I assert with every ounce of sincerity at my command that the 18 States would still benefit more than would the 30 States which would gain if the committee amendment should prevail, because highway construction is the major benefit under this measure to the sparsely populated States of the Southwest, and the Middle West, and the Northwest. That is not true of the industrial centers. They will benefit otherwise under this bill; they will get their share, and perhaps more than their share, under the proposed legislation, and I do not begrudge them any part of it.

What I do insist upon is that we adhere to the system heretofore obtaining with respect to the allotment of Federal-aid money, because even then the 30 States that will gain under the table to which reference has been made will not share disproportionately to the 18 States which will lose. The latter States will enjoy their share, and perhaps more, under other provisions of the proposed legislation.

So let us not array one group of States against another; let us not discuss this question from a selfish standpoint. If we have our share under this provision and other States enjoy theirs and more under the other provisions, let us all cooperate in the hope that all will enjoy the fullest measure of benefit possible under the legislation as a whole.

Mr. COPELAND. Mr. President——

Mr. BRATTON. I yield to the Senator from New York.

Mr. COPELAND. The Senator was always a just judge, and he will be a just judge to the end of his days.

Mr. BRATTON. I thank the Senator more than can be expressed in words.

Mr. COPELAND. My deep regret is that he is leaving the Senate. The Senator from New Mexico has honored this body; he has won the affections of his fellow Senators, and he has shown always by his fairness and justice and generosity how kind a man he is.

Now, let me ask the Senator, Would he be willing to compromise this matter and have one half of the sum set aside in accordance with the provisions of the Federal Highway Act and the other half in the ratio of population?

Mr. BRATTON. Mr. President, before answering the Senator's question, let me say that words would be empty and fruitless if I undertook to employ them to express my appreciation for his encomiums of me, and I return with compound interest the affection he has expressed. Let me say to him that I believe, if the committee amendment shall be adopted and the system heretofore existing shall continue, his State will enjoy its full share, and probably more; and I am happy in the thought that it will be so, because I know, Mr. President, that the Senator's State has suffered tremendously during the crisis through which we have been passing. The Senator from New York has told us from time to time of the distress and the suffering and sacrifice of the people of his State. We all join him in a deep feeling of keen interest in the matter. But, Mr. President, even with the committee amendment sustained by the Senate, the State of New York, so ably represented by both Senators from that State, will enjoy its full share of the benefits. I hope the amendments of the committee may prevail.

Mr. WALSH. Mr. President, the case in favor of the House provision is admirably stated in letters sent to members of the Finance Committee by A. W. Brandt, State highway commissioner of New York State. May I read it? It is as follows:

MAY 29, 1933.

Hon. PAT HARRISON,
United States Senate.

MY DEAR SENATOR HARRISON: The House when it passed the public works bill provided that the $400,000,000 authorized under section 204 should be allocated to the States, three fourths on the basis of the Federal Highway Act and one fourth on the basis of population. This method of allocation was endorsed by a subcommittee representing the executive committee of the American Association of State Highway Officials. It was accepted by the President and included in the bill transmitted to Congress. Copies of this bill were sent to all State highway officials, and not one protest against the method of allocation has been received.

The American Association of State Highway Officials realizes that this is not in the strict sense of the word a public works bill, but is an emergency relief measure, and that more consideration than the Federal Highway Act provides should be given to the unemployed in each State.

I am attaching hereto several copies of a tabulation showing the amount per capita by States that this $400,000,000 provides as well as the amount per gainful worker and the amount per unemployed worker under the provisions of the Federal Highway Act. You will notice that the State of Massachusetts—

The writer uses the State of Massachusetts for illustration, though as a matter of fact he appears to be the State highway commissioner of New York State—

You will notice that the State of Massachusetts receives $7.69 for each unemployed worker under the provisions of the Federal Highway Act, while the State of Nevada receives $362.24 for each unemployed worker, nearly 50 times as much. Certainly there is nothing equitable in the way of relief in any such allocation as that. The fourth column of this tabulation shows the amount that each unemployed worker receives on the basis of three fourths of the money allocation under the Federal Highway Act and one fourth on the basis of population. That is by no means an equitable distribution; that is, the State of Massachusetts will only receive $10.42 per unemployed worker, while the State of Nevada receives $276.80 per unemployed worker.

As a member of the committee representing the State highway officials I urge that your committee oppose any effort to change the allocation in the bill as passed by the House. I am sure by looking over this tabulation the members of your committee will agree that the sparsely settled States are being treated more than fairly, and that if there is any just grievance it is in the States which are densely populated, where the intensity of unemployment is the greatest.

I am also attaching hereto a chart showing the intensity of unemployment in each State.

Very truly yours,

A. W. BRANDT,
For the Committee Representing American Association of State Highway Officials.

Mr. President, the table which I will annex to my remarks shows but little shifting in benefits to any State. To be sure, the sparsely settled States with large areas lose some of the allotment they receive under the Senate committee amendment, but the more populous States, where unemployment is greater, receive a small increase by virtue of the House text.

Let me present some of these figures. Alabama receives $59.63 per unemployed worker under the provision of the Senate committee amendment, while under the provision of the House text Alabama would receive $59.81. California, under the provisions of the Senate committee amendment, would receive $17.20, against $16.42 per unemployed worker under the House text; Connecticut, $14.16, as against $11.29. If I cared to take the time of the Senate to make further comparisons between the two provisions and the amount that each State would receive per unemployed person, I would be able to show a very small reduction in the large amounts allotted to the sparsely settled States and only a small increase to the populous States because of the very large number of unemployed people in those States. Certainly no harm will be done to the smaller States by retaining the House provision and rejecting the Senate committee amendment.

I ask permission to insert in the RECORD at this point the table referred to in the letter which I have just read.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

State	Apportionment of $400,000,000 on the basis of sec. 21 of the Federal Highway Act			Amount per unemployed worker; apportionment on basis of three quarters, sec. 21, Federal Highway Act, and one quarter on population
	Amount per capita	Amount per gainful worker	Amount per unemployed worker	
Alabama	$3.22	$8.31	$59.63	$59.81
Arizona	13.47	35.51	123.82	100.36
Arkansas	3.78	10.49	78.61	75.92
California	2.74	6.22	16.42	17.20
Colorado	7.27	18.69	49.02	42.26
Connecticut	1.62	3.83	11.29	14.16
Delaware	8.39	20.39	107.53	91.09
Florida	3.69	9.04	27.26	26.47
Georgia	3.58	8.96	51.95	50.80
Idaho	11.28	30.95	134.58	110.66
Illinois	2.22	5.33	12.96	14.47
Indiana	3.15	8.15	26.18	26.41
Iowa	4.28	11.58	69.32	65.20
Kansas	5.79	15.68	82.26	73.29
Kentucky	2.89	8.32	38.67	39.92
Louisiana	2.77	7.13	28.71	29.98
Maine	4.46	11.53	36.37	33.92
Maryland	2.08	5.05	22.63	25.83
Massachusetts	1.35	3.15	7.69	10.42
Michigan	2.60	6.54	13.78	14.66
Minnesota	4.38	11.31	39.78	37.24
Mississippi	3.58	8.52	91.61	89.55
Missouri	3.45	8.58	31.38	30.96
Montana	15.66	38.88	119.90	96.17
Nebraska	6.16	16.73	85.60	75.53
Nevada	57.68	122.44	362.24	276.80
New Hampshire	4.30	10.38	33.17	31.17
New Jersey	1.37	3.23	8.58	11.56
New Mexico	15.48	45.85	193.26	155.13
New York	1.60	3.66	10.06	12.66
North Carolina	3.04	8.44	46.67	47.53
North Dakota	9.46	26.83	160.76	134.41
Ohio	2.25	5.72	15.09	16.79
Oklahoma	4.02	11.63	44.93	42.82
Oregon	7.00	16.29	43.27	37.56
Pennsylvania	1.82	4.72	12.65	15.15
Rhode Island	2.91	6.73	12.54	12.92
South Carolina	3.20	8.08	57.10	57.39
South Dakota	9.64	26.98	284.34	237.29
Tennessee	3.32	9.06	60.10	59.83
Texas	4.39	11.58	52.94	49.54
Utah	9.16	27.36	89.61	75.19
Vermont	5.56	14.16	51.02	45.74
Virginia	3.11	8.54	43.72	44.27
Washington	4.09	9.63	28.51	27.06
West Virginia	2.55	7.74	29.86	31.93
Wisconsin	3.39	8.83	32.95	32.63
Wyoming	22.78	55.55	203.10	159.60
Hawaii	5.43	(1)	(1)	(1)
Average	3.26	8.23	26.84	26.84

[1] Data not available.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Michigan?

Mr. WALSH. I yield.

Mr. VANDENBERG. While no one would wish in such a connection of course to make any invidious comparison, yet as a matter of truthful analogy and logic, when we find a situation which gives $362 for unemployed workers of the State of Nevada, we find a situation which at least in terms of Michigan mathematics would provide a sufficient fund to take care of all of the unemployment of the State. If we could have $362 for each unemployed worker, our entire unemployment problem would be answered without any collateral assistance whatever.

Mr. WALSH. The Federal Government would take care of everything?

Mr. VANDENBERG. Precisely. The Federal Government would take care of everything under such an allotment. Our contemplation, on the other hand, in an industrial State which is overwhelmed with a major crisis in unemployment, is that we receive but $13.78 per unemployed worker, and the net result is that the contribution, while welcome, is scarcely significant in helping us to meet the problem.

Mr. WALSH. By retaining the House text, which I fear we are not going to succeed in doing, the Senator's State would get an advance from $13.78 to $14.66 to help it handle its great unemployment problem.

Mr. VANDENBERG. Yes.

Mr. WALSH. I have been impressed with the argument made by the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from New Mexico [Mr. BRATTON] that under other provisions of the bill it may be possible for municipalities who undertake projects of a public character to receive, through the provision granting aid from the Federal Government, 30 percent of the cost of labor and materials as a benefit that the rural States or less sparsely settled States will not be in a position to obtain.

Mr. President, I make bold to say, and I fear I am alone in this position, at least publicly alone, that I personally think we have gone into the business of building highways throughout this country to too great an extent. I think in some States we have reached the stage of waste and extravagance and luxury. The magnificent boulevards that have recently been constructed, 4-lane boulevards running in different directions across several States, have cost a tremendous sum of money. To be sure, they were undertaken in the days of prosperity, but they have put a blanket of debt upon the cities and towns, that are now prostrate financially because of their inability to collect taxes to meet the expenses of their governments.

In my judgment the time has come to halt and to go carefully forward in the matter of spending money further for additional public highways. The Federal Government will soon be appropriating funds for maintenance. I concede that great benefits have resulted from building many of these highways. There was great need for highway purposes. It has been of inestimable value. But when and in what year are we going to reach the point when we have met all the necessary requirements and entered into the domain of waste and extravagance? Certainly in some Commonwealth we have reached that point, and that is not through Federal aid but through the States' large appropriations to that end.

Through private conversations I have had with Senators here it has been indicated to me that their States, if not already, are rapidly reaching the point where there is not the need for continuing the large appropriations we have been making for highway purposes. In my judgment a good deal of this money will be spent in the building of highways that it is not necessary to build and that will lay upon the Federal Government or the State government a very large burden for maintenance for many years to come. Certainly the point of building highways ought to be related to and thought out and worked out in conjunction with the cost of maintaining the highways.

Mr. President, I hope that the purpose of the bill, which is to relieve unemployment, will not be lost sight of in the vote upon the amendment and that the House provision will be retained.

WILLIE MAYES SHUEY

Mr. GLASS. Mr. President, may I submit a unanimous-consent request that I hope will not involve any discussion? If it does, I shall withdraw it.

The PRESIDING OFFICER. The Senator may.

Mr. GLASS. I ask unanimous consent that the Senate consider at this time a resolution (S.Res. 93), which I submitted day before yesterday and which is on the desk.

Let me make a preliminary statement of a few words.

I happened not to be present in the Senate when there was an announcement of the death of Mr. Theodore F. Shuey, who for 65 years had been a reporter of Senate debates. He came from my State, and his body is buried there. I have now submitted a resolution asking that the Senate vote his widow 1 year's salary.

It is a most extraordinary case—a man engaged for 65 years reporting the debates of the United States Senate, whose services were of inestimable value to Senators personally, and who, in the course of his service, corrected enough grammatical errors in the speeches of various Senators to justify this contribution to his widow.

I ask unanimous consent for the consideration of the resolution at this time.

The PRESIDING OFFICER. Let the Chair state to the Senator from Virginia that the resolution went automatically to the Committee to Audit and Control the Contingent Expenses of the Senate, so the Senator should modify his request and move that the committee be discharged from the further consideration of the resolution.

Mr. GLASS. I modify my request in accordance with the statement of the Chair.

Mr. McNARY. Mr. President, the practice has been to refer these matters to the Committee to Audit and Control the Contingent Expenses of the Senate after reference has been made to the standing committee having jurisdiction of the subject matter. Has this resolution taken the prescribed course?

Mr. GLASS. It has not, Mr. President, perhaps owing to my ignorance of the customary procedure.

The PRESIDING OFFICER. If the Senator will permit the Chair to make a statement, the Chair is advised that these resolutions go nowhere except to the Committee to Audit and Control the Contingent Expenses of the Senate. They do not go to any regular standing committee. This resolution is now before the Committee to Audit and Control the Contingent Expenses of the Senate, and the Senator from Virginia has asked unanimous consent that that committee be discharged from its further consideration.

Mr. GLASS. It is a rather insignificant sum; and I may say that the successor of Mr. Shuey, I am informed, is not drawing any salary at present. The reporters are making contribution accordingly.

The PRESIDING OFFICER. Let the Chair state that he is advised by the authorities here that the widow of an employee of the Senate who has served over 25 years' time is customarily entitled to a year's salary.

Mr. McNARY. Mr. President, I was about to say that I thought it probably would not be necessary to discharge the Committee to Audit and Control the Contingent Expenses of the Senate, leaving it as if they had refused to act on the matter.

Mr. GLASS. No; I do not want to leave any such inference. Very likely I should have asked to have the resolution sent there, instead of asking to have it lie on the desk.

Mr. McNARY. I understand that the committee did not act unfavorably on the matter.

Mr. GLASS. No; they did not.

Mr. McNARY. I have no objection to the present consideration of the resolution.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from New York?

Mr. GLASS. Certainly.

Mr. COPELAND. I was away from the Senate at the time Mr. Shuey died. I am glad of this opportunity to speak of my deep affection for him. I may say to the Senator from Virginia that if this little gift to the widow is to make up for correcting the mistakes of Senators, I think I should pay the whole amount myself.

It is a notable thing that a man should serve 65 years in a legislative body or elsewhere and never miss a day. It is a very remarkable service. Because of Mr. Shuey's lovable qualities, as well as the perfection of his work, I think we may well turn aside for a moment to adopt this resolution.

I agree with the Senator from Oregon that it is fully in accord with our custom to pay a year's salary under these conditions. It has been done a number of times where employees have served a long time. I am very happy, indeed, to join in the request of the Senator from Virginia.

Mr. WALSH. Mr. President, I should like to add that I think the Senator from Virginia has expressed the sentiments of every Senator upon this floor; and I am sure every Senator envies him the honor and the privilege of taking the course he has taken to reward the dependents of a faithful public servant.

Mr. FESS. Mr. President, will the Senator from Virginia yield?

Mr. GLASS. I yield.

Mr. FESS. The Chairman of the Committee to Audit and Control the Contingent Expenses of the Senate has just entered the Chamber, and I think he will be glad to ask unanimous consent to have the committee discharged.

Mr. BYRNES. Mr. President, I have no objection to the discharge of the committee. In fact, I will join in asking unanimous consent for the present consideration of the resolution of the Senator from Virginia.

The PRESIDING OFFICER. Without objection, the Committee to Audit and Control the Contingent Expenses of the Senate will be discharged from the further consideration of the resolution, which will be read.

The Chief Clerk read Senate Resolution 98, submitted by Mr. GLASS on the 7th instant, and it was considered by unanimous consent and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for expenses of inquiries and investigations, contingent fund of the Senate, fiscal year 1932, to Willie Mayes Shuey, widow of Theodore F. Shuey, late an Official Reporter of the Senate, a sum equal to 1 year's compensation at the rate he was receiving at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 23, line 16.

Several Senators called for the yeas and nays.

The yeas and nays were ordered.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Hayden	Reed
Ashurst	Copeland	Hebert	Robinson, Ark.
Austin	Costigan	Johnson	Robinson, Ind.
Bachman	Cutting	Kean	Russell
Bailey	Dale	Kendrick	Schall
Bankhead	Davis	Keyes	Sheppard
Barbour	Dickinson	King	Shipstead
Barkley	Dieterich	La Follette	Smith
Black	Dill	Logan	Steiwer
Bone	Duffy	Lonergan	Stephens
Borah	Erickson	McCarran	Thomas, Okla.
Bratton	Fess	McGill	Thomas, Utah
Brown	Fletcher	McKellar	Thompson
Bulkley	Frazier	McNary	Townsend
Bulow	George	Metcalf	Trammell
Byrd	Glass	Murphy	Tydings
Byrnes	Goldsborough	Neely	Vandenberg
Capper	Gore	Norris	Wagner
Caraway	Hale	Nye	Walcott
Carey	Harrison	Overton	Walsh
Clark	Hastings	Patterson	Wheeler
Connally	Hatfield	Pope	White

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Eighty-eight Senators having answered to their names, a quorum is present. The question is upon the committee amendment on page 23, line 16, upon which the yeas and nays have been ordered.

Mr. BRATTON. Mr. President, may we not vote upon the two amendments together? They relate to the same matter.

Mr. HARRISON. I ask unanimous consent that we vote on the two together.

The PRESIDING OFFICER. Is there objection? If not, it is so ordered. The amendments will be stated.

The CHIEF CLERK. The pending amendment is on page 23, line 16, to strike out the comma after the word "States" and the words "three fourths"; and the next amendment is, on line 19, after the word "supplemented", to insert "(which act is hereby further amended for the purposes of this title to include the District of Columbia)"; and then to strike out lines 21, 22, and 23 down to and including the word "census" and the comma.

The PRESIDING OFFICER. The question is on agreeing to the two amendments which have just been stated.

The clerk will call the roll.

The Chief Clerk called the roll.

Mr. DALE (after having voted in the affirmative). Mr. President, I have a general pair with the junior Senator from California [Mr. McADOO], and was informed that if present he would have voted as I have voted. However, there seems to be some little misunderstanding as to how the Senator from California would vote on this question, and therefore I withdraw my vote.

Mr. KENDRICK. Mr. President, I desire to announce that the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LEWIS], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Indiana [Mr. VAN NUYS] are absent in attendance on a committee meeting.

I also wish to announce that the Senator from Louisiana [Mr. LONG] and the Senator from Nevada [Mr. PITTMAN] are absent on official business.

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from California [Mr. McADOO] is necessarily detained from the Senate.

The result was announced—yeas 66, nays 20, as follows:

YEAS—66

Adams	Carey	Hayden	Robinson, Ind.
Ashurst	Clark	Kendrick	Russell
Austin	Connally	Keyes	Schall
Bachman	Costigan	King	Sheppard
Bailey	Cutting	La Follette	Shipstead
Bankhead	Dickinson	Logan	Smith
Barkley	Dieterich	McCarran	Steiwer
Black	Dill	McGill	Stephens
Bone	Duffy	McKellar	Thomas, Okla.
Borah	Erickson	McNary	Thomas, Utah
Bratton	Fletcher	Murphy	Thompson
Brown	Frazier	Norris	Townsend
Bulow	George	Nye	Trammell
Byrd	Gore	Overton	Wheeler
Byrnes	Hale	Patterson	White
Capper	Harrison	Pope	
Caraway	Hastings	Robinson, Ark.	

NAYS—20

Barbour	Fess	Kean	Tydings
Bulkley	Goldsborough	Lonergan	Vandenberg
Coolidge	Hatfield	Metcalf	Wagner
Copeland	Hebert	Neely	Walcott
Davis	Johnson	Reed	Walsh

NOT VOTING—10

Couzens	Lewis	Norbeck	Reynolds
Dale	Long	Pittman	Van Nuys
Glass	McAdoo		

So the committee amendments were agreed to.

Mr. DILL. Mr. President, on last evening I was on my feet to propose an amendment on page 26, line 16. I want now to ask unanimous consent to return to that amendment and to modify it so that my amendment will be to add, after the word "construction", the words "repair and improvement."

Mr. HARRISON. I do not think there is any objection to the amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 26, line 16, after the word "construction", to insert the words "repair and improvement."

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, on the same page, in line 17, after the first comma, I move to insert the words "the Canal Zone."

Mr. HARRISON. There is no objection to that amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. On page 26, line 17, after the word "Alaska" and the comma, to insert the words "the Canal Zone."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. BLACK. Mr. President, I send an amendment to the desk, which I desire to offer.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. It is proposed to insert before the period and after the word "appropriations" in line 4, page 24, the following words: "and unobligated balances of previous appropriations made for Federal-aid projects destroyed or injured by storm and flood."

The PRESIDING OFFICER. The amendment of the Senator from Alabama is not in order at this time, because it is an amendment to the original text, and not a committee amendment.

Mr. BLACK. I understood we were taking up amendments to the original text.

The PRESIDING OFFICER. The Senate is still considering committee amendments.

Mr. HARRISON. Mr. President, have we not finished with the committee amendments?

The PRESIDING OFFICER. No. The clerk will state the next amendment.

The CHIEF CLERK. The next amendment of the committee is to strike out pages 30, 31, 32, 33, and down to line 16 on page 34.

Mr. HARRISON. I ask unanimous consent that before we go to the taxation part of the bill we finish up with individual amendments to the public-construction title.

Mr. SMITH. Mr. President, does the Senator from Mississippi mean that when we finish with the consideration of committee amendments in title II, individual amendments may be offered before we go to the next title?

Mr. HARRISON. Yes; Senators may offer individual amendments now to title II before we go to the taxation features of the bill.

Mr. SMITH. I have some amendments which are necessary to go into the bill in order to aid the Department of Agriculture to discharge certain function, and I should like to have the Senator indicate to me when the time comes that it would be appropriate to offer them.

Mr. HARRISON. I know what the Senator has in mind, and I do not think there will be any objection to those amendments being offered after we finish with the other amendments in the bill.

Mr. SMITH. I do not want to interfere with the progress on the bill, but I want to have an opportunity to offer these amendments.

Mr. HARRISON. I understand that; but I do think it would be better if we should finish now the public-construction part of the bill, by individual amendments being offered, if the Senate committee amendments are out of the way.

Mr. REED. Of course, the taxation features are part of title II.

Mr. HARRISON. Yes.

Mr. REED. The Senator does not mean to permit individual amendments to them?

Mr. HARRISON. Not until we finish with the others.

Mr. BLACK. Mr. President, I have sent forward an amendment which has already been read and which can be disposed of in just a moment. The chairman of the committee says he has no objection to it.

The PRESIDING OFFICER. The Senator from Mississippi [Mr. HARRISON] has made a request for unanimous

consent. Is there objection? The Chair hears none, and it is so ordered.

The clerk will state the amendment offered by the Senator from Alabama.

The CHIEF CLERK. It is proposed to strike out the period on line 4, page 24, and to add the following words: "and unobligated balances of previous appropriations made for Federal-aid projects destroyed or injured by storm and flood."

Mr. HARRISON. I have no objection to that amendment going to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. TRAMMELL. I send to the desk an amendment which I desire to propose.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 19, in line 13, after the word "plants"——

The PRESIDING OFFICER. The Chair will state that the committee amendment at that point has been agreed to. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered.

Mr. MCNARY. Mr. President, may we not have the amendment read before other action is taken?

The PRESIDING OFFICER. The amendment will be read.

The CHIEF CLERK. On page 19, after the amendment heretofore agreed to, in line 3, it is proposed to insert after the word "plants" the following:

For the construction of drydocks and graving docks and accessories thereto.

Mr. TRAMMELL. Mr. President, I will say that this amendment is offered——

Mr. HARRISON. Mr. President, I have no objection to this matter going to conference, I will say, unless some other Senator has objection.

Mr. FLETCHER. I hope the Senator will allow it to take that course.

The PRESIDING OFFICER. Without objection, the vote whereby the amendment of the committee was agreed to will be considered, and, without objection, the amendment proposed by the Senator from Florida to the amendment will be agreed to, and the amendment, as amended, will be agreed to.

Mr. MCKELLAR. Mr. President, I ask the clerk to read the amendment, which I send to the desk, to come in on page 18, line 10, after the word "buildings."

The CHIEF CLERK. On page 18, line 10, after the word "buildings" it is proposed to insert:

(including the remodeling of buildings hereby authorized to be purchased for Federal purposes).

Mr. HARRISON. Mr. President, I think that amendment carries out the intention of the proposed act. I have no objection to it, and I shall not make objection to it.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. MCKELLAR. I offer a further amendment along the same lines to come in on page 21, line 22, after the word "apply."

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 21 line 22, after the word "apply" and before the period, it is proposed to insert:

Except that the Postmaster General may in cases deemed in the public interest acquire sites and buildings requiring but little remodeling for postal purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. MCCARRAN. Mr. President, we could not hear the amendment over here.

The PRESIDING OFFICER. The amendment will again be stated.

The amendment was again stated.

Mr. WAGNER. Mr. President, I understand the amendment includes the authority to purchase buildings as well as the sites upon which the Federal Government is to construct buildings. I have no objection to letting it go to conference, but I think it is very questionable whether that authority ought to be conferred.

Mr. MCKELLAR. I hope the Senator will let it go to conference.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. AUSTIN. Mr. President, I should like to inquire of the Senator from Tennessee or the Senator from New York while we are on this subject, is it the intention by the general description contained in section 202, on page 18, to include such projects as are referred to in the amendment offered by the Senator from Tennessee, that is, such projects as have been heretofore included in Document No. 788?

Mr. MCKELLAR. The only addition is the remodeling of such buildings. The buildings to which the Senator refers are already included in section 202.

Mr. WALSH. Mr. President, I should like to inquire of the Senator from Tennessee or the Senator from Mississippi is there any precedent for legal authority being given to the head of any department to purchase property for the purpose of remodeling it for post-office purposes?

Mr. MCKELLAR. I do not know whether there is any precedent or not, but there is very little precedent for anything in this bill, for that matter.

Mr. WALSH. But this bill contemplates the building of post offices for the purpose of providing employment and not merely for the purpose of purchasing or owning post offices. It would make it possible to buy property everywhere where post offices already exist and for which rent is now being paid. The theory upon which this bill is founded is that people will be put to work and that materials will be purchased and that new buildings will be erected and industry benefit thereby. Now, however, it is proposed to go into the business of buying for post-office purposes second-hand business blocks. Who can possibly conceive the pressure that will be brought to bear upon department heads to sell property that has been thrown on the market to the Federal Government for post-office sites and for remodeling into post offices? It seems to me it is an extreme proposal for the Federal Government to go into the real-estate business to the extent of remodeling existing buildings.

Mr. REED. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. REED. I should like to ask the Senator from New York whether he approves this amendment?

Mr. WAGNER. I do not. I just made a statement to that affect.

Mr. HARRISON. Mr. President, there are some of these amendments that we can accept in order to go along, but I hope the Senator from Tennessee will not press his amendment.

Mr. MCKELLAR. Mr. President, this amendment was suggested by the Post Office Department. I am sorry to hear the Senator from Massachusetts say that it is "an outrageous proposal." I do not think it is outrageous at all. I think the attitude of the Department indicates that that is not so. I hope the Senator from Mississippi will take the amendment to conference and iron it out.

Mr. HARRISON. The first amendment has been agreed to.

Mr. MCKELLAR. Both have been agreed to, and it is just a question now of talking about them. The Senate has agreed to both of them, and the RECORD will so show. I hope the Senator will take them to conference, and if they are not right, I know the conferees will straighten them out.

Mr. HARRISON. I hope the Senator will withdraw the amendment. I will ask the ruling of the Chair. Has the amendment of the Senator from Tennessee been agreed to?

Mr. AUSTIN. Mr. President, I do not think my inquiry was answered. I should like to ask the Senators in charge of the bill the following question: Do they interpret section 202 to include within the description of projects therein mentioned in general terms such projects as are covered by Public Document No. 783 relating to the public-building pro-

gram outside the District of Columbia proposed under the $415,000,000 authorization contained in acts approved May 25, 1926, February 24, 1928, March 31, 1930, and February 16, 1931? Are such projects comprehended by the general terms of section 202?

Mr. WAGNER. All projects are. This simply refers to a provision in the Emergency Relief and Construction Act of 1932 by which we made it possible to acquire sites at once so that the usual condemnation proceedings could be avoided, such proceedings sometimes covering a period of 5 or 6 months or more. In order to save that money we authorize the Government to acquire the property at once, and then have a proceeding, if that shall be desired, in condemnation to ascertain the value of the property.

Mr. AUSTIN. Mr. President, the Senator does not understand my question; probably it was so confused that it could not be understood by anyone. I am not talking about condemnation proceedings or the acquisition of property; I am talking about the provision of section 202 relating to a comprehensive program of public works; and all I want to know is whether the authors and proponents of this bill interpret that section to include such projects as are described specifically in document numbered 788 to which I have called attention.

Mr. WAGNER. Does the Senator mean whether or not money appropriated under this act may be used for the construction of the buildings to which he refers?

Mr. AUSTIN. Yes.

Mr. WAGNER. Yes; it may be.

Mr. AUSTIN. That is all I desire to know.

Mr. REED. Mr. President, I move to reconsider the vote by which the last amendment of the Senator from Tennessee was adopted. I do not believe that most of the Members of the Senate heard the question put; most of us were unconscious of the fact that the amendment was being declared adopted. The amendment, in effect, proposes that with these unemployment-relief funds we shall go out and buy real estate. That may relieve a little unemployment on the part of influential persons who can persuade the Postmaster General to buy their real estate, but the mass of the people will get no benefit from it, and such an amendment has no business in this bill.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WAGNER. I wonder whether I am clear about it that there is no power existing now under any statute to acquire pieces of property in that way.

Mr. REED. Only in cases where Congress has specifically legislated to authorize it; and I am very happy to learn that the Senator from New York, who has given close study to this unemployment-relief bill, is not in sympathy with the amendment.

Mr. WAGNER. On the contrary, I hope that the amendment may be withdrawn.

Mr. HARRISON. Mr. President, I ask unanimous consent that the vote by which this amendment was adopted may be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote is reconsidered. The question now is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was rejected.

Mr. WHEELER. Mr. President, on page 27, I move to strike out, on line 9, beginning with subdivision (A), the words:

> To citizens of the United States who are bona-fide residents of the political subdivision and/or county in which the work is to be performed.

The reason for that amendment, Mr. President, is that the State highway commission of my State writes me, and has telegraphed me on numerous occasions, to the effect that with this provision in the bill it will work a hardship upon the commission, in that they will be unable to take people out of the congested districts and put them into the country districts. In other words, the ruling of the Department has been that they must give preference to and take all the workers from the county lists; and consequently they say that, for instance, in a city like Butte, where there is a tremendous amount of unemployment, on account of——

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from New York?

Mr. WHEELER. Yes.

Mr. WAGNER. Does the Senator propose to strike out subdivision (A)?

Mr. WHEELER. I propose simply to strike out subdivision (A).

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Montana.

Mr. LA FOLLETTE. Mr. President, may I ask the Senator from Montana whether the situation he has in mind would be cared for if this provision were simply made not to apply to road construction? The Senator knows full well that upon many other types of public construction, experience in the past indicates that contractors have bid upon projects and then have imported or brought in their labor from very distant regions, and persons residing within the immediate localities have had to stand idly by while others brought perhaps 500 or 1,000 miles have been given jobs on the project.

Mr. WHEELER. Let me say to the Senator that my amendment retains the State provision; in other words, the contractors will have to give preference to citizens of the State, but not to those of the particular community. There may be some communities, for instance, some counties, in which road construction will be carried on where there will be practically no unemployment at all.

Mr. LA FOLLETTE. All I was suggesting to the Senator was that he move to amend subdivision (A) by inserting an exemption insofar as highway construction and repair work are concerned.

Mr. WHEELER. Does not the Senator think if we leave clause (B) in the bill that, as a matter of fact, it will take care of the situation, because under that clause preference will have to be given to the people in the several States?

Mr. LA FOLLETTE. I realize that, Mr. President, but it seems to me, inasmuch as these are simply preferences and the law does not provide that the residents of the communities must be employed, if the Senator would provide an exemption insofar as highway construction and repair work is concerned with regard to subdivision (A) that the difficulty of the highway department of his State would be eliminated. At the same time, upon these projects, other kinds than road construction, preference would be given to those who reside in the localities where the project is being constructed.

Mr. WHEELER. I would not have any objection to it except that it seems to me unnecessary. I know of no particular instance where the situation applies except as to road construction. I can well imagine there could be a situation where it was desired to construct some public building in a community where the labor would not be of the quality or kind required.

Mr. LA FOLLETTE. They merely give preference. If the skilled labor is not there, they, of course, bring it in. The Senator knows that right here in the District of Columbia, where a large construction program has been carried on for the last 2 or 3 years, contractors have come here and made low bids and have brought their labor from hundreds of miles distant, while residents of the District of Columbia and surrounding territory have had to go on with no employment whatsoever.

I think the objective sought to be obtained by the two subdivisions, insofar as the residents of those localities are concerned, is a worthy one. I recognize, however, that highway projects present a different problem, because a contractor may undertake the construction of a stretch of 5 or 6 or 10 miles of road, and it would be found that the particular project went from one political subdivision to another, and he would have to stop when he came to the boundary line and lay off the crew that worked up to that point and hire another crew. It seems to me to be very

practical and very easy to draw an exception to the subdivision excluding it from application to highway construction.

Mr. WHEELER. Of course, that could be done, but the situation to which the Senator calls attention in the District of Columbia would still be taken care of by subsection (B), because it provides that preference in the employment of labor in connection with any such project shall be given first to ex-service men and their dependents, and so on, and subsection (B) gives preference to citizens of the United States who are bona-fide residents of the State, Territory, or District in which the work is being performed. In the District of Columbia there would not be any question about it, and no contractor would be able to go outside for labor.

Mr. LA FOLLETTE. I recognize that the District of Columbia would be taken care of in the situation. I simply mentioned it as an example. We might have the same situation in a large State, where a highway might be built in one part of the State and the contractor who got the contract would bring the labor from a distant point in the State, and those who live in the community where the project is being constructed would be denied an opportunity to get any work. I am wondering if an exception would not meet the Senator's objective so far as highway work is concerned.

Mr. WHEELER. It would meet my objective, so far as I am concerned, if we simply left it to the discretion of the highway commissioner with reference to road work or if we incorporated a proviso that "nothing in this subsection shall apply to highway construction" or something to that effect.

In line with the suggestion of the Senator from Wisconsin I withdraw my former amendment to strike out subsection (A), and instead thereof I move to insert, in line 10, after the word "perform", the words "provided this preference shall not apply in case of highway construction."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. GORE. Mr. President, I gave notice on yesterday or the day before that I would offer an amendment on page 34, section 210, paragraph (A), beginning in line 18.

Mr. LA FOLLETTE. Mr. President, we have not yet reached that point.

Mr. GORE. I thought we had reached that title. I withhold the amendment for the time being then.

Mr. METCALF. Mr. President, during my short absence from the Chamber today an amendment was considered on page 27, line 18, in which I am very much interested. I ask unanimous consent that we may reconsider the vote by which the amendment was rejected.

The VICE PRESIDENT. Is there objection to the request of the Senator from Rhode Island?

Mr. HARRISON. Mr. President, may I ask the Senator if it would provoke much discussion?

Mr. METCALF. The Senator knows I never talk long.

Mr. HARRISON. I understand; but the Senator might inspire others to talk. We had quite a discussion on that matter this morning. We have almost reached the point in the bill where we are to take up the tax question. There ought not to be a great deal of discussion on that matter. It seems that if we can pass the bill this afternoon the conferees can go into session on it tonight and there is a very strong probability of our adjourning tomorrow; but if we prolong discussion and stay here indefinitely, there is no hope of doing that.

Mr. METCALF. I promise not to talk an hour.

Mr. McNARY. Mr. President, let me suggest to the Senator from Mississippi that the matter was brought up immediately following the quorum call this morning when the Senator from Rhode Island was detained on public business. When he reached the Chamber, action had been taken. I think it is but fair to him that he should have the privilege of having the vote reconsidered.

Mr. HARRISON. As I said, I am not going to raise any objection, but I do hope that prolonged discussion will not be had again on the matter.

The VICE PRESIDENT. Is there objection to the request of the Senator from Rhode Island to reconsider the vote by which the amendment on page 27, line 18, was rejected? The Chair hears none, and it is so ordered. The question is on agreeing to the committee amendment on page 27, line 18.

The amendment was agreed to.

Mr. McCARRAN. Mr. President, I desire to offer an amendment; on page 26, after line 17, to insert a new subsection. The amendment is on the table, and I offer it at this time.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Nevada proposes, on page 26, after line 17, to insert a new subsection (c), as follows:

(c) The President is authorized to allocate not to exceed $20,000,000 of the amount made available by this act for the maintenance of existing scientific and research activities and experimental farms maintained by the Government on or in Federal reclamation projects.

Mr. HARRISON. Mr. President, does the Senator expect to discuss this at length?

Mr. McCARRAN. I had expected to discuss it at length.

Mr. HARRISON. I have no personal objection to letting it go to conference, if the Senator desires.

Mr. McCARRAN. Very well.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I propose an amendment; on page 22, in line 11, after the words "cost of", to insert the words "surveys, plans, and", so it will read:

The amount apportioned to any State under this paragraph may be used to pay all or any part of the cost of surveys, plans, and of highway construction—

And so forth. It merely broadens slightly the authorization.

Mr. HARRISON. I have no objection to the amendment.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. ROBINSON of Arkansas. I desire to offer another amendment. On page 18, line 16, after the words "flood control", insert "and rehabilitation of works previously completed by political subdivisions of the several States." This would enable the administrator to use a portion of the fund for rehabilitating public works, such as drainage ditches and canals.

Mr. HARRISON. I have no objection.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. In connection with the amendment just adopted, I ask that there may be inserted in the RECORD a letter fully explaining the purpose of the provision.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

THE LITTLE RIVER DRAINAGE DISTRICT,
Cape Girardeau, Mo., June 1, 1933.

Senator JOSEPH T. ROBINSON,
Senate Building, Washington, D.C.

DEAR SIR: I have just read H.R. 5755, referred to as the National Industrial Recovery Act, sometimes spoken of by the press as the public works bill.

I doubt whether this bill, as drawn, is sufficiently broad to permit drainage districts to qualify under the bill. We have this thought in mind.

The ditches or canals of practically every drainage district in the Mississippi Valley have grown up with willows, flags, cattail, moss, and other vegetable growth that has reduced the efficiency of the ditches very materially.

This condition has come about by reason of the inability of the farmers owning lands in the district to pay their taxes. The district, having no other source of revenue than money collected from taxation for maintenance purposes, has been without funds to do this badly needed maintenance work.

The drainage districts are political subdivisions of the State, exercising only prescribed governmental functions. They are in no sense private corporations, as has been announced by both the Supreme Court of the United States and the Supreme Court of Missouri (*Houck* v. *L.R.D.D.* (239 U.S. 254, l. c. 261), *State ex rel. Caldwell* v. *L.R.D.D.* (291 Mo. 72, l. c. 78–9), and *L.R.D.D.* v. *R.R.*

(236 Mo. 94, l. c. 111–12)). I merely give you three of a long list of Missouri cases so holding.

Being political subdivisions of the State, "as much so as the city of Hannibal", to use the exact words of our supreme court, it is desired that if a public-works program is to be instituted that they be permitted to qualify under the terms of the act to the end that they may rehabilitate and restore to their former state of efficiency the ditches that have deteriorated during the period of extreme depression in agricultural products.

Furthermore, the act carries with it a 30-percent grant from the Federal Government to the municipalities qualifying under the act; and it is, of course, highly desirable that if this clause remains in the act that the drainage districts be enabled to secure the benefit of the grant and thereby lessen the burden of taxation on the lands in the district. The ditches in these districts are completed projects but have depreciated to such an extent that the efficiency of the ditches has been reduced in many instances as much as 66⅔ percent or more.

Bonds were issued to construct these ditches and the annual installment of the taxes for the retirement of these bonds must be paid. Since the efficiency of the ditches is so greatly reduced they fail to drain the land, and consequently the farmer is unable to grow his crops and he is unable to pay his tax and hold his property, because the land becomes water-logged because of the inability of the ditches to carry the water away.

Perhaps under a broad construction of the act it is sufficient. From the press reports I gather it is not stylish to introduce amendments to a bill after it comes out of the committee.

If it be possible to secure a committee amendment so as to take away all uncertainty about drainage districts qualifying under the act, it will be a great saving to the taxpayer in these districts.

I suggest for your consideration addition of the following words immediately following the words "flood control", in line 22, page 12 of H.R. 5755, to wit:

"and rehabilitation of works previously completed by political subdivisions of the several States."

I call your attention to the use of the word "political subdivision", in lines 5 and 6, page 20, of section 205 of the act, wherein it specifies the residence of the labor to be used in carrying out the terms of the act.

I am calling this matter to the attention of Senator CLARK, of Missouri, and Congressman CLYDE WILLIAMS, of Missouri, and Congressman W. J. DRIVER, of Arkansas, all of whom have large areas incorporated in drainage districts in their respective States that are in exactly the same situation as hereinabove detailed, and the landowners of which will be greatly benefited if the suggestions herein brought to your attention can be incorporated in the act.

I shall be pleased to hear from you at your convenience.

Very respectfully,

OLIVER & OLIVER, *General Attorneys.*

Mr. COPELAND. Mr. President, may I ask the Senator from Mississippi if someone proposed an amendment relating to educational institutions?

Mr. HARRISON. Such an amendment was considered in committee, and there was an amendment offered on the floor yesterday, but it was voted down, as I recall.

Mr. COPELAND. May I ask what Senator introduced the amendment?

Mr. HARRISON. I believe it was the Senator from Illinois [Mr. LEWIS], but I am not sure about it.

Mr. COPELAND. The recollection of the Senator is that the matter was presented?

Mr. HARRISON. It was presented and the amendment was voted down in the committee.

Mr. COPELAND. It was presented to the committee?

Mr. HARRISON. Yes; and on the floor of the Senate.

Mr. COPELAND. So that in the opinion of the Senator it would be useless to offer another amendment on that subject, because the decision would be certain to be adverse?

Mr. HARRISON. I believe so.

Mr. TRAMMELL. Mr. President, I have an amendment which I desire to offer.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 19, line 3, after the word "plants" and the semicolon in the committee amendment, in section 202, it is proposed to insert:

finance and/or aid in the construction of exhibition parks and gardens and accessories which are self-liquidating in character.

Mr. TRAMMELL. Mr. President, I offer this amendment on behalf of my colleague [Mr. FLETCHER], he having proposed it before the committee. He is unable to be here at this time.

Of course, I am very much in favor of the amendment. It authorizes loans for exhibition parks and the development of gardens, something like the famous magnolia gardens south of Charleston, S.C. Of course, I should like very much, as my colleague would, to have this added to the list of self-liquidating projects for which loans could be made.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was rejected.

Mr. NYE. Mr. President, I desire to address myself to section 204, paragraph (1).

A few days ago I made personal inquiry of the Chairman of the Finance Committee regarding the question of the privilege of constructing bridges. Upon reading the section, though he has insisted that bridges are included, I find that the only mention is that of the widening of narrow bridges or the replacement of unsafe bridges. I wonder if the Senator feels that bridges themselves are included.

Mr. HARRISON. The experts, and all those connected with the drafting of the bill, think bridges are included.

Mr. NYE. Would we not be more secure if we inserted in line 11, after the word "highway", the words "and bridge"?

Mr. HARRISON. I have no objection to that.

Mr. NYE. Then I offer such an amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota.

The amendment was agreed to.

Mr. AUSTIN. Mr. President, I desire to interrogate the Senator from Mississippi again about section 202, on page 18. That section contains a broad description of a program of public works. I desire to ask first with respect to the amendment in line 13. The words are, "construction of sewage-disposal plants." Does the Senator construe that clause to include sewers?

Mr. HARRISON. I think it would be construed to mean exactly what it says—sewage-disposal plants. I doubt whether it would be construed in any other sense.

Mr. AUSTIN. Does the Senator regard sewers as within the intent of public works?

Mr. HARRISON. If the Senator desires to offer an amendment to say "sewers and sewage-disposal plants", I shall have no objection to it.

Mr. AUSTIN. Very well. I have such an amendment printed, and it is on the desk. I call it up at this time.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 18, line 13, after the word "of", it is proposed to insert "sewers and".

The VICE PRESIDENT. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered. The Senator from Vermont offers an amendment to the committee amendment, which has been stated. The question is on agreeing to that amendment.

The amendment to the amendment was agreed to.

Mr. AUSTIN. Mr. President, in the same paragraph, on the same page, line 16, I ask the Senator from Mississippi if he interprets the language "and harbor improvements and flood control" to include such projects as have already been surveyed and reported upon by the Army engineers.

Mr. HARRISON. I may say to the Senator that I think there is no question about that.

Mr. LA FOLLETTE. Mr. President, I think there is no question about that.

Mr. AUSTIN. I wanted to have the RECORD show that. At the suggestion of the Senator from Mississippi, I had a talk with those who ought to know about that, and was so informed privately; but I desire to have no question about it.

Mr. HARRISON. That was the information presented to the committee.

Mr. VANDENBERG. Mr. President, I desire to offer an amendment to the committee amendment on page 18.

Last night, if I may have the attention of the Senator from Mississippi, there was general agreement that street-widening projects will be eligible for loans under the language of the bill; but that is so vital to the city of Detroit, it being the only real opportunity for relief at that very difficult point in the country, that I am very anxious to add, in line 13, the words "widening of streets."

Mr. HARRISON. I have no objection to that.

Mr. VANDENBERG. I offer that amendment to the committee amendment.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. RUSSELL. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 21, line 22, it is proposed to insert the following:

(d) The President, in his discretion, and under such terms as he may prescribe, may extend any of the benefits of this title to any State, county, or municipality notwithstanding any constitutional or legal restriction or limitation on the right or power of such State, county, or municipality to borrow money or incur indebtedness.

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Pennsylvania?

Mr. RUSSELL. I do.

Mr. REED. I did not mean to discuss the proposal to abolish all constitutions that is embodied in that amendment; but I have been trying for sometime to get recognition, so that I might ask the Senator from Mississippi about the part of the bill that occurs on page 18, lines 15 and 16, where the President apparently is given power to prepare a program of public works, including the construction of river and harbor improvements.

Does the Senator from Mississippi construe that to mean that the President will be in any way bound by the river and harbor acts we have heretofore passed or by the action of the Corps of Engineers in surveying projects; or is the President given a free hand to improve any river, anywhere, in any way, or any harbor, anywhere, in any way?

Mr. HARRISON. Mr. President, as the Senator knows, in the committee that particular question was not put either to General Johnson or to others who framed the legislation. My own opinion is that the President would have full power in the matter without reference to the projects that had been adopted by the Board of Army Engineers, though that might have great influence with him. I imagine it would be in most cases those projects that he would adopt; but I do not think he is restricted to the adoption of just those particular projects.

Mr. REED. I think the Senate ought to understand what it is doing, then, that all of the experience of past years, all of the studies made by the engineers, are saved from scrapping only by the discretion of the President. All the precautions we have taken, all the limitations we have put on, all the study and surveys made by the Army engineers in response to our directions, go for naught if President Roosevelt, in his sole and uncontrolled discretion, chooses to ignore them.

It is just as well that we should understand that before we pass this bill.

Mr. COPELAND. Mr. President, if the Senator will yield, I think it would be most unfortunate if we did not include language to make it clear that the approved projects are the ones to be considered.

Mr. REED. So do I.

Mr. COPELAND. Because all such projects have been considered by committees of both Houses; they have been studied by the Army engineers; and, as a matter of fact, I do not see how any other river and harbor projects could be advantageously carried on, because of the lack of study. I agree fully with the Senator from Pennsylvania, however, that language should be added here which will make it clear that it is the approved projects that will be given consideration.

Mr. REED. Mr. President——

Mr. RUSSELL. I believe I have the floor.

The VICE PRESIDENT. The Senator from Georgia has the floor. He has the right to yield to whom he wishes.

Mr. RUSSELL. Mr. President, I do not desire to yield for a discussion on that point. I have a brief statement that I wish to make in connection with this amendment.

Mr. REED. Very well. I will speak in my own time.

Mr. RUSSELL. Mr. President, despite the remark of the Senator from Pennsylvania, this amendment does not affect the Constitution of the United States. It merely provides that every county or municipality of the Nation may be placed upon the same basis and be permitted to share the benefits of the bond issue that is proposed to be floated by this title of the pending bill.

Some of the States have constitutional limitations on the borrowing power of their municipalities and require elections to be held, at general elections, before bonds can be issued by the various municipalities and counties or before the States or their subdivisions can incur any indebtedness.

We are preparing here to borrow the sum of $3,300,000,000 for distribution under the terms of this act. This amounts in round figures to $27.50 for every man, woman, and child in the United States.

I submit to the Senate that since we are vesting in the President of the United States such wide discretion in all recent legislation, there can certainly be no valid objection to permitting him to make such loans to worthy projects, subject to such rules as he may lay down and prescribe. No municipality or county of this nature should be debarred on account of some antiquated provision of State constitution or laws that cannot be changed until the next general election in 1934.

I have in mind, in my own State, a small municipality—one of the most progressive of the smaller cities of the Nation—which owns its own power plant, which owns its own waterworks and gas system, a magnificent municipal auditorium, a school system, and properties valued at from two to three million dollars; but, on account of constitutional limitation, this city cannot issue bonds or incur any indebtedness whatever in excess of 7 percent of the assessed value of its property. They will be wholly debarred from obtaining one dime of the funds raised by this bond issue, for they are already bonded to this extent, though it represents only a small portion of the assets of this municipality.

Mr. President, there is a precedent for this amendment. In the original Reconstruction Finance Corporation Act, providing $300,000,000 for the relief of destitution in this country, there was a similar provision. Under that provision if there was destitution in States having constitutional inhibitions against borrowing funds, they were not to be denied the benefits of the act.

There are municipalities in the United States today that are in default on their bonds, that cannot meet their indebtedness or their obligations, and yet they can obtain grants of money under this act; but municipalities and States that are hampered with constitutional provisions, as Georgia is, cannot obtain a single dime under this bill unless this amendment be adopted.

All I am asking is that if the President decides it is possible to enter into a contract that will protect the interests of the United States, the municipalities of my State may have a right to come in and enjoy all the benefits of this act. They have been unable to get a single, solitary loan under the self-liquidating provisions of the Reconstruction Finance Corporation Act. Every cent that will be secured to combat unemployment in a large number of States will be that which goes to highways. My amendment will enable a considerable number of political subdivisions to obtain very necessary assistance in addition to highway funds, and create work for the unemployed. It will tend to make for a more equitable distribution of the large fund the bill provides for, and will make for essential justice in this great matter.

Mr. President, in this legislation we are departing from anything that has been known heretofore. Since I have come to this body I have heard Senator after Senator say that no one today felt that the original $300,000,000 advanced to the various States for the relief of destitution ever would be repaid; that this indebtedness has now been assumed by the national Government. Who knows? I dare say that in 3 years there will be candidates for the House of Representatives and for the United States Senate in the

various States who will be running on platforms of canceling the indebtedness to the States and the advances that may be made to the various cities and municipalities under the terms of this act, because they will take the very natural position that the National Government has already levied taxes upon all the people in order to fund and retire this bond issue, and therefore there is no necessity of the cities repaying any of the advances which might be made to them. I understand that under this bill the Federal Government will make a direct grant to municipalities for 30 percent of the cost of a project, and that the Federal Government will lend to the municipalities or other political subdivisions the other 70 percent of the cost of the project.

If in the future, in this revolutionary age, an age of change, this indebtedness should be canceled, it would mean that the people of the States who could not avail themselves of the loans would be compelled to bear their part of the cost of retiring these bonds, yet they would not have derived one dollar of benefit therefrom.

I appeal to the Members of the Senate to agree to this amendment, and vest the President of the United States with this additional power, in order that some satisfactory method may be worked out between those who have this work in charge and the municipalities and States which are handicapped by constitutional restrictions.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GORE. Mr. President, before we take up the tax amendment, I wish to offer an amendment to title II, I believe it is, the public-works title. I move to insert in the proper place under that title these words:

In the selection of projects under this title preference shall be given to the control of the flood waters of the Mississippi River and its tributaries.

Mr. President, I am not going to debate the point. I am not going to ask for a record vote. I merely offer the amendment for the RECORD, and for my own record.

The Mississippi River drains, in whole or in part, 32 different States of this Union. The control of its flood waters constitutes a national project. That project cannot be met or financed by any one State, or by any combination of States. It is a national project. It must be taken care of, and it should be taken care of, and should be financed by the Government of the United States.

We stand by and suffer floods to come, time after time, destroying, at each visitation, enough property in value to control these flood waters and to render the future secure, and the property situated in the Mississippi Basin secure. Yet we stand by and permit that demon to come, time after time, and do not bridle the demon.

Let the record bear witness that there is one man here who thinks that it is a national shame, and that it approaches a national crime, to permit this devastation to occur and to reoccur time after time and year after year, while we waste multiplied millions, waste money on projects which are of no consequence, and neglect this project, which is of national consequence, and is of concern, vitally and directly, to 32 different States of this Union.

Mr. WAGNER. Mr. President, I hope the amendment will not be agreed to.

Mr. GORE. Mr. President, I wish to say that the protest on the part of the Senator from New York is entirely unnecessary. This project has too much sense in it to have the slightest chance on earth.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. GORE].

The amendment was rejected.

Mr. ADAMS. Mr. President, I present an amendment, which I ask to have read.

The VICE PRESIDENT. The Senator from Colorado offers an amendment, which the clerk will report.

The CHIEF CLERK. On page 18, line 16, in section 202, to insert the following, after the word "control":

and also the construction of any river or drainage improvement required to perform or satisfy any obligation incurred by the United States through a treaty with a foreign government heretofore ratified and to restore or develop for the use of any State or its citizens water taken from or denied to them by performance on the part of the United States of treaty obligations heretofore assumed.

Mr. ADAMS. Mr. President, I wish to make some explanation in reference to this amendment.

The amendment combines within itself the possibilities both of unemployment relief and development of natural resources, and adds the possibility of the performance of an obligation on the part of the United States Government. It renders possible the doing of a thing which this body has upon two occasions directed should be done. Bills to that effect have passed this body twice.

The foundation of the situation is this: It affects directly three States, the State of Texas, the State of New Mexico, and the State of Colorado.

In 1906 the United States entered into a treaty with the Republic of Mexico by which the United States Government gave to the Republic of Mexico 60,000 second-feet annually of the waters of the Rio Grande. In order to carry out that treaty obligation there have been imposed upon the water users of Texas, New Mexico, and Colorado obligations to pass that amount of water down the river. They have been denied the opportunity of developing their regions because of the paramount obligation brought about by a treaty of the United States Government.

This amendment offers merely the opportunity, as the section under consideration is not mandatory but merely permissive, to include in the public-works program a project which will restore to the States of New Mexico, Texas, and Colorado the waters which they are now furnishing to the United States in order that it may deliver the waters to the Republic of Mexico.

It so happens that there is a physical and geographical situation near the boundary of the State of New Mexico which, with comparatively slight development, will permit the producing of practically a new water supply to meet this obligation. Therefore this amendment limits itself in terms to restoring to States that which was taken from them by the United States Government pursuant to treaty obligations. It is, as I have said, purely permissive, and it should be included for consideration with the other public-works program.

Mr. COSTIGAN. Mr. President, unfortunately I have not heard the discussion thus far. I came into the Chamber while my gifted colleague was speaking on the amendment he has tendered. I rise to support that amendment and wish to add that a bill providing for a drainage project in the San Luis Valley of Colorado for the benefit of the States of Colorado, New Mexico, and Texas, and sponsored by the Senators from those three States, passed this body in February 1931, more than 2 years ago; that his amendment is consistent with and looks toward the public ends contemplated in that measure, which was carefully considered at that time; and I am convinced that the amendment should be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the junior Senator from Colorado [Mr. ADAMS].

The amendment was agreed to.

Mr. OVERTON. Mr. President, I offer an amendment, which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 20, line 5, after the numerals "202", it is proposed to insert a comma and the following:

And to refinance or aid in refinancing outstanding obligations heretofore or hereafter issued in connection with local contributions made to aid in the construction of Federal flood-control works.

Mr. REED. Mr. President, I should like to ask the Senator a question.

Mr. WAGNER. Mr. President, this amendment would change the policy and philosophy of this whole legislation

and permit the use of Government funds for refinancing purposes. I hope the amendment will not be agreed to.

Mr. REED. Mr. President, would this in any way help bring about reemployment?

Mr. WAGNER. No; it has no relation to it.

Mr. OVERTON. Mr. President, I think the Senator from New York takes a mistaken view about this question. The pending bill, when enacted into law, will authorize these flood-control works to be undertaken. The bill further authorizes the financing of those flood-control projects.

The flood control law enacted by the Congress provides that the Federal Government shall go ahead and do the work at the cost of the Federal Government. There are one or two exceptions to that rule. One is that the States and local subdivisions are required to make certain local contributions, principally of rights of way. Those local subdivisions, the levee boards, have been making those contributions. They have been able to do so up to the time of this depression, but they are not able now to continue to furnish those contributions, and they will have to be financed.

If that work is to go ahead, if the Federal Government is to continue with this floor-control work on the Mississippi River and its tributaries, and these local subdivisions, the levee boards, are to be required to continue to furnish the rights of way, it will be necessary that they be refinanced in reference to the obligations they have already incurred in respect to these rights-of-way.

It might be said, Mr. President, that the Government could go ahead and finance them for future rights of way, but they have outstanding obligations, obligations which they have not been able to meet. They are obligations which have been incurred with property owners, where levees are to be constructed, which have to be purchased, and concerning which they have given their certificates of indebtedness, or their promises to pay, their contractual obligations to pay, their I O U's.

They have not been able to take up those obligations, which are outstanding, and those obligations are being hawked around at 80 cents and 60 cents and 50 cents on the dollar, until it has reached the point where the property owners are unwilling to deal with the local boards unless they are properly financed.

Mr. President, if this work is to continue, if the Federal Government is to go on with this stupendous task of undertaking to control the flood waters of the Mississippi River, it is necessary not only to finance the future rights of way but to refinance these levee boards with reference to obligations which they have already incurred with respect to the rights of way already secured.

I say that the amendment is in line with the pending bill. The Government cannot go on with the flood-control works unless the rights of way are furnished. If the rights of way are to be furnished by the local authorities, then the local authorities ought to be aided by this measure.

Mr. LONG and Mr. WAGNER addressed the Chair.

The VICE PRESIDENT. Does the junior Senator from Louisiana yield; and if so, to whom?

Mr. OVERTON. I yield to my colleague the senior Senator from Louisiana.

Mr. LONG. May I ask if these are the rights of way that the levee boards have to buy for the Government?

Mr. OVERTON. They are.

Mr. LONG. At certain times the levee boards cannot wait to be financed by the Government, because they have to spend the money first and the Government has to pay them back?

Mr. OVERTON. Yes.

Mr. LONG. The levee boards now have not the money with which to do that. If the Senator from New York and the Senator from Mississippi understood this amendment, I believe they would accept it.

Mr. WAGNER. Mr. President, I understand the amendment, and, to the extent to which this money is used to refinance any obligation, it will prevent the use of it for the purpose of this act, namely, to employ people.

Mr. LONG. Mr. President, does not the Senator from New York know that every dime of it is used to employ people? When the rights of way are obtained by the State of Mississippi, the State of Tennessee, the State of Missouri, the State of Arkansas, the State of Louisiana, the State of Illinois, all of them are reimbursed for the money by the Government; but they cannot go on with the public-works program until they get the rights of way for the Government. It is necessary, in order that the work may start, that these boards get the rights of way. Then when they get the rights of way the work starts, and the Government reimburses the States or the levee boards.

The trouble, however, is that we have not the money to pay the people to get the rights of way, in the first place, and, therefore, while the Government gives us back the money, we cannot get the credit to buy the rights of way and to enable the work to go on. That is due largely because of the floods of 1927, 1928, and of other years, which we have never got over, and we have had to let all this work remain idle, and let people go unemployed for the reason that we cannot get the money to pay for the rights of way for which the Government reimburses us anyway.

I do not see why the Senator from New York should have any objection to the amendment. In the long run the Government will not be out a penny in the world. It is, in the ultimate, the Government's own obligation, but all the work of flood protection is held up for the simple reason that although the Government is willing to repay the States for the rights of way when the States buy them, the States cannot buy them because they have not the credit now to make the initial outlay, and that keeps the work tied up.

Mr. OVERTON. Is it not a fact that it will require only a million or two million dollars to secure these rights of way?

Mr. LONG. It will require very little money to do so. The Government would not have to advance over a million or two million dollars, I should say, at the most. It is a very small item because it will all be turned over; as fast as we get a million and a half it will be turned right back. In other words, the Government is not out anything, but it simply is just giving us a little "edge" to start on. If we had a million dollars, by the time we used up that million dollars the Government would pay us back a million dollars, but we have not the million dollars to start on. That is the trouble today.

This work is important. It is work that will do much good. As a matter of fact, it is an ideal kind of public work. If we could spend every dollar of this money on that kind of work we should be doing as much good as we could do by doing any other work. I do not see why objection is made to the amendment. It is almost an infinitesimal matter. By the adoption of this amendment we will make it possible to go ahead with the flood-control work which the Government is paying for anyway. I hope Senators will not make any objection to the amendment, but will let it be adopted. I will say the Government will not be out a 10-cent piece on it; it will not cost the Government a dime.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. OVERTON]. [Putting the question.] By the sound the "noes" seem to have it.

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY. On this vote I have a pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote I withhold my vote. If I were permitted to vote I should vote "nay."

Mr. STEPHENS (when his name was called). I have a general pair with the Senator from Indiana [Mr. ROBINSON] and therefore withhold my vote. If permitted to vote I should vote "yea."

The roll call was concluded.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. MCADOO];

The Senator from Michigan [Mr. VANDENBERG] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Maine [Mr. WHITE] with the Senator from West Virginia [Mr. NEELY].

Mr. KENDRICK. I desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Colorado [Mr. COSTIGAN], the Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. PITTMAN], and the Senator from Indiana [Mr. VAN NUYS] are necessarily absent on official business.

The result was announced—yeas 27, nays 47, as follows:

YEAS—27

Bachman	Copeland	Logan	Pope
Bone	Cutting	Long	Reynolds
Borah	Dill	McGill	Russell
Capper	Erickson	Murphy	Schall
Caraway	Hatfield	Nye	Trammell
Carey	Johnson	Overton	Wheeler
Clark	La Follette	Patterson	

NAYS—47

Adams	Byrnes	Hastings	Robinson, Ark.
Austin	Connally	Hayden	Sheppard
Bailey	Coolidge	Hebert	Smith
Bankhead	Davis	Kean	Steiwer
Barbour	Dickinson	Kendrick	Thomas, Utah
Barkley	Dieterich	Keyes	Thompson
Black	Duffy	Lonergan	Townsend
Bratton	Fess	McCarran	Tydings
Brown	Goldsborough	McKellar	Wagner
Bulkley	Gore	Metcalf	Walcott
Bulow	Hale	Norris	Walsh
Byrd	Harrison	Reed	

NOT VOTING—22

Ashurst	George	Neely	Thomas, Okla.
Costigan	Glass	Norbeck	Vandenberg
Couzens	King	Pittman	Van Nuys
Dale	Lewis	Robinson, Ind.	White
Fletcher	McAdoo	Shipstead	
Frazier	McNary	Stephens	

So Mr. OVERTON's amendment was rejected.

Mr. DIETERICH. Mr. President, I offer an amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 19, line 3, after the amendment heretofore agreed to at that point——

The VICE PRESIDENT. The Senator from Illinois offers an amendment to an amendment which has already been agreed to. The only way the amendment can now be in order is to reconsider the vote by which the committee amendment was agreed to. That may be done by unanimous consent.

Mr. DIETERICH. I ask unanimous consent that the vote whereby the committee amendment was agreed to may be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote whereby the amendment was agreed to will be reconsidered. The amendment offered by the Senator from Illinois to the committee amendment will now be stated.

The CHIEF CLERK. Following the amendments heretofore agreed to after the word "plants" in line 3, page 19, it is proposed to insert the following:

And for systems for central generation and distribution of steam.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question recurs on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. REED. Mr. President, I offer an amendment.

The VICE PRESIDENT. The Senator from Pennsylvania offers an amendment which will be stated.

The CHIEF CLERK. On page 18, line 16, after the word "control", it is proposed to insert the following proviso:

Provided, That no such river and harbor improvements shall be carried out unless they have heretofore or hereafter been adopted by the Congress or have been recommended by the Chief of Engineers of the United States Army in reports heretofore submitted to Congress.

Mr. REED. Mr. President, just a word in explanation. The amendment would come in the appropriate place in that line, either before or after the amendment of the Senator from Colorado [Mr. ADAMS]. The purpose of the amendment is to limit the expenditure of these moneys to such river and harbor projects as Congress in the past has authorized or in the future may authorize, or such as the Chief of Engineers has favorably reported upon up to this time. Within that vast group of projects the President has a free hand.

Mr. TYDINGS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Maryland?

Mr. REED. Certainly.

Mr. TYDINGS. I think it has been pretty conclusively shown that the money expended on dredging is practically all money for labor. As a matter of fact the Chief of Engineers of the Army has submitted a report which was placed in the RECORD in which it is shown that a greater amount of labor is used for the dredging dollar than for any other dollar the Government expends. I appreciate the Senator does not want every creek in the country dredged, but it occurs to me that perhaps his amendment may be a little bit strictly drawn. If the amendment were to read "unless approved by the engineers of the Army", that would not only allow such projects as are now included, but any hereafter approved that are worthy, and in that way we would get the maximum amount of labor employed for the dollar of the Government money that is expended.

Mr. REED. I think the projects that have already been approved, either by us or by the Chief of Engineers, are so vast that there will be plenty of dredging to do with all the money the President can spare. I should think the President himself would like to be protected by some such provision as this, because it will relieve him of a lot of importunities from people presenting projects that are really without merit. Were I in his place, I should like to be protected by having a proviso like this.

Mr. WHEELER. Mr. President, do I understand the Senator's amendment would preclude any work except that which the Army engineers have under advisement at the present time but have not already approved?

Mr. REED. Unless it was already approved of, it would preclude it.

Mr. WHEELER. I certainly would be opposed to that, for the reason that on the Mississippi River there is flood control and on the Missouri River there are a number of projects on which the Army engineers are at this very moment working on, and some of the staff have already approved them and they have been sent up to the Chief of Engineers. Certainly the Senator would not want to eliminate those because of the fact that the President might have in mind that they were more worthy than the ones already approved. If he would provide for those that have been approved or those hereafter approved by the Board of Army Engineers, then I would have no objection.

Mr. REED. My thought was that if in the future recommendations came, Congress could act on them, but I realize that would prevent any work this season on those projects. The Senator from Maine [Mr. HALE] also has been urging the same amendment, saying that he had some meritorious projects in the course of study, as has the Senator from Minnesota [Mr. SHIPSTEAD]. In view of the large popular demand for insertion of the words "or hereafter", I will modify my amendment accordingly to read "any reports heretofore or hereafter submitted by him to Congress."

Mr. TYDINGS. If the Senator does that, as I understand the amendment, which I hold in my hand, it would still be necessary for Congress to adopt the change.

Mr. REED. Not at all. It would then read:

Provided, That no such river and harbor improvements shall be carried out unless they shall have heretofore or hereafter been adopted by the Congress or shall have been recommended by the Chief of Engineers of the United States Army in reports heretofore or hereafter submitted to the Congress.

Mr. TYDINGS. If the Senator will yield further, under that phraseology it will be necessary to have the Congress authorize the work, and the whole summer would go by without any work being done.

Mr. REED. Not at all. It is in the alternative, either that they shall have been approved by Congress or shall have been recommended by the Chief of Engineers.

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. REED. I yield.

Mr. WAGNER. Does it not require a submission to Congress before action can be taken? The President would be powerless to act unless the project had been submitted to the Congress. Of course, during the summer a report could not be submitted to Congress.

Mr. REED. I see the Senator's point. It can be cured by making it read in this fashion, and I modify it accordingly:

Provided, That no such river or harbor improvements shall be carried out unless they shall have been heretofore or hereafter adopted by the Congress or are recommended by the Chief of Engineers of the United States Army.

I think that makes it clear.

Mr. BORAH, Mr. AUSTIN, and Mr. COPELAND addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. REED. I yield first to the Senator from Idaho.

Mr. BORAH. Would any such improvement be carried on unless either one or the other, either the Congress or the engineers, had approved of it?

Mr. TYDINGS. As I understand it, the improvement could not be carried on unless it was both recommended by the engineers and approved by the Congress; but, under the Senator's amendment, if there is more work to be done than Congress has approved, it could only be done if the engineers had authorized it. It was to take care of perhaps a gap in a large program that the engineer feature, without congressional action, was adopted for this emergency.

Mr. BORAH. I cannot imagine the President taking up a project unless one or the other had happened, anyway.

Mr. TYDINGS. Of course.

Mr. AUSTIN. Mr. President, I desire to ask the Senator from Pennsylvania a question. The Senator from Vermont understands by the language of the amendment that it does not relate to flood control.

Mr. REED. No; it does not.

Mr. AUSTIN. In that event, should it not follow the word "improvement" rather than the word "control"?

Mr. REED. No; because the proviso is limited to river and harbor improvement, and it comes in appropriately at the end of the sentence.

Mr. AUSTIN. With the explanation that it is not intended to affect flood-control projects, I have no objection to it going there. If it were to affect those projects, I certainly would want to change its location.

Mr. REED. Grammatically we cannot put a proviso in the middle of a sentence, so we have put it at the end of the sentence and by its terms limited it solely to river and harbor improvement.

Mr. AUSTIN. Very well.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Michigan?

Mr. REED. I yield.

Mr. VANDENBERG. As I understand the situation, unless the Senator's amendment is adopted, we have reverted to the old pork-barrel rivers and harbors rule and system of operation.

Mr. REED. Oh, worse than that. We have shut our eyes and said to the President of the United States, "Take $3,000,000,000 and spend it in any old creek or any place at any old time in any old way."

Mr. VANDENBERG. But if we replace the great progress that has been made in Congress in the last 10 or 15 years in the direction of at least attempting to be somewhat scientific in respect to river and harbor improvements, we turn our backs on all that and go back to where we were before we started.

Mr. REED. Just as we would turn our backs on the political education of the country for the last century and a half.

Mr. COPELAND. Mr. President, there has been more scandal attached to river and harbor matters than to any other projects presented to Congress. We long since learned in the Committee on Commerce that the only safe way to proceed in river and harbor items is to insist that there shall be an approval of each project by the Board of Army Engineers. I am in hearty sympathy with the amendment suggested by the Senator from Pennsylvania.

While I am on my feet I want to find fault with the Board of Army Engineers. I think some of their regulations are as antiquated and moss covered as the codes of ethics of some of the learned professions.

For example, contractors are now at work to dredge the channel between Governors Island and Brooklyn. The contractors took the work at 19 cents per cubic yard. They wanted to get a dredge. The only dredge to be had in that vicinity is owned by the Government. The Government proposed to let the contractors have the dredge, requiring them to pay all the wages paid to the men on the dredge and a certain per diem for its use. In addition, there is a surcharge of 50 percent of the sum of those two items. In other words, it will cost the contractors, if they are obliged to take that dredge, about 40 cents a yard to make the excavation when the contract was made for 19 cents a yard.

I can see no reason why the Government should interfere in this manner with the operation of such activities in our various rivers and harbors. Nevertheless, if we do not have such a provision as is suggested by the Senator from Pennsylvania, every old river and creek and mudhole in the United States will be put forward as a place where Government money should be spent. I think it is utterly wrong.

There ought to be some authoritative place or body to regulate the matter. The Army engineers should do this. They are above suspicion of politics or improper influences. If we cannot trust them, we cannot trust anybody. I think the President himself would be glad to have the Army engineers pass judgment upon river and harbor projects before they are undertaken.

Mr. SHIPSTEAD. Mr. President, under this provision projects can be prosecuted if they have heretofore been adopted by the Congress or are hereafter or have heretofore been approved by the Chief of Engineers of the United States Army. With those reports the Chief of Engineers always presents an estimate of cost, and Congress authorizes a certain amount of the estimate or the total of the estimate for appropriation.

I should like to ask the Senator from Pennsylvania whether or not he believes that under this provision in the pending bill, if the Chief of Engineers shall approve a project, it will be necessary, before starting work on the project or allotting funds to the project, to come to the Congress for an appropriation and an authorization for an appropriation, or for an increase in an authorization that has heretofore been limited.

Mr. REED. No, Mr. President. An authorization is just a check imposed by Congress upon itself—a check imposed as a preliminary to making an appropriation. The Constitution does not mention authorizations. Consequently when in this bill we appropriate $3,300,000,000 we have done the final and decisive act; and no further authorization and no further appropriation is necessary.

Mr. SHIPSTEAD. I thank the Senator.

The VICE PRESIDENT. The question is on agreeing to the amendment as modified. [Putting the question.] By the sound, the "ayes" seem to have it.

Mr. HARRISON. I ask for a division.

On a division, the amendment as modified was agreed to.

Mr. COSTIGAN. Mr. President, I desire to propose orally two amendments which I believe the committee will accept. They are identical in language, and I ask unanimous consent that they may be treated as one amendment.

I move to strike out, on page 27, lines 7 and 8, the words "citizens of the United States who are", and the same words in line 10 of that page.

Mr. HARRISON. Mr. President, may I say that my recollection is that paragraph (a) has already been amended.

Mr. COPELAND. Yes; it has.

Mr. HARRISON. And what the Senator is trying to do has already been done by the Senate.

Mr. COSTIGAN. I did not know that it had been done.

Mr. LA FOLLETTE. No; Mr. President. Will the Senator yield?

Mr. COSTIGAN. With pleasure.

Mr. LA FOLLETTE. I would not wish the Senator from Colorado to be laboring under a misapprehension, and I am sure the Senator from Mississippi would not wish that to occur.

The only amendment to this particular subsection which was adopted was one offered by the Senator from Montana [Mr. WHEELER], which exempted from its provisions highway-construction work, and had no relation to the question of whether the persons to be employed were bona-fide residents or bona-fide citizens, or both.

Mr. HARRISON. The Senator from Wisconsin has stated the facts. The Senator from Montana first offered the amendment to strike out all of that section, and finally agreed on the proposition to make it applicable only to the highways.

Mr. COSTIGAN. Mr. President, in view of the statements of the respective Senators from Wisconsin and Mississippi, for which I am indebted to them, I feel that I should renew my motion. The language moved to be stricken is certainly, as one member of the committee said last evening, unintended.

Mr. HARRISON. I do not think there will be any objection to striking out those words.

Mr. COSTIGAN. If the language is stricken out, preferences in regard to employment to work on public projects will be given first to ex-service men and their dependents, which is proper; and, after that, to bona-fide residents of political subdivisions in the regions in which the projects are to be constructed.

Mr. President, in order that the reasons for the amendment may be of record and may be more surely before the conference committee for consideration, if there is, though there should not be, any doubt on the question, I ask unanimous consent to include in the RECORD a letter, not from noncitizens but in fact written on behalf of distinguished citizens of this country who are members of the board of trustees and advisory council of the Foreign Language Information Service of New York City. This organization is the lineal descendant of a Government organization of the World War—the Public Information Service created by President Wilson at that time. Its fine motto has been to interpret America to the foreign born in our midst and the foreign born to America. Its present director, who signs the letter, is an able lawyer, a member of a distinguished American family, who has proven his devotion to the public service.

I ask that this letter, which gives convincing and, indeed, overwhelming reasons for the amendment, may be incorporated in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FOREIGN LANGUAGE INFORMATION SERVICE, INC.,
New York City, May 26, 1933.

DEAR SENATOR COSTIGAN: Miss Eastman has already called your attention to one feature of the national industrial recovery bill, as recommended by the Ways and Means Committee of the House, which we feel will work great hardship and injustice.

As introduced by Senator WAGNER (S. 1712) the bill provides (sec. 205)—

"That in the employment of labor in connection with any such project, preference shall be given, where they are qualified, to ex-service men with dependents."

To such a preference there is, of course, no objection.

In the House bill (H.R. 5755), however, the Ways and Means Committee has provided (sec. 205)—

"That in the employment of labor in connection with any such project preference shall be given, where they are qualified, to ex-service men with dependents, and then in the following order: (A) To citizens of the United States who are bona fide residents of the political subdivision and/or county in which the work is to be performed; and (B) to citizens of the United States who are bona fide residents of the State, Territory, or district in which the work is to be performed: *Provided*, That these preferences shall apply only where such labor is available and qualified to perform the work to which the employment relates."

Under existing economic conditions the preferences thus granted virtually exclude noncitizens from employment on the $3,300,000,000 public works to be undertaken.

This discrimination will affect adversely some 6,000,000 persons who have not yet obtained citizenship. According to the 1930 census there were 5,784,760 aliens in the United States and 499,853 foreign born for whom data in regard to citizenship were not obtained—a total of 6,284,613. Of these some 5,654,672 were 21 years of age and over.

In support of these preferences it is urged that where there are 2 applicants and only 1 job it is proper to give preference to the citizen. Other things being equal, this may be granted. But in countless cases other things are not equal. The citizen may be a single man. The alien may have a wife and children dependent on him. In such a case humanity and sound public policy require that the alien be given the job. This would be impossible under the arbitrary provisions of the House bill.

In most cases, further, the children of the alien are native born. In discriminating against their fathers the bill would, in effect, discriminate against hundreds of thousands of American citizens, and those least able to protect themselves.

The unemployed alien, it seems to us, is as much in need as the unemployed citizen. Having admitted him to permanent residence, the country ought not, in decency and fairness, to discriminate against him. In this vital matter of employment and livelihood the alien, from every human standpoint, is on the same footing as the citizen. He is subject to the same taxes. In many cases he has already declared his intention of becoming a citizen. Often he has not yet acquired citizenship because of the high fees and other expenses involved in naturalization. In the past this very sort of work—construction and manual labor—has been regarded as the special province of the immigrant, the native born not choosing to do it.

The House bill, as it stands, gives preference not to all citizens but to those who are bona fide residents of the locality in which the work is to be performed. If such local preference is retained, it will not, we hope, be limited to citizens but extended to all bona fide residents, whether citizen or alien.

Sincerely yours,

READ LEWIS, *Director.*

Hon. EDWARD P. COSTIGAN,
United States Senate, Washington, D.C.

Mr. COSTIGAN. I understand that the committee accepts the amendment.

The VICE PRESIDENT. The Senator from Colorado offers two amendments, which will be stated.

The CHIEF CLERK. On page 27, lines 7 and 8, it is proposed to strike out the words "citizens of the United States who are", and the same amendment in line 10.

Mr. COPELAND. Mr. President, I was about to ask a question regarding the amendment, but the statement by the clerk answers my question. I desired to know if both places were proposed to be amended.

The VICE PRESIDENT. The question is on agreeing to the amendments proposed by the Senator from Colorado.

The amendments were agreed to.

Mr. LA FOLLETTE. Mr. President, on last evening I offered an amendment on page 24, line 19, to insert the words "Canal Zone" after the word "Colombia." Inadvertently, I offered the amendment in the wrong place.

I ask unanimous consent that the Senate reconsider the vote whereby that one amendment was agreed to; and if that is granted I shall withdraw the amendment, and offer it at another place.

The VICE PRESIDENT. Without objection, the vote whereby the amendment was agreed to will be reconsidered.

Mr. LA FOLLETTE. I now withdraw the amendment, Mr. President.

The VICE PRESIDENT. The amendment is withdrawn. The Senator from Wisconsin offers a further amendment, which will be stated.

Mr. LA FOLLETTE. On page 21, line 6, after the comma, I move to insert "the Canal Zone."

The PRESIDING OFFICER (Mr. CLARK in the chair). The amendment will be stated.

The CHIEF CLERK. On page 21, line 6, after the comma, it is proposed to insert "the Canal Zone."

The amendment was agreed to.

RADIOBROADCAST BY SECRETARY HOWE

Mr. VANDENBERG. Mr. President, I desire to complete the RECORD in a few brief observations as it refers to Col. Louis M. Howe, the President's secretary, and his relationship with his radio hour. I feel called upon to do this in view of the nature of my sympathetic colloquy on June 5, 1933, with the able junior Senator from New Mexico [Mr. CUTTING].

I remind the Senate that the junior Senator from New Mexico on June 5, at page 4968 of the RECORD, commented specifically upon the fact that Colonel Howe, the secretary to the President, had gone upon the air on Sunday evening previously and had broadcast an appeal to the country against the action of the Senate in respect to certain phases of veterans' allowances.

The Senator from New Mexico, among other things, made the following observations; and I might say parenthetically that certainly no one can accuse the Senator from New Mexico of being partisan in his attitudes. He has recently made conclusive demonstrations to the contrary.

I quote the Senator:

Mr. President, I desire to call the attention of the Senate to what seems to me a grave breach of the proprietics on the part of the White House secretariat.

Further:

It is a grave question as to whether coordinate branches of the Government should appeal to the people of the United States against each other. That, however, is rather a broader question than the one with which I am immediately concerned. Certainly, if there is such a controversy, it is not the duty of a secretary, clerk, or stenographer to present it to the people of the United States.

Mr. President, I interrupted the Senator from New Mexico with the following observation:

If the Senator is justified in raising a question respecting the ethics of this type of broadcast, it will be particularly interesting to know what the nature of Mr. Howe's own contract with the radio broadcasting company is, and whether or not he is compensated for doing the thing against which the Senator complains; because, if he is, and in any such amount as is commonly understood, the situation becomes doubly aggravated.

I further said, at the conclusion of the colloquy:

I think it is a rather serious contemplation when that radio hour is now delivered to the Presidential secretariat—

Referring to the hour previously occupied by Mr. David Lawrence—

if it is true that that is a matter of a dollars and cents compensation contract. The thing I am interrupting the Senator from North Dakota to suggest, with his permission, is that when Mr. Howe appears next as a witness in the conservation-kit controversy before the Committee on Military Affairs, he be requested, for his own sake and for our information, frankly to disclose the nature of his radio relationship with the National Broadcasting Co.

Mr. President, pursuant to that suggestion, at the next meeting of the Committee on Military Affairs the Senator from Iowa [Mr. DICKINSON] asked Colonel Howe, who was a witness upon the stand, respecting his arrangements for his radio hour. It was immediately objected that the question was beyond the scope of the committee, and therefore the witness was not required to answer.

Thereupon, inasmuch as I assumed that Colonel Howe's silence under such circumstances indicated his own disinclination to provide us with the information, I wired General Harbord, at New York, who is president of the Radio Corporation of America, and asked for the information. General Harbord courteously replied the following morning that he did not have the information himself, but that he was in position to say—I assume after contacting Colonel Howe—that Colonel Howe himself would be very happy to provide me with the information if I would address him directly upon the subject. This certainly was highly creditable to Colonel Howe; and I desire to emphasize the fact that I was very happy to find out that Colonel Howe would be willing to give me the information at first hand; and under such circumstances I only regret that I did not go to him in the first instance for the information.

At any rate, I thereupon addressed my questionnaire to Colonel Howe. I now have his complete and detailed answer. I am somewhat perplexed in connection with it, because it is labeled "personal and confidential", which scarcely is in line with the objective to which I was addressing myself; but I find within the letter frank permission to abstract from the letter—

The information you wish in connection with the facts as to my own contract.

I respect Colonel Howe's request and use only the information referring to his own contract.

I have been somewhat perplexed again to dissect out the information which I am entitled to use; but I believe I am entitled to report that Colonel Howe spoke originally twice upon the radio with a compensation of $1,000 each time for 15 minutes; that his present contractual arrangement, covering a 10 weeks' revocable relationship, nets him $900 for each 15 minutes; and that the total cost of his 15-minute radio hour, including the compensation for all concerned, is $1,500, which is at the rate of $100 per minute.

When the Secretary to the President of the United States speaks in a radio hour in any such fashion as this radio hour is presented, regardless of all efforts to warn the country otherwise, the inevitable conclusion is that the White House has spoken by proxy to the Nation. You can undertake to draw any fine discriminations as you please, but that is the inevitable popular conclusion. Colonel Howe makes no such pretense, of course. Indeed, he undertakes to avoid it. But he cannot shed his White House role.

Here is a trade magazine called Radio. This is the announcement in the magazine called Radio respecting this situation. I read:

$1,500 FOR HOWE'S TALKS ON WHITE HOUSE AFFAIRS

Weekly series that Col. Louis McHenry Howe, Secretary to President Roosevelt, and Walter Trumbull, newspaper correspondent, start on NBC for the RCA Victor group Sunday (June 4), will have them splitting $1,500 between them per broadcast. Contract is for 13 weeks, with the link (red) taking in 42 stations from coast to coast.

With Trumbull doing the quizzing, the President's Secretary will chat on administrative matters. Commercial plans working in the mail angle by asking the listeners to write questions of governmental problems, moves, and situations they would like Howe to expatiate on.

And this is the significant part of this publication, and the inevitable deduction to be drawn from such a situation:

Colonel Howe is nationally recognized as the President's spokesman, and as such this series makes him the "mouthpiece of the White House."

That is about as near to an official, professional announcement of Colonel Howe's relationship to this radio hour as we could get, because it is in this leading radio trade paper. I submit that it interprets the broadcasts precisely as they will be interpreted by a vast majority of the American people.

Mr. President, ethics are always for each man to decide for himself, and I have no intention of pretending any monopoly upon the virtues or undertaking to dictate ethics to others. But the White House does belong to us all. I submit to the President's Secretary and to the President for their consideration that the nationally recognized spokesman for the President, speaking in the Nation's Capital, should not be speaking for $100 compensation per minute to himself and his associate. I submit that the mouthpiece of the White House—and I am quoting the publication which I have read—should not be a mouthpiece at the rate of $100 per minute in a personal, private purse.

Nobody would think of employing the very eminent Colonel Howe—and I speak of him with the greatest respect—at $100 a minute upon the radio, if he were not the secretary to the President of the United States. This demonstrates why the broadcast is deemed to be worth so much money. It demonstrates that it is the secretaryship and not Colonel Howe which is involved in the contract. The secretaryship belongs to us all.

Mr. TYDINGS. Mr. President, if I understand what the Senator has said, he has informed us that Colonel Howe is speaking for the administration; but I think we owe it to Colonel Howe to say that, as I understand the situation, he is speaking only in his individual capacity and not in any way as representative of the President of the United States.

Mr. VANDENBERG. The Senator is absolutely correct, and, in addition, the $100 a minute is his own individual $100; but there is no way in this world that the secretary to the President can step down out of the White House on Sunday evening and successfully undertake to interpret national affairs to the American people in his private capacity as Colonel Howe. He is the President's secretary, whether he wishes to divest himself of this role or not.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. VANDENBERG. I am glad to.

Mr. ROBINSON of Arkansas. Assuming the right of free speech and free expression, assuming also the right of Mr. Howe to accept radio employment, who has the authority to determine what his compensation shall be? Does the Senator from Michigan assume that the Senate should pass upon the question as to what his services may be worth? We have heard a great many times that moving-picture stars, that lecturers, that radio speakers, receive what appears to be very liberal, not to say very great, compensation; but is it not a matter of contract, assuming that there is the right to enter into such contracts? In other words, does the Congress, or the Senate, claim the right to fix the compensation a movie star or a radio speaker or a lecturer shall receive?

Of course, upon the question of the propriety of entering into a radio contract there may be difference of opinion. There may be also difference of opinion as to the practice of Senators in accepting contracts with chautauquas, lyceums, and bureaus, but, after all, one has the right to express himself, one has the right to enter into contracts of that nature, and the amount of the compensation must be determined by the agreement of the parties.

If some radio broadcasting company thinks that Mr. Howe is worth more than what the Senator from Michigan or the Senator from Arkansas thinks he is worth, the matter is determined at last by the opinion of the management of the broadcasting company.

I do not suppose for one moment that the Senator from Michigan assumes he has the right to tell a broadcasting company what the services of its speakers are worth, or to tell the speakers themselves what limit shall be placed on the amount of their compensation.

Granting, for the sake of argument, that the amount paid Mr. Howe is more than what the Senator thinks his services are worth, what business is it of the Senate or of the House, and how can we regulate matters of that kind?

Mr. VANDENBERG. Mr. President, if the Senator has concluded his question, I shall be glad to undertake to answer. In answering I hope I can bring my observations back to the plane upon which I undertook to submit them.

I am not interested in how much Colonel Howe gets, I am not interested in undertaking to attempt to fix Colonel Howe's compensation, I am not interested in any of those commercial phases; I am interested in the ethical contemplation, first, that the Secretary to the President of the United States goes upon the air in an attack upon the Senate of the United States in respect to allowances granted to disabled war veterans. That is the first ethical question raised originally by the Senator from New Mexico [Mr. CUTTING].

Then I am interested in the second ethical question, that when he attacks the Senate of the United States, introduced to the audience as the Secretary to the President, and when he criticizes the Senate for having undone some of the brutalities that were perpetrated by the rules and regulations of the Veterans' Administration upon disabled veterans of the United States—when he does that, he and his associates are reimbursed, at the very moment he is pleading for economy, at the rate of $100 a minute for the performance he puts on. I am raising the ethical question.

Mr. REED. Mr. President, it seems to me that we ought not to mind that so much, because that $100 a minute comes from a private purse. In less than a minute Colonel Howe costs the United States about $100,000 in the purchase of the Conservation Service toilet kits, and that comes out of the Treasury of the United States. [Laughter in the galleries.]

Mr. VANDENBERG. The Senator is entirely correct. But he is back in the realm of arithmetic, rather sad arithmetic.

The PRESIDING OFFICER. The occupants of the galleries are admonished that they are here as the guests of the Senate, and that expressions of approval or disapproval of words spoken on the floor of the Senate are forbidden by a rule of the Senate, which rule will be observed.

Mr. VANDENBERG. Mr. President, I want to remain in the ethical field in respect to this situation, because I want to repeat what I said in the beginning—and I rather suspect the Senator from Arkansas did not hear me—that I would not undertake to pass upon Colonel Howe's conscience in respect to a problem of this nature. That is his responsibility, and it is not mine. It is all any of us can do to attend to our own conscience. The one thing I am doing is addressing the ethical question to the President's Secretary, and to the President, for whom this Secretary inevitably speaks in this radio hour, no matter how much he protests to the contrary; I am submitting the ethical question, whether that sort of White House spokesmanship is a private perquisite entitled to be privately capitalized at the rate of $100 a minute. That is all I have to say on the subject.

Mr. ROBINSON of Arkansas. Mr. President, I should like to ask the Senator a question.

MBr. VANDENBERG. I shall be very happy to answer.

Mr. ROBINSON of Arkansas. As I understand the Senator's statement, he does not assert that Mr. Howe, in making radio addresses, is actually authorized to speak for the President or for the White House.

Mr. VANDENBERG. I stated quite the contrary—that he is not, and that he distinctly undertakes to say that he is not.

Mr. ROBINSON of Arkansas. But the Senator states that, for the reason that he is a Secretary to the President, there arises the implication that he is speaking for the White House.

Mr. VANDENBERG. Inevitably.

Mr. ROBINSON of Arkansas. I do not think that conclusion is convincing.

Mr. VANDENBERG. Let me ask the Senator one question as bearing on that.

Mr. ROBINSON of Arkansas. Suppose my secretary writes a newspaper article, or delivers an address, or makes a radio speech; does the inference inevitable arise that he is speaking for me merely because in other capacities he is employed by me?

Mr. VANDENBERG. No, Mr. President; but without depreciating the Senator's very great stature in the eyes of the Nation, I am bound to submit that the Senator's secretary and the President's secretary are two totally different persons. Furthermore, the country has become accustomed to the role of the President's Secretary as one who is intimate and closely informed respecting public affairs, whereas senatorial secretaries rarely get into the newspapers except when some critic is discussing nepotism. That is about all we hear about.

Mr. ROBINSON of Arkansas. Mr. President, I do not believe the Senator wishes to stand on that last statement. I think it is a reflection on Senators and on their secretaries in the manner in which the Senator has asserted it.

Mr. VANDENBERG. Let me——

Mr. ROBINSON of Arkansas. Now, I want to say this——

Mr. VANDENBERG. I have the floor, Mr. President.

Mr. ROBINSON of Arkansas. I do not think so. The Senator surrendered the floor.

The PRESIDING OFFICER. The Chair will state that the Chair understood the Senator from Michigan to yield the floor, and the Senator from Arkansas took the floor.

Mr. VANDENBERG. Very well.

Mr. ROBINSON of Arkansas. I have the floor, and I will yield to the Senator, but before doing so I wish to make just one statement, that in my opinion the group comprising senatorial secretaries is a group very deserving—a very loyal and a very capable class of employees. I do not think the Senator would wish to characterize them as distinguished principally for nepotism.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. VANDENBERG. I agree with every word the Senator has said.

Mr. ROBINSON of Arkansas. Then there is nothing further to talk about. Let us go on with the bill.

Mr. VANDENBERG. Mr. President, the observation I made regarding senatorial secretaries was drawn out by a remark of the Senator from Arkansas. I said, and I repeat, that when the public hears about our secretaries from our critics in the newspapers it usually is in respect to that sort of a discussion, whereas the President's Secretary is known to the press and to the Nation in a totally different aspect, and I think we are bound to recognize that fact. No senatorial secretary will ever get a radio contract for $100 a minute. I respectfully submit that there is no escape from the conclusion that the President's Secretary capitalizes a high position, belonging to the Nation, for private gain.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

Mr. WALSH. Mr. President, I have two amendments I should like to offer. Both of them have been submitted to the Senator from New York [Mr. WAGNER], and he has agreed that they may be sent to conference.

The VICE PRESIDENT. The clerk will report the first amendment submitted by the Senator from Massachusetts.

The CHIEF CLERK. The Senator from Massachusetts proposes to amend section 202, page 18, line 21, after the semicolon, by inserting the following:

To make loans to finance the construction or purchase of the buildings, equipment, and apparatus to be used for, or to promote the welfare of, nonprofit federations of labor unions: *Provided*, That loans under this paragraph may be made through the purchase of securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities.

Mr. WALSH. I understand that the Senator from New York is willing that this amendment may go to conference.

Mr. BORAH. Mr. President, I shall make no objection, but I hope it will be made broader in conference.

Mr. WALSH. Mr. President, this amendment is offered at the request of the American Federation of Labor to permit federations of labor which own and operate buildings and housing projects to secure temporary financial assistance to prevent the forced sale of properties.

These properties are self-liquidating in character and are operated without profit.

This amendment is permissive only, and loans will be made or securities purchased only if the security offered is sufficient to insure the payment of the loan.

This amendment will make it possible for these federations of labor to carry on and extend the constructive work they are doing without being penalized through the forced sale of properties.

The forced sale of these properties or the inability of these federations of labor to extend their activities will cause large financial losses to many thousands of thrifty Americans.

Many federations of labor have been seriously injured through the closing of banks in which their funds were deposited and further through the forced sale of properties, the indebtedness of which was held by closed banks.

Mr. BORAH. Are they placed in any different situation from anyone else whose home is likely to be lost? Let us make it broad enough to reach all home owners in distress.

Mr. WALSH. They are not in any different situation, but provisions have been made, of course, for home owners and farmers whose homes and farms are threatened with foreclosure.

Mr. BORAH. I have no objection to making any preparation possible to save the homes of laborers, but I was wondering whether that was confined exclusively to laborers? I have no objection to it going to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts.

The amendment was agreed to.

Mr. POPE. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 20, line 8, it is proposed to strike out the comma after the word "project" and strike out all the words beginning with the word "but", in line 8, and ending with the word "project", in line 10.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho.

Mr. HARRISON. Mr. President, is that the amendment striking out "30 percent"?

Mr. POPE. Yes.

Mr. HARRISON. I am willing to let it go to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho. [Putting the question.] The "noes" have it, and the amendment is rejected.

Mr. COOLIDGE. Mr. President, out of order, I offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 42, after line 19, it is proposed to insert the following new subsection:

(k) Section 1 of the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes", approved March 22, 1933, is amended by inserting immediately after the words "fruit juices" where they first appear therein the following: "(except cider)."

Mr. TYDINGS. Mr. President, I should like to say a word about the amendment.

Mr. HARRISON. That matter should come up later.

Mr. DILL. Mr. President——

Mr. TYDINGS. I should like to explain the amendment without being interrupted by 2 or 3 Senators.

Mr. DILL. I should like to know what the effect of it is.

Mr. TYDINGS. That is what I am going to explain.

Mr. President, inadvertently in passing the beer bill nonintoxicating fruit juices were taxed at the same rate that beer was taxed. Unless the law shall be changed the farmer will have to pay on a barrel of cider the full tax that the brewer pays on a barrel of beer. It never was the intention of the Senate to tax cider.

Mr. DILL. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. DILL. That only applies if the cider contains more than 3.2 percent of alcohol.

Mr. TYDINGS. No; it does not. It applies to all cider having less than 3.2 percent of alcohol but more than one half of 1 percent, so that practically all cider would be subject to a tax of $10 a barrel. If we want to adjourn, with this season's apple crop coming on, and have every farmer in the land pay $10 a barrel tax on his cider, that is one thing; but I do not believe the Senate wants to do that, and the Senator from Massachusetts has offered an amendment to cure that defect in the law.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. COPELAND. Is it not a fact that if a farmer is making cider with a view to developing vinegar that after fermentation sets in and the alcoholic content exceeds one half of 1 percent, he must then give bond?

Mr. TYDINGS. That is right.

Mr. COPELAND. And if this amendment were to be adopted, it would relieve that situation.

Mr. TYDINGS. It would relieve it. In the first place, it was an oversight in the passage of the particular bill and this is the last chance, I am afraid, to have it corrected.

Mr. COPELAND. I am frank to say that in my State it is a matter of great concern wherever apples are raised.

Mr. TYDINGS. Mr. President, I think there can be no objection to the amendment.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CLARK. Mr. President, I offer the amendment which I send to the clerk's desk.

The PRESIDING OFFICER. The Senator from Missouri offers an amendment, which will be stated.

The CHIEF CLERK. On page 19, line 3, it is proposed to strike out "and if" and insert in lieu thereof the following:

(f) the construction and operation, by a corporation to be formed by the President, under the laws of any State or the District of Columbia, and to be controlled by the Secretary of Agriculture, which shall be a Government instrumentality to effectuate the policy declared in the Agricultural Adjustment Act, approved May 12, 1933, of plants to manufacture ethyl alcohol from agricultural commodities grown within the United States, and the distribution and sale of such alcohol and byproducts thereof, such plants to be constructed and operated only in such States as the Secretary of Agriculture finds have made, by law or otherwise, adequate provision for requiring or encouraging the purchase from the corporation of such alcohol and the use thereof for motor-vehicle fuel or other purposes; and (g) if.

Mr. CLARK. Mr. President, this amendment was prepared by the Department of Agriculture and has the specific approval of the President of the United States.

The amendment in general provides for the development of a project for the use of alcohol from farm products for motor fuel and other purposes. General information on this subject will be found in Senate Document No. 57, Seventy-third Congress, first session, entitled "Use of Alcohol from Farm Products in Motor Fuel" submitted by the Secretary of Agriculture in response to Senate Resolution No. 65.

While the method proposed is different, the subject matter is essentially the same as that covered by the bill introduced in the Senate by the Senator from Iowa [Mr. DICKINSON] and myself.

The amendment authorizes the President to form a Government corporation to establish plants for the manufacture and sale of alcohol from farm products such as corn, wheat, sorghum, rye, rice, oats, potatoes, and sweetpotatoes. The plants will, however, be established only in such States as take affirmative action, by law or otherwise, to avail themselves of the advantages of the project. There is no Federal compulsion whatsoever. Any use of alcohol in motor fuel or for other purposes would, if compulsory, be so solely by reason of State action.

Under the farm relief bill, the corn-hog situation has usually been considered the most difficult to meet. The proposed amendment, in providing a new outlet for corn, will take care of the surplus corn production and at the same time place upon the Corn Belt and other interested States the responsibility of taking the necessary steps to provide a market for the alcohol. The Government corporation would be under the control of the Department of Agriculture, thereby permitting operation on such basis as will stabilize the agricultural situation. This can be done by making purchases in those years when corn or other crops are cheap by reason of surplus production, yet marketing the alcohol on a substantially constant basis.

The effect on the unemployment situation can be gathered from the following statistics: 28 plants with 20,600,000 gallons capacity each would produce alcohol in an amount equivalent to 5 percent of the annual consumption of motor fuel. These plants would cost $111,300,000, employ 78,160 men for 1 year in building and equipping the plants, consume an annual average of 245,000,000 bushels of grain, 4,200,000 tons of coal, require $60,280,000 worth of freight service a year, and 4,160 factory employees a year.

As I have said, Mr. President, this amendment was prepared under the supervision of the Administrator of the Farm Relief Act and has the specific approval of the President of the United States.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. CONNALLY. By what authority does the Senator from Missouri say that it has the approval of the President of the United States?

Mr. CLARK. I have been so informed by those who speak for the President.

Mr. CONNALLY. The Constitution provides a way for the President to advise Congress of his views, and I just want to challenge the statement of the Senator from Missouri.

Mr. CLARK. Mr. President, the Senator from Texas understands that we have not done a thing at this session except to act on measures sent up here from the departments, with the approval of the President.

Mr. CONNALLY. I want to advise Senators that if we adopt this amendment, we are going to increase the price of every gallon of gasoline which their constituents burn in their automobiles.

This matter was considered by the Finance Committee. The gentlemen who are interested in it were present; the committee decided that it was a matter that ought not to be taken up at this time, and rejected it, but agreed that at the next session of Congress, when we had time to go into the matter, it will be considered and proper attention given to it.

Mr. CLARK. Mr. President, the Senator does not mean to say that this matter was presented to the committee and rejected. The Senator from Iowa and myself introduced the bill the Senator has in mind. It was never acted on by the committee. It was originally my intention to offer it as an amendment to the gasoline tax bill, but, at the suggestion of the Chairman of the Finance Committee that this matter ought to be considered further, it was agreed that it should not be presented as an amendment to that bill. However, it was not acted on by the committee, and it was not rejected. It was agreed, so far as the Senator from Iowa and I were concerned, that we were willing to have the matter submitted to the committee to be reported back. This is a measure that comes from the Farm-Relief Administrator. It is essentially a different proposition from the other.

Mr. CONNALLY. I will say to the Senator that I do not care to get into any controversy about the facts. I still insist that so far as this bill was concerned, it was rejected with the understanding that it would be taken up later. The Senator from Missouri was present, and the chairman of the committee, while I have not consulted him, is here and can state what occurred.

Mr. HARRISON. Mr. President, the fact about it is that when the tax bill came over from the House some time ago representatives of farmer groups came before the committee to press an amendment with reference to some character of tax touching blended alcohol. We knew it was quite a complicated matter; it had various angles to it. The Senator from Missouri, who is much interested in this subject matter, was there, and we asked these gentlemen not to present the matter at that particular time, but that the Senator from Missouri would offer a joint resolution or that under the power granted him, the Chairman of the Finance Committee would appoint a subcommittee to go out to investigate this question from every angle, and submit a report next January. And so the committee did decide to that extent; but this particular matter was not before the committee.

Mr. CLARK. Mr. President, if the Senator will yield, the proposition that was tentatively before the committee but never offered as an amendment was the proposition to compel the mixture of alcohol with gasoline by the use of the taxing power of the United States. That was essentially a different proposition from the one herein contained, because this is simply a provision to be added to the public-works program.

Mr. HARRISON. The Senator is correct in that respect. I never heard of this proposition until about 3 days ago,

when a representative of the Agricultural Department, with the O.K. of the President of the United States, I may say handed me this particular suggested amendment and said they were very anxious to have it incorporated in this bill. I told him that we would bring it to the attention of the committee. I called it to the attention of the Senator from Missouri because he had been very much interested in the subject. That is why it is before the Senate. I hope the Senate will express its judgment and decide whether or not it wants to give the President the power to make these experiments.

Mr. CONNALLY. Mr. President——

Mr. REED. Mr. President, will the Senator yield for a suggestion?

Mr. CONNALLY. I yield.

Mr. REED. From the standpoint of experimentation is it not established beyond peradventure that ethyl alcohol can be distilled from corn?

Mr. CONNALLY. To be sure; as well as any other kind of alcohol.

Mr. REED. Is there any sense in further experimentation along this line? We might just as well build an experimental station to determine whether gasoline may be distilled from petroleum. We know it can be.

Mr. CONNALLY. Certainly.

Mr. REED. Or we might as well build a gasoline refinery as to adopt this proposal.

Mr. CONNALLY. Let me say to the Senator from Pennsylvania also that if this amendment is to be considered at all, it ought to be considered as a matter of farm relief rather than on a tax bill seeking to raise money for the purpose of carrying on the public-works program.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. CLARK. Does not the Senator think it is pretty late in the session to be raising the question of what subjects shall be added to various bills. Throughout the session we have been passing bills that are hodge-podges of everything that could be conceived; and it seems to me to be pretty late to be raising the question as to whether a particular amendment is offered to an appropriate bill.

Mr. CONNALLY. Let me suggest to the Senator from Missouri that some of us think it is rather late for the Senator from Missouri, who is a member of the committee and who did not press the matter before the committee, to come in now in the closing hours of the session and in the closing hours of the consideration of the bill, and press this wholly new and novel proposition.

Mr. CLARK. The matter was never presented to me until after the bill had been reported.

Mr. CONNALLY. It was never presented to the Senator from Missouri until after the bill had been reported. When the committee had it under consideration, according to what the Senator from Mississippi has already said, the committee rejected it so far as this bill was concerned and postponed it for future consideration of the committee. I submit, whether a Senator is from a corn State or a cotton State or a shoe State or a steel State or a coal State, all of us are going to buy gasoline. I submit it is uneconomic, it is not sound economics to force the people to put alcohol in their gasoline when they can buy the gasoline less expensively without the alcohol in it.

Mr. CLARK. If the Senator will read the amendment proposed, he will find there is absolutely no element of compulsion in it whatever. The amendment simply provides that as a part of the public-works program the President, if he so desires, shall have authority to create a corporation to be controlled by the Secretary of Agriculture, which is a part of the public-works program, and shall have the right to construct these plants.

Mr. CONNALLY. In order to make clear the Senator's amendment, I will read parts of it.

Mr. LONG. Mr. President, may I ask the Senator from Texas if this amendment is to put corn juice in gasoline? [Laughter.]

Mr. CONNALLY. That is the object of it. Here is what the Senator from Missouri wants to do: The Senator from Missouri has said we have passed all kinds of fool bills and fool provisions and therefore, having done that, we should pass or adopt one more. Let us see what his amendment provides.

The amendment of the Senator from Missouri authorizes the President to provide, if he sees fit—

For the construction and operation by a corporation—

Another corporation!—

to be formed by the President, under the laws of any State or the District of Columbia, and to be controlled by the Secretary of Agriculture, which shall be a Government instrumentality to effectuate the policy declared by the Agricultural Adjustment Act approved May 12 of plants to manufacture ethyl alcohol from agricultural commodities grown within the United States, and the distribution and sale of such alcohol and byproducts thereof, such plants to be constructed and operated only in such States as the Secretary of Agriculture finds have made, by law or otherwise, adequate provision for requiring—

The Senator from Missouri said there is no compulsion in it!—

for requiring or encouraging the purchase from the corporation of such alcohol and the use thereof for motor-vehicle fuel or other purposes.

Mr. President, while the amendment itself may not have any compulsion in it, its objective away out yonder is compulsion. Its objective is to spend millions of dollars of Government money to find out something that everybody already knows, and that is that almost any kind of alcohol can be made out of corn.

Mr. CLARK. Does the Senator find anything in the amendment about experimentation? This is simply an amendment to enable the Secretary of Agriculture to build plants for the reduction of grain to alcohol in States which have themselves of their own motion provided therefor. It does not compel anybody to use gasoline and alcohol unless they want to do so. It does not say a word about experimentation. It simply authorizes, as a part of the public-works program, the Secretary of Agriculture to build the plants.

Mr. CONNALLY. Let me suggest to the Senator from Missouri that one trouble in the country is that we have been mixing alcohol and gasoline too much in the past.

Mr. REED. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. REED. As the amendment is drawn it seems to me it would include blackstrap molasses.

Mr. CONNALLY. Oh, to be sure.

Mr. REED. At the present moment there are millions of gallons of alcohol being made out of blackstrap molasses in this country. Why should the Government go into that business?

Mr. CONNALLY. The purpose of the amendment is to relieve those States that are trying to force the people to buy alcohol and to use it in their gasoline and to have the plants financed out of the Federal Treasury, which those States ought themselves to maintain. If those States are interested in forcing their citizens to burn alcohol instead of gasoline, let them spend the money out of their own treasuries to build up the plants. This is a self-liquidating proposition, as is suggested to me sotto voce by the Senator from Oklahoma [Mr. GORE].

The States that are ambitious to operate on their own citizens, to innoculate their automobiles with a little alcohol made out of their corn, should go into their own treasuries and establish the plants for the manufacture of ethyl alcohol. Why should the Government of the United States go into the business of manufacturing ethyl alcohol, when, as suggested by the Senator from Pennsylvania, there are plants over all the country today manufacturing ethyl alcohol from blackstrap molasses and also from corn, if it can be done economically. If it cannot be done economically, it ought not to be done at all.

I hope the Senate will vote down the amendment and not add another tax on the users of our roads and the users of automobiles in the United States.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Missouri. [Putting the question.] The Chair is in doubt.

On a division, the amendment was rejected.

Mr. WALSH. Mr. President, I send to the desk an amendment and ask for its consideration.

The PRESIDING OFFICER. The Senator from Massachusetts offers an amendment, which will be read.

The CHIEF CLERK. The Senator from Massachusetts proposes, on page 28, after line 10, to insert:

SEC. —. (a) For the purpose of expediting the actual construction of public works contemplated by this title and to provide a means of financial assistance to persons under contract with the United States to perform such construction, the President is authorized and empowered, through the Administrator or through such other agencies as he may designate or create, to approve any assignment executed by any such contractor, with the written consent of the surety or sureties upon the penal bond executed in connection with his contract, to any National or State bank, of his claim against the United States, or any part of such claim, under such contract; and any assignment so approved shall be valid for all purposes, notwithstanding the provisions of sections 3737 and 3477 of the Revised Statutes, as amended.

(b) The funds received by a contractor under any advances made in consideration of any such assignment are hereby declared to be trust funds in the hands of such contractor to be first applied to the payment of claims of subcontractors, architects, engineers, surveyors, laborers, and material men in connection with the project, to the payment of premiums on the penal bond or bonds, and premiums accruing during the construction of such project on insurance policies taken in connection therewith. Any contractor and any officer, director, or agent of any such contractor, who applies, or consents to the application of, such funds for any other purpose and fails to pay any claim or premium hereinbefore mentioned, shall be deemed guilty of a misdemeanor and shall be punished by a fine of not more than $1,000, or by imprisonment for not more than 1 year, or by both such fine and imprisonment.

(c) Nothing in this section shall be considered as imposing upon the assignee any obligation to see to the proper application of the funds advanced by the assignee in consideration of such assignment.

Mr. WALSH. Mr. President, sections of the Revised Statutes forbid a contractor on a public project from making any assignment of his contract or any part of it on his contract. The result has been that the contractor who can not immediately finance his job has been removed from any opportunity of obtaining a contract.

The amendment has been submitted to the Supervising Architect's Office. It is with his consent and approval that it is offered. Let me read what he says about it:

I am not authorized to express my opinion on the amount for the Treasury Department, and the following is only my personal opinion. I consider that the provision outlined in the amendment is a meritorious one, and I see no objection to its enactment.

That is signed by Mr. Wetmore, the Supervising Architect.

Then I have a statement from the solicitor of the same department, as follows:

My personal view of this matter is the same as that above expressed by Mr. Wetmore.

Mr. LA FOLLETTE. Mr. President, will the Senator from Massachusetts explain the objective of his amendment?

Mr. WALSH. Under existing law a contractor may not assign any portion or part of his contract or funds to be realized on it. The amendment would permit him, with the permission of the administrator of the public-works program, to make an assignment to a bank of a portion or part or all, so that the fund would be available to help him finance his contract. Because the banks have closed their doors to contractors the contractors have no credit. Only a few prosperous and highly successful contractors can do any public work. The average contractor has no chance.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. SHIPSTEAD. There are some people from my State who have very valuable contracts for a public building, and they have found they cannot even borrow enough money from the banks to meet their pay rolls.

Mr. WALSH. They cannot even assign the money coming from the Federal Government to get enough to meet their pay roll?

Mr. SHIPSTEAD. No. They came down to get funds from the Reconstruction Finance Corporation and found they were not eligible under the law.

Mr. WALSH. Banks have heretofore been reluctant to extend credit to contractors engaged in Government work because they have been unable to get adequate legal security. Banks consider assignments to be sound security. The inability of the contractor to obtain credit from banks has left him only one alternative, and that has been to apply for credit from a finance company. It is well known that finance companies make excessive and often illegal charges for loans. The finance-company element in the financing of Federal construction has been a source of much evil. This is freely admitted by the Government officials whose business it is to administer these contracts.

The Government will be benefited if the proposed amendment is adopted, because it will insure a better class of contractors with which to deal. The Government has had a great number of disagreeable experiences with the type of contractor who leaves a large number of accounts unpaid after finishing one project and who bids upon another and is awarded it, on the promise by him, both to the Government and to his creditors, that he will pay his old accounts with the funds to be received under the new contract. This amendment provides that the funds received from one contract shall be used to pay the bills incurred in performing that contract. There can be no diversion of funds to the prejudice of creditors.

The amendment has two major purposes. The first is to permit the contractor to secure legitimate financing at a reasonable cost; the second is to prevent the contractor from taking the money he receives from the bank in consideration for the assignment which is permitted in the amendment, and diverting such money; that is, using it to benefit others than his creditors. This amendment was taken almost verbatim from the lien law of the State of New York. The reforms contained in the amendment were adopted in New York after a legislative committee appointed for the purpose had conducted an exhaustive investigation into all of the factors of the construction industry. It is generally looked upon as a thing of great merit.

Mr. BORAH. Mr. President, this is to help the average contractor of very limited means?

Mr. WALSH. Exactly.

Mr. BORAH. Let us put it in the bill as it is presented.

Mr. WALSH. I ask for a vote on the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Massachusetts.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from Arkansas offers an amendment, which will be read.

The CHIEF CLERK. The Senator from Arkansas proposes, on page 42, to add to section 219 the following:

The President is authorized to allocate so much of said sum, not in excess of $100,000,000, as he may determine to be necessary for expenditure in carrying out the Agricultural Adjustment Act and the purposes, powers, and functions heretofore and hereafter conferred upon the Farm Credit Administration.

Mr. LA FOLLETTE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LA FOLLETTE. I understood we had a unanimous-consent agreement to dispose of committee amendments first.

Mr. HARRISON. I think that as to this title the committee amendments have all been disposed of.

The VICE PRESIDENT. The Chair is advised that later on the Senate ordered individual amendments to be considered under this title. The question is on the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The Senator from Minnesota offers an amendment, which will be stated.

The CHIEF CLERK. On page 22, line 11, after the word "highway", it is proposed to insert the words "maintenance and."

Mr. SHIPSTEAD. Mr. President, just a word to explain the amendment.

The Senator from New York and the Senator from Mississippi have indicated to me that they will not object to this amendment. It will provide for day labor on the maintenance and repair of highways and the construction of cement roads.

Mr. HARRISON. Mr. President, I have no objection to the amendment going to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Minnesota.

The amendment was agreed to.

Mr. SMITH. Mr. President, at the request of the Agricultural Department in a statement to me that it was essential to the proper reduction of acreage, I offer the amendment which I send to the desk and suggest that it be added as a new section on page 14, line 4, just after the word "agriculture."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert, at the proper place in the bill, the following:

Notwithstanding any provision of any existing law, the Secretary of Agriculture may, in the administration of the Agricultural Adjustment Act, make public such information as he deems necessary in order to effectuate the purposes of such act.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. SMITH. Mr. President, I have another amendment which I have also been asked to submit. It is a modification of section 7 in order to meet the existing conditions. There is an explanation which I will not send up. I ask to have the amendment inserted at the proper place.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 42, after line 19, after the amendment of Mr. COOLIDGE already agreed to, it is proposed to insert the following:

Section 7 of the Agricultural Adjustment Act, approved May 12, 1933, is amended by striking out all of its present terms and provisions and substituting therefor the following:

"SEC. 7. The Secretary shall sell the cotton held by him at his discretion, but subject to the foregoing provisions: *Provided*, That he shall dispose of all cotton held by him by March 1, 1936: *Provided further*, That, notwithstanding the provisions of section 6, the Secretary shall have authority to enter into option contracts with producers of cotton to sell to the producers such cotton, in such amounts and at such prices and upon terms and conditions as the Secretary may deem advisable, in combination with rental or benefit payments provided for in part 2 of this title."

Mr. WHEELER. Mr. President, I desire to offer an amendment, on page 29, to strike out lines 11 to 26, inclusive, and to insert in lieu thereof "Issue of United States notes."

Mr. HARRISON. Mr. President, will the Senator withhold that amendment for just a moment? Are there any other amendments to this other title?

The VICE PRESIDENT. Has any Senator any other amendments to this section?

Mr. LA FOLLETTE. Mr. President, I am somewhat confused. I understood at first that we were to complete the committee amendments; but now I understand that individual amendments to the tax section of the bill are to be considered as they are offered. I wanted to make certain that a compliance with the suggestion of the Senator from Mississippi would not foreclose any Senator from offering an amendment after the amendment tendered by the Senator from Montana had been disposed of.

Mr. HARRISON. It was the order, may I say, that the committee amendments should be disposed of first. We have almost reached that stage. There are one or two little individual amendments here that ought to be adopted first. We have reached the stage where I do not think there are going to be more than one or two votes. I understand that a sales-tax proposal is to be offered to the Senate, a proposition on taxes. Does the Senator from Montana prefer to have a vote on his amendment first?

Mr. WHEELER. Yes; I prefer to have a vote on this amendment before we go to the sales tax or other matters, because it seems to me that if they should be adopted it would change the situation with reference to the sales tax and with reference to several other taxing proposals.

The VICE PRESIDENT. The Senator from Montana offers an amendment, which will be stated.

Mr. HARRISON. I hope the Senator will wait until we can clean up some individual amendments on this matter before getting to taxation.

The VICE PRESIDENT. Are there other individual amendments?

Mr. ASHURST. Mr. President——

Mr. WHEELER. I will withhold this amendment, with the understanding, however, that it will be offered first when we come to that part of the bill.

Mr. HARRISON. I have no objection to its being offered first.

Mr. ASHURST. Mr. President, I ask the attention of the Senator from Mississippi. I have an amendment to the text on page 29 which I desire to offer, but I will not do so until the able Senator tells me that it will not interfere with his plan of procedure. It is to the text on page 29.

Mr. HARRISON. I should like to clean up everything before we get to the text.

Mr. ASHURST. Very well. I think the Senator is correct; but I wanted to know, so that I would not be foreclosed. I withhold the amendment.

Mr. KEAN. Mr. President——

Mr. HARRISON. Mr. President, will the Senator from New Jersey permit me to offer an amendment at the instance of the committee to clean up just one matter?

Mr. KEAN. Yes.

Mr. HARRISON. On page 18, after the word "construction" on line 19, I move to insert "reconstruction, alteration, or repair."

Mr. LA FOLLETTE. Mr. President, just a moment. I do not understand where that comes in.

Mr. HARRISON. It will come in on line 19, page 18. After the word "construction" I move to insert "reconstruction, alteration, or repair."

Mr. LA FOLLETTE. Is it not necessary, to accomplish the result the Senator desires to achieve, to strike out the words "under public regulation or control"?

Mr. HARRISON. May I say to the Senator that this amendment was suggested a few moments ago by General Johnson. He said he thought it was necessary. That is why it is offered.

Mr. LA FOLLETTE. Yes; but I think the words "under public regulation or control" will have to come out in order to achieve the objectives which the Senator has in mind.

Mr. HARRISON. I move also at that point that the words immediately following, "under public regulation or control", be stricken out.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. The Senator from New Jersey [Mr. KEAN] has withheld an amendment in order to enable the Senator from Mississippi to offer an amendment. Is the Senator from Mississippi prepared to offer the amendment?

Mr. HARRISON. Yes, Mr. President. On lines 18 and 19, page 18, after the word "construction", I move to add the words "reconstruction, alteration, or repair."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 18, line 19, after the word "construction", it is proposed to insert "reconstruction, alteration, or repair."

The amendment was agreed to.

Mr. KEAN. Mr. President, I offer the amendment, which I send to the desk.

The VICE PRESIDENT. The Senator from New Jersey offers an amendment, which will be stated.

The CHIEF CLERK. On page 20, line 10, after the word "project", it is proposed to insert:

which public-works project may be leased for a term of years to the political division wherein it may be located, with the privilege of purchase by said political division upon the payment of a sum equal to 6 percent per annum of the true value of such public-works project, of which 4 percent shall be the interest charge and 2 percent shall be the amortization payment; the total of which amortization payment shall not, in the aggregate, amount to more than 70 percent of the true value of the public-works project.

Mr. KEAN. Mr. President, this amendment which I have offered is to enable the cities of New Jersey to get something out of this bill.

At the present time they are taxed varying amounts up to the legal limit of the law of New Jersey. The consequence is that under the law they can issue bonds only for the time the engineer says the improvements will last. Under those circumstances they probably could not qualify under this bill at all.

This amendment is offered by me at the request of the largest city in New Jersey, to enable them to construct some public works under this bill and to obtain some of the benefits of it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Jersey.

The amendment was rejected.

The VICE PRESIDENT. Are there further amendments to this section of the bill?

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter that I have received from Mr. Isely on the subject covered by the new section 207. In connection with the letter I wish to express my hearty approval of the new section relating to subsistence homesteads. Under the provisions of that section it is hoped that we will be able to put into operation many well-worked-out plans for supplying small 5- and 10-acre subsistence homesteads for thousands of farmers and laborers. I have in mind one in the State of Kansas, known as the "Ford County Housing Association", sponsored by Mr. C. C. Isely, the originator of this rural housing idea in the West.

Dodge City is a thriving industrial city in the heart of the Kansas wheat belt, a city that has made remarkable progress in the last two decades. It is one of the historic cities of Kansas. The junior Senator from Alabama [Mr. BANKHEAD], who, I believe, is the author of this amendment, tells me that the type of project planned by the Ford County Housing Association will be eligible for assistance under this section. It probably would be eligible under subsection (d) of section 202, but the adoption of the subsistence homestead amendment seems to remove all doubt. When the enterprise is in operation it will provide homes for several hundred rural families on small suburban farms.

It is not my intention at this time to take up the time of the Senate explaining the Ford County housing project, but at my request Mr. Isely has written me a letter explaining the project very clearly, and I ask unanimous consent to have it printed in the RECORD as a part of my remarks. I send the letter to the desk.

There being no objection, the letter was ordered to be printed in the RECORD as follows:

THE FORD COUNTY HOUSING ASSOCIATION,
Dodge City, Kans., June 2, 1933.

Senator ARTHUR CAPPER,
Washington, D.C.

DEAR SENATOR CAPPER: In regard to the housing section of the Wagner bill, those of us who have been working with this problem in Kansas feel that there should be either an amendment or an interpretation that would definitely authorize housing in suburban or rural areas, with the special objective of rehabilitating the unemployed on small tracts of land so that they can become self-sustaining. The emphasis has been on slum clearance.

None of us like the word "dole", yet every family that is even partially sustained by public or private help, or by friends or relatives, adds to the entire country's economic burden. If that family can be so placed as to become self-sustaining that burden is removed and a large percentage of such families soon become producers, and in turn, consumers. This isn't a spectacular process but it is on the sure route to recovery.

We have been concerned now for 6 months with a project we have under way here in Ford County. Communities all over Kansas are watching us, writing us, phoning us, hoping that we get under way, under the Reconstruction Finance Corporation, and that similar plans can be initiated in their communities. Letters also from other States evoke a similar interest. We set out here as an initial undertaking to find suitable housing for 100 families. We have had from 200 to 400 families receiving some form of public relief. We have received applications from these families and had a committee sort out those considered best suited to succeed in the undertaking. We found that in many cases two families were occupying quarters not sufficient for one family. We have been informed that in places like Kansas City, in spite of empty residences, that this crowding up is on a large scale. Of the 100 applicants we found that it included artisans of all sorts, carpenters, carpenters' helpers, plumbers, painters, plasterers, cement workers, electricians, and common laborers. All of these selected families had some equipment. In a community like this we found that all of them had some farm experience. We understand, in experiments tried elsewhere, that many of those purely city bred were just as successful when placed on a rural tract as the country bred. I suppose they followed instructions better and were not hampered by preconceived concepts as to what should be done in their rural surroundings. Since we were selecting a site a few miles out of town we were confronted with a transportation problem. We found 65 percent of our applicants had some sort of a car and most of them were mechanically inclined, and that would be a big help.

Now the plan is not to have these people produce the items that are now disturbing the agricultural experts of this country. It is not proposed to produce wheat or cotton or tobacco, but primarily such fruits and vegetables, eggs and milk, that they can use for themselves. Remember many of these families have not had enough to eat; or, at best, they have subsisted on unbalanced rations that have not been conducive to good health. So our first concern was to get them established to live and have elemental food. The next step was to get them to produce enough of vegetables so they could be marketed locally. In the Arkansas Valley, with irrigation, anything can be produced, and there is a large market, on the wheat table land adjoining this valley and stretching away for 100 miles north and south, to sell all the surplus that can be produced. It is planned to erect a community canning kitchen so that surplus here provided can be conserved. The home-demonstration agent, following the example successfully carried on in the South, will show the women of these families not only how to preserve these foods for their own use but how to prepare them for the nearby market. Of course, in this climate poultry production will be a valuable side line for all these families, providing them with eggs and meat and supplementing their income.

Now, to get this under way, we have organized these artisans, so that they can do 90 percent of the work in erecting these houses and other buildings. Foremen have been selected, and they will direct the work. The way this project is now planned, the houses and tracts are leased to tenants. A low initial rental charge is set up for the first 2 or 3 years. A portion of the compensation received for the work will be paid to the housing association, which is essentially a cooperative enterprise, as a first payment on the house they are to occupy. This initial payment is made in consideration of this low rental and for the further purpose of giving the tenants an option to purchase the property. The money borrowed from the Reconstruction Finance Corporation for this purpose or from the administrator of the Wagner bill will be repaid out of rentals. These rentals in turn will be set up by our housing corporation and allocated as interest and payments as principal.

I notice reports that housing corporations have planned and have actually set up in some of the cities huge tenement houses in which it is proposed to rent to families of low income single rooms for $10 and $12 and $14 per month. Our plans contemplate initial rentals of only $10 to $12 per month for a 4-room house and a few acres of land and garden house for vegetables, a cow, and poultry. Of course these rentals will have to be stepped up, but, under the plans we have under way, the average rentals over a period of 16 years should not average over $15 or $16 a month. Now, if we had the funds allocated to our use, we could place 500 families immediately in this part of Kansas. The demand is almost without limit. The security offered is greatly enhanced in the demand for the service. Tenant farmers, living on poorly improved wheat farms all over the West in 6 States, would like such a situation as this, so that they could properly produce vegetables not produced efficiently on the wheat uplands of these Western States. Here, too, they could efficiently care for their cows and poultry. At the same time, with modern machinery, they could farm the wheat farms, even if those farms were as much as a hundred miles away. A tenant in such a situation would not be out of money during a time of wheat failure and need a seed loan. Again, there are many landowners living as far east as Hutchinson and Wichita in Kansas, who are farming their lands as far west as the Kansas line and into Colorado. These farmers or their sons would be glad to have a chance to occupy a small irrigated tract and do their upland farming not so far from home. I mention these things to show you that the demand for this type of housing is not only practically unlimited but there is no danger in this type of investment to the public agencies making the loans. These projects will not cost the taxpayer a dime if properly set up. Care should be taken not to overdo the thing in any one community. Projects should be

grouped to have highway, school, and electrical accommodations. These things make vacancies at zero and improve the security of the loans.

Now, there is another thing to be considered. When the unemployed build a road, a bridge, a tunnel, a dam, and get the job finished they are again out of a job. They are just where they were. These projects must be paid for out of taxes, even though planned to be paid for out of tolls. The labor on a road with a hoe or a shovel, as we are doing now, is inefficient and an insult to the self-respecting man doing the work. Building a cottage, however, is all proper and efficient hand work. The saw, the hammer, the trowel, the paintbrush, the hoe mixing mortar, the shovel digging a trench, all are suitable types of hand work making the laborer feel like he is doing worth-while work. From the time the tree is felled in Arkansas or Washington or the cement quarried from the limestone ledges in southeast Kansas there is work all the way. I observe a report just out from Washington that freight-car loadings, factory employment, industrial production, department store sales run 53 percent, 58 percent, 67 percent, and 68 percent normal. Values of imports and exports 25 percent and 29 percent, while building construction of all kinds is only 14 percent. The best of these figures is poor enough. But until there is something of a balance, until the greatest hand labor job of all, namely, building, is resumed, unemployment will stare this country in the face. Now, there is no more advantage building slum-clearance tenements than there is building roads; but to get a few millions back to the land on small tracts, where they can get part-time employment or seasonal employment, is tremendously essential, and the Wagner bill should be so set up that lawyers will not find objections and delay us, as they have for months in this Ford County housing project, wondering whether we could, under the law, really occupy land that would sustain a family and furnish him some additional income.

I am sorry this letter is so long, but I have tried to cover only a few of the main points.

Very truly yours,

C. C. ISELY.

Mr. WHEELER obtained the floor.

Mr. LA FOLLETTE. Mr. President, I desire to offer an amendment to the original text, on page 42, line 24. Shall I offer that amendment at this time, or after the amendment offered by the Senator from Montana has been disposed of? I am perfectly willing to have the Senator from Montana proceed at this time; but I do not wish to be foreclosed from offering that amendment.

The VICE PRESIDENT. Does the Senator desire to offer the amendment at this point?

Mr. LA FOLLETTE. The Senator from Montana is anxious to proceed, and I am perfectly willing to permit him to do so; but I want it understood that I shall not be foreclosed.

The VICE PRESIDENT. That will be the understanding.

Mr. WAGNER. Mr. President, may I ask the Senator from Wisconsin whether he proposes to offer the amendment at the conclusion of the tax discussion? I take it that the Senator has in mind the so-called "water-power matter."

Mr. LA FOLLETTE. No; I was talking about an amendment to increase the size of the public-works program.

Mr. WAGNER. I beg the Senator's pardon.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. The Senator from Montana has the floor.

Mr. WHEELER. I yield to the Senator from California.

Mr. JOHNSON. May I have the attention of the Senator from New York?

There is a very brief amendment, to which I think there is no objection, which has been submitted to the Senator from New York, on page 43, striking out the words "to bid upon or purchase bonds", which I think the Senator will accept and take to conference. Then, if there is any conflict——

Mr. WAGNER. I suggest that the amendment be sent to conference.

Mr. JOHNSON. I offer the amendment, then, to strike out the words "to bid upon or purchase bonds", in lines 17 and 18 on page 43.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from California.

The amendment was agreed to.

Mr. WHEELER. Mr. President, I offer the amendment which I send to the desk. It is an amendment on page 29, to strike out lines 11 to 26, inclusive, and to insert in lieu thereof the matter which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The amendment is to strike out lines 11 to 26, both inclusive, on page 29, and to insert the following:

ISSUE OF UNITED STATES NOTES

SEC. 207. (a) The Secretary of the Treasury is authorized and directed to issue, from time to time, United States notes in such amounts as may be necessary to meet the expenditures authorized by this act, which shall be used for the purposes herein provided. Such notes shall be of such denominations, not less than $1, as the Secretary of the Treasury may prescribe, shall not bear interest, shall be payable to bearer, shall be in such form as the Secretary may deem best, and shall be lawful money and legal tender in payment of all debts, public and private, within the United States; and such notes, when held by any Federal Reserve bank or any member bank of the Federal Reserve System, may be counted as a part of its lawful reserve.

(b) The Secretary of the Treasury is further authorized and directed to increase annually the reserve fund held for the redemption of United States notes by an amount sufficient to retire annually the notes issued under the provisions of this act as follows: During the period of 2 years after the date of enactment of this act, at the rate of 4 percent of the total amount of such notes issued and outstanding at the end of each year, and thereafter at the rate of 4 percent of the total amount issued and outstanding at the end of such 2-year period until all such notes shall have been retired.

Mr. WHEELER. Mr. President, this was the amendment that was offered in the committee to this section by the Senator from California [Mr. MCADOO]. Of course, when he offered it, it had his approval.

I want to call attention to the fact that we have had a great deal of talk about economy during this session of Congress. We have talked about saving money by cutting the allowances of veterans, and saving money by cutting the compensation of employees. We have tried to save money by cutting out services rendered to the people, and in every other way. At no time, however, have we attempted to save money by cutting down the interest on bonds, or by ceasing to issue bonds, and issuing money in the place of bonds.

I propose, through the amendment, to have the Government of the United States make a saving, as it will save, of a total of $1,900,000,000, which we would make if we issued notes instead of the bonds.

If the provisions of sections 207 and 209 of the bill as passed by the House become law, the sums necessary to pay interest and sinking fund on the $3,300,000,000 of bonds to be issued would amount, at the outset, to about 6 percent, or perhaps 6½ percent, made up as follows: Interest on the bonds, 3½ percent plus 2½-percent sinking fund, or interest, 4 percent, plus 2½-percent sinking fund. In the same case the sums to be raised by taxation would amount, in the beginning, to $198,000,000 per annum, or perhaps $214,500,000, depending upon the coupon rate on the bonds issued. Bonds bearing 3½-percent interest would be retired by a 2½-percent sinking fund in 25½ years, while 4-percent bonds would be retired in 24½ years.

Mr. FESS. Mr. President, if I understand the amendment, the Senator would do away with the unnecessary burden of collecting taxes and proposes to print the money and save the burden to the people.

Mr. WHEELER. No; that is not correct. That might be the interpretation the Senator would like to have placed upon it, but that is not accurate. I propose that we shall issue Government notes and set aside a sinking fund to take care of those notes and to take up those notes every year, instead of issuing bonds and turning them over to the bankers of the United States, paying the bankers 4-percent interest for issuing the money which the Constitution of the United States provides the Congress of the United States shall do.

Mr. President, does the Senator from Ohio think that when I am proposing this, I am trying to do anything except what was proposed by the fathers in the Constitution of the United States? I am simply asking the Congress to exercise its power to save the people of this country the interest upon these bonds, which would otherwise be paid to the bankers, and to permit the Treasury of the United States to set aside a sinking fund to take care of the notes which would be issued by the Treasury of the United States.

If the public-works program were financed by the issuance of United States notes redeemable at 4 percent per annum,

the sums necessary to be raised by taxation would amount to $132,000,000 a year throughout the retirement period of 25 years. The savings to the taxpayers at the outset would thus amount to $66,000,000 a year, or perhaps even $82,500,000.

The total cost for interest and sinking fund of a 4-percent bond issue, with a 2½-percent sinking fund, amounting to $3,300,000,000, would, in round numbers, be $5,200,000,000. Since the total cost of retiring an equivalent amount of United States notes would be only $3,300,000,000, the saving to the taxpayers for the entire operation would amount to $1,900,000,000.

Will any Senator rise in his place and contend that there is no difference between the issuing of the bonds and setting aside a sinking fund to take care of those bonds, and issuing Government notes, without interest, which can be used to pay the public debt, and setting aside a sinking fund to take care of those notes, identically as we take care of the bonds?

Mr. President, this is one way by which we can save money for the Treasury of the United States; this is one way in which we can economize without hurting anybody in the United States; this is one way in which we can economize without cutting wages; this is one way in which we can economize without throwing people out of employment, without throwing veterans out of hospitals, without cutting down veterans' allowances. We can simply say to the people, and to the great banking interests of the country, that this is a means of issuing money, which the Constitution of the United States says in the first instance is the duty of Congress.

I submit that this amendment ought to be adopted, and I hope the Senate will agree to it.

Mr. LA FOLLETTE. Mr. President, will the Senator yield for a question?

Mr. WHEELER. I will be glad to yield.

Mr. LA FOLLETTE. As I understood the Senator's statement, if his amendment were agreed to, he would contemplate providing special taxes in this very bill to set up a 4-percent fund to retire the notes?

Mr. WHEELER. Exactly.

Mr. LA FOLLETTE. A net saving, however, would come, because those taxes would not have to be so onerous and burdensome in order to pay additional interest to those who purchased the bonds.

Mr. WHEELER. That is exactly correct.

Mr. BORAH. In other words, the Senator proposes to provide for the retirement of these Treasury notes by other amendments?

Mr. WHEELER. I provide in this very amendment that 4 percent of these notes shall be retired each year over a period until they are all retired. Then we would come to the taxing provisions, and we would have to raise only enough by way of taxes to retire the 4 percent of the notes each year, instead of having to pay the 4 percent or 4½ percent interest on the bonds. In other words, according to the figures I have, the saving would be between $66,000,000 and $82,500,000 a year, depending on the rate of interest we would have to pay upon the bonds.

Mr. HASTINGS. Mr. President, is there any difference in principle between this amendment proposed by the Senator from Montana and the measure which the Congress has already adopted, the Thomas amendment to the agricultural bill, which provided that $3,000,000,000 could be printed under certain conditions? As I see it, the only difference is that the Senator would just have us inflate it to the extent of $3,300,000,000 more. But if the Senator should provide by this means a repeal of that which the Congress has already done, it occurs to me that this would be the finest way in the world to get this money out.

Mr. WHEELER. I do not think there is any doubt in the world but that this would be the finest way in which to get the money out, to get it into circulation. We hear Senators say on the floor repeatedly that there is plenty of money in the country, that there is plenty of money in the banks, and that there is plenty of credit. The difficulty is to get the money out among the people of the country, to get it into circulation. That is one of the reasons why we are proposing, through a public works bill, to get the money out into circulation, so as to start up industries, and to start buying among the people of the country.

On the one hand we are issuing Government bonds, and we are going to pay the bankers for taking those bonds and putting them into the Federal Reserve bank and issuing currency against them. We are going to pay practically 4 to 4½ percent for doing that very thing, which the Government of the United States under the Constitution has a right to do itself.

In further answer to the Senator's question, of course, under the Thomas amendment, the President would have the right to issue $3,000,000,000 worth of currency. This amendment of mine provides not fiat money, because we are setting up against it a sinking fund, and we are going to tax the people to take care of those notes. So it is quite different, as a matter of fact, from fiat money. We are going to have back of those notes just exactly the same thing we would have back of the bonds we would issue. The notes will have the backing of the taxing power of the country, just exactly as the bonds would have back of them the taxing power of the Government of the United States to make them good. If the notes are not good, then the bonds we are going to issue will not be good. The bonds will not be good unless we can raise taxes to pay them off. The notes will be good to exactly the same extent to which the bonds would be, I repeat, because we are going to raise taxes to take care of those notes and set aside a sinking fund to take them up in identically the same way we will take up the bonds, except that we are going to save the people of this country, during the period of time these bonds would be issued and be taken up, $1,900,000,000.

Mr. NORRIS. Mr. President, does the Senator's amendment provide that the bonds shall be legal tender?

Mr. WHEELER. Exactly. They will be legal tender just the same as currency would be legal tender.

Mr. LA FOLLETTE. Mr. President, in response to the interruption made by the Senator from Delaware, may I point out that under the so-called "Thomas amendment" the one and only purpose for which the notes provided in that measure could be issued was to meet maturing obligations of the United States Government. In other words, it is not a blanket provision for the issuance of notes for all purposes.

Mr. HASTINGS. I understand that, but I cannot see the difference in issuing this kind of money to retire bonds that are already out and in the hands of the public and then issuing these new bonds in the first instance to pay for public works.

Mr. FESS. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield if I have the floor.

Mr. FESS. This is a legitimate second step after the first step which we have taken. The first step was the inflation by $3,000,000,000 of notes without any redemption feature. This is the second step; then we will take the third step, and we will be on the road which Germany traveled before we know what we are doing.

Mr. WHEELER. Mr. President, let me say to the Senator—and I think I have the floor—that he is entirely wrong, for the simple reason that Germany does not present a parallel picture at all. When the German currency was issued there was no sinking fund set up to retire it. We are proposing to set up a sinking fund.

Mr. FESS. Mr. President——

Mr. WHEELER. I will yield in just a moment. We are setting up a sinking fund to retire these notes, just exactly the same as we have set up a sinking fund to retire our bonds. So the Senator is absolutely incorrect in attempting to draw the parallel which he seeks to draw between this country and Germany.

Mr. FESS. The Senator from Ohio is not incorrect. What is the money to be collected in the form of taxes worth if it is fiat money?

Mr. WHEELER. This is not fiat money.

Mr. FESS. What will setting up any kind of a sinking fund in depreciated money amount to? So we are on the road that Germany traveled; and this is the second step which I expected to be taken, although I did not expect it to be taken at this session of Congress.

Mr. WHEELER. I repeat, the Senator is wrong in his assumption because of the fact that the currency of Germany was issued in an entirely different manner, and there was no sinking fund set up to retire that currency at any stage of the proceeding.

Mr. President, we hear much about the issuance of $3,000,000,000——

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Idaho?

Mr. WHEELER. I yield.

Mr. BORAH. I should like to ask the Senator from Ohio a question in connection with his statement. Is not the same thing behind the currency notes that is behind the bonds, namely, the taxing power of the United States?

Mr. FESS. No. Bonds are exchanged for money, and the Government has the money when the bonds are taken.

Mr. BORAH. What kind of money are they exchanged for now?

Mr. FESS. For money that was, until the other day, payable in gold.

Mr. BORAH. I say, what kind of money now is exchanged for the bonds?

Mr. FESS. Any kind of money that the Government is willing to pay.

Mr. BORAH. Exactly. Then, what is the difference?

Mr. FESS. Does the Senator think, after what we have done in the way of eliminating the feature of redemption, that the money which the Senator from Montana is proposing to provide is going to be worth anything in the way of taking care of the sinking fund? The money collected from taxes will be money that is depreciated, depreciated by the issuance of the $3,000,000,000 already to be issued, and now there is to be another $3,300,000,000 issued, and before we get through there will be another issue. The Senator certainly knows that if we proceed on this kind of a basis, all money that has any value will be driven out of circulation.

Mr. BORAH. If we proceed to issue bonds every few days, as we have been doing and are contemplating doing, there will be nothing behind the bonds except the taxing power of the United States; that is all; that is the same thing that is behind this proposed currency, namely, the taxing power of the people of the United States.

Mr. FESS. If the taxing power is to be exercised to collect money in depreciated currency, the money that goes into the sinking fund will be worth no more than the notes which it is proposed to provide.

Mr. BORAH. We are issuing the same kind of money precisely in both instances.

Mr. FESS. Yes, Mr. President, on the basis of the promise of the United States Government, but what will that amount to when we repudiate the promise and issue any amount of money without reference to our ability to redeem it?

Mr. BORAH. It seems that the people thought differently when they bought the bonds which have recently been issued; it seems that they thought the promise of the United States was worth something.

Mr. LA FOLLETTE and Mr. HASTINGS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Montana yield; and if so, to whom?

Mr. WHEELER. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. If I remember correctly, the Senator from Ohio and other Senators who were opposed to the gold resolution predicted dire consequences when the United States Government should try to sell any more securities on the market, and, with a good deal of relish, they said they were waiting to see what would happen. If I remember correctly, the $75,000,000 note issue recently put out was gobbled up on the open market at an exceedingly low rate of interest.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the Chair). Does the Senator from Montana yield to the Senator from Minnesota?

Mr. WHEELER. I yield.

Mr. SHIPSTEAD. As a matter of fact, the only difference is this: The bonds will draw interest and the Government will tax the people to pay possibly about 4 percent on the total amount outstanding, costing about $132,000,000 in interest. Currency is equally an obligation of the Government of the United States; the credit and good faith of the Government are behind it; and the only difference is that the Government does not have to pay interest on it. There would be an amortization charge of 4 percent, which it would also be necessary to have on the bonds if the Government were going to retire them, and that would retire the currency; but the Government would be saved $132,000,000.

Mr. WHEELER. That is exactly correct.

Mr. HASTINGS. Mr. President, I want to make this observation: I wish to say to the Senator from Montana, who supported, as I remember, the Thomas amendment, that it seems to me he is wholly consistent, but what I am curious to find is how there can be a successful opposition to his amendment on the part of those who did support the Thomas amendment. As he may remember, I did not agree with the Thomas amendment, and I do not agree with this proposal; but the point that I am making, and the only point I am making, is how is it possible for those who supported the Thomas amendment to oppose the amendment now proposed by the Senator from Montana?

Mr. WHEELER. Mr. President, I entirely agree with the Senator from Delaware with reference to that proposition, but I go farther than that. I do not see how anybody, even though he has been supporting the Thomas amendment, can fail to support this amendment, because, as a matter of fact, the difference between this proposal and the Thomas amendment is that the Thomas amendment did not, as I recall, set up any sinking fund for the purpose of taking care of or retiring the issue of notes. The Senator from Minnesota has well set forth the difference between the issuing of bonds and the issuing of currency.

The Senator from Ohio speaks of bonds as if there were something sacred behind them, and as if there were not something just as sacred behind notes. When the Government issues notes, if it shall issue notes, and when it issues bonds the good faith of the Government of the United States is back of them. The only difference is, in the one instance, the Government pays 4-percent interest to the holders of the bonds, but when it issues notes it does not pay that 4 percent, thereby, over a period of time, saving, by following the procedure suggested in this amendment, $1,900,000,000.

Mr. President, some Senators want to issue bonds. They are perfectly willing to talk about balancing the Budget. I have heard the Senator from Ohio say on the floor of the Senate, and I have heard other Senators say upon the floor of the Senate, that the thing necessary to be done is to balance the Budget. "Balance the Budget", they say, "and business will immediately pick up." I want to say to every Senator on this floor, as to the balancing of the Budget—and I say it with all due respect to any man who has uttered the sentiment—that there is not one thing that the balancing of the Budget has to do with the return of prosperity in this country of ours. As somebody well said on the floor of the Senate the other day, we did not talk about balancing the Budget during the World War; and we are in a worse depression and the country is facing a worse situation now than during the World War.

Here is a chance, Mr. President, to help balance the Budget; here is a chance to help to do something constructive toward balancing the Budget of the United States; here is an opportunity to do something constructive to save the taxpayers of this country over a period of twenty-odd years $1,900,000,000. Here is an opportunity to save the taxpayers of this country that amount of money, and at the same time not put one single man out of a hospital, not cut

the salaries or wages of one single Government employee. Here is an opportunity to save $1,900,000,000 to the taxpayers of this country; and by issuing this money we would also stimulate business.

Thus far, Mr. President, there has not been any inflation in this country. Let me ask who are the people who want bonds issued? Who are the people who have come to the Congress and insisted that we must issue bonds? They compose the same group who are now being investigated—the House of Morgan, the investment bankers, the National City Bank, and the group that have been managing and running our financial institutions and have brought us right to the verge of ruination. Yet we are still listening to the same people.

Mr. President, I challenge the Members upon the other side to tell me wherein there is a difference between issuing notes and setting up a sinking fund to take care of them and issuing bonds with a sinking fund to take care of them. The only difference is that a note issue would save the taxpayers the interest upon the money that would go to the great banks of the Federal Reserve System, and nowhere else.

Mr. REED. Mr. President, when we talk about matters of currency it seems to be utterly impossible for some sincere men to understand the principles which the centuries have taught us and which apply to all problems of currency in every land. When the Senator from Montana proposes to issue paper money drawing no interest, and redeemable by a 4-percent annual sinking fund, he is proposing to issue promises to pay which will fall due in an average of 12½ years; some of them not for 25 years, for it will take 25 years for his so-called "sinking fund" to retire all these promises from circulation.

The value of the promise to pay a dollar a year from now is 94 cents, if the rate is 6 percent. It is something less than 88 cents if the promise is to pay in 2 years and the discount is 6 percent; and so on it goes down. The value of a promise to pay at the end of 25 years is but a very small fraction of the face value of the promise. That is a simple enough conception for anyone who has ever taken a note to a bank for discount.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Ohio?

Mr. REED. I yield.

Mr. FESS. The Senator obviously overlooks the fact that the proposed note issue is to be legal tender, and it can be forced on the people.

Mr. REED. I am talking about true value. Assuming that this legal tender is to be redeemed in something of true value, and worth a dollar at the end of 25 years, its discount value, which depends of course upon the rate of interest—the rate of discount one uses—is very substantially less than the face value of the promise.

I do not see how that conception can be denied. If we give it a spurious value by making it legal tender at face value, we have debased our money. Obviously, by making it legal tender we increase the number of units that we have to give for something of present value. It seems to me we make it difficult by trying to argue it, because it is so very plain.

In the Thomas amendment we gave permission to the President to resort to this kind of greenback money to the tune of $3,000,000,000. We also authorized $3,000,000,000 of Federal Reserve notes to be issued in exchange for outstanding Government bonds. We also authorized free silver, but we can leave that out of consideration. If we adopt the Wheeler amendment it will be the second installment of greenbacks authorized to be issued by this special session of Congress.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. REED. I yield.

Mr. WHEELER. Let me say to the Senator that that was permissible on the part of the President, while this is a direction.

Mr. REED. Yes; I know that.

Mr. WHEELER. So this is not the second permission. The trouble is that everybody has been saying we were going to inflate, and the minute we gave the President permission to inflate, the very fact that we gave him that permission, started business of all kinds going up.

Mr. REED. Certainly.

Mr. WHEELER. We have not done anything about it. The President has not done anything about it. The administration has not done anything about it. If something is not done about it, then we will see a complete collapse. I am proposing that we take positive action, and not only that, but in addition to that that we do what the Senator from Pennsylvania has so eloquently advocated on so many occasions, and that is to cut down expenses and try to help balance the Budget.

Mr. REED. Surely we are all in favor of reducing the burden of the taxpayer. We are all in favor of saving Government expense. When we discuss it we do it in complete good nature, because our objects are the same, only it seems to me that this does not attain that object. It is true the first greenback law we passed in the Thomas amendment was permissive. The President has not exercised the power. The Wheeler amendment is a direction. The Senator is scarcely correct when he says the President has not acted on any of the inflationary powers we have given him, because the President has embargoed the gold exports; he has forbidden specie redemption in gold, although our outstanding notes contain the Government's promise to redeem in gold on demand. He has attempted to enforce this quite unconstitutional proclamation that we authorized him to issue requiring citizens to surrender their gold. He has finally driven through the Congress a bill repudiating the Nation's promise to pay its debts in gold. As the result of it inflation has occurred and the American dollar at the close of business last night was worth eighty-one and a fraction cents in the markets of the world. It is all right to say that our dollar bills still call themselves dollars, but throughout the world, where a fair appraisal of the value of those dollars is permitted, they were quoted last night at eighty-one and a fraction cents.

Mr. WHEELER. When the Senator speaks about our dollar being worth only 81 cents, it seems to me that is not quite a fair statement, because the value of the dollar in the world market is a relative thing.

Mr. REED. Of course.

Mr. WHEELER. It only means, for instance, that all the other countries have depreciated their currency.

Mr. REED. Not all of them.

Mr. WHEELER. Practically all of them.

Mr. REED. Holland and Switzerland have not.

Mr. WHEELER. They are practically the only ones that have not.

Mr. REED. In terms of their currency we have depreciated our dollar 19 percent.

Mr. WHEELER. Oh, in terms of the currency of the rest of the world we have not. We have simply lowered our money to that extent in terms of their money. It is a relative proposition.

Mr. REED. France, Italy, Belgium, and some other countries have all resorted to inflation and have finally, in their endeavor to stabilize again, stabilized at greatly reduced values for their currency units. That stabilization on a gold basis occurred before we began to inflate. In terms of their currency also our currency has fallen in value 19 percent since the 4th of March. The process is accelerating. When our delegation sailed for the London conference the pound was worth about 3.90. In the 10 days or so that they have been on the ocean the pound has risen in value to 4.12, which is what it was when they landed last night.

The same thing happened in Germany, not all at once, but a few cents at a time. I wish Senators had read an

article in the Saturday Evening Post recently that told of the experience of a German professor who lived through the inflation, and told it graphically, a graphic story worth everybody's reading.

So it happened in Germany. The snowball started down hill and it received greater momentum as it went, until finally it grew in size and gained in speed and became irresistible. It carried absolute ruin to millions of honest Germans who were not in the least to blame for the policy or for its application; absolute ruin to those who were trusting in the good faith of the Government of the Reich, just as we have millions of people in America today trusting in the good faith of the American Government, because ever since they were born there was not any question about it.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. REED. Certainly.

Mr. FRAZIER. Undoubtedly there were Germans ruined, and we have had millions ruined in the United States on our gold standard, too.

Mr. REED. That is true, and we are not going to make their ruin any less by ruining a lot more.

Mr. WHEELER. Mr. President, will the Senator yield further?

Mr. REED. Will not the Senator indulge me for a few minutes, and then I shall be glad to yield?

I have had several friends, elderly ladies, come to me in the past week and ask what they can do about their investments, into what they can put their money so as to be reasonably safe against the growing decline in the value of the dollar, or, what is the same thing, the wholly artificial rise in price commodities. One lady, who had a considerable sum invested in the Corporate Trust Co. of New York, saw that go down from par to below 70 in the course of a month. Why? First, because of the financing policy approved on the part of the city authorities, and secondly, because of this repudiation bill which has shaken the confidence of all investors of the conservative type in securities of that sort.

Ordinary municipal bonds cannot be sold today at all. For proof of that look at the testimony of the group of mayors who came before the Finance Committee from all over the country—New Orleans, Detroit, Chicago. I do not remember the names of the cities or the names of the men, but there was quite a group of them. They were unanimous in saying that their credit is absolutely gone. That is what we are doing to the credit of the United States Government.

Senators will point, I know, to the returns that Secretary Woodin reported on his recent offer of 2⅞-percent 5-year notes, but when we come to analyze those figures it will be found that most of the subscriptions were compulsory conscript subscriptions forced out of the Federal Reserve banks and their members. That is a process that we cannot carry very much further without danger. At the present moment the only market for American Government bonds of any consequence is that which is artificially stimulated by members of the Federal Reserve—the Federal Reserve banks themselves. The quotations have risen, it is true, but they have risen because of what are so euphemistically called "open-marketing dealings" of the Federal Reserve System. They have been ordered to go into the market and buy bonds when they are offered for sale. If it had not been for that support, no one knows where Federal bonds would be quoted at this minute. That is the only market for future issues, too.

We are not going to restore faith in the American Government until we shall make evident our determination to limit ourselves to sane financial measures. This is another step downhill. It will not ruin the country. We can stand another $3,000,000,000 of inflation; but, mind you, the needs of the country today are only about $6,000,000,000 in currency. This will be half of that, and if the President uses the power under the Thomas amendment to put out $3,000,000,000 of greenbacks, that will make a total of $6,000,000,000. If the Gresham law is still working, and I think it is, that money is going to drive better money right out of circulation. It always happens so. Bad money depreciates good money and invariably replaces in circulation the sounder money that was there before.

Mr. GORE. That law has been repealed.

Mr. REED. The Senator from Oklahoma suggests that the Gresham law has been repealed. Perhaps the repeal will not take effect if this greenback issue comes out.

That is the only reason against the amendment. In itself it does not spell ruin any more than 1 day's emission of paper marks spelled ruin to German finances. But in the aggregate it spells ruin, and it spells it in letters that anybody can read.

Mr. WHEELER. Mr. President, I have listened in the Senate of the United States for the last year to the argument of my learned and eloquent friend from Pennsylvania. He talks about Germany and what the German people suffered. I was in Germany in 1923 when the process of inflation was going on. But instead of it going down a cent at a time, as the Senator said, as a matter of fact the German mark went from 20,000 to 40,000 for a dollar in 1 month. It was the deliberate, premeditated policy of the German Government to do that very thing.

When we are talking about inflation, about the ruination of those countries by reason of the fact that they had inflation, Senators do not point to Great Britain, who deliberately went off the gold standard and then inflated her currency. They do not point out what France and Italy did, but they take Germany and Russia and Austria as spectacles of what happened.

I submit that this is not going to ruin the country, and this money is going to be just as good as the bonds that would be issued under the bill. It would have exactly the same thing back of it.

Of course, if we had not passed the joint resolution the other day dealing with the gold standard, Senators on the other side undoubtedly would be standing on the floor of the Senate and saying, "But you will drive us off the gold standard", as if putting us off the gold standard was immediately going to wreck this country. Now we are off the gold standard. When I advocated the remonetization of silver—and I much prefer that to going off the gold standard or having paper money—I said, when I was advocating the remonetization of silver upon this floor, that if we did not take it, we would get something worse; that we would get paper money; that we would have nothing back of our currency. Senators would not listen to me, however; and now we have not gold back of our money. We are off the gold standard.

It was said, when I argued that, "Why, you will drive us off the gold standard", and then it was said, "In addition to that you will be breaking these contracts that are payable in gold." Senators no longer have those two arguments.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Nebraska?

Mr. WHEELER. I yield.

Mr. NORRIS. The Senator remembers, of course, as he has just been telling us, that during the argument on the joint resolution it was prophesied that if we repudiated our obligation to pay in gold, of course, our bonds and all our obligations would immediately drop away down.

Mr. WHEELER. Yes.

Mr. NORRIS. Has the Senator noticed the market to see how they dropped?

Mr. WHEELER. I have not followed the market, but I understand that they went up.

Mr. NORRIS. Of course, I would not say that those gentlemen, who were experts, saying that that would happen, could be anything but right. I have not looked at the market quotations in the paper since; but I assume, of course, that United States bonds are away down to 15 or 20 cents on the dollar.

Mr. WHEELER. That is why the offerings were oversubscribed.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. I do.

Mr. LONG. I happened to read only the headlines saying that our last bond issue was subscribed five times over at par this morning.

Mr. NORRIS. There must be something wrong about that, because these experts could not be wrong. They said that all Government obligations would disappear, and would go down to nothing, down to zero. The Senator ought to look at that again.

Mr. REED. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. REED. I think the Senator from Nebraska has just entered the Chamber. We were discussing that matter; and I, too, called attention to the fact that Government-bond quotations had been rising, and that there was a great oversubscription reported on these new 5-year notes.

Mr. NORRIS. Then, we ought to go off the gold standard again if it is going to do us that much good.

Mr. REED. But perhaps the Senator did not hear me state where those subscriptions came from. Those are not public subscriptions, Mr. President. The public in the United States is not buying those bonds, either from the Treasury or in the market.

Mr. NORRIS. I am going to send out and get a daily paper. I will ask to have the New York Times brought into the Chamber.

Mr. REED. I have it here. I have been trying to tell the Senator what happened. The market is wholly artificial. It is sustained by Federal Reserve buying; and if the Senator will look at the figures of the increase in Government securities reported each week by the Federal Reserve System, he will see precious quick where the market is.

Mr. NORRIS. All of that was known the other day when we had the argument, but the experts did not seem to think of it then. It seems to be an afterthought.

Mr. WHEELER. Of course, when the Thomas amendment was up here and when the remonetization of silver was up here in each instance they said, "If you adopt this policy, if you drive us off the gold standard, there is nothing but ruin going to be in your wake."

Let me call the Senator's attention to this fact, however: He speaks about the old lady who came to see him the other day and asked him what he could invest in. I agree with the Senator that the inflation of Germany ruined the people over there. It ruined the middle classes. It ruined the bondholders, the stockholders. It did not ruin the workers, of course, and it did not ruin the farmers, because of the fact that they still had their farms and they had to have people do the work, and they had to see that they got money enough to feed them. It ruined the middle classes. Let me say to the Senator, however, that the deflation has very nearly ruined the middle classes of this country because of the fact that it has ruined the farmers of the country. The deflation has driven 13,000,000 people out on the streets, and they are walking the streets of this country now in search of employment. Nothing is said by the Senators upon the other side in sympathy for these unfortunate souls that the deflation and the high-priced American dollar has driven on to the streets.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from New Mexico?

Mr. WHEELER. I do.

Mr. CUTTING. Of course, the Senator is not arguing in favor of any such procedure as was adopted in Germany.

Mr. WHEELER. Of course not.

Mr. CUTTING. An inflation of this sort does not necessarily lead to the extreme measures which were adopted by the German Reich.

Mr. WHEELER. Exactly.

Mr. CUTTING. On the other hand, may I call the attention of the Senator from Montana to the fact that even at the worst stage of the German inflation, of which we hear so much, there were less than a million unemployed in Germany; and that since Germany went on the orthodox economic standard there has been suffering, hardship, unemployment, starvation, and misery beyond anything ever exemplified in that country.

Mr. WHEELER. Exactly.

Mr. CUTTING. So that the evils of extreme deflation have worked out in Germany far worse than even the extreme inflation of which we have heard so much.

Mr. WHEELER. Of course, there are in Germany, if I remember the figures now, about four or five million unemployed who are suffering much more now than they did in the period of inflation in 1923, when, as the Senator said, there were only about a million unemployed.

Mr. CUTTING. Why, of course.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Minnesota?

Mr. WHEELER. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. I do not want to interrupt the Senator——

Mr. WHEELER. I shall be very glad to yield to the Senator.

Mr. SHIPSTEAD. But with reference to Germany in comparison with the United States, there cannot be a comparison made with any logic.

It must be remembered that Germany had to make great payments by way of reparations. She had to make great foreign payments. She was a foreign debtor. She owed foreign countries. We are a creditor nation. Under the Treaty of Versailles she was shut off from trading. Her foreign trade was cut off. Her shipping was cut off and, in fact, destroyed and confiscated. Our trade balance is greatly in our favor, and that is the greatest source of stability to our finance—the balance of trade in our favor—also, the invisible imports in the form of rents and interest on money invested abroad.

The great danger to the currency of the United States is in the uncertainty of our monetary policy; and the greatest danger of all to the stability of the American dollar is the threat that the amendment we put in title I of this bill yesterday may be taken out in conference, because if we go on now under this bill and permit processors and the industries of the country to fix prices and gouge exorbitant and inordinate profits out of the people they will continue to destroy whatever purchasing power there is in agriculture and among the great masses of the people who work for wages. They will take that in the form of exorbitant profits and further destroy the purchasing power of the American people, making a further inflation necessary. That is the greatest danger to the American dollar that is facing us today.

If we go on with inflation, and do not control prices and profits, we are going to have the maladjustment in distribution of income that we had during the inflation of credit from 1922 to 1929, when practically everything to the amount of 50 percent increase went to industry, while agriculture lost approximately 40 percent of its aggregate income, and labor lost more than 30 percent of its aggregate income. That is what brought on the deflation, in addition to the increase in the capital structure, fixing an overhead charge upon industry, throttling every industry in the country.

The little bit of inflation that this measure would bring about would not be a threat to the American dollar. The greatest threat is the policies we have pursued, and the policies which I fear we are going to pursue if the Borah amendment is taken out of title I of this bill.

Mr. WHEELER. I thank the Senator. Of course, Mr. President, the idea that $3,300,000,000 of currency, where we set up a sinking fund against it, is going to depreciate the American dollar and ruin this Government is the height of folly. No intelligent person who has given any study to the subject would for one moment say so.

I was glad to hear the Senator from Pennsylvania say that of course that would not ruin this Government. Any-

body who has given any thought to it knows that that is true; but it would save the Government of the United States, the taxpayers of this country, $1,900,000,000. I was glad that the Senator from Pennsylvania called attention to the fact that the only people who would take these $3,300,000,000 worth of Government bonds would be the Federal Reserve banking group. They are the people to whom, if we issue these bonds, we are going to pay $1,900,000,000. That is what we are going to do. We are just going to take out of the average taxpayer of this country $1,900,000,000 to pay these Federal Reserve bankers that the Senator has spoken about.

When we are talking about balancing the Budget, and talking about cutting down the veterans, and cutting wages and everything else, we are willing to turn over to this group $1,900,000,000 of the taxpayers' money.

Do we want to go back to our people and tell them that though we drove the men out of the hospitals when we voted for the Economy Act, though we voted to put them out on the street and to cut their compensation 70 percent, and though we voted to cut the wages of the employees of the Government in order to balance the Budget, we turned around in almost the very same breath and voted to give these great banking institutions interest on bonds to the amount of $1,900,000,000 for the privilege of issuing our own currency?

I submit, Mr. President, that this amendment ought to be voted into the bill.

Mr. FRAZIER. Mr. President, I desire to say to the Senator from Montana that I think the opposition to his amendment comes from the coupon clippers who would get $1,900,000,000 in coupons as interest on these bonds under the regular form and would not get it under the Senator's amendment.

Mr. WHEELER. Exactly. The opposition will come from the House of Morgan, from Kuhn, Loeb & Co., from the National City Bank, from the Chase National Bank; yes, it will come from the Harriman Banking Co. and the rest of the racketeers who have run this Government and nearly destroyed it.

Mr. DILL obtained the floor.

Mr. REED. Mr. President, I think a word is justified in reply——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Pennsylvania?

Mr. DILL. No; I do not yield. The Senator from Pennsylvania has spoken 3 or 4 times on this amendment, and I should like to say just a few words about this subject before the vote is taken.

Mr. REED. Will the Senator from Washington indulge me for a few sentences?

Mr. DILL. I want to say something about the remarks of the Senator from Pennsylvania a while ago in reference to this bond issue.

The Senator explained that the reason why the $900,000,000 was oversubscribed to the Treasury loan was that the Federal Reserve banks were compelled to do it, and that that process, he says, has about run out. When we take the $900,000,000, there is still over $4,000,000,000 in the offering that we have not yet appealed to the public at all for. I have become convinced that the Senator from Pennsylvania is simply obsessed with his own ideas of the gold standard and of the policies of the past administration that got the people of this country into the terrible predicament we are now in; so, for my part, I have no faith in any prediction he makes, because all of them have failed so far as the money problem is concerned.

On the other hand, I am opposed to the amendment of the Senator from Montana, and I am going to vote against it because I believe that it is the wrong policy to pursue in this matter of inflation.

I voted to give the President the power to issue the $3,000,000,000 of paper money because I believed he could be trusted to control such inflation; but this is not a proposition to trust anybody. This is not a proposition to control inflation. This is to compel inflation. This is inflation outright by order of the Congress of the United States. I do not believe that we should now, at this period of the return toward better conditions in this country, to inject into the money system of this country $3,300,000,000 when we have had only $6,000,000,000 of currency in circulation for the past few years.

If I had believed, when the measure was before us to give the President the power to issue three billions of paper money, that he would do that all at once, as this proposal provides, I would never have voted for it. We can stand a certain amount of inflation in this country, but when we get to a certain point it will break down and the money will depreciate. When we attempt by law to provide for inflation immediately, by compulsion, in an amount more than one half of the circulating medium of the United States today, we are traveling down a mighty dangerous ground.

The President has used the power of inflation most cautiously; he has done very little to inflate the currency. He has, I understand, ordered $25,000,000 of bond purchases, and I understand he has made available $100,000,000 in the Postal Savings banks for that purpose; but that is an entirely different proposition from compelling the issuance of $3,300,000,000 by law, without any power to regulate it, as was given in the law that gave the power to inflate.

Mr. WHEELER. Mr. President, the Senator is mistaken with reference to the amendment. This $3,300,000,000 will not be issued immediately. It will be at least a couple of years before the public-works program can possibly be put into operation.

Mr. DILL. The vice of the Senator's amendment is that it is not to be within the discretion of the President, or of any other power, to say how fast or when this money shall be issued. It must be issued when there is a desire to spend it, and I am opposed to that.

Mr. WHEELER. What difference does it make whether the Government issues notes, or whether the Government issues bonds and then the money is issued upon those bonds? It is the same kind of inflation whether we issue bonds to the extent of $3,000,000,000 and turn those bonds over to the Federal Reserve banks which get the money on those bonds, or whether we have the Government issue the money directly. The only difference is that in one instance we are paying the Federal Reserve Board 4 percent for the purpose of issuing the money, and in the other instance we are not. That is the only difference.

Mr. DILL. Mr. President, if the Senator believe that, there is no use arguing with him.

Mr. WHEELER. I know it is true; and if the Senator believes differently, he is mistaken with reference to his position.

Mr. DILL. The Senator has made that speech four or five times, and I do not want to argue with him about it. Anybody who does not know the difference between issuing paper and passing it out as money, and issuing bonds on which interest is paid, and which are to be redeemed at a certain time, simply does not have the philosophy or the understanding of the money question that I have. I confess I do not have much knowledge on that subject, but I know that difference; and if I did not know that difference, I would not think there was ever any use in issuing bonds in this country at all.

I intend to vote against this amendment, and I did not want to sit here and vote against it with the statement uncontradicted that we are voting to put $1,900,000,000 of interest on the backs of the American people, when there would not be any difference in the financial status if we did not do it. There is all the difference in the world.

My real reason for not voting for the amendment is that I think that whatever inflation there is to be in this country in the way of the issuance of paper money should be a controlled inflation. I am willing to trust the President of the United States, and up to this time his use of the power we gave him has shown that he has justified the faith we placed in him when we passed the legislation. I do not think anything at this hour justifies Congress in saying we do not trust the President to issue the paper money, as he believes it

should be issued in the interest of the money system of the country and in the interest of the people of the country. For these reasons I shall vote against the amendment.

Mr. TRAMMELL. Mr. President, the hour is getting rather late, and many Senators have grown restless on account of the long hours we have spent in the Senate in the last 2 or 3 days, but I think this is a very important question to the American people and to the taxpayers of the United States.

The Senator who has just addressed the Senate expresses himself as having a desire to control inflation, and the policy he would seek for this control is a policy which would bring about the imposition of an additional tax burden upon the people of the United States.

So far as I am concerned, I desire to pursue a policy, in providing the money necessary for carrying on the enterprises contemplated in this bill, that will make the tax burden upon the citizens of the United States as light as possible.

I cannot quite discriminate between the idea of Government currency being issued in the way suggested by the Senator from Montana and the old plan of selling bonds, turning them over to the financial institutions of the country, and they in turn coming to the Government and putting up those bonds as security and obtaining money for circulation. I think there is only a margin of 30 percent. They get the bonds, they carry them back to the Government, they get bank notes issued to the amount of 90 percent of the value of their bonds. The proportion has been raised recently to a hundred percent. They can secure the issuance of additional money, of circulating medium.

I cannot see why, if we are going to issue currency for the purpose of increasing circulating medium by law, we should provide a system whereby it must go through the financiers of the country, and make the American taxpayer foot the bill, in addition to providing the funds necessary for a sinking fund, to pay the interest upon the obligations. The interest is upon the Government's own money, because it has sold the bonds; and, in turn, the bankers, if they desire, have obtained currency upon that same security.

Mr. President, this is a great undertaking; it imposes a great financial responsibility on the country. We should use a system whereby the finances of the country will not be impaired, whereby there will not be any destructive inflation. I take the position that there will not be. There is no necessity for any unusual or undue inflation, and the President can control it. He has the power to control the question of inflation. This does not deprive him of that privilege, because the Congress, forsooth, sees proper to issue this currency for the purpose of carrying on the public enterprises provided in this measure.

I am not a financial expert, I am not an expert in the money system, or anything of the kind; but I have resolved the questions involved from the standpoint of common sense, knowing a few facts and knowing a little of the principles of law which control our governmental system. I can see no reason for criticism of the plan proposed by the Senator from Montana, except that it would deprive the money barons of this country of the privilege of handling this money. That is the only reason urged against it. I do not mean that those who oppose it are actuated by that reason, but when we begin to search for excuses, or any logical reason why this step should not be taken, that is the only reason, as I see it.

Of course, the money barons would not like that. For years and years, for decades and decades, our banking institutions have dominated and controlled almost absolutely the financial system of this country. That was true 100 percent at the inauguration of the Federal Reserve System and during these times of stress and of poverty, going to the extent of hunger and the unemployment of 15,000,000 American citizens, good, stalwart, fine citizens, desiring to work, not idle of their own choosing. When we attempted to reform the Federal Reserve System to meet the conditions of the present day we never found a favorable attitude existing toward proposals which seem necessary for reformation of the financial system on the part of those who have dominated and controlled the banking situation of the country. We never saw them yield to any suggestion until by their own short-sightedness and by their own conduct the financial system of this country lay wrecked and prostrate upon the ground. Then, of course, they come in and say, "We realize that something has to be done." But even then, when we try to reform the financial system, we find the same crowd of money dictators and captains of industry want any reform in the banking laws all to their advantage.

When we come to dealing with the question of inflation, as I have witnessed their position and their attitude, they have always sought to make their interests preeminent, and if we allow their interests to predominate, then the good accomplished would not reach down to these other people who were in suffering and in distress, they not being willing to reform our banking laws for the general good of the people of this country.

We have here, as I see it, a direct issue as to whether or not we shall declare ourselves for the interests of the taxpayers of the United States, or whether we shall bow the knee to the money interests of this country, and adopt a plan which will cost the taxpayers of the country millions and even into the billions of dollars before the plans contemplated under this proposed act are carried out, and the money we have used in carrying it out shall have been raised.

Mr. President, I feel very thankful to the Senator from Montana for proposing this amendment. I favored a similar amendment proposed by the Senator from California [Mr. McADOO]. I observed the Senator from California when he was Secretary of the Treasury, during the great World War, and I have observed him since in relation to money questions and the money policy of the Government, and I have always found that his judgment was very sound upon those questions.

I know the Senator from California has often been called into the councils of those who were planning for reformation of our system of banking, and discussing the question of the circulating medium, some changes in that behalf, and I think that both he and the Senator from Montana have done a great service to the country in bringing forth this magnificent plan whereby no one will suffer and the American taxpayers will gain almost $2,000,000,000.

I hope Senators will consider the matter seriously, and not vote upon this amendment in a spirit of frivolity or indifference, and that we can adopt the amendment proposed by the Senator from Montana.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the senior Senator from Montana [Mr. WHEELER].

Mr. WHEELER. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. GORE. Mr. President, I wish to make one observation before the roll call begins. The Senator from Montana and the Senator from Florida have stated the issue as they view it in very clear-cut terms. I do not exactly understand the issue as they see it. I therefore do not wish the RECORD to be made or the yeas and nays to be called upon that issue until I state a different view, as I see it.

The statement is made here that we are undertaking to borrow money, issue bonds, pay the interest on those bonds, which I believe the Senator from Montana says during the life of the bonds would aggregate $1,900,000,000—an interest charge upon the taxpayers of the country; but that, under his amendment, the taxpayers would be saved $1,900,000,000.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Montana?

Mr. GORE. I yield.

Mr. WHEELER. The Senator from Oklahoma is not quite correct about that statement. I know he wants to be accurate about it.

Mr. GORE. Certainly.

Mr. WHEELER. I stated what the saving to the taxpayers would amount to at the outset. Let me say to the Senator from Oklahoma that these are not my figures but are fig-

ures which were furnished to me by the Senator from California [Mr. McADOO], and I assume that the figures are correct.

The statement handed to me as coming from that Senator is as follows:

If the provisions of sections 207 and 209 of the bill passed by the House should become law, the sums necessary to pay interest and sinking fund on the $3,300,000,000 of bonds to be issued would amount at the outset to about 6 percent, or perhaps even 6½ percent per annum, made up as follows:

Interest on bonds, 3½ percent plus 2½ percent sinking fund; or
Interest, 4 percent plug 2½ percent sinking fund.

In this case the sums to be raised by taxation would amount at the beginning to $198,000,000 or perhaps to $214,500,000 per year, depending upon the coupon rate of the bonds issued.

Bonds bearing 3½-percent interest would be retired by a 2½-percent sinking fund in 25½ years, while 4-percent bonds would be retired in 24½ years.

If the public-works program were financed by the issue of United States notes redeemable at 4 percent per annum, the sums necessary to be raised by taxation would amount to $132,000,000 a year throughout the retirement period of 25 years.

The saving to taxpayers at the outset would thus amount to $66,000,000, or perhaps even $82,500,000 per year.

The total cost for interest and sinking fund of a 4-percent bond issue with a 2½-percent sinking fund, amounting to $3,300,000,000, would be in round numbers $5,200,000,000.

Since the total cost of retiring an equivalent amount of United States notes would be only $3,300,000,000, the saving to taxpayers for the entire operation would amount to $1,900,000,000.

As I have said, these are not my figures, but are the figures furnished by the Senator from California.

Mr. GORE. Mr. President, as I understood the Senator's figures, they are to the effect that there would be a saving of $1,900,000,000. I think that is the statement I made.

Mr. WHEELER. Yes.

Mr. GORE. But the Senator makes this point: That if we issue bonds and pay interest on those bonds, it will lay an additional burden upon the backs of the taxpayers; but that upon the other hand, we have the power to issue Treasury notes which would obviate that interest charge. I think there is one episode of our financial history that may shed some light upon that point and clarify that issue, and I desire to get it in the RECORD. It will take only a moment.

When we resumed specie payment on January 1, 1879, we had outstanding about $346,000,000 of greenbacks, the promise of the Government to pay on demand—to pay gold on demand.

A bond is the Government's promise to pay at a fixed time in the future, bearing interest it is true. A Treasury note is a promise to pay, not at a fixed time but is generally a promise to pay on demand. Here is the instance I have in mind:

On the 14th of July 1890 Congress passed what is known as the Sherman Act, providing for the purchase of silver bullion, 4½ million ounces per month, paying for that silver in Treasury notes. There were those who predicted at the time that it would cause a run on the Treasury and the flight of gold. At that time the greenbacks were payable on demand in gold. Here are the figures to which I call attention:

During the fiscal year closing June 30, 1890, just 2 weeks before the Sherman Act went into effect, only $1,000,000 worth of greenbacks were presented for payment on demand and were paid in gold—$1,000,000 worth. During the fiscal year 1891, $6,000,000 worth of greenbacks were presented and payment in gold demanded. During the fiscal year 1892, $9,000,000 worth of greenbacks were presented and payment in gold was demanded. During the fiscal year 1893, $102,000,000 worth of greenbacks were presented to the Treasury for payment and payment in gold was demanded. During the fiscal year 1896, $189,000,000 worth of greenbacks, of non-interest-bearing Treasury notes, were presented for payment and were paid in gold.

In order to obtain the gold with which to pay these non-interest-bearing Treasury notes, the Government of the United States issued $250,000,000 worth of interest-bearing bonds. It bought gold with those bonds and used that gold to redeem greenbacks—United States notes, promises to pay on demand. But when that operation was over, in the fall of 1896, we still had outstanding the same $346,000,000 worth of greenbacks—$346,000,000 worth of United States notes—$346,000,000 worth of the Government's promises to pay on demand, which did not bear interest. We had as many United States notes, greenbacks, and promises to pay outstanding at the end of that operation as we had in the beginning.

Sir, in addition to that, we had outstanding $250,000,000 worth of interest-bearing bonds, a burden on the bended backs of the American taxpayers, and we still owed $346,000,000 of non-interest-bearing United States notes or greenbacks; we still had that many promises to pay on demand outstanding. But, in addition to that, we had $250,000,000 of interest-bearing bonds outstanding. How stood the account with the American taxpayer? He still owed the $346,000,000 of promises to pay on demand plus the principal of $250,000,000 of interest-bearing bonds, plus the interest itself during the life of the bonds.

That is the trouble; at least, when you pay off a bond, you are done with it; but when you issue a promise to pay on demand, and reissue it after redemption, you still owe as much as you did before; and if you are obliged to buy gold in the meantime with which to redeem it, your debt has increased, and you still have as large an outstanding debt, non-interest-bearing United States notes, as you had before, and to that you have added another indebtedness, a bonded indebtedness, which does bear interest. Neither a nation nor an individual can afford to have too many promises to pay on demand outstanding at one and the same time. It is fraught with too much danger. It makes the debtor the slave of his creditor; it makes possible instant foreclosure. And a government is deeper in debt after it pays such a debt than before.

Mr. President, I do not undertake to distinguish between the facts existing at the time to which I refer and the similar facts with reference to redemption which will be raised by the pending amendment. I have not had a chance to analyze them with a view to reaching a conclusion upon that point.

Mr. WHEELER. Mr. President, I desire to answer the statement of the Senator from Oklahoma by making this distinction: The greenbacks were issued, but there was no fund set aside to redeem them. In this instance we are proposing to provide that a sinking fund be set aside to redeem these Government notes just exactly as we would redeem Government bonds; just exactly in the same way. That is the distinction between the greenbacks the Senator from Oklahoma is speaking about and the Government notes which would be issued under this amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Montana. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. STEPHENS (when his name was called). On this vote I am paired with the senior Senator from Indiana [Mr. ROBINSON], and withhold my vote because of his absence. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. DAVIS (after having voted in the negative). On this question I have a pair with the junior Senator from Kentucky [Mr. LOGAN]. I transfer that pair to the senior Senator from Connecticut [Mr. WALCOTT], and allow my vote to stand.

Mr. HEBERT. I wish to announce that on this question the Senator from Vermont [Mr. DALE] is paired with the Senator from California [Mr. McADOO].

Mr. WAGNER. Mr. President, I wish the RECORD to show that the senior Senator from Illinois [Mr. LEWIS] has been called out of the Chamber on official business.

Mr. BARKLEY. I wish to announce that my colleague [Mr. LOGAN] is unavoidably detained on official business. He

is paired with the Senator from Pennsylvania [Mr. DAVIS], as has already been announced. I am not authorized to state how my colleague would vote if present.

Mr. KENDRICK. I wish to announce that the Senator from Colorado [Mr. COSTIGAN], the Senator from Florida [Mr. FLETCHER], the Senator from New Jersey [Mr. KEAN], the Senator from Connecticut [Mr. WALCOTT] are detained in attendance upon a meeting of the Committee on Banking and Currency.

I also wish to announce that the Senator from Georgia [Mr. GEORGE], the Senator from Nevada [Mr. PITTMAN], and the Senator from Indiana [Mr. VAN NUYS] are detained on official business.

The result was announced—yeas 29, nays 51, as follows:

YEAS—29

Ashurst	Erickson	Norris	Thomas, Okla.
Black	Frazier	Nye	Thomas, Utah
Bone	La Follette	Overton	Thompson
Borah	Long	Pope	Trammell
Bulow	McCarran	Reynolds	Wheeler
Caraway	McGill	Russell	
Clark	Murphy	Shipstead	
Cutting	Neely	Smith	

NAYS—51

Adams	Carey	Hale	Patterson
Austin	Connally	Harrison	Reed
Bachman	Coolidge	Hastings	Robinson, Ark.
Bailey	Copeland	Hatfield	Schall
Bankhead	Davis	Hayden	Sheppard
Barbour	Dickinson	Hebert	Steiwer
Barkley	Dieterich	Johnson	Townsend
Bratton	Dill	Kendrick	Tydings
Brown	Duffy	Keyes	Vandenberg
Bulkley	Fess	King	Wagner
Byrd	Glass	Lonergan	Walsh
Byrnes	Goldsborough	McKellar	White
Capper	Gore	Metcalf	

NOT VOTING—16

Costigan	George	McAdoo	Robinson, Ind.
Couzens	Kean	McNary	Stephens
Dale	Lewis	Norbeck	Van Nuys
Fletcher	Logan	Pittman	Walcott

So Mr. WHEELER's amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes; that the House had receded from its disagreement to the amendment of the Senate no. 3 to the said bill and concurred therein with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1094. An act to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes;

H.R. 4812. An act to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes; and

H.R. 5793. An act to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929.

EXTENSION OF GASOLINE TAX—CONFERENCE REPORT

Mr. HARRISON submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same.

The committee of conference have come to no agreement on amendment numbered 3.

PAT HARRISON,
WILLIAM H. KING,
DAVID A. REED,
Managers on the part of the Senate.

R. L. DOUGHTON,
HEARTSILL RAGON,
SAM B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives on Senate amendment no. 3 to House bill 5040, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,
June 9, 1933.

Resolved, That the House recede from its disagreement to the amendment of the Senate no. 3 to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert:

SEC. 6. (a) Effective September 1, 1933, section 616 of the Revenue Act of 1932 is amended to read as follows:

"SEC. 616. Tax on electrical energy for domestic or commercial consumption.

"(a) There is hereby imposed upon electrical energy sold for domestic or commercial consumption and not for resale a tax equivalent to 3 percent of the price for which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe. The sale of electrical energy to an owner or lessee of a building, who purchases such electrical energy for resale to the tenants therein, shall for the purposes of this section be considered as a sale for consumption and not for resale, but the resale to the tenant shall not be considered a sale for consumption.

"(b) The provisions of sections 619, 622, and 625 shall not be applicable with respect to the tax imposed by this section.

"(c) No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory or political subdivision thereof or the District of Columbia. None of the provisions of this section shall apply to publicly owned electric and power plants. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may, by regulation, prescribe."

(b) Despite the provisions of this section the tax imposed under section 616 of the Revenue Act of 1932 before its amendment by this section on electrical energy furnished before September 1, 1933, shall be imposed, collected, and paid in the same manner and shall be subject to the same provisions of law (including penalties) as if this section had not been enacted.

Mr. HARRISON. Mr. President, in view of the fact that the House has accepted the action of the Senate with reference to the so-called "Johnson amendment", it seems to me there is nothing left for the Senate to do except to concur in the House amendment. I move that the Senate concur in the House amendment.

The motion was agreed to.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

PAYMENT TO SURPLUS GRADUATES OF NAVAL ACADEMY—CONFERENCE REPORT

The PRESIDING OFFICER laid before the Senate a conference report, submitted by Mr. TRAMMELL on the 1st instant, which was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, having met, after full and free conference,

have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

PARK TRAMMELL,
GEO. MCGILL,
Managers on the part of the Senate.
CARL VINSON,
FRED A. BRITTEN,
Managers on the part of the House.

Mr. TRAMMELL. I move the adoption of the conference report.

The PRESIDING OFFICER. Without objection, the conference report is agreed to.

Mr. TRAMMELL subsequently said: Mr. President, did the Chair announce a decision on my motion to agree to the conference report on the Naval Academy bill?

The PRESIDING OFFICER. The Chair announced that it was agreed to by unanimous consent.

Mr. TRAMMELL. I do not care to have it agreed to by unanimous consent in that way. I was on my feet endeavoring to get recognition. There was one amendment with reference to which I was very much disappointed. I had hoped that it might be reported favorably or else in some modified form. I ask for a vote on my motion.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida to adopt the conference report.

The report was agreed to.

EMERGENCY RELIEF OF RAILROADS—CONFERENCE REPORT

Mr. DILL submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That this act may be cited as the 'Emergency Railroad Transportation Act, 1933.'

"TITLE I—EMERGENCY POWERS

"SECTION 1. As used in this title—

"(a) The term 'Commission' means the Interstate Commerce Commission.

"(b) The term 'Coordinator' means the Federal Coordinator of Transportation hereinafter provided for.

"(c) The term 'committee' means any one of the regional coordinating committees hereinafter provided for.

"(d) The term 'carrier' means any common carrier by railroad subject to the provisions of the Interstate Commerce Act, as amended, including any receiver or trustee thereof.

"(e) The term 'subsidiary' means any company which is directly or indirectly controlled by, or affiliated with, any carrier or carriers. For the purpose of the foregoing definition a company shall be deemed to be affiliated with a carrier if so affiliated within the meaning of paragraph (8) of section 5 of the Interstate Commerce Act, as amended by this act.

"(f) The term 'employee' includes every person in the service of a carrier (subject to its continuing authority to supervise and direct the manner of rendition of his service) who performs any work defined as that of an employee or subordinate official in accordance with the provisions of the Railway Labor Act.

"(g) The term 'State commission' means the commission, board, or official, by whatever name designated, exercising power to regulate the rates or service of common carriers by railroad under the laws of any State.

"SEC. 2. In order to foster and protect interstate commerce in relation to railroad transportation by preventing and relieving obstructions and burdens thereon resulting from the present acute economic emergency, and in order to safeguard and maintain an adequate national system of transportation, there is hereby created the office of Federal Coordinator of Transportation, who shall be appointed by the President, by and with the advice and consent of the Senate, or be designated by the President from the membership of the Commission. If so designated, the Coordinator shall be relieved from other duties as Commissioner during his term of service to such extent as the President may direct; except that the Coordinator shall not sit as a member of the Commission in any proceedings for the review or suspension of any order issued by him as Coordinator. The coordinator shall have such powers and duties as are hereinafter set forth and prescribed, and may, with the approval of the President, and without regard to the Civil Service laws and the Classification Act of 1923, as amended, appoint and fix the compensation of such assistants and agents, in addition to the assistance provided by the Commission, as may be necessary to the performance of his duties under this act. The office of the Coordinator shall be in Washington, D.C., and the Commission shall provide such office space, facilities, and assistance as he may request and it is able to furnish. The Coordinator shall receive such compensation as the President shall fix, except that if designated from the Commission, he shall receive no compensation in addition to that which he receives as a member of the Commission.

"SEC. 3. The Coordinator shall divide the lines of the carriers into three groups, to wit, an eastern group, a southern group, and a western group, and may from time to time make such changes or subdivisions in such groups as he may deem to be necessary or desirable. At the earliest practicable date after the Coordinator shall have initially designated such groups, three regional coordinating committees shall be created, one for each group, and each committee shall consist of 5 regular members and 2 special members. The carriers in each group, acting each through its board of directors or its receiver or receivers or trustee or trustees or through an officer or officers designated for the purpose by such board, shall select the regular members of the committee representing that group, and shall prescribe the rules under which such committee shall operate; but no railroad system shall have more than one representative on any such committee. In such selection each carrier shall have a vote in proportion to its mileage lying within the group. The two special members of each committee shall be selected in such manner as the Coordinator may approve, one to represent the steam railroads within the group which had in 1932 railway operating revenues of less than $1,000,000 and the other to represent electric railways within the group not owned by a steam railroad or operated as a part of a general steam railroad system of transportation. Each such special member shall have reasonable notice of all meetings of his committee at which any matter affecting any carrier which he represents is to be considered and may participate in the consideration and disposition of such matter. Members of the committees may be removed from office and vacancies may be filled in like manner.

"SEC. 4. The purposes of this title are (1) to encourage and promote or require action on the part of the carriers and of subsidiaries subject to the Interstate Commerce Act, as amended, which will (a) avoid unnecessary duplication of services and facilities of whatsoever nature and permit the joint use of terminals and trackage incident thereto or requisite to such joint use: *Provided*, That no routes now existing shall be eliminated except with the consent of all participating lines or upon order of the Coordinator, (b) control allowances, accessorial services and the charges therefor, and other practices affecting service or operation, to the end that undue impairment of net earnings may be prevented, and (c) avoid other wastes and preventable expense; (2) to promote financial reorganization of the carriers, with due regard to legal rights, so as to reduce fixed charges to the extent required by the public interest and improve carrier

credit; and (3) to provide for the immediate study of other means of improving conditions surrounding transportation in all its forms and the preparation of plans therefor.

"SEC. 5. It shall be the duty of the committees on their own initiative, severally within each group and jointly where more than one group is affected, to carry out the purposes set forth in subdivision (1) of section 4, so far as such action can be voluntarily accomplished by the carriers. In such instances as the committees are unable, for any reason, legal or otherwise, to carry out such purposes by such voluntary action, they shall recommend to the Coordinator that he give appropriate directions to the carriers or subsidiaries subject to the Interstate Commerce Act, as amended, by order; and the Coordinator is hereby authorized and directed to issue and enforce such orders if he finds them to be consistent with the public interest and in furtherance of the purposes of this title.

"SEC. 6. (a) The Coordinator shall confer freely with the committees and give them the benefit of his advice and assistance. At his request, the committees, the carriers, the subsidiaries, and the Commission shall furnish him, or his assistants and agents, such information and reports as he may desire in investigating any matter within the scope of his duties under this title; and the Coordinator, his assistants, and agents, and the Commission, shall at all times have access to all accounts, records, and memoranda of the carriers and subsidiaries. If, in any instance, a committee has not acted with respect to any matter which the Coordinator has brought to its attention and upon which he is of the opinion that it should have acted, under the provisions of section 5, he is hereby authorized and directed to issue and enforce such order, giving appropriate directions to the carriers and subsidiaries subject to the Interstate Commerce Act, as amended, with respect to such matter, as he shall find to be consistent with the public interest.

"(b) Insofar as may be necessary for the purposes of this title, the Commission and the members and examiners thereof shall have the same power to administer oaths and require by subpena the attendance and testimony of witnesses and the production of books, papers, tariffs, contracts, agreements, and documents and to take testimony by deposition, relating to any matter under investigation, as though such matter arose under the Interstate Commerce Act, as amended and supplemented; and any person subpenaed or testifying in connection with any matter under investigation under this title shall have the same rights, privileges, and immunities and be subject to the same duties, liabilities, and penalties as are provided in the case of persons subpenaed or testifying in connection with any matter under investigation under the Interstate Commerce Act, as amended.

"SEC. 7. (a) A labor committee for each regional group of carriers may be selected by those railroad labor organizations which, as representatives duly designated and authorized to act in accordance with the requirements of the Railway Labor Act, entered into the agreements of January 31, 1932, and December 21, 1932, with duly authorized representatives of the carriers, determining the wage payments of the employees of the carriers. A similar labor committee for each regional group of carriers may be selected by such other railroad labor organizations as may be duly designated and authorized to represent employees in accordance with the requirements of the Railway Labor Act. It shall be the duty of the regional coordinating committees and the Coordinator to give reasonable notice to, and to confer with, the appropriate regional labor committee or committees upon the subject matter prior to taking any action or issuing any order which will affect the interest of the employees, and to afford the said labor committee or committees reasonable opportunity to present views upon said contemplated action or order.

"(b) The number of employees in the service of a carrier shall not be reduced by reason of any action taken pursuant to the authority of this title below the number as shown by the pay rolls of employees in service during the month of May 1933 after deducting the number who have been removed from the pay rolls after the effective date of this act by reason of death, normal retirements, or resignation, but not more in any one year than 5 percent of said number in service during May 1933; nor shall any employee in such service be deprived of employment such as he had during said month of May or be in a worse position with respect to his compensation for such employment, by reason of any action taken pursuant to the authority conferred by this title.

"(c) The Coordinator is authorized and directed to establish regional boards of adjustment whenever and wherever action taken pursuant to the authority conferred by this title creates conditions that make necessary such boards of adjustment to settle controversies between carriers and employees. Carriers and their employees shall have equal representation on such boards of adjustment for settlement of such controversies, and said boards shall exercise the functions of boards of adjustment provided for by the Railway Labor Act.

"(d) The Coordinator is authorized and directed to provide means for determining the amount of, and to require the carriers to make just compensation for, property losses and expenses imposed upon employees by reason of transfers of work from one locality to another in carrying out the purposes of this title.

"(e) Carriers, whether under control of a judge, trustee, receiver, or private management, shall be required to comply with the provisions of the Railway Labor Act and with the provisions of section 77, paragraphs (o), (p), and (q), of the act approved March 3, 1933, entitled 'An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.'

"SEC. 8. Any order issued by the Coordinator pursuant to this title shall be made public in such reasonable manner as he may determine and shall become effective as of such date, not less than 20 days from the date of such publication, as the Coordinator shall prescribe in the order; and such order shall remain in effect until it is vacated by him or suspended or set aside by the Commission or other lawful authority, as hereinafter provided, and such order may include provision for the creation and administration of such just pooling arrangements or for such just compensation for the use of property or for carrier services as he may deem necessary or desirable and in furtherance of the purposes of this title.

"SEC. 9. Any interested party, including, among others, any carrier, subsidiary, shipper, or employee, or any group of carriers, shippers, or employees, or any State commission, or the Governor of any State, or the official representative or representatives of any political subdivision thereof, dissatisfied with any order of the Coordinator may, at any time prior to the effective date of the order, file a petition with the Commission asking that such order be reviewed and suspended pending such review, and stating fully the reasons therefor. Such petitions shall be governed by such general rules as the Commission may establish. If the Commission, upon considering such petition and any answer or answers thereto, finds reason to believe that the order may be unjust to the petitioner or inconsistent with the public interest, the Commission is hereby authorized to grant such review and, in its discretion, the Commission may suspend the order if it finds immediate enforcement thereof would result in irreparable damage to the petitioner or work grave injury to the public interest, but if the Commission suspends an order, it shall expedite the hearing and decision on that order as much as possible. Thereupon the Commission shall, after due notice and a public hearing, review the order and take such action in accord with the purposes of this title as it finds to be just and consistent with the public interest, either confirming the order or setting it aside or reissuing it in modified form, and any order so confirmed or reissued shall thereafter remain in effect until vacated or modified by the Commission.

"SEC. 10. (a) The carriers or subsidiaries subject to the Interstate Commerce Act, as amended, affected by any order of the Coordinator or Commission made pursuant to this

title shall, so long as such order is in effect, be, and they are hereby, relieved from the operation of the antitrust laws, as designated in section 1 of the act entitled 'An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes', approved October 15, 1914, and of all other restraints or prohibitions by law, State or Federal, other than such as are for the protection of the public health or safety, insofar as may be necessary to enable them to do anything authorized or required by such order made pursuant to this title: *Provided, however,* That nothing herein shall be construed to repeal, amend, suspend, or modify any of the requirements of the Railway Labor Act or the duties and obligations imposed thereunder or through contracts entered into in accordance with the provisions of said act.

"(b) The Coordinator shall issue no order which shall have the effect of relieving any carrier or subsidiary from the operation of the law of any State or of any order of any State commission until he has advised the State commission of said State, or the Governor of said State if there be no such commission, that such order is in contemplation, and shall afford the State commission or Governor so notified reasonable opportunity to present views and information bearing upon such contemplated order, nor unless such order is necessary, in his opinion, to prevent or remove an obstruction to or a burden upon interstate commerce.

"SEC. 11. Nothing in this title shall be construed to relieve any carrier from any contractual obligation which it may have assumed, prior to the enactment of this act, with regard to the location or maintenance of offices, shops, or roundhouses at any point.

"SEC. 12. The willful failure or refusal of any carrier or subsidiary or of any officer or employee of any carrier or subsidiary to comply with the terms of any order of the Coordinator or of the Commission made pursuant to this title shall be a misdemeanor, and upon conviction thereof the carrier, subsidiary, or person offending shall be subject to a fine of not less than $1,000 or more than $20,000 for each offense, and each day during which such carrier, subsidiary, or person shall willfully fail or refuse to comply with the terms of such order shall constitute a separate offense. It shall be the duty of any district attorney of the United States to whom the Coordinator or the Commission may apply to institute in the proper court and to prosecute under the direction of the Attorney General of the United States all necessary proceedings for the enforcement of the provisions of this title and for the punishment of all violations thereof, and the costs and expenses of such prosecution shall be paid out of the appropriation for the expense of the courts of the United States: *Provided,* That nothing in this title shall be construed to require any employee or officer of any carrier to render labor or service without his consent, or to authorize the issuance of any orders requiring such service, or to make illegal the failure or refusal of any employee individually, or any number of employees collectively, to render labor or services.

"SEC. 13. It shall further be the duty of the Coordinator, and he is hereby authorized and directed, forthwith to investigate and consider means, not provided for in this title, of improving transportation conditions throughout the country, including cost finding in rail transportation and the ability, financial or otherwise, of the carriers to improve their properties and furnish service and charge rates which will promote the commerce and industry of the country and including, also, the stability of railroad labor employment and other improvement of railroad labor conditions; and from time to time he shall submit to the Commission such recommendations calling for further legislation to these ends as he may deem necessary or desirable in the public interest. The Commission shall promptly transmit such recommendations, together with its comments thereon, to the President and to the Congress.

"SEC. 14. The expenses of the Coordinator except so far as they are borne by the Commission in accordance with the provisions of section 2, but not including the expenses of the coordinating committees, shall be allowed and paid, on the presentation of itemized vouchers therefor approved by the Coordinator, out of a fund obtained from assessments on the carriers and said fund is hereby appropriated for the payment of such expenses. It shall be the duty of each carrier, within 30 days after the date of enactment of this act, to pay into this fund, for the first year of the operation of this title, $1.50 for every mile of road operated by it on December 31, 1932, as reported to the Commission, and to pay into said fund within 30 days after the expiration of such year a proportional amount covering any period of extension of this title by proclamation of the President under section 17, and it shall be the duty of the Secretary of the Treasury to collect such assessments. Any amount remaining in the fund when this title ceases to have effect shall be returned by the Secretary of the Treasury to the carriers in proportion to their contributions. The carriers and the Pullman Co. shall be permitted, anything in the Interstate Commerce Act, as amended, to the contrary notwithstanding, to provide free transportation and other carrier service to the Coordinator and his assistants and agents and to the employees of the Commission when engaged in the service of the Coordinator.

"SEC. 15. The Commission shall not approve a loan to a carrier under the Reconstruction Finance Corporation Act, as amended, if it is of the opinion that such carrier is in need of financial reorganization in the public interest: *Provided, however,* That the term 'carrier' as used in this section shall not include a receiver or trustee.

"SEC. 16. Any final order made under this title shall be subject to the same right of relief in court by any party in interest as is now provided in respect to orders of the Commission made under the Interstate Commerce Act, as amended. The provisions of the Urgent Deficiencies Appropriation Act of October 22, 1913 (38 Stat.L. 219), shall be applicable to any proceeding in court brought to suspend or set aside any order of the Coordinator or of the Commission entered pursuant to the provisions of this title.

"SEC. 17. This title shall cease to have effect at the end of 1 year after the effective date, unless extended by a proclamation of the President for 1 year or any part thereof, but orders of the Coordinator or of the Commission made thereunder shall continue in effect until vacated by the Commission or set aside by other lawful authority, but notwithstanding the provisions of section 10 no such order shall operate to relieve any carrier from the effect of any State law or of any order of a State commission enacted or made after this title ceases to have effect.

"TITLE II. AMENDMENTS TO INTERSTATE COMMERCE ACT

"SECTION 201. Section 5 of the Interstate Commerce Act, as amended (U.S.C., title 49, sec. 5), is amended by striking out paragraphs (2) and (3) and by renumbering paragraphs (4) and (5) as paragraphs (2) and (3), respectively, and by striking out the last sentence of the paragraph so renumbered as paragraph (3).

"SEC. 202. Such section 5 is further amended by striking out paragraphs (6), (7), and (8), and by inserting in lieu thereof the following paragraphs:

"'(4). (a) It shall be lawful, with the approval and authorization of the Commission, as provided in subdivision (b), for two or more carriers to consolidate or merge their properties, or any part thereof, into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership; or for any carrier, or two or more carriers jointly, to purchase, lease, or contract to operate the properties, or any part thereof, of another; or for any carrier, or two or more carriers jointly, to acquire control of another through purchase of its stock; or for a corporation which is not a carrier to acquire control of two or more carriers through ownership of their stock; or for a corporation which is not a carrier and which has control of one or more carriers to acquire control of another carrier through ownership of its stock.

"'(b) Whenever a consolidation, merger, purchase, lease, operating contract, or acquisition of control is proposed under subdivision (a), the carrier or carriers or corporation seeking authority therefor shall present an application to

the Commission, and thereupon the Commission shall notify the Governor of each State in which any part of the properties of the carriers involved in the proposed transaction is situated, and also such carriers and the applicant or applicants, of the time and place for a public hearing. If after such hearing the Commission finds that, subject to such terms and conditions and such modifications as it shall find to be just and reasonable, the proposed consolidation, merger, purchase, lease, operating contract, or acquisition of control will be in harmony with and in furtherance of the plan for the consolidation of railway properties established pursuant to paragraph (3), and will promote the public interest, it may enter an order approving and authorizing such consolidation, merger, purchase, lease, operating contract, or acquisition of control, upon the terms and conditions and with the modifications so found to be just and reasonable.

"'(5) Whenever a corporation which is not a carrier is authorized, by an order entered under paragraph (4), to acquire control of any carrier or of two or more carriers, such corporation thereafter shall, to the extent provided by the Commission, for the purposes of paragraphs (1) to (10), inclusive, of section 20 (relating to reports, accounts, etc., of carriers), including the penalties applicable in the case of violations of such paragraphs, be considered as a common carrier subject to the provisions of this act, and for the purposes of paragraphs (2) to (11), inclusive, of section 20a (relating to issues of securities and assumptions of liability of carriers), including the penalties applicable in the case of violations of such paragraphs, be considered as a "carrier" as such term is defined in paragraph (1) of such section, and be treated as such by the Commission in the administration of the paragraphs specified. In the application of such provisions of section 20a in the case of any such corporation the Commission shall authorize the issue or assumption applied for only if it finds that such issue or assumption is consistent with the proper performance by each carrier which is under the control of such corporation of its service to the public as a common carrier, will not impair the ability of any such carrier to perform such service, and is otherwise compatible with the public interest.

"'(6) It shall be unlawful for any person, except as provided in paragraph 4, to accomplish or effectuate, or to participate in accomplishing or effectuating, the control or management in a common interest of any two or more carriers, however such result is attained, whether directly or indirectly, by use of common directors, officers, or stockholders, a holding or investment company or companies, a voting trust or trusts, or in any other manner whatsoever. It shall be unlawful to continue to maintain control or management accomplished or effectuated after the enactment of this amendatory paragraph and in violation of its provisions. As used in this paragraph and paragraph (7), the words "control or management" shall be construed to include the power to exercise control or management.

"'(7) For the purposes of paragraphs (6) and (11), but not in anywise limiting the application thereof, any transaction shall be deemed to accomplish or effectuate the control or management in a common interest of two carriers—

"'(a) If such transaction is by a carrier, and if the effect of such transaction is to place such carrier and persons affiliated with it, taken together, in control of another carrier.

"'(b) If such transaction is by a person affiliated with a carrier, and if the effect of such transaction is to place such carrier and persons affiliated with it, taken together, in control of another carrier.

"'(c) If such transaction is by two or more persons acting together, one of whom is a carrier or is affiliated with a carrier, and if the effect of such transaction is to place such persons and carriers and persons affiliated with any one of them and persons affiliated with any such affiliated carrier, taken together, in control of another carrier.

"'(8) For the purposes of paragraph (7) a person shall be held to be affiliated with a carrier if, by reason of the relationship of such person to such carrier (whether by reason of the method of, or circumstances surrounding organization or operation, or whether established through common directors, officers, or stockholders, a voting trust or trusts, a holding or investment company or companies, or any other direct or indirect means), it is reasonable to believe that the affairs of any carrier of which control may be acquired by such person will be managed in the interest of such other carrier.

"'(9) For the purposes of paragraphs (6), (7), (8), and (11), wherever reference is made to control it is immaterial whether such control is direct or indirect. As used in this paragraph and paragraphs (7), (8), and (11) the term "control" shall be construed to include the power to exercise control.

"'(10) The Commission is hereby authorized, upon complaint or upon its own initiative without complaint, but after notice and hearing, to investigate and determine whether any person is violating the provisions of paragraph (6). If the Commission finds after such investigation that such person is violating the provisions of such paragraph, it shall by order require such person to take such action as may be necessary, in the opinion of the Commission, to prevent continuance of such violation.

"'(11) For the proper protection and in furtherance of the plan for the consolidation of railway properties established pursuant to paragraph (3) and the regulation of interstate commerce in accordance therewith, the Commission is hereby authorized, upon complaint or upon its own initiative without complaint, but after notice and hearing, to investigate and determine whether the holding by any person of stock or other share capital of any carrier (unless acquired with the approval of the Commission) has the effect (a) of subjecting such carrier to the control of another carrier or to common control with another carrier, and (b) of preventing or hindering the carrying out of any part of such plan or of impairing the independence, one of another, of the systems provided for in such plan. If the Commission finds after such investigation that such holding has the effects described, it shall by order provide for restricting the exercise of the voting power of such person with respect to such stock or other share capital (by requiring the deposit thereof with a trustee, or by other appropriate means) to the extent necessary to prevent such holding from continuing to have such effects.

"'(12) If in the course of any proceeding under this section before the Commission, or of any proceeding before a court in enforcement of an order entered by the Commission under this section, it appears that since the beginning of such proceeding the plan for consolidation has been reopened under paragraph (3) for changes or modifications with respect to the allocation of the properties of any carrier involved in such proceeding, then such proceeding may be suspended.

"'(13) The district courts of the United States shall have jurisdiction upon the application of the Commission, alleging a violation of any of the provisions of this section or disobedience of any order issued by the Commission thereunder by any person, to issue such writs of injunction or other proper process, mandatory or otherwise, as may be necessary to restrain such person from violation of such provision or to compel obedience to such order.

"'(14) The Commission may from time to time, for good cause shown, make such orders, supplemental to any order made under paragraph (1), (4), (10), or (11), as it may deem necessary or appropriate.

"'(15) The carriers and any corporation affected by any order made under the foregoing provisions of this section shall be, and they are hereby, relieved from the operation of the antitrust laws as designated in section 1 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, and of all other restraints or prohibitions by or imposed under authority of law, State or Federal, insofar as may be necessary to enable them to do anything authorized or required by such order.

"'(16) If any provision of the foregoing paragraphs of this section, or the application thereof to any person or circumstances, is held invalid, the other provisions of such paragraphs, and the application of such provision to any other person or circumstances, shall not be affected thereby.

"'(17) As used in paragraphs (4) to (16), inclusive, the term "person" includes an individual, partnership, association, joint-stock company, or corporation, and the term "carrier" means a carrier by railroad subject to this act.'

"SEC. 203. Such section 5 is further amended by renumbering as paragraph (18) the paragraph added by the act entitled 'An act to amend section 407 of the Transportation Act of 1920', approved June 10, 1921, and by renumbering the remaining three paragraphs as paragraphs (19), (20), and (21), respectively.

"SEC. 204. The provisions of the Interstate Commerce Act, as amended, and of all other applicable Federal statutes, as in force prior to the enactment of this title, shall remain in force, as though this title had not been enacted, with respect to the acquisition by any carrier, prior to the enactment of this title, of the control of any other carrier or carriers.

"SEC. 205. Section 15a of the Interstate Commerce Act, as amended (U.S.C., title 49, sec. 15a), is amended to read as follows:

"'SEC. 15a. (1) When used in this section, the term "rates" means rates, fares, and charges, and all classifications, regulations, and practices relating thereto.

"'(2) In the exercise of its power to prescribe just and reasonable rates, the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic; to the need, in the public interest, of adequate and efficient railway-transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management, to provide such service.'

"SEC. 206. (a) All moneys which were recoverable by and payable to the Interstate Commerce Commission, under paragraph (6) of section 15a of the Interstate Commerce Act, as in force prior to the enactment of this title, shall cease to be so recoverable and payable; and all proceedings pending for the recovery of any such money shall be terminated. The general railroad contingent fund established under such section shall be liquidated and the Secretary of the Treasury shall distribute the moneys in such fund among the carriers which have made payments under such section, so that each such carrier shall receive an amount bearing the same ratio to the total amount in such fund that the total of amounts paid under such section by such carrier bears to the total of amounts paid under such section by all carriers; except that if the total amount in such fund exceeds the total of amounts paid under such section by all carriers such excess shall be distributed among such carriers upon the basis of the average rate of earnings (as determined by the Secretary of the Treasury) on the investment of the moneys in such fund and differences in dates of payments by such carriers.

"(b) The income, war-profits, and excess-profits tax liabilities for any taxable period ending after February 28, 1920, of the carriers and corporations whose income, war-profits, or excess-profits tax liabilities were affected by section 15a of the Interstate Commerce Act, as in force prior to the enactment of this act, shall be computed as if such section had never been enacted, except that, in the case of carriers or corporations which have made payments under paragraph (6) of such section, an amount equal to such payments shall be excluded from gross income for the taxable periods with respect to which they were made. All distributions made to carriers in accordance with subdivision (a) of this section shall be included in the gross income of the carriers for the taxable period in which this act is enacted. The provisions of this subdivision shall not be held to affect (1) the statutes of limitations with respect to the assessment, collection, refund, or credit of income, war-profits, or excess-profits taxes or (2) the liabilities for such taxes of any carriers or corporations if such liabilities were determined prior to the enactment of this act in accordance with section 1106 (b) of the Revenue Act of 1926 or section 606 of the Revenue Act of 1928, or in accordance with a final judgment of a court, an order of the Board of Tax Appeals which had become final, or an offer in compromise duly accepted in accordance with law.

"SEC. 207. Paragraph (a) of section 19a of the Interstate Commerce, as amended (U.S.C., title 49, sec. 19a (a)), is amended to read as follows:

"'(a) That the Commission shall, as hereinafter provided, investigate, ascertain, and report the value of all the property owned or used by every common carrier subject to the provisions of this act, except any street, suburban, or interurban electric railway which is not operated as a part of a general steam railroad system of transportation; but the Commission may in its discretion investigate, ascertain, and report the value of the property owned or used by any such electric railway subject to the provisions of this act whenever in its judgment such action is desirable in the public interest. To enable the Commission to make such investigation and report, it is authorized to employ such experts and other assistants as may be necessary. The Commission may appoint examiners who shall have power to administer oaths, examine witnesses, and take testimony. The Commission shall, subject to the exception hereinbefore provided for in the case of electric railways, make an inventory which shall list the property of every common carrier subject to the provisions of this act in detail, and show the value thereof as hereinafter provided, and shall classify the physical property, as nearly as practicable, in conformity with the classification of expenditures for road and equipment, as prescribed by the Interstate Commerce Commission.'

"SEC. 208. Paragraphs (f) and (g) of such section 19a, as amended (U.S.C., title 49, sec. 19a (f), (g)), are amended to read as follows:

"'(f) Upon completion of the original valuations herein provided for, the Commission shall thereafter keep itself informed of all new construction, extensions, improvements, retirements, or other changes in the condition, quantity, use, and classification of the property of all common carriers as to which original valuations have been made, and of the cost of all additions and betterments thereto and of all changes in the investment therein, and may keep itself informed of current changes in costs and values of railroad properties, in order that it may have available at all times the information deemed by it to be necessary to enable it to revise and correct its previous inventories, classifications, and values of the properties; and, when deemed necessary, may revise, correct, and supplement any of its inventories and valuations.

"'(g) To enable the Commission to carry out the provisions of the preceding paragraph, every common carrier subject to the provisions of this act shall make such reports and furnish such information as the Commission may require.'

"SEC. 209. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the other provisions of this act or the application of such provision to any other person or circumstances shall not be affected thereby."

And the House agree to the same.

C. C. DILL,
E. D. SMITH,
B. K. WHEELER,
SIMEON D. FESS,
JESSE H. METCALF,
Managers on the part of the Senate.

SAM RAYBURN,
GEORGE HUDDLESTON,
CLARENCE LEA,
JAMES S. PARKER,
JOHN G. COOPER,
Managers on the part of the House.

Mr. DILL. Mr. President, there were no serious controversies between the House and the Senate, and I think there is no objection to the report. I move its adoption.

The report was agreed to.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, after line 12, insert the following:

USE OF WATERS OF ST. LAWRENCE RIVER

SEC. —. (a) It is hereby declared that the prior use of all the waters of the St. Lawrence River within the boundaries of the United States is necessary for the proper regulation of commerce and the improvement of navigation.

(b) In the event of the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty and the construction of the works provided therein, the Power Authority of the State of New York, as the accredited agency of the State and in accordance with the policy set forth in the act creating said power authority, shall be entitled to use for the generation of hydroelectric power all of the United States' share of the flow of the water in the International Rapids section of the St. Lawrence River, subject to the prior use of such water under the treaty for the purposes of navigation and the operation of reservoirs, canals, and locks, and shall have title to the power houses and works appurtenant thereto upon the United States side, together with the lands upon which they are situated, in consideration of the payment of its share of the cost as determined in the joint memorandum dated February 7, 1933, and embodying the recommendations of the United States engineers and said power authority; *Provided*, That no part of the United States' share of the water in the International Rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

Mr. LA FOLLETTE. Mr. President——

Mr. LONG. Mr. President, a point of order.

Mr. LA FOLLETTE. I do not yield for the Senator's making a point of order.

Mr. LONG. May I not make a point of order?

Mr. LA FOLLETTE. I do not yield for that purpose.

Mr. LONG. Mr. President, a parliamentary inquiry. Can I make that?

Mr. LA FOLLETTE. The Senator may state his parliamentary inquiry.

Mr. LONG. I have no disposition to shut off the Senator from Wisconsin at all, but is this amendment what we might call germane to what we have under consideration?

The PRESIDING OFFICER. The question of germaneness is not for the Chair to decide.

Mr. LA FOLLETTE. There is no question of germaneness in the Senate except with regard to appropriation bills; and if there had been, we would not have been passing the bills which the Senator from Missouri [Mr. CLARK] described on the floor this afternoon as "conglomerate."

The PRESIDING OFFICER. The Senator from Wisconsin is correct. The Senator from Wisconsin has the floor.

Mr. LA FOLLETTE. Mr. President, I wish to state for the information of the Senate that I offered the amendment to the industrial recovery bill only after having consulted with the President of the United States. Upon being advised that I had offered an amendment, the President addressed to me a letter, which I ask unanimous consent to have read at the desk.

The PRESIDING OFFICER. Without objection the clerk will read the letter as requested.

The Chief Clerk read the letter, as follows:

THE WHITE HOUSE,
Washington, June 8, 1933.

MY DEAR SENATOR: I do not hesitate to tell you—and I do so with complete consistency—that I favor the resolution relating to the St. Lawrence power development passed by the House. I also favor the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty.

The joint resolution protects the people of the State of New York who own the land under water in the St. Lawrence River as far out as the international boundary. The resolution means, in effect, that the Congress will see to it that the State of New York, in paying for the power part of the development, will pay only for that part and will thus be able to insure cheap electricity for the consuming public.

The treaty itself has been endorsed by both major political parties. The beginning of the work of construction at an early date can be made an essential part of the national public works program and will furnish employment to thousands of people.

The above are simple facts and I have no objection to your use of this letter if you so desire.

Yours sincerely,

FRANKLIN D. ROOSEVELT.

Hon. ROBERT M. LA FOLLETTE, Jr.,
Senate Office Building, Washington, D.C.

Mr. LA FOLLETTE. Mr. President, the amendment which I have now formally tendered embodies the exact language contained in the joint resolution introduced in the House of Representatives by Representative MCREYNOLDS and in the Senate of the United States by the senior Senator from Nevada [Mr. PITTMAN]. The leaders of the majority in the House stated at the time they asked for a rule to permit action upon the joint resolution that they were acting at the request and with the approval of the President.

Mr. President, the amendment gives effect to a formal recommendation unanimously agreed upon February 7, 1933, by and between the engineers of the War Department and representatives of the Power Authority of the State of New York for allocation of water power and the cost of the work to be constructed exclusively within the State of New York under the Great Lakes-St. Lawrence deep waterway.

This recommendation was made during the last administration after nearly 2 years of correspondence, conferences, and negotiations between the Federal and State authorities.

All the elements which entered into it were carefully considered at the hearings on the treaty before the subcommittee of the Senate Committee on Foreign Relations. The late Senator Thomas J. Walsh took the initiative in arranging the final conferences that led to this accord. He wrote the report adopted by the subcommittee, recommending the allocation of the water power to be developed under the treaty within the boundaries of New York to the State, upon the State's assumption of a fair share of the costs of construction.

The international section forms the boundary line between the State of New York and the Province of Ontario for a distance of 115 miles east from the point where the St. Lawrence River leaves Lake Ontario. The rapids begin near Ogdensburg, N.Y., 67 miles east of Lake Ontario, providing a fall of about 85 feet in the 48 miles east to the St. Regis River. This stretch of the St. Lawrence, known as "the International Rapids section", separates the State of New York from the Province of Ontario. All dams, locks, and other works necessary to make the river navigable and to harness the stream for the generation of hydroelectricity must be constructed either in New York or in Ontario.

This stretch of the St. Lawrence River affords the greatest potential water-power development on the North American Continent. It is a prize which has been sought by private utility interests ever since the art of the generation of electricity from the power of water has been known.

The amendment pertains exclusively to the works to be constructed under the treaty on the American side of the International Rapids section in the State of New York.

REDUCES UNITED STATES' HALF OF COSTS IN INTERNATIONAL RAPIDS SECTION 65 PERCENT

The cost of all the works for both navigation and power in the International Rapids section of the river is estimated at $274,742,000 on unit cost figures for 1926. All the works of this section, including two dams, the locks, canals, and powerhouse substructures and superstructures will be built in the State of New York and the Province of Ontario.

The United States' half of construction in the International Rapids section will cost $137,371,000. By the amendment the Power Authority of the State of New York will assume $89,726,000 of this cost. This will reduce the charge upon the Federal Treasury to $47,645,000 for the United

States' half of the works in the International Rapids section, a reduction of 65 percent.

On the entire St. Lawrence project as a whole the United States expenditure of new funds for providing a 27-foot channel from Duluth to the sea and for the power development will be reduced one third by the assumption of costs by the power authority under the terms of the joint resolution.

This will reduce the total amount to be expended by the United States Government for the entire Great Lakes-St. Lawrence deep waterway to not more than $168,266,000. Spread over the 7-year period of construction, the average annual appropriation will be approximately $24,000,000.

These figures are based on unit-cost estimates as of 1926. If the project is undertaken promptly and contracts are let under existing reduced costs for labor, material, and supplies, it is estimated the project can be completed at from 25 to 40 percent below the 1926 unit costs.

Thus the adoption of the amendment will not only allocate the water power to the public agency provided by the State in which it must be developed, placing it beyond the reach of exploitation by private interests; it will also for the first time since the treaty was proposed definitely limit the costs to be assumed by the Federal Government.

At this point I ask unanimous consent to include in the RECORD, without reading, as a part of my remarks, an analysis of the engineers' allocation of costs.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

ANALYSIS OF ENGINEERS' ALLOCATION OF COSTS

The agreement of February 7, 1933, which is given effect by the amendment, allocates the costs of the St. Lawrence project, as between the United States and the State of New York, as follows:

(1) The United States assumes responsibility for the cost of all works for navigation.

(2) The State assumes $23,500,000 as its share of the cost of all works common to navigation and power, the State to receive its proportionate share of any saving if the actual cost of construction is less than the estimated cost.

(3) The State assumes responsibility for $29,295,500 for power-house substructures, head and tail races, excavations, etc.; this amount to be reduced by the amount of the saving.

(4) The State assumes responsibility for the actual cost of its power-house superstructures and equipment, estimated at $36,930,500, and may construct these works through its own agencies or, by agreement, have them installed at actual cost by the United States.

(5) "In the event that the State of New York elects, the United States assumes responsibility for the construction of the works in their entirety at a cost to New York representing the sum of the costs above set forth, or a total of $89,726,000, provided that if the actual cost be less than this amount the State of New York will receive the benefits of the said savings."

The memorandum concludes:

"On the basis above set forth the estimated cost to the United States for works in the International Rapids section, to be paid from the Federal Treasury under the terms of the treaty, become $125,765,250.

"The above recommendations are based upon the assumption that the State of New York shall have the right to utilize for power all the flow of the St. Lawrence River in the International Rapids section allocated to the United States by the treaty, other than that required for navigation, together with title to the power works and the lands upon which they are situated and which may be necessary and convenient for their operation."

Engineering plans embodied in the treaty itself provide for the construction of two dams in the International Rapids section. The plans are subject to modification by agreement between the United States and the Dominion of Canada. An international committee, provided for in the treaty, will have full control over the design and contruction of the works. It is, therefore, equitable that the State of New York, which cannot control the making of the plans, the letting of contracts, or the actual construction provided for by international agreement, should have its expenditure limited and receive proportionate benefit from any saving that may accrue below the estimated cost.

PROVIDES COMPETITION WITH ONTARIO POWER

Comparison of the Ontario agreement and the recommendation given effect by the amendment shows that the Hydro Commission of Ontario and the Power Authority of the State of New York will be able to compete in the production of cheap power on substantially equal terms.

The two plans are not comparable, item by item, for the reason that under the treaty and her agreement with Canada, Ontario will be permitted to divert 4,000 cubic feet per second of Canadian water from the Ogoki River into Lake Nipigon and utilize this water at four power sites in addition to the two sites at which New York will also have power houses. With this extra water Ontario will be able to develop 915,300 firm horsepower as compared with 710,000 firm horsepower for New York.

By the terms of the Ontario agreement, Ontario's investment will be $119 per firm horsepower. By the terms of the joint resolution, New York's investment will be $122.40 per firm horsepower.

The Province of Ontario also has an interest in the development of the St. Lawrence for navigation which does not obtain in the case of New York. The chief cities of the Province, located on Lake Ontario and the St. Lawrence, will benefit directly from the navigation works. In addition, the 2-stage plan incorporated in the treaty was insisted upon by Ontario as being of direct advantage to her, although the 1-stage plan presented by New York could have been constructed at a saving estimated at between $35,000,000 and $70,000,000. Nevertheless, New York will pay within $14,400,000 of the amount Ontario will pay for works for power and navigation in the International Rapids section.

ALLOCATION ESSENTIAL TO CONSIDERATION OF TREATY

Mr. LA FOLLETTE. The adoption of the amendment will not only definitely fix and greatly reduce the cost assumed by the Federal Treasury in undertaking the St. Lawrence project, but it will also erect safeguards against private exploitation of the water power to be developed by the use of public funds; and that is one of the important reasons I have offered the amendment to this bill, for the amendment definitely provides that in any development of this greatest block of hydroelectric energy on the North American Continent that may take place shall be in perpetuity by and for the interests of the consumers of electricity, namely, a public development and control of the generation of that electricity.

The State Department and the Senate Committee on Foreign Relations recognized the practical necessity of covering these points in legislation to be submitted to both Houses of Congress simultaneously with the submission of the treaty for ratification. The treaty itself leaves these matters unsettled, reserving them for domestic action which must precede the consideration of the treaty, if the Senate is to have before it a definite plan for the power development and an allocation of the costs of the project as a whole. If the treaty is ratified, the adoption of my amendment will greatly expedite actual construction, so that the St. Lawrence project may be included in the program of public works to relieve existing unemployment.

FEDERAL CONTROL OF NAVIGATION CONCEDED

The State of New York has conceded the superior right and authority of the Federal Government with respect to navigation on the St. Lawrence. The amendment specifically provides that the waters to be used by the State for the generation of hydroelectric power shall be "subject to the prior use of such waters under the treaty for the purposes of navigation and the operation of reservoirs, canals, and locks."

The water power has thus far been preserved for public use by State rather than Federal action. For 25 years under Governors Hughes, Smith, Roosevelt, and other chief executives, and by acts of her legislature, the State of New York has zealously safeguarded the power resources on the St. Lawrence against private exploitation; and it is that great resource, belonging to the people of the State of New York and the people of the United States, that I seek to have preserved by the adoption of this amendment.

In chapter 772 of the Laws of New York, approved by Governor Roosevelt April 27, 1931, and unanimously adopted by both branches of the legislature, the State set up the power authority as a "corporate, municipal instrumentality of the State", charging it with the development and control of St. Lawrence power for the benefit of domestic and rural consumers through distribution of hydroelectric energy at the lowest possible rates. The power authority is "a body corporate and politic, a political subdivision of the State, exercising governmental and public powers, perpetual in duration, capable of suing and being sued", and with the power of eminent domain.

The statute provides that the natural resources of the St. Lawrence River available for the creation and development of hydroelectric power "shall always remain inalienable to, and ownership, possession, and control thereof shall always be vested in, the people of the State."

LEGAL CONFLICT AVOIDED BY JOINT RESOLUTION

The agreement entered into on February 7, 1933, between engineers of the War Department and representatives of the power authority avoids any possible legal conflict between the State and the Federal Government as to the ownership of the undeveloped resources of the St. Lawrence. The accord is based upon practical considerations and principles of equity rather than upon legal technicalities. The State thus having shown its good faith and its desire to cooperate with the Federal Government, it is extremely important that the Federal Government, acting through the instrumentality of Congress, should accept that offer of cooperation, and should "make assurance doubly sure" that this great block of power on the North American continent shall be preserved in perpetuity to the people of the State of New York and consumers everywhere in the great northwestern industrial section of the United States.

At this point I ask unanimous consent to insert in the RECORD, as part of my remarks, certain quotations from the hearings before the committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

The major points involved in the agreement were outlined before the Senate subcommittee in its hearings on the St. Lawrence Deep Waterway Treaty on December 14, 1932, by Assistant Secretary of State James Grafton Rogers. Mr. Rogers was in charge of the negotiation of the treaty with Canada and conducted the State Department's conferences with the State authorities during the last administration. He said (p. 969, hearings):

"* * * I feel that the power developed can be most wisely turned over to whatever agency the State of New York provides for the purpose of developing it as a public holding and distribution agency * * *.

"In the first place, this is a very large block of power. There is here 1,100,000 incidental horsepower on the American side, which looms as a very substantial contribution to the power available in the northern industrial area in the United States * * *.

"In the second place, New York has asserted for a long time definite legal claims to this power. I am not going to attempt to pass upon those claims. My own judgment is that the power of the United States over the development of the St. Lawrence River is predominant. But we need not settle the issue or get into difficulties about it, if there is a sound business solution of it, and I think there is in the direction I have suggested.

"In the third place, New York has a clearly developed policy and a technical organization which has been developed as a result of numerous political pronouncements and several legislative acts in the State of New York, which show a pretty well settled opinion and public attitude there, and it seems to me that that is entitled to consideration at the hands of the Government.

"In the next place, New York is a State of very considerable financial strength and stability. If, as I think, a very large social asset of this kind can be entrusted to a State government at all, surely New York State is one of the States which ought to be capable of carrying on that form of trust with safety and conservancy and sound judgment.

"Therefore, it seems to me the logical thing to look forward to an arrangement between the Federal Government and New York State whereby, upon payment of a proper proportion of the cost of the development of the project, or on some other business basis which would take into consideration the various factors, the United States should look forward to that line of action."

Mr. LA FOLLETTE. I desire to quote briefly from the majority report submitted to the Committee on Foreign Relations by the subcommittee which conducted an inquiry into every phase of the treaty.

Senator Walsh wrote:

The State of New York claims to be entitled to the one half of the power developed in that section of the river (the International Rapids section), and your committee is of the opinion that it should be accorded the same upon the payment of so much of the total cost of the improvement therein as is justly allocatable to power development * * *. New funds required of this country will amount to $257,992,000, including the sum to be provided by the State of New York on account of power, which the engineers of that State and those of the War Department have agreed should be $89,000,000.

FEDERAL POLICY GIVES PREFERENCE TO STATES AND CITIES IN POWER DEVELOPMENT

The amendment is directly in line with the declared policy of the Federal Government that States and municipalities shall be granted preference in connection with the development and operation of water-power sites over which the Federal Government asserts control under the commerce clause of the Constitution.

This policy was embodied in the Federal Water Power Act of 1920 and has repeatedly received congressional approval in legislation applying to particular water-power projects.

The provisions of the Federal Water Power Act embodying this preference are as follows:

SEC. 7. That in issuing preliminary permits hereunder or licenses where no preliminary permit has been issued and in issuing licenses to new licensees under section 15 hereof, the Commission shall give preference to applications therefor by States and municipalities, provided the plans for the same are deemed by the Commission equally well adapted, or shall within a reasonable time, to be fixed by the Commission, be made equally well adapted to conserve and utilize in the public interest the navigation and water resources of the region. * * *

SEC. 4. (e) To issue preliminary permits for the purpose of enabling applicants for a license hereunder to secure the data and to perform the acts required by section 9 hereof: *Provided, however*, That upon the filing of any application for a preliminary permit by any person, association, or corporation the Commission, before granting such application, shall at once give notice of such application in writing to any State or municipality likely to be interested in or affected by such application; and shall also publish notice of such application for 8 weeks in a daily or weekly newspaper published in the county or counties in which the project or any part thereof or the lands affected thereby are situated.

The form in which this preference was embodied in the earlier legislation is set forth in the following provision of the Ferris bill of 1918:

That in issuing preliminary permits or licenses hereunder, the Commission shall give preference to applications therefor by States and municipalities, provided the plans for the same are deemed by the Commission adapted to conserve and utilize in the public interest the navigation and water resources of the region (CONGRESSIONAL RECORD, 65th Cong., 2d sess., p. 9805).

Examination of the congressional debates indicates that no serious opposition has ever been offered on the floor of either House to the granting of such preference to States and municipalities.

It is likewise the declared policy of the Federal Government that no charge shall be imposed upon States and municipalities in connection with the development, transmission, or distribution of power where such power is sold to the public without profit or is used for State or municipal purposes.

This policy is set forth in the following proviso in section 10 (e) of the Federal Water Power Act of 1920 as follows:

Provided, That licenses for the development, transmission, or distribution of power by States or municipalities shall be issued and enjoyed without charge to the extent such power is sold to the public without profit or is used by such State or municipality for State or municipal purposes, except that as to projects constructed or to be constructed by States or municipalities primarily designed to provide or improve navigation, license therefor shall be issued without charge.

In dealing with private corporations which obtain licenses under the Federal Water Power Act, the Federal Government has limited its charges against such licensees to the amount necessary to reimburse the United States for the cost of administration of the act, except as rentals may be charged for the use and occupancy of lands and other property of the United States. To impose upon the power authority, as the public agency of a sovereign State, any charges in excess of the cost of the works properly allocatable to the development of power, would be equivalent to requiring the State-owned project to bear a heavier burden than would be imposed upon a private licensee under the terms of the Federal Water Power Act.

PUBLIC DEVELOPMENT AT LOW RATES ASSURED

Under the treaty two dams will be erected, the upper dam at Crysler Island and the lower dam at Barnhart Island. At each dam there will be two power houses, one on each side of the international boundary. The installed capacity of the power houses to be erected at these dams in the State of New York will be 1,100,000 horsepower. From one half the normal unregulated flow of the river the New York power houses will generate about 710,000 primary horsepower, available substantially all the time, and 390,000

secondary horsepower, available a large part of the time. This means that the St. Lawrence power project is comparable in magnitude to Muscle Shoals and Boulder Dam.

It is the only large undeveloped natural resource available for power generation in the northeastern section of the United States, the most highly industrialized and densely populated section of the country.

It has already been demonstrated, in the case of Muscle Shoals and Boulder Dam, that private capital cannot undertake the development of a project of such magnitude or submit bids for the operation of such projects when developed on terms acceptable to the Congress. It is inconceivable that the Federal Government would assume the entire cost of development of the St. Lawrence for both power and navigation and then attempt to lease the power plant to any of the great private power combinations which in times past have sought to wrest the control of this great natural resource from the State of New York for private exploitation.

The adoption of the amendment utilizes the public agency provided by a sovereign State for the development and operation of the power to be developed in that State. It will perpetually safeguard the use of the flow of the St. Lawrence River for the generation of hydroelectric energy at the lowest possible cost for the benefit of rural and domestic consumers.

The adoption of the amendment will enable the New York Power Authority to proceed with its plans for the power houses. It can complete its arrangements for financing. The Federal Government will know definitely what its share of the cost will be. It will strengthen the arm of the power authority in dealing with the private power companies.

More important than all else, Mr. President, this amendment declares the policy that the power shall be developed in the public interest. There is now one application pending before the Federal Power Commission by the American Superpower Corporation for a license to develop this vast resource of electric power on the St. Lawrence River. If this amendment be adopted, all opportunity for private power interests to seize this great hydroelectric development will have been foreclosed forever.

Mr. President, I hope that, in view of all the circumstances which I have cited, in view of the fact that this amendment is, so far as I know, the only amendment to this bill which has specifically received the endorsement of the President of the United States, it will be agreed to.

PURCHASE OF FORESTRY KITS

Mr. ROBINSON of Indiana. Mr. President, I have in my hand an editorial from the Washington Daily News of June 8 entitled "Mr. Howe's Blunder." The editorial is as follows:

MR. HOWE'S BLUNDER

Mr. Howe, President Roosevelt's secretary, has not made a very happy explanation of his part in the forestry kit scandal.

The uncontested facts are these:

Basil O'Connor, friend of Mr. Howe and former law partner of the President, sent Mr. BeVier, head of a New York firm, to Mr. Howe with a letter of introduction.

After talking with Mr. BeVier, Mr. Howe sent a letter to Director Fechner, of emergency conservation work, stating:

"It has come to my attention that toilet articles for the men of the conservation corps * * * can be purchased in the form of a kit containing more items and of a much higher quality, at a considerably less price than they would cost if purchased singly or if procured through the War Department. * * * I have seen the inferior articles referred to, and I have seen the kits of superior articles. * * * If you feel that you are in need of specific authority for taking this matter into your own hands, this letter will serve the purpose."

As a result of this Howe letter, Director Fechner contracted for 200,000 BeVier kits at $1.40 each, which the Quartermaster General of the Army says could have been purchased elsewhere for 85 cents or less.

Neither Mr. Howe, who signed the letter, nor Mr. Lowery, of the Budget Bureau, whom he requested to dictate the letter for him, made any investigation to ascertain that the BeVier kit was of higher quality or cheaper. All they had, apparently, was the sales talk of Mr. BeVier.

Mr. Howe's defense is that his letter was not intended to influence the letting of the contract, but merely to give Director Fechner such authority and discretion. The Howe letter, however, obviously did influence the contract, and on the face of it could hardly have done otherwise.

No one suggests that Mr. Howe personally profited by this deal. Nor is the issue merely whether the Government lost $100,000 or $150,000 through a technical error of a Government official.

Why should the President's secretary welcome Government-contract seekers, with or without political pull? Why should he interfere with the regular Government purchasing machinery set up to prevent political favoritism and graft? Why should he have or express any opinion on the relative merits of merchandise supposed to be passed upon by nonpolitical Government experts? Why should he—if so unwise as to participate in such a transaction himself—draw in the President by permitting the President to sign a hasty approval?

The most charitable answer to these questions is that Secretary Howe has been guilty of an inexcusable blunder. We hope that the administration in its effective work will not be embarrassed by such blundering in the future.

Mr. President, I ask that there be published in the RECORD an article appearing in the Baltimore Sun on June 9, 1933, on the same matter entitled "Down the Spillway."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, June 9, 1933]

DOWN THE SPILLWAY

It is almost time for the correspondence school of which Mr. BeVier must be an alumnus to begin capitalizing his ability as the champion go-getter who carried the message of toilet cases for foresters to the highest places of statesmanship. Perhaps it is premature now, since it is not yet certain that "he got the order," but it is not too soon to begin working up the copy:

They laughed when I told them I contacted Louis McHenry Howe, but you should have seen them when I walked away with the order for 200,000 toilet kits, with sewing outfits included!

After all, Mr. BeVier's was a real feat of sound American salesmanship. I imagine that not even the Fuller brush man has been able to get into the White House—and they must need a lot of brushes there in the course of a year. But Mr. BeVier made it, and, instead of being kicked out on his ear, he got a reference to the Director of the Budget, who must have been pleased, indeed. And then he got a letter to the Director of the C.C.C. camps, which Mr. Howe signed and which showed the latter as something of a connoisseur of toilet cases.

If Mr. Howe's experience is like that of most of us, I suspect the whole thing began like this:

Mr. HOWE. Good morning.

Mr. BEVIER. Colonel Howe, I believe? Colonel Howe, the University of Southern California, in conjunction with the Spruce-Up Toilet Kit Corporation, is sending a lot of us boys out on a personality contest. Now, just a minute, Colonel; this'll take only a couple of minutes. All you have to do is to vote for my personality and, as a token of having cast a vote, you enter your order for one of these cases, complete with razor, brush, tooth paste, and splinter extractor. In fact, Colonel Howe, I came to you because you can cast 200,000 votes for my personality at no expense to yourself and make me the undisputed winner of this contest.

Mr. HOWE. May I see the toilet case?

Mr. BEVIER. Certainly; but the case, after all, is only an evidence of good faith for the interest which you have so kindly taken in my efforts to gain votes for this personality contest, which, as a student and a young man, means a great deal to me.

Mr. HOWE. Just a minute. This fellow Lewis Douglas is a better judge of personality than I am, and I'd rather you saw him——

Mr. BEVIER. Very good, Colonel; but if you could write a little note saying I was here first. You see, there are some boys out doing the same thing for the University of South Dakota.

Mr. HOWE. Now, I don't have to tell all my friends to sell one of these toilet kits to all their friends, after which the money will begin to roll in?

Mr. BEVIER. Certainly not. That is all taken care of in one motion. I win the personality contest and the country wins 200,000 contented woodsmen. Good morning, sir; I'll be on my way to Mr. Douglas.

Mr. LEWIS. Mr. President, I rise for the purpose of informing the eminent Senator from Indiana [Mr. ROBINSON], who is always careful and exceedingly prudent as to any matters that would touch the private character of a citizen or the honor of an official, that this subject matter to which he has alluded, the investigation of the purchase of these kits, is now before a subcommittee of the Committee on Military Affairs of the Senate and is receiving an investigation which I trust—indeed, I may feel quite sure—may be complete.

In my judgment, editorials such as that read here by the able Senator, expressing, as I fancy the writer meant to express, the necessity of great caution on the part of any

official occupying a trust place, is likely to invest some mind with the thought that there are those who believe that there is corruption, financial or personal, in the dealings between the President's secretary and his selected friend.

I beg to say that while the subject is under investigation no Member of the Senate, indeed, no one of just and fair mind, will allow himself to be wholly prejudiced and so adverse as to reflect upon the character of the official referred to, certainly not unless there is something developing in the examination and in the investigation that would justify.

I am pleased to say to my able friend from Indiana that there are many of us on the floor who know Colonel Howe and have known him for years, in his service here at Washington upon previous times and at other places, and all those who know him certify him to be a scrupulously honorable gentleman, a diligent official, a devoted friend, and a worthy public servant. I can assure the eminent Senator from Indiana that when these examinations have been concluded he will see that this observation I now make is wholly justified by the results.

BRIDGES ACROSS NAVIGABLE WATERS IN MONROE COUNTY, FLA.

Mr. TRAMMELL. Mr. President, I have a bridge bill on the calendar which has been reported favorably by the Committee on Military Affairs and also by the War Department. It is a local matter in my State, and we are very anxious to have it passed by the Senate this afternoon, in the hope that it may be passed by the House.

Mr. HARRISON. If it does not lead to any discussion, I have no objection to its immediate consideration.

The VICE PRESIDENT. The Senator from Florida asks unanimous consent for the immediate consideration of a bill, which will be read.

There being no objection, the Senate proceeded to consider the bill (S. 1783) granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key, which was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges and approaches thereto across the navigable waters in Monroe County, in the State of Florida, at points suitable to the interests of navigation between Lower Matecumbe Key and No Name Key (including such toll highways, bridges, viaducts, causeways, fills, embankments, roads, trestles, and other appurtenant structures as may be necessary to connect certain of the present termini of State road no. 4–A in such manner as to complete a system of highways and bridges extending from Miami to Key West, via Key Largo), in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridges, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridges and their approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridges and their approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 40 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridges shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridges and their approaches under economical management. An accurate record of the costs of the bridges and their approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

Mr. COPELAND obtained the floor.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BRATTON in the chair.) Does the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Robinson, Ark.
Ashurst	Costigan	Kendrick	Robinson, Ind.
Austin	Cutting	Keyes	Russell
Bailey	Davis	King	Schall
Bankhead	Dickinson	La Follette	Sheppard
Barbour	Dieterich	Lewis	Shipstead
Barkley	Dill	Lonergan	Smith
Black	Duffy	Long	Steiwer
Bone	Erickson	McCarran	Stephens
Borah	Fess	McGill	Thomas, Okla.
Bratton	Frazier	McKellar	Thomas, Utah
Brown	George	McNary	Thompson
Bulkley	Glass	Metcalf	Townsend
Bulow	Goldsborough	Murphy	Trammell
Byrd	Gore	Neely	Tydings
Byrnes	Hale	Norris	Vandenberg
Capper	Harrison	Nye	Van Nuys
Caraway	Hastings	Overton	Wagner
Carey	Hatfield	Patterson	Walsh
Clark	Hayden	Pope	Wheeler
Connally	Hebert	Reed	White
Coolidge	Johnson	Reynolds	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, there is a quorum present.

Mr. COPELAND. Mr. President, I find myself in almost full agreement with the Senator from Wisconsin [Mr. LA FOLLETTE] regarding the virtues of power development in my State.

But this is neither the time nor the place, as I view it, to give consideration to a matter which has not yet been referred to one of our committees for consideration and recommendation. I can hardly understand why we should attach to a bill which has to do with national industry recovery and the relief of unemployment, the particular proposal submitted, which cannot operate possibly until the treaty has been ratified.

Mr. President, I should feel guilty indeed to take any of the time of the Senate tonight with this particular matter.

Mr. LONG. Mr. President, will the Senator from New York permit me to ask the Senator from Mississippi a question?

Mr. COPELAND. I yield for that purpose.

Mr. LONG. Perhaps we can save a little debate. Is not the Senator from Mississippi in favor of incorporating this amendment in the bill?

Mr. HARRISON. Mr. President, this is a matter which, so far as I remember, was not presented at all and was not studied by the committee having the bill in charge. So far as I am concerned, I am sorry that it is here. I hope the amendment will be rejected, and I hope, likewise, that the Senator from New York will not make a long speech and delay progress of the bill.

Mr. LA FOLLETTE. Mr. President, the amendment is here with the knowledge and approval of the President of the United States.

Mr. HARRISON. I understand the President has recommended the St. Lawrence waterway proposal; but the Finance Committee gave no consideration to it.

Mr. LA FOLLETTE. No; but I offered the amendment to the bill after conference with the President and with his approval.

Mr. CONNALLY. Mr. President, will the Senator from New York yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Texas?

Mr. COPELAND. I yield.

Mr. CONNALLY. I want to make a comment upon Senators quoting here on the floor the President of the United States.

Mr. LA FOLLETTE. I had a letter from the President read while the Senator from Texas was temporarily absent from the Chamber.

Mr. CONNALLY. I do not challenge the authenticity of the Senator's information. I did not hear the letter read,

because I was called out of the Chamber; but at the same time that does not change the situation. The Finance Committee did not consider the matter, and they had no information as to the attitude of the administration or the President.

Mr. COPELAND. Mr. President, there is no doubt that Mr. Roosevelt is very much interested in the development of the canal. He is in favor of ratification of the treaty, and at some time the Senate must give consideration to the treaty. I am anxious that it should have that fair consideration which the importance of the subject demands. But I have not the heart to keep the Senate here for hours to discuss the merits of the main proposal. The amendment offered by the Senator from Wisconsin is not going to give any employment. There cannot be a shovelful of earth taken out of the bank of the river until we have the treaty ratified.

Mr. President, it seems to me the thing to do is to reject the amendment. If the Senate is in a mood to spend hours debating it, I can go forward, but I do not think it is fair or right. I think the amendment is not germane at all to the question in hand.

Mr. DIETERICH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Illinois?

Mr. COPELAND. I yield.

Mr. DIETERICH. My understanding of the matter was that at some later time we should give this important treaty consideration. Many Members of the Senate represent States that are interested in this particular project. Until the treaty is presented here for consideration, matters incident to the treaty should not be presented. The amendment submitted by the Senator from Wisconsin involves a matter entirely incident to the treaty.

The question of someone coming before the Senate and, with due apologies to the Senator from Wisconsin, seemingly for propaganda purposes presenting some little phase of something that might happen in the event the treaty shall be ratified, is unfair and is not in keeping with the dignity of this body when we consider as important an international treaty as this one is. The entire matter should be left untouched until the Senate has such time that it can give the treaty fair consideration. All matters incident to it should be postponed until that time. Then we can take up the treaty and consider it, not with prejudice or passion, but for the purpose of determining whether or not it is in the best interests of the country to ratify the treaty or suggest such reservations as will properly protect the rights and interests of our people. I submit that this is almost an unfair attempt to bring up the matter at this time.

Another thing is the matter of disclosing private correspondence between a Senator and the President of the United States, which should not be and cannot be binding upon the Senate.

Mr. LA FOLLETTE. O Mr. President.

Mr. DIETERICH. I have not yet finished.

Mr. COPELAND. I yield further to the Senator from Illinois.

Mr. DIETERICH. A further matter is that if the President wants to submit a message to the Congress disclosing his attitude, he has a perfect right to do so. I do not care to take any further time, but at this late hour in the closing days of the session this matter should not be brought here, because it will require considerable time for consideration.

Mr. LA FOLLETTE. Mr. President, will the Senator from New York yield to me?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Wisconsin?

Mr. COPELAND. I yield.

Mr. LA FOLLETTE. The Senator from Illinois obviously did not listen to the letter from the President of the United States when it was read at the desk or he would not have made any accusation that I was disclosing private correspondence. The last paragraph of the letter reads:

> The above are simple facts and I have no objection to your use of this letter if you so desire.

So far as this being unfair procedure is concerned, the Senator from Illinois knows, if he has followed the legislative practice at this session, that it has become a very common practice to offer to bills amendments which were not germane to the subject. In the second place the St. Lawrence Treaty and the question of allocation of power have had more debate than any other single piece of legislation or any other matter which has been before the Senate at this session of the Congress.

Mr. COPELAND. Mr. President, let me say to my colleagues that the proposal which the Senator from Wisconsin has presented involves the payment by my State of $90,000,000. We have not any $90,000,000. We have not any funds to use for this purpose. We might come and borrow it from the Reconstruction Finance Corporation, as most of the States are doing.

I appeal to Senators, let us not take the time of the Senate to consider the matter now. So far as I am concerned, I shall not resist its being brought before the Senate in orderly fashion to be discussed on its merits, and then the matter can be settled. I think we ought to vote immediately.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Wisconsin.

Mr. LA FOLLETTE. I demand the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. DAVIS (after having voted in the negative). Has the junior Senator from Kentucky [Mr. LOGAN] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. DAVIS. I transfer my pair with that Senator to the senior Senator from Connecticut [Mr. WALCOTT] and let my vote stand.

Mr. McNARY. Again announcing my pair with the senior Senator from Florida [Mr. FLETCHER], and not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay".

Mr. HEBERT. I have been requested to announce a general pair between the Senator from Vermont [Mr. DALE] and the Senator from California [Mr. McADOO].

Mr. TYDINGS. I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand that if he were present he would vote the same as I shall vote, and I am therefore at liberty to vote. I vote "nay."

Mr. GEORGE. I desire to announce that the senior Senator from Arkansas [Mr. ROBINSON], if present, would vote "nay." He is necessarily detained on official business.

Mr. REED (after having voted in the negative). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I understand if he were present he would vote as I have voted, and therefore I allow my vote to stand.

Mr. PATTERSON (after having voted in the negative). I have a general pair with the junior Senator from New York [Mr. WAGNER]. However, I am informed that if present he would vote as I have voted, and therefore I let my vote stand.

Mr. LEWIS. May I be pardoned for intruding upon the time of the Senate to announce that the Senator from Tennessee [Mr. BACHMAN] and the Senator from South Dakota [Mr. BULOW] are absent on official business. I am unable to say how they would vote if present.

The senior Senator from Utah [Mr. KING] is necessarily detained. I am advised that if present he would vote "nay."

I also wish to announce that the Senator from Virginia [Mr. GLASS], the Senator from California [Mr. McADOO], the Senator from Nevada [Mr. PITTMAN], the Senator from South Carolina [Mr. SMITH], and the Senator from New York [Mr. WAGNER] are detained on official business.

Mr. HEBERT. I was requested to announce that if the Senator from Connecticut [Mr. WALCOTT] were present, he would vote "nay."

Mr. McKELLAR. My colleague, the junior Senator from Tennessee [Mr. BACHMAN], is absent on official business. If present, he would vote "nay."

The result was announced—yeas 20, nays 59, as follows:

YEAS—20

Bone	Costigan	Duffy	Frazier
Borah	Cutting	Erickson	Johnson

Kendrick	Nye	Schall	Thomas, Utah
La Follette	Pope	Shipstead	Vandenberg
Norris	Robinson, Ind.	Steiwer	Wheeler

NAYS—59

Adams	Carey	Hastings	Patterson
Ashurst	Clark	Hatfield	Reed
Austin	Connally	Hayden	Reynolds
Bailey	Coolidge	Hebert	Russell
Bankhead	Copeland	Kean	Sheppard
Barbour	Davis	Keyes	Stephens
Barkley	Dickinson	Lewis	Thomas, Okla.
Black	Dieterich	Lonergan	Thompson
Bratton	Dill	Long	Townsend
Brown	Fess	McCarran	Trammell
Bulkley	George	McGill	Tydings
Byrd	Goldsborough	McKellar	Van Nuys
Byrnes	Gore	Murphy	Walsh
Capper	Hale	Neely	White
Caraway	Harrison	Overton	

NOT VOTING—17

Bachman	Glass	Metcalf	Wagner
Bulow	King	Norbeck	Walcott
Couzens	Logan	Pittman	
Dale	McAdoo	Robinson, Ark.	
Fletcher	McNary	Smith	

So Mr. LA FOLLETTE's amendment was rejected.

Mr. GORE obtained the floor.

Mr. HARRISON. Mr. President——

Mr. GORE. I yield to the Senator from Mississippi.

Mr. HARRISON. I desire to offer an amendment that will clarify and perfect the Senate committee amendment.

The Senate committee amendment is in the form of one amendment, as I understand, and, with reference to the tax on dividends, some question has been raised because some of the corporations perhaps have declared a dividend, but payment has not been made. It goes into effect after the passage of the act. We have clarified it to the extent that the tax shall not apply until after the bill is enacted and until after the dividend has been declared. It seems to me that is fair. The experts have passed on it.

The VICE PRESIDENT. The amendment proposed by the Senator from Mississippi will be stated.

Mr. HARRISON. I ask that this amendment to the Senate committee amendment be adopted.

The CHIEF CLERK. On page 35, line 12, it is proposed to strike out "after the enactment of this act", and the commas before and after such words, and after line 17 to insert a new sentence, as follows:

The tax imposed by this section shall not apply to dividends declared before the date of the enactment of this act.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Mississippi to the amendment of the committee.

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 40, line 7, it is proposed to strike out all after the word "proclaimed" through the word "and" in line 9, and after line 11 to insert a new subsection, as follows:

(c) The tax on dividends imposed by section 212 shall not apply to any dividends declared on or after the first day of the calendar year following the date so proclaimed.

Mr. CONNALLY. Mr. President, before the amendment is agreed to, I desire to ask the Senator from Mississippi a question. I have had it called to my attention that there is a good deal of complaint from the building-and-loan associations with reference to this particular tax.

Mr. HARRISON. Mr. President, it is my idea that the building-and-loan associations ought to be excluded from the capital-stock tax.

Mr. CONNALLY. From the capital-stock tax; but they contend that their dividends are paid without being able to take credit for interest, and things of that kind, which a bank or other corporation could deduct.

Mr. REED. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. REED. In a moment, after these amendments are adopted, the Senator from Massachusetts [Mr. WALSH] is going to offer an amendment on behalf of himself and myself to relieve building-and-loan associations from this tax.

Mr. CONNALLY. I do not know that I should be willing to relieve them entirely, but the amendment ought to be so drawn that they will be on the same level with other corporations, so that it will be fair and just to all alike. I will wait, however, until that amendment is offered.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Mississippi to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. HARRISON submitted the following amendments to the committee amendment:

On page 36, strike out lines 16 to 25, both inclusive, all of pages 37 and 38, and lines 1 to 18, both inclusive, on page 39, and in lieu thereof insert the following:

"SEC. 214. (a) For each year ending June 30 there is hereby imposed upon every domestic corporation with respect to carrying on or doing business for any part of such year an excise tax of $1 for each $1,000 of the adjusted declared value of its capital stock.

"(b) For each year ending June 30 there is hereby imposed upon every foreign corporation with respect to carrying on or doing business in the United States for any part of such year an excise tax equivalent to $1 for each $1,000 of the adjusted declared value of capital employed in the transaction of its business in the United States.

"(c) The taxes imposed by this section shall not apply—

"(1) to any corporation enumerated in section 103 of the Revenue Act of 1932;

"(2) to any insurance company subject to the tax imposed by section 201 or 204 of such act;

"(3) to any domestic corporation in respect of the year ending June 30, 1933, if it did not carry on or do business during a part of the period from the date of the enactment of this act to June 30, 1933, both dates inclusive; or

"(4) to any foreign corporation in respect of the year ending June 30, 1933, if it did not carry on or do business in the United States during a part of the period from the date of the enactment of this act to June 30, 1933, both dates inclusive.

"(d) Every corporation liable for tax under this section shall make a return under oath within 1 month after the close of the year with respect to which such tax is imposed to the collector for the district in which is located its principal place of business or, if it has no principal place of business in the United States, then to the collector at Baltimore, Md. Such return shall contain such information and be made in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector before the expiration of the period for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 percent a month from the time when the tax became due until paid. All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926 shall, insofar as not inconsistent with this section, be applicable in respect of the taxes imposed by this section. The Commissioner may extend the time for making the returns and paying the taxes imposed by this section, under such rules and regulations as he may prescribe, with the approval of the Secretary, but no such extension shall be for more than 60 days.

"(e) Returns required to be filed for the purpose of the tax imposed by this section shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926.

"(f) For the first year ending June 30 in respect of which a tax is imposed by this section upon any corporation, the adjusted declared value shall be the value as declared by the corporation in its first return under this section (which declaration of value cannot be amended), as of the close of its last income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section (or as of the date of organization in the case of a corporation having no income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section). For any subsequent year ending June 30 the adjusted declared value in the case of a domestic corporation shall be the original declared value plus (1) the cash and fair market value of property paid in for stock or shares, (2) paid-in surplus and contributions to capital, and (3) earnings and profits, and minus (A) the value of property distributed in liquidation to shareholders, (B) distributions of earnings and profits, and (C) deficits, whether operating or nonoperating; each adjustment being made for the period from the date as of which the original declared value was declared to the close of its last income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section. For any subsequent year ending June 30 the adjusted declared value in the case of a foreign corporation shall be the original declared value adjusted, in acordance with regulations prescribed by the Commissioner with the approval of the Secretary, to reflect increases or decreases (for the period specified in the preceding sentence) in the capital employed in the transaction of its business in the United States.

"(g) The terms used in this section shall have the same meaning as when used in the Revenue Act of 1932.

"SEC. 215. (a) There is hereby imposed upon the net income of every corporation, for each income-tax taxable year ending after the close of the first year in respect of which it is taxable under

section 214, an excess-profits tax equivalent to 5 percent of such portion of its net income for such income-tax taxable year as is in excess of 12½ percent of the adjusted declared value of its capital stock (or in the case of a foreign corporation the adjusted declared value of capital employed in the transaction of its business in the United States) as of the close of the preceding income-tax taxable year (or as of the date of organization if it had no preceding income-tax taxable year), determined as provided in section 214. The terms used in this section shall have the same meaning as when used in the Revenue Act of 1932.

"(b) The tax imposed by this section shall be assessed, collected, and paid in the same manner, and shall be subject to the same provisions of law (including penalties), as the taxes imposed by title I of the Revenue Act of 1932."

On page 40, strike out lines 12, 13, and 14, and insert in lieu thereof the following:

"(d) The capital-stock tax imposed by section 214 shall not apply to any taxpayer in respect of any year beginning on or after the 1st day of July following the date so proclaimed."

On page 40, line 15, strike out "(d)" and insert "(e)."

On page 42, line 8, after the word "fiscal", insert the word "year."

The amendments to the amendment were agreed to.

Mr. GORE obtained the floor.

Mr. WHEELER. Mr. President——

Mr. GORE. I yield to the Senator from Montana if his proposal does not lead to controversy.

Mr. WHEELER. I do not think my proposal will lead to controversy.

I am sending to the desk an amendment to be inserted at the proper place. The Senator from New York [Mr. WAGNER], I understand, is satisfied with it, and I am told that the Director of the Budget favors it. Likewise, the Civil Service Commission has sent up a letter in favor of it; and the employees, after conferring, have all agreed upon this amendment. It is a proposition to create the position of liaison officer and to establish in the Civil Service Commission a board of appeal.

I send the amendment to the desk and ask the Senator from Mississippi if he will not accept it and let it go to conference.

Mr. HARRISON. If the matter will precipitate a discussion, I would rather accept it and let it go to conference.

The VICE PRESIDENT. Does the Senator from Mississippi accept the amendment?

Mr. HARRISON. I do.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. WHEELER'S amendment is, on page 44, after line 12, to insert the following:

That there is hereby created the position of liaison officer, and there is hereby established in the Civil Service Commission a board of appeal consisting of the three Commissioners; that the position of liaison officer shall be independent of the executive departments and independent offices and said officer shall be empowered to hear, investigate, and adjust all differences between employees and their superiors. There shall be a right of appeal to the board of appeal by the head of the department or the employee concerned. The liaison officer shall cooperate at all times with the Commissioners on important matters and the board of appeal shall take action on appeals from the finding of the liaison officer after the head of the department or the incumbent of the position affected has objected in writing and all persons in interest have been afforded an opportunity to be heard and their decision shall be final. Appeals of employees shall be without prejudice to them. The liaison officer shall receive a salary of $6,000 per annum, and shall be a Civil Service employee with at least 20 years' service in the classified Civil Service selected by the Civil Service Commission. To carry out the provisions of this amendment, the Civil Service Commissioners shall, upon request of the liaison officer, furnish the necessary equipment and assistance by transfer from the Civil Service rolls.

Mr. GORE obtained the floor.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Massachusetts?

Mr. GORE. I believe I will ask the Senator to excuse me. I have been waiting here all day to offer the amendment which I am now about to propose. I do not believe any other amendment will exceed it in importance. If the Senator will be kind enough to wait, I believe I will propose the amendment at this point.

Mr. WALSH. I wanted to offer an amendment to the subdivision just under consideration.

Mr. GORE. Does the Senator think it will lead to controversy?

Mr. WALSH. I yield the floor to the Senator.

Mr. GORE. Mr. President, I ask Senators to turn to page 34, line 18. I have offered an amendment to strike out subsection (a) of section 210. It relates to the proposed increase in the Federal gasoline tax.

Of course, this title is designed to provide for servicing the indebtedness created by this legislation. With that purpose, I am in perfect sympathy; but I do not think too large a share of that burden should be cast upon any one article.

I think that too large a share of that burden is cast upon gasoline. I resisted the gasoline tax 1 year ago. Senators will remember that 1 year ago in the revenue act Congress invaded the field of taxation heretofore reserved to the States and levied a tax of 1 cent a gallon on gasoline. This bill, as it passed the House, proposes to increase that tax to 1¾ cents a gallon.

The Senate Finance Committee reduced that proposed tax by one quarter of 1 cent per gallon. The pending proposition is, therefore, that hereafter the Federal tax on gasoline shall be 1½ cents per gallon. My amendment proposes to strike out the additional one half of 1 cent.

When I discussed this measure a year ago, I presented all the arguments that occurred to me to justify my opposition. Those arguments did not avail. I shall not repeat them now. I made one observation then, however, that I should like to reiterate at this point.

I stated that the Federal Government was invading a field of taxation which prior to that time had been reserved to the States, and that the Federal tax on gasoline then proposed was the beginning and not the end; that the tax would grow and grow, and the burden imposed by the Federal Government upon this article would be increased from time to time. That prediction has come true.

Mr. President, in support of my contention that too large a share of this burden is being cast upon gasoline, I may say that under the House proposal in this measure one third of all the revenues to be raised under the measure would have devolved on gasoline alone. One year ago, when we passed the special revenue act to balance the budget, one fourth of all the estimated tax was cast upon gasoline alone.

Senators may be surprised to hear me say that of all the revenues collected by all of our several governments, Federal, State, local, county, city, town, and township, one twentieth of the whole is derived from gasoline. Of all the taxes imposed by the Federal Government, customs, incomes, and excises, of all the taxes that are imposed by our 48 States, taxes on real estate, taxes on personal property, taxes on city lots, on buildings of all sorts, of all the taxes imposed by our various counties, 3,072 in number; of all the taxes imposed by the towns and the townships in the United States—of all that vast aggregate, amounting to fourteen billions, one twentieth of the entire burden is devolved upon gasoline alone.

I believe that our tariff laws deal with more than 3,000 articles, and they now yield approximately $300,000,000 in revenue. Gasoline alone turns into the local State and National Treasuries one twentieth of all the revenues to maintain our various governmental establishments. I insist that that is an undue proportion of this vast burden.

I submit to Senators that one of the most essential features of a sound fiscal system is that it should not dry up the sources of revenue, that it should not seal up the fountain from which future revenues are to be derived. There comes a point when the law of diminishing returns begins to operate; there comes a point where an increase in the rate brings about a decrease in the revenue. That point has been approximated if it has not been passed.

Senators will mark this: During the calendar year 1932 the 48 States of this Union received $23,000,000 less from gasoline taxes than they received from that source in 1931. There was a decrease in the aggregate of $23,000,000 plus; and that decrease occurred notwithstanding several States had increased their rate on gasoline.

Senators may say this decrease was due to the depression. Undoubtedly it was, in part, due to the depression. I think, however, I can convince Senators that it was not entirely due to the depression. It is pretty hard to find mathematical demonstration for a proposition of this sort; but take my own State of Oklahoma.

Mr. TYDINGS. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. GORE. Yes.

Mr. TYDINGS. May I point out to the Senator that while this decrease occurred gasoline was dropping in price to the consumer, and it occurred when gasoline was perhaps the cheapest it had been in several years.

Mr. GORE. The observation of the Senator from Maryland is correct.

Take my own State. In 1930 we had a gasoline tax of 4 cents a gallon; in 1931 it was raised to 5 cents a gallon, and the revenue diminished nearly a half million dollars.

Consider this further fact: The Federal gasoline tax went into effect on June 23, 1932. It split the year in halves. In Oklahoma our receipts from the gasoline tax during the 6 months prior to the enactment of that law were only $81,000 a month less than during the corresponding month of the previous year, but during the last half of 1932, during the half in which the Federal gasoline tax had to be paid, there was a loss of $133,000 per month; in other words, we lost during the first 6 months, when there was no Federal gasoline tax, $480,000, but during the last half of the year when there was a Federal gasoline tax we lost $700,000.

Take the State of Ohio. In 1932 there was sold in Ohio 128,000,000 gallons of gasoline less than were sold in 1931. That was due to depression, we hear; but, Mr. President, of that 128,000,000 gallons, some 113,000,000 gallons were lost after the imposition of the Federal tax upon gasoline. During the 6 months prior to the enactment of that measure there was a diminution of only 15,000,000 gallons. I think what I have stated demonstrates that the Federal gasoline tax has depressed the revenues received by the several States from the gasoline tax.

Mr. President, that warns and admonishes us that we ought not to go farther in that direction; that we ought not to invade this field of State taxation. The State and Federal taxes on gasoline combined average for the country as a whole 5.1 cents per gallon, or more than 5 cents per gallon. That is a sales tax of 46 percent on the retail price of gasoline; that is a sales tax of 126 percent on the wholesale price of gasoline, the price at the refinery.

We have discussed here from time to time the imposition of a general manufacturer's sales tax. Statesmen at either end of the Capitol have shied at such a tax; they have shied at a tax of 2 percent; they have shied at a tax of 1 percent. For reasons satisfactory to themselves they have been unwilling to vote a manufacturers' sales tax of 1 percent, yet we have here on gasoline a sales tax of 126 percent. A 1-percent tax on a $5 pair of shoes would be a nickle, but a tax of 126 percent on a $5 pair of shoes—I leave for other Senators to compute the tax for themselves—it would be a tax of about $6.25. I submit to Senators that this tax is unduly high and is unduly burdensome.

During the year 1932 the consumption of gasoline in the United States declined 7 percent. That is the first time in the history of motor fuel that the curve of consumption has declined. Is not that also a warning that we have gone far enough; that we have gone too far, indeed, in that direction?

Mr. President, the pending bill proposes to appropriate $400,000,000 for the construction of highways in the several States. It is to be apportioned among the States for highway purposes. The appropriation is a gift. It is unmatched. It has come to that. A year ago we lent the several States $300,000,000 for relief purposes. At the present session we have appropriated $500,000,000; we have appropriated a half billion dollars as a gift to the several States for relief purposes. Now, in addition to that, we intend to give the States for highway purposes $400,000,000 more.

How do we propose to raise the money? By levying a tax on gasoline. If Oklahoma desires to impose an additional half cent or three fourths of a cent on gasoline for highway purposes, she has every legislative facility to impose the tax. I know there are those who think that a dollar out of the Federal Treasury has a magic potency that local taxation cannot emulate or aspire to.

Let us consider this $400,000,000 set aside for highway purposes in the several States as a basis for this gasoline tax. Nearly all the States apply the gasoline tax for highway purposes; and, barring the exigencies of depression, I think they should do so. Then this gasoline tax is imposed in this measure to amortize and to service the $400,000,000 appropriated to the States. It is to run during a period of 15 years.

Mr. President, only 10 States of the 48 States will receive more under this measure during the 15 years than they will pay into the Federal Treasury under this one half cent gasoline tax. Ten States will receive more out of the Treasury under this road fund than they will pay in under the additional tax of one half a cent on gasoline. But, sir, 38 different States will pay more money into the Treasury under this gasoline tax than they will take out of the Treasury. Thirty-eight States will under the gasoline tax pay in more than they will receive.

It might be interesting to the Senators from Florida to know that their State will pay $10,000,000 in gasoline taxes more than she will receive out of the Treasury under this $400,000,000 appropriation. It might be interesting to the Senators from Missouri to know that their State will cash in $21,000,000 in gasoline tax more than it will receive out of the Treasury. It might be interesting to the Senators from Texas to know that Texas will cash in $25,000,000 more under the gasoline tax than she will take out of the Treasury. The Senators from Connecticut might be interested to know that Connecticut's contribution will be $15,000,000. My own State—Oklahoma—will turn in $18,000,000 more than she will take out, notwithstanding she has a substantial deficit in her own treasury. Ohio pays in $49,000,000 more than she takes out. Illinois will put in $54,000,000 more than she gets back.

Pennsylvania, out of her generosity, will contribute $57,000,000 more than she takes out of the Treasury. California will contribute $75,000,000 more.

New York—and I apologize to the Senators from New York—New York will cash in $91,000,000 more than she will take out of the Treasury. Why not let New York reserve that $91,000,000 to herself, appropriate it, and apply it to highway purposes, if that be the best purpose to which that revenue could be devoted? Is Congress wiser than is the Legislature of New York in matters affecting that State? Are we better qualified to govern her citizenship and to administer their affairs than are the citizens of that imperial State? There are some who think so. I think otherwise.

Mr. VANDENBERG. Mr. President, will the Senator from Oklahoma yield to me?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Michigan?

Mr. GORE. Yes, sir.

Mr. VANDENBERG. The Senator from Oklahoma has been submitting some amazingly interesting figures. I have here the original table in my hand showing the complete tabulation on that subject. I think it would be very useful to have the entire table inserted in the RECORD at this point, and if the Senator has no objection, I shall ask permission to do so.

Mr. GORE. I should be very glad to yield for that purpose, and I would have suggested that myself, I will say to the Senator, but for the fact that we shall vote before Senators will have a chance to see the tabulation.

Mr. VANDENBERG. I think it might be useful for the country to have specific information of this kind regarding the fallacy of so-called "Federal aid", which is a misnomer in so many States.

Mr. GORE. I agree entirely with what the Senator says.

Mr. VANDENBERG. I offer the table and ask that it may be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD.

(The table appears in the RECORD at the conclusion of Mr. GORE's speech as Exhibit A.)

Mr. GORE. Mr. President, whether the State or Federal Government raises money by taxation, it comes out of the citizenship of this country. The only choice lies as to whether the taxing power shall be exerted by States or by the National Government. Out of the taxpayers' pockets come all of our revenues, both State and National. One pipe may lead from one pocket to the State treasury; another pipe may lead from the other pocket into the National Treasury; but in both cases it is the same taxpayers' pockets.

Mr. President, there is one other circumstance which tends to confirm my conclusion that too high a rate diminishes the returns. I have here a tabulation showing that those States which have gasoline taxes exceeding 3 cents a gallon have suffered a loss in the registration of their motor cars; and that all the 15 States which have, or which had when these statistics were compiled, a gasoline tax of 2 cents or not exceeding 3 cents a gallon—in each and every one of those States, saving 3 alone, there was an increase in the registration of motor cars, an increase in the registration of motor cars in those States having a low gasoline tax at the very time when there was a decrease in the registration of motor cars in those States which have an excessive tax on gasoline. I will ask to have the table I send to the desk read into the RECORD because it is brief.

The PRESIDING OFFICER. The clerk will read as requested.

The Chief Clerk read as follows:

It is an almost unbroken rule throughout the country that where the tax rate is too high the tendency is to use less gasoline per car and to use fewer cars. There are only two States—Florida and Tennessee—in which a 7-cent tax is exacted, and Florida registered fewer cars in 1930 than in 1929. There are four States with a 6-cent tax, and in all of these—Arkansas, Georgia, North Carolina, South Carolina—fewer cars were registered in 1930 than in 1929. There are 10 States with a 5-cent tax, and in 7 of these fewer cars were registered in 1930 than in 1929. These 5-cent tax States which decreased their registration while maintaining so high a tax were Alabama, Kentucky, Louisiana, Montana, Oklahoma, and Virginia. There are 15 States which impose a 4-cent tax, and 6 of these had fewer registrations of cars in 1930 than in 1929. They are Nevada, Oregon, Ohio, Vermont, West Virginia, and Wisconsin.

On the other hand, there are 15 States with tax rates of only 3 or 2 cents. In 11 of these the number of registered cars increased. The three exceptions were North Dakota and Iowa, where the agricultural depression furnished explanation; and Michigan, where the reduced operations of the great automobile-manufacturing industries is the obvious reason.

Mr. GORE. Mr. President, it seems to me self-evident that we ought not to continue raising this Federal tax on gasoline, when we see that the reaction on the revenues of the several States is to diminish those revenues. I do not think it is wise, I do not think it is a sound fiscal system or fiscal policy. That this effect has come about, I do not believe Senators would seriously doubt.

Mr. President, it seems to me that these considerations condemn the proposed increase, and for that reason I have made this motion. If it prevails, the existing tax on gasoline of 1 cent a gallon will be continued as the policy of the Government.

I have in my hand an editorial appearing a day or two since in the News, published here in Washington. It is a succinct statement and review of the several points supporting my contention. It is brief, and I ask that it be read.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

The additional tax on gasoline is inexcusable. It is a sales tax already preempted by the States and already worked to death, as shown by the House report on double taxation. Automobile taxes of various kinds already amount to more than $1,000,000,000 a year. State gasoline taxes alone are more than half a billion dollars. In addition there are the duplicating city and county gasoline taxes and the triplicating Federal gasoline tax of $138,000,000. The consumer is paying. These combined taxes account for 48 percent of the retail price of gasoline. On the wholesale price these levies amount to a sales tax running in different parts of the country from 135 to 240 percent. Under these circumstances, to propose additional Federal gasoline taxes is absurd.

Mr. GORE. Mr. President, I now ask to have printed in the RECORD a letter from one of the leading citizens of my State which sheds light upon this entire measure. He owns and edits one of the leading papers in the Southwest and has devoted much time and talent to questions of public interest.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OKLAHOMA CITY, OKLA., *May 3, 1933.*

Hon. THOMAS P. GORE,
United States Senate, Washington, D.C.

MY DEAR SENATOR GORE: I was sorry I could not stop in Washington on my return from New York.

I particularly wanted to discuss with you the proposed 30-hour labor law, for I do not believe the administration has begun to discover all of the trouble they would create by the passage of such a bill.

For instance, they may not realize that all dairies have been declared factories by the Treasury Department and their use of electricity has been exempt from Federal taxes on the ground that the refrigeration of milk, the operation of cream separators in separating cream from the milk, and the bottling and capping of the milk constitute a factory process, so that milk and cream and butter and buttermilk and other dairy products would come under the regulations of the 30-hour week.

Now, it happens that the State of Wisconsin is largely interested in dairies which supply the city of Chicago, and under this bill dairies could not employ any individual for more than 30 hours in a 7-day week. It happens that cows have to be milked twice a day and 7 days a week, and in many dairies cows are milked three times a day. As the milking for city markets is usually done about 3 o'clock in the morning and 3 in the afternoon, the employees of a dairy have to live on the farm and the owner of the dairy has to provide houses for his employees.

Even two shifts of employees would not cover the 7 days' work in a dairy, and how is a dairyman to bring in extra help at 3 o'clock in the morning from a distance of probably several miles, especially in winter weather?

Even if the dairies in Wisconsin could arrange to work two shifts, their expenses would be so enormous as compared with dairies that are in the State of Illinois that they could not compete in the Chicago market. What is true of Wisconsin is also true of New Jersey and the New England States, which largely contribute the supply of milk in New York and Philadelphia markets.

I am wondering how many people would have to be employed to censor and inspect the United States mails, for no store or mail-order house could ship anything across the State border through the mail if anyone had been employed more than 30 hours a week in the making of an article. In fact, shoppers who live in Jersey City and shop in New York would have to be stopped at the State line and their purchases taken away from them if they happened to be manufactured in a factory where the janitor or anyone else had worked more than 30 hours in a week.

The newspapers in New York and Philadelphia could not send a paper across the State line, and of course that would apply to every other State. My own papers are fortunately situated, for we have only a few thousand circulation in the Panhandle of Texas and the borders of Texas and Arkansas, and rather than have all of our reporters and editors and advertising men and myself work only 30 hours a week I would cancel all of our out-of-State circulation, but a newspaper in St. Louis which covers Southern Illinois would not be so fortunately situated, and the Kansas City Star would be paralyzed if it cut off its out-of-State circulation.

If I were to send an advertising man to New York City to solicit advertising, it would take him more than 30 hours to get there and he would be in the pay of the company all that time. After he arrived I suppose he would have to remain idle for a week before he could start to work. A traveling man who is being sent from New York to the Pacific coast would have to stop off half way across the continent and wait a week before he finished his journey.

If we want to know what labor legislation can do to a country, all we have to do is to look at Australia. In that country business was paralyzed long before the depression and the government itself is practically bankrupt, due to their labor laws.

As I understand our Constitution, it provides that States have the sole power to regulate their home industries and the Federal Government is forbidden to interfere with the internal affairs of a State. The Government is trying now to do indirectly what it is specifically forbidden to do and is using its power of control of interstate commerce to break down a section of our Constitution which has heretofore been honored.

Whenever the principle is once established that the Federal Government can issue embargoes against transportation of products from one State to another by regulating the kind or quantity

of labor employed in the production of the articles, then this country's business will be at the mercy of labor lobbies and subservient politicians.

I am certainly pleased that you are not going to sacrifice the interests of the country as a whole to support the pipe dream of a well-meaning woman labor official.

With very best regards,

Sincerely yours,

E. K. GAYLORD, *Editor.*

EXHIBIT A

How States will fare with road-fund receipts and gasoline-tax costs under industrial recovery bill's $400,000,000 road fund and one-half cent gasoline tax

	Gallons of gas taxed by States in 1932	Total tax payments in 15 years at one-half cent per gallon	State share of the $400,000,000 road fund	Gain or loss to each State	Cost of one-half cent tax per year per State
Alabama	136,421,614	$10,230,000	$8,527,432	$1,702,568	$682,000
Arizona	58,004,441	4,350,000	[1] 5,869,236	[1] 1,519,236	290,000
Arkansas	86,082,940	6,450,000	7,003,940	[1] 553,940	430,000
California	1,204,295,149	90,315,000	15,557,296	74,757,704	6,021,000
Colorado	136,730,489	10,245,000	7,528,712	2,716,288	683,000
Connecticut	234,229,379	17,565,000	2,596,020	14,968,980	1,171,000
Delaware	36,338,331	2,715,000	2,000,000	715,000	181,000
Florida	207,268,239	15,540,000	5,415,840	10,124,160	1,036,000
Georgia	198,980,154	14,910,000	10,410,992	4,499,008	944,000
Idaho	45,554,550	3,405,000	5,019,708	[1] 1,614,708	227,000
Illinois	958,468,356	71,880,000	16,942,820	54,937,180	4,792,000
Indiana	418,489,040	31,380,000	10,196,600	21,183,000	2,092,000
Iowa	299,004,568	22,425,000	10,571,680	11,878,320	1,495,000
Kansas	247,349,852	18,555,000	10,883,492	7,671,508	1,237,000
Kentucky	164,057,785	12,300,000	7,548,788	4,751,212	820,000
Louisiana	166,014,436	12,450,000	5,818,532	6,631,468	830,000
Maine	105,167,540	7,875,000	3,556,932	4,318,068	525,000
Maryland	187,505,794	14,070,000	3,398,568	10,671,432	938,000
Massachusetts	550,642,607	41,295,000	5,722,040	35,572,960	2,753,000
Michigan	681,044,263	51,075,000	12,599,020	38,475,980	3,405,000
Minnesota	333,351,913	25,005,000	11,228,528	13,776,472	1,667,000
Mississippi	96,732,445	7,260,000	7,200,548	59,452	484,000
Missouri	447,484,670	33,570,000	12,511,512	21,227,400	2,238,000
Montana	53,803,120	4,035,000	8,416,904	[1] 4,381,904	269,000
Nebraska	195,236,623	14,640,000	8,482,576	6,157,424	976,000
Nevada	18,177,920	1,365,000	5,252,520	[1] 3,887,520	91,000
New Hampshire	65,971,040	4,950,000	2,000,000	2,950,000	330,000
New Jersey	553,914,175	41,550,000	5,525,776	36,024,224	2,770,000
New Mexico	43,845,055	3,285,000	6,551,576	[1] 3,266,576	219,000
New York	1,485,127,929	111,390,000	20,197,460	91,192,540	7,426,000
North Carolina	231,727,434	17,385,000	9,627,504	7,757,496	1,159,000
North Dakota	61,190,398	4,590,000	6,446,336	[1] 1,856,336	306,000
Ohio	856,729,484	64,260,000	14,967,248	49,292,752	4,284,000
Oklahoma	241,527,434	18,120,000	9,629,080	8,490,920	1,208,000
Oregon	140,066,134	10,500,000	6,672,468	3,827,532	700,000
Pennsylvania	1,009,663,827	75,735,000	17,556,868	58,178,056	5,049,000
Rhode Island	92,701,236	6,960,000	2,000,000	4,960,000	464,000
South Carolina	103,748,781	7,785,000	5,555,848	2,229,152	519,000
South Dakota	74,083,694	5,550,000	6,681,912	[1] 1,131,912	370,000
Tennessee	174,076,575	13,050,000	8,683,864	4,366,136	870,000
Texas	676,593,941	50,745,000	25,548,736	25,196,264	3,383,000
Utah	54,297,788	4,080,000	4,651,104	[1] 571,104	272,000
Vermont	46,866,212	3,510,000	2,000,000	1,510,000	234,000
Virginia	216,191,996	16,215,000	7,520,592	8,694,408	1,081,000
Washington	220,930,195	16,575,000	6,401,564	10,173,436	1,105,000
West Virginia	123,544,775	9,270,000	4,413,040	4,856,960	618,000
Wisconsin	373,710,495	28,035,000	9,970,252	18,064,748	1,869,000
Wyoming	35,453,612	2,655,000	5,138,536	[1] 2,483,536	177,000
Dist. of Columbia	101,774,858	7,635,000	----------	7,635,000	509,000
Total	14,250,173,269	1,068,765,000	400,000,000	668,765,000	71,251,000

[1] Gain.

Mr. CAPPER. Mr. President, I am glad to support the motion of the Senator from Oklahoma to strike out the increased gasoline tax.

It is not necessary to elaborate on this amendment. Its effect will be to leave the Federal gasoline tax at 1 cent a gallon instead of increasing that tax to 1½ cents a gallon.

I believe it generally is recognized that the oil industry and the motorist are paying the heaviest taxes of any groups in the United States today. We are not justified in assessing any heavier taxes on an already overburdened industry.

My home State of Kansas is not a large State. We have some half million motor cars licensed. The net gasoline tax collected in Kansas last year, according to the bureau of public roads, was nearly 7½ million dollars.

If this additional half cent-per-gallon tax is placed on gasoline it will increase gasoline-tax collections approximately 1¼ million dollars a year. If the tax is collected for 15 years on an amortization basis that extra half cent a gallon will cost the people of my State some 19 million dollars. In return we may get $9,700,000 of highway aid under this act.

It is proposed to make the motorists of the country as a whole pay 27 percent of the entire cost of this public-works program, as I read the measure. The extra one-half cent gasoline tax will amount to about $61,000,000 a year, more than one fourth of the amount it is proposed to collect annually to pay for the public-works program, presuming that the entire $3,300,000,000 is expended. If all the money authorized is not expended, then the percentage of the cost borne by motorists will be even larger.

I am perfectly aware that whatever is expended must be paid for. But it seems to me there is no justice in assessing one industry, the oil industry, such a disproportionate tax, especially in view of the fact that Congress so far has almost completely failed to make any provision even to give the oil industry the protection it is entitled to receive against imports of cheaply produced foreign oil.

There are many phases of the oil situation. There are many crimes for which the oil industry itself should have to answer. But that does not justify the Government in charging up to the motorists of this country the additional gasoline tax proposed. I earnestly hope the Senate will adopt this amendment and refuse to increase the tax on an already overtaxed industry.

Mr. GORE. Mr. President, I merely wish to say, in connection with what the Senator from Kansas has said, that we have been trying to relieve the farmer, to rehabilitate agriculture. The farmers buy and pay for one fourth of all the motor fuel used. In addition to the automobiles owned by farmers, there are a million tractors in this country and also a million stationary gasoline engines on the farms, and this tax would be an added burden upon the backs of those we are trying to relieve.

Mr. TRAMMELL. Mr. President, I feel that it is my duty to say a few words in behalf of the people whom I represent in this Chamber upon this subject. I will be brief, however.

Within my own State the legislature a number of years ago selected gasoline as one of the sources on which levies should be made for the support of the Government, beginning at first with a tax for the purpose of road construction. At that time the building of highways and the expansion of our public-road system were exceedingly popular, and the people, generally speaking, made no objection to the tax of 3 cents a gallon on gasoline, that being the first such tax that was levied in Florida.

The people responded to their duty and the demands of the legislative authorities of the State with such cheerfulness, because they were anxious about extending throughout the States a splendid road system, that the legislature next raised the tax to 4 cents a gallon, then to 5, then to 6, then to 7 cents a gallon, and a few towns and cities also placed a tax upon gasoline.

My position is that the people of my own State already, long prior to the Government's invading this field as a source of revenue, has been burdened almost to the breaking point with taxation upon motor fuel and this added tax should not be placed upon them. Of course there are other taxes, the taxes upon accessories, and so forth, levied both by the State and by the Federal Government. We recall that the Federal Government has invaded the field of taxation on accessories.

Mr. GORE. Mr. President, I wish to inject into the RECORD at this point the statement that there is one city in the country where the aggregate taxes on gasoline amount to 11 cents a gallon.

Mr. TRAMMELL. I did not know of that. I felt and my people feel that 8 cents a gallon, which we will have to pay if this additional half cent is imposed, is entirely too much. I believe the high taxes have had the effect of causing a smaller consumption of gasoline than when the tax was lower. I believe it has caused a smaller registration of automobiles in my own State than when the tax was more reasonable than it is at the present time.

We are fighting in Florida the situation as it exists with respect to State taxation. It has reached a point where the taxpayers quite generally are rebelling against conditions

which exist there in regard to local impositions of taxes on motor fuel and every character of accessory for the automobile. I have had not merely hundreds but I have had thousands of telegrams and letters from my State in opposition to a further increase of half a cent. I want to join with those who feel as I do in voting to eliminate this additional half cent a gallon that is sought to be placed upon gasoline.

Mr. HARRISON. Mr. President, just one word. Let it not be forgotten that the House put a tax of 1¾ cents a gallon on gasoline. The Senate committee worked very hard in order to take off a quarter of a cent, and the committee is recommending the additional tax of only one-half cent a gallon. We will raise thereby $62,000,000. When we reduce this from three quarters of a cent to half a cent, that represents a loss of $31,000,000. Where we will get the $62,000,000, if the pending amendment shall prevail, I do not know. I imagine we will have to go to a sales tax or something else, which I hope we will not have to do.

If the program which the Committee on Finance has recommended can go through, we can keep from imposing a sales tax, and we hope at some early date to be able to reduce the tax on gasoline, which is necessary at the present time.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Oklahoma [Mr. GORE].

Mr. REED. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. BORAH. Mr. President, it seems to me, as stated by the Senator from Oklahoma, that an unfair and extraordinary burden is sought to be placed upon gasoline in the way of a tax. I am perfectly aware of the fact, as the Senator from Mississippi has said, that it is very difficult to find sources of taxation on which we can draw without great injury to someone. However, the figures which have been presented here this evening by the Senator from Oklahoma disclose that this particular item has been singled out for an extraordinary burden of taxation, and I think we ought to eliminate the one-half-cent addition to the tax.

I ask that we may have a yea-and-nay vote upon this amendment.

The yeas and nays were not ordered.

Mr. BORAH. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	King	Russell
Ashurst	Cutting	La Follette	Schall
Austin	Davis	Lonergan	Sheppard
Bachman	Dickinson	Long	Shipstead
Bailey	Dieterich	McAdoo	Smith
Bankhead	Dill	McCarran	Steiwer
Barbour	Duffy	McGill	Stephens
Barkley	Erickson	McKellar	Thomas, Okla.
Black	Frazier	McNary	Thomas, Utah
Bone	George	Metcalf	Thompson
Borah	Goldsborough	Murphy	Townsend
Bratton	Gore	Neely	Trammell
Brown	Hale	Norris	Tydings
Bulow	Harrison	Nye	Vandenberg
Byrd	Hastings	Overton	Van Nuys
Byrnes	Hatfield	Patterson	Wagner
Capper	Hayden	Pope	Walcott
Carey	Johnson	Reed	Walsh
Clark	Kean	Reynolds	Wheeler
Connally	Kendrick	Robinson, Ark.	White
Coolidge	Keyes	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-three Senators have answered to their names. A quorum is present.

The question is on the amendment proposed by the Senator from Oklahoma [Mr. GORE].

Mr. BORAH. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HARRISON. Mr. President, I desire to make only a brief statement. The Committee on Finance worked very hard to try to raise the $220,000,000 needed. We finally worked out a program. We adopted the capital stock tax of one tenth of 1 percent in order to raise some $80,000,000. By doing that we reduced the gasoline tax which had been adopted by the House. By that action we lost $31,000,000. If the amendment now proposed is adopted, it will take from the bill $62,000,000. It will then be impossible to pass the bill tonight because we must go into the question of raising that additional amount of revenue. We could not pass the bill without having it in form to produce the needed revenue.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Oklahoma. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MCADOO (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. Not knowing how he would vote on this question, I withhold my vote.

The roll call was concluded.

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Has that Senator voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. DAVIS. I transfer my pair with that Senator to the senior Senator from Rhode Island [Mr. HEBERT] and let my vote stand.

Mr. AUSTIN. I desire to announce the following general pairs:

The Senator from Oregon [Mr. MCNARY] with the Senator from Florida [Mr. FLETCHER]; and

The Senator from Ohio [Mr. FESS] with the Senator from Arkansas [Mrs. CARAWAY].

Mr. KENDRICK. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Virginia [Mr. GLASS], and the Senator from Kentucky [Mr. LOGAN] are necessarily detained.

The result was announced—yeas 35, nays 46, as follows:

YEAS—35

Barbour	Davis	McGill	Steiwer
Black	Goldsborough	Metcalf	Thomas, Okla.
Borah	Gore	Nye	Townsend
Bulow	Hale	Patterson	Trammell
Byrd	Hastings	Pope	Tydings
Capper	Hatfield	Reed	Vandenberg
Carey	Kean	Robinson, Ind.	Walcott
Connally	Keyes	Russell	White
Cutting	King	Shipstead	

NAYS—46

Adams	Coolidge	Johnson	Robinson, Ark.
Ashurst	Copeland	Kendrick	Schall
Austin	Costigan	La Follette	Sheppard
Bachman	Dickinson	Lonergan	Stephens
Bankhead	Dieterich	Long	Thomas, Utah
Barkley	Dill	McCarran	Thompson
Bone	Duffy	McKellar	Van Nuys
Bratton	Erickson	Murphy	Wagner
Brown	Frazier	Neely	Walsh
Bulkley	George	Norris	Wheeler
Byrnes	Harrison	Overton	
Clark	Hayden	Reynolds	

NOT VOTING—15

Bailey	Fess	Lewis	Norbeck
Caraway	Fletcher	Logan	Pittman
Couzens	Glass	McAdoo	Smith
Dale	Hebert	McNary	

So Mr. GORE's amendment was rejected.

Mr. WALSH. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The amendment will be stated.

The CHIEF CLERK. On page 36, at the end of section 212, it is proposed to insert:

(e) The taxes imposed by this section shall not apply to the dividends of any corporations enumerated in section 103 of the Revenue Act of 1932 nor to any insurance company subject to the tax imposed by sections 201 and 204 of such act.

Mr. WALSH. Mr. President, the Senator from Pennsylvania [Mr. REED] has on the table an amendment similar to that offered by myself, and therefore I offer this amendment in his name as well as my own.

Under the laws taxing earnings of corporations certain classes of corporations are exempted. Among them are labor, agricultural and horticultural organizations, mutual savings banks, fraternal orders, domestic building and loan associations, cemetery companies, charitable, religious, and educational organizations, business leagues, civic leagues,

clubs organized for pleasure, benevolent life-insurance associations, ditch and irrigation companies not organized for profit, farmers' insurance companies, farmers' cooperatives, crop cooperatives, Federal land banks, employees' benefit associations, and teachers' retirement-fund associations.

Unless the amendment proposed by the Senator from Pennsylvania and myself is adopted, the earnings of these corporations, when remitted to individuals as dividends, will be taxed 5 percent, the tax to be deducted at the source.

The purpose of this amendment, to which I assume there is no objection, is to keep the earnings of these particular classes of corporations from being taxed, even though they are distributed in dividends to people over the country.

Mr. METCALF. Mr. President, do I understand that this amendment will take in mutual savings banks?

Mr. WALSH. It will.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts.

Mr. TRAMMELL. Mr. President, I desire to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Florida?

Mr. WALSH. I yield.

Mr. TRAMMELL. Why should we exempt from tax dividends distributed by this kind of corporation perhaps to a widow, perhaps to some poor family who have lost all that they had, any more than we exempt dividends distributed to people who have stocks in other corporations and are in equally distressed condition but whose dividends are not exempt?

Mr. WALSH. Because of the policy of this country that the earnings of all business and industrial corporations shall be taxed. They are taxed 12½ percent. However, this particular class of corporations have always been exempt from the corporation tax on their earnings.

Unless the amendment I have proposed is adopted, that portion of their earnings which will be distributed as dividends will be taxed and deducted from those who are shareholders in these corporations.

Mr. TRAMMELL. Of course there might be some companies that are purely mutual; but the set-up of most companies of this character, so far as I know, is just the same as that of any other corporation, as far as profit-making is concerned.

Mr. WALSH. I do not know that that is exactly true. There are 11,442 corporations in this country that are engaged solely and alone in helping working people to build homes; and if this amendment is not adopted, for the first time in our taxing laws the people who have shares in these 11,442 home-making and home-building corporations will be subject to the dividend tax.

Mr. TRAMMELL. Of course I should not care to tax those who had taken stock in an association for the purpose of acquiring a fund with which to build; but that does not include all the stockholders engaged in the business. Very frequently a large amount of the capital stock is held by the company, or invested.

Mr. WALSH. These corporations are a special class of corporations that have always been exempted from the corporation income tax because of the philanthropic and educational and religious and charitable purposes in which they are engaged. I think it was an accident not to include this amendment in the committee amendments and exclude them from this tax.

Mr. TRAMMELL. If the Senator has restricted his amendment to that class, of course I think it is proper that they should be exempt.

Mr. WALSH. I assure the Senator that it is restricted, as the amendment itself shows, to those corporations that are already excluded from the corporation tax, and none other.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Massachusetts. [Putting the question.] By the sound, the noes seem to have it.

Mr. REED and Mr. WALSH called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll.

Mr. LEWIS. Mr. President, may I at this moment impose on the Senate to announce that the Senator from Arkansas [Mrs. CARAWAY], the Senator from Florida [Mr. FLETCHER], and the Senator from Virginia [Mr. BYRD] are detained on official business, and thus are absent. I do not know how they would vote if present.

Mr. McNARY. Again referring to my pair, and not knowing how my pair would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withdraw my vote.

Mr. AUSTIN (after having voted in the affirmative). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily absent; but I feel at liberty to let my vote stand.

Mr. LEWIS. I desire to announce the general pair of the Senator from California [Mr. McADOO] with the Senator from Vermont [Mr. DALE].

I also desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Colorado [Mr. COSTIGAN], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], and the Senator from Nevada [Mr. PITTMAN] are necessarily detained on official business.

The result was announced—yeas 72, nays 7, as follows:

YEAS—72

Adams	Dickinson	La Follette	Schall
Ashurst	Dieterich	Lewis	Sheppard
Austin	Duffy	Lonergan	Shipstead
Bachman	Erickson	Long	Smith
Barbour	Fess	McCarran	Steiwer
Barkley	Frazier	McGill	Stephens
Borah	George	Metcalf	Thomas, Utah
Bratton	Goldsborough	Murphy	Thompson
Brown	Gore	Norris	Townsend
Bulkley	Hale	Nye	Trammell
Byrnes	Harrison	Overton	Tydings
Capper	Hastings	Patterson	Vandenberg
Carey	Hatfield	Pope	Van Nuys
Clark	Hayden	Reed	Wagner
Connally	Hebert	Reynolds	Walcott
Coolidge	Kean	Robinson, Ark.	Walsh
Copeland	Kendrick	Robinson, Ind.	Wheeler
Cutting	Keyes	Russell	White

NAYS—7

Bankhead	Bulow	McKellar	Thomas, Okla.
Bone	Dill	Neely	

NOT VOTING—17

Bailey	Couzens	Johnson	Norbeck
Black	Dale	King	Pittman
Byrd	Davis	Logan	
Caraway	Fletcher	McAdoo	
Costigan	Glass	McNary	

So Mr. WALSH's amendment was agreed to.

Mr. REED. Mr. President, no one with the least perception of the state of mind of the Senate could contemplate at this hour exposing it to a lengthy speech on any subject. I am perfectly well aware that most of the Senators are as tired as I myself am, and I know I am incapable of taking in a new thought.

On behalf of the Senator from Massachusetts [Mr. WALSH], the Senator from Virginia [Mr. BYRD], and myself, I have proposed an amendment providing for an excise tax on sales by manufacturers. It seems a pity that a subject of this extreme importance should have to come up for disposition at this hour of the night. I am aware, however, that the whip is cracking and that no matter how important the subject is we must dispose of this bill tonight.

We have overturned the whole industrial system of the United States, if this bill which we are about to pass shall be held valid, by what we did in a 13-hour session yesterday, and today we are passing on the tax system of the United States in a similar condition of fatigue and disinclination to think.

I send the amendment to the desk, Mr. President, with no more than the statement that it proposes a general manufacturers' excise tax upon articles sold by the manufac-

turer or the importer, excepting, first, farm products not processed otherwise than by the original producer thereof; second, food, foodstuffs, coffee, tea, and feed; third, wearing apparel for any part of the body; and fourth, medicines other than patent or proprietary medicines.

It will be obvious that the incidence of the tax upon the ordinary workingman will fall upon something less than one fifth of his spending, whereas the taxes that we have already provided in the shape of sales taxes under the so-called "farm relief bill" will fall upon not less than 40 percent of his spending.

The rate proposed by this amendment is 1¾ percent, while the rate in the farm bill, for which we voted with such enthusiasm, may go as high as 100 percent.

As the concluding part of the amendment which I have sent to the desk appears a number of repealing clauses. If this tax shall be adopted, Mr. President, these repealing clauses will carry a repeal of the following special excise taxes now in existence:

The tax on lubricating oil, which is paid by every person who owns an automobile, a tractor, or a gasoline-propelled boat.

The tax on tires and inner tubes.

The tax on toilet preparations, which is paid by the "better half" of American citizenship.

The tax on furs.

The tax on jewelry—a cruel excise tax we have put upon the first business to suffer in any depression. Most of the jewelers of America are bankrupt today.

The tax on automobiles, trucks, and parts thereof.

The tax on radio receiving sets. If this amendment shall be adopted one may hear Colonel Howe more cheaply. [Laughter.]

The tax on mechanical refrigerators.

The tax on sporting goods.

The tax on firearms, shells, and cartridges.

The tax on cameras.

The tax on matches.

The tax on candy. We will not longer tax at such high rates the lollypop of every school child.

The tax on chewing gum. Personally, I am sorry we cannot make it 100 percent, but we have included that among the taxes that are to be repealed.

The tax on soft drinks.

The tax on electrical energy.

The tax on conveyances. Heaven knows that real estate is carrying enough burden today.

The tax on checks which pesters every citizen who has a bank account and makes it impossible for every one of us to tell what his bank balance is.

The tax on boats; and

The half-a-cent tax which we have just put on gasoline.

All that we will get for the price of a 1¾-percent sales tax on articles other than necessaries.

The amendment proposed by Mr. REED to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, is as follows:

Amendments proposed by Mr. REED, Mr. WALSH, and Mr. BYRD to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, viz:

On page 34, line 18, strike out all after "section 210" down through "(b)" in line 22.

On page 34, line 23, strike out "such act", and insert in lieu thereof "the Revenue Act of 1932."

On page 40, line 8, strike out the comma and all of lines 9, 10, and 11.

On page 42, after line 24, insert a new title, as follows:

"TITLE—GENERAL MANUFACTURERS' EXCISE TAX

"SEC. 251. Imposition:

"(a) In addition to any other tax imposed by law, there is hereby imposed on every article sold in the United States by the manufacturer or producer thereof, if licensed or required to be licensed under this title, a tax equivalent to 1¾ percent of the sale price, except in the case of—

"(1) Sales by a licensed manufacturer to another licensed manufacturer of articles for further manufacture.

"(2) Sales by a licensed manufacturer to a registered dealer of articles for tax-exempt resale.

"(3) Sales by a licensed manufacturer to any person of articles for tax-exempt resale, but only if such articles are delivered by such licensed manufacturer to the person to whom his vendee so resells the articles.

"(4) Sales for exportation, if the articles are in due course exported.

"(5) Sales to a State or political subdivision thereof of articles for use solely in the exercise of an essential governmental function.

"(b) In addition to any other tax or duty imposed by law, there is hereby imposed a compensating tax of 1¾ percent ad valorem on every imported article removed from customs custody or control, unless—

"(1) The article is entered or withdrawn for consumption by a licensed manufacturer (or his agent) and the article is an article for further manufacture.

"(2) The article is entered or withdrawn for consumption by a registered dealer (or his agent) and the article is an article for tax-exempt resale.

"(3) The article is exported from continuous customs custody or control.

"(4) The article is entered or withdrawn for consumption by a State or political subdivision thereof for use solely in the exercise of an essential governmental function.

"(5) The article is free of customs duty (A) as an article returned after having been exported, (B) under paragraphs 1607, 1632, 1717, 1739, 1747, or 1798 of the Tariff Act of 1930, or (C) as a temporary importation or an importation for exhibition; but in the event of any violation of the conditions of the free entry of such article, it shall be subject to tax under this subsection.

"(c) The tax imposed under subsection (b) shall be collected and paid under regulations prescribed by the Secretary. The value on which such tax shall be based shall be the sum of the dutiable value (under sec. 503 of the Tariff Act of 1930) of the article plus (A) any duties imposed thereon under any provision of the customs laws and (B) any tax on importation under section 601 (c) (4) to (7), inclusive, of the Revenue Act of 1932, and (C) any tax under the act of May 12, 1933. Such tax shall not be imposed on any importation upon which the total of taxes and duties would be less than $1, provided that the articles are not so imported to evade payment of duties or taxes.

"(d) No tax shall be imposed under this title upon any of the following articles:

"(1) Farm products not processed otherwise than by or for the original producer thereof.

"(2) Food, foodstuffs, coffee, tea, and feeds.

"(3) Wearing apparel for any part of the body.

"(4) Medicines (other than patent or proprietary medicines).

"(e) Exemption from tax under this section shall be allowed or granted only upon compliance with the regulations.

"SEC. 252. Tax on sales by registered dealers:

"(a) There is hereby imposed on the sale or other disposition by a registered dealer of any article obtained by him free of tax by virtue of his registration, other than tax-exempt resale, a tax of 1¾ percent of the price at which such article was sold to such registered dealer, plus, in the case of an imported article, if not included in such price, (1) any duties imposed thereon under any provision of the customs laws, (2) any tax on importation under section 601 (c) (4) or (7), inclusive, of the Revenue Act of 1932, and (3) any tax under the act of May 12, 1933. If the Commissioner determines that the records of the registered dealer with respect to the disposition of any article are inadequate, such article shall be held to have been resold otherwise than in a tax-exempt resale.

"(b) If the Commissioner determines that it is not necessary in the interests of the revenue to trace the identity of articles of any class in the hands of registered dealers, the regulations may provide a method of determining the proper tax liability of registered dealers with respect to articles of that class without requiring that the identity of the individual articles be traced.

"(c) Articles of such classes as the Commissioner may prescribe may (in accordance with the regulations) be obtained by registered dealers free of tax notwithstanding that it is impracticable to determine whether or not they will be resold in a tax-exempt resale, and the tax provided for in subsection (a) shall be imposed with respect to such articles if disposed of otherwise than in a tax-exempt resale.

"SEC. 253. Sale price:

"(a) Generally: In determining the sale price of an article there shall be included any charge for coverings and containers of whatever nature, and any charge incident to placing the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this title, and any other tax imposed upon such article, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by the foregoing sentence to be included) shall be excluded from the sale price only if the amount thereof is established to the satisfaction of the Commissioner, in accordance with the regulations.

"(b) Sales on consignment: In the case of an article sold on consignment, the sale price shall be the fair manufacturer's price for the article.

"(c) Retail sales by licensed manufacturer: In the case of an article sold by the manufacturer or producer thereof at retail

(or directly to the consumer or user), the tax shall be imposed upon the price at which so sold, except that in the case of any such article ordinarily sold at wholesale (or directly to the consumer or user at prices varying with the quantity or character of use) by manufacturers or producers, the tax shall be imposed upon the fair manufacturer's price for the article.

"(d) Installment sales: In the case of a contract for the sale by a licensed manufacturer of an article, wherein it is provided that the sale price shall be paid to the manufacturer by installments, and the title to the article sold does not pass to the purchaser thereof until a future date notwithstanding partial payment by installments, or in the case of a conditional sale, there shall be imposed upon each payment that part of the tax which is proportionate to the part of the sale price represented by such payment.

"(e) Leases and royalties: If a licensed manufacturer leases an article or transfers the right of using the article but not the title thereto, or imposes a royalty on the use of an article, each payment with respect to the article shall be treated as a sale and the tax shall be imposed upon the amount of such payment. Any such lease, transfer, or imposition of royalty on the use of any article by a registered dealer shall be treated as a sale.

"(f) Manufacture under contract: For the purpose of this title a person who manufactures or produces an article for another person who furnishes materials and retains title thereto shall be regarded as the manufacturer or producer of the article, and the tax shall be imposed upon payment as if the article were sold by him, or, if there is more than one payment, the tax shall be imposed pro rata upon each payment; except that the person so furnishing materials shall be regarded as the manufacturer or producer of the article if the article is to be resold by him and (1) the effect of the application of this provision is to require him to be licensed under this title, or (2) he is a licensed manufacturer.

"(g) Use or transfer of article in special cases: If a manufacturer or producer—

"(1) uses, otherwise than as an article for further manufacture, an article manufactured or produced by him, or obtained by him free of tax by virtue of his license;

"(2) transfers the title to an article by gift; or

"(3) transfers the title to, or the right to use, an article to any person (otherwise than through an arm's-length transaction) at less than the fair market price; such use or transfer shall be considered a sale for the purposes of this title, and the sale price shall be the fair manufacturer's price for such article.

"(h) For the purposes of this section the fair manufacturer's price for an article shall be a fair manufacturer's or producer's sale price for the article at the place of manufacture or production, as determined by the Commissioner, by reference to actual sales or to costs of manufacture or production, or otherwise.

"SEC. 254. Overpayments, credits, and refunds:

"(a) A credit against tax under this title, or a refund, may be allowed or made—

"(1) To a licensed manufacturer, in the amount of any tax under this title which has been paid with respect to an article for further manufacture purchased by him.

"(2) To a manufacturer or producer when he becomes licensed, in the amount of any tax paid under this title with respect to articles for further manufacture on hand, or theretofore used in the manufacture or production of articles on hand, when the license is granted.

"(3) To the exporter, in the case of an article sold for exportation or exported for sale, in the amount of any tax paid under this title with respect to the article.

"(4) To a licensed manufacturer or registered dealer who has paid tax under this title with respect to an article, when the sale price on which the tax was based is readjusted by reason of return or repossession of the article or a covering or container, or by a bona-fide discount, rebate, or allowance, in the amount of that part of the tax proportionate to the part of the sale price which is refunded or credited.

"(5) To a licensed manufacturer or registered dealer in the amount of tax paid by him under this title with respect to any article, if the licensed manufacturer or registered dealer has in his possession such evidence as the regulations may prescribe that (A) such article has been delivered by his vendee to a State or political subdivision thereof for use in the exercise of an essential governmental function and (B) the licensed manufacturer or registered dealer has repaid or agreed to repay the amount of such tax to his vendee or has obtained the consent of his vendee to the allowance of the credit or refund.

"(b) Credit or refund under subsection (a) shall be allowed or made only upon compliance with the regulations.

"(c) In no case shall interest be allowed with respect to any amount of tax under this title credited or refunded.

"(d) Credit or refund of tax (except tax under section 251 (b)) paid under this title shall be made by the Commissioner. Credit or refund of tax paid under section 251 (b) shall be made in such manner as shall be prescribed by the Secretary.

"(e) No overpayment of tax under this title shall be credited or refunded (otherwise than under subsection (a)), in pursuance of a court decision or otherwise, unless the person who paid the tax establishes, in accordance with regulations, (1) that he has not included the tax in the price of the article with respect to which it was imposed or collected the amount of tax from the vendee, or (2) that he has repaid the amount of the tax to the last purchaser of the article, or (3) that he has obtained written consent of such last purchaser to the allowance of the credit or refund.

"SEC. 255. Licensed manufacturers and registered dealers:

"(a) Manufacturers and producers: Every manufacturer or producer (except as hereinafter provided) is hereby required to be licensed, in accordance with regulations, and shall pay a fee of $2 for such license. Licenses under this section shall expire upon June 30, 1934, and thereafter upon June 30 of each year.

"(b) Exemptions: No license shall be required (but a license may be granted upon application) in the case of a manufacturer or producer—

"(1) if for the preceding year the total sale price of all articles (other than exempt articles) manufactured or produced by him was less than $20,000; or

"(2) if, in the case of a manufacturer or producer not engaged during the whole of the preceding year in the sale of articles (other than exempt articles) manufactured or produced by him, such manufacturer or producer files with the Commissioner a statement under oath that to the best of his knowledge and belief the probable total sale price of all articles (other than exempt articles) manufactured or produced by him to be sold by him during the year for which the exemption is claimed will be less than $20,000;

but in the case of any manufacturer or producer exempted or claiming exemption under paragraph (1) or (2) of this subsection, if the Commissioner determines that the probable total sale price of all articles (other than exempt articles) manufactured or produced by such manufacturer or producer to be sold by him during the year for which the exemption was granted or is claimed will not be less than $20,000, or if the total sale price of all articles (other than exempt articles) manufactured or produced by such manufacturer or producer and sold during such year by him reaches $20,000, such manufacturer or producer shall thereupon be required to be licensed.

"(c) Dealers and importers: A dealer in or importer of articles for tax-exempt resale may be granted registration as a registered dealer by the Commissioner, upon application in accordance with regulations and payment of a fee of $100. Registrations under this subsection shall expire upon June 30, 1934, and thereafter upon June 30 of each year.

"(d) Revocation or cancelation of dealer's registration: If the Commissioner finds that a registered dealer has violated any provision of law applicable with respect to the tax imposed by this title, he may revoke his registration. If the registration of any registered dealer is revoked, he shall not be entitled to registration within a period of 1 year after such revocation. The registration of any registered dealer may be canceled upon application by him.

"(e) Tax on revocation, cancelation, or expiration of registration: If a registered dealer's registration is revoked or canceled under subsection (d), or if a registered dealer's registration expires and is not renewed, he shall pay the tax imposed by this title (as if on a taxable sale by him at the time of revocation, cancelation, or expiration) on all articles obtained by him free of tax by virtue of his registration and not disposed of by him prior to such revocation, cancelation, or expiration.

"(f) Tax on expiration of manufacturer's or producer's license: If a manufacturer or producer ceases to be licensed before the date on which the tax imposed by this title ceases to be in effect he shall pay the tax which would be imposed on a sale to him, as of the date on which he ceases to be licensed, of all articles obtained by him free of tax by virtue of such license and not used as articles for further manufacture in the manufacture or production of articles sold prior to such date.

"SEC. 256. Returns, records, and payment and collection of tax:

"(a) Every licensed manufacturer or registered dealer and every person liable for any tax under this title (other than tax under section 251 (b)) shall make monthly returns under oath and pay the tax to the collector for the district in which is located his principal place of business, or if he has no principal place of business in the United States, to the collector at Baltimore, Md. Such returns shall be made on or before the last day of each month for the preceding month and shall contain such information and be made in such manner as the regulations prescribe. Under regulations, returns, and payment of tax may be made on the basis of the monthly periods used by the taxpayer in his accounting records.

"(b) The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 percent a month from the time when the tax became due until paid.

"(c) Every licensed manufacturer and registered dealer, and every person liable for any tax imposed by this title (except tax under section 251 (b)) shall keep such records, render under oath such statements, and comply with such regulations, as the Commissioner with the approval of the Secretary may from time to time prescribe. Whenever in the judgment of the Commissioner necessary, he may require any person, by notice served upon him, to make a return, render under oath such statements, or keep such records as the Commissioner deems sufficient to show whether or not such person is liable for tax under this title (except tax under section 251 (b)), and the amount of any such liability. All records required under authority of this section with respect to any sale shall be kept in such manner as to be readily accessible to the Commissioner or his agents for a period of 4 years from the last day of the month after the month in which such sale was made, unless the Commissioner authorizes the destruction of such records at an earlier date, or unless an agree-

ment under section 259 determining the amount of liability under this title with respect to such sale is approved by the Secretary or Under Secretary.

"SEC. 257. Tax on special cases:

"(a) Tax on sales to or withdrawals by licensed manufacturers or registered dealers: When the Commissioner deems such action to be in the interest of the revenue, he may require that the tax shall be imposed on the sale to, or the removal from customs custody or control by, any licensed manufacturer or registered dealer, or any class of licensed manufacturers or registered dealers, of any class of articles (even though articles for further manufacture or for tax-exempt resale). Credit or refund of tax so imposed may be allowed on proof by a licensed manufacturer that such articles have been used or resold as articles for further manufacture, or on proof by a registered dealer that such articles have been resold in a tax-exempt resale.

"(b) Sale of article obtained as article for further manufacture: If a licensed manufacturer sells an article obtained free of tax by virtue of his license he shall be liable for tax under this title in the same manner as if such article were an article manufactured or produced by him.

"(c) Tax on others than licensed manufacturers or registered dealers: In case any other person acquires from a licensed manufacturer or registered dealer, by operation of law or as a result of any transaction not taxable under this title, the right to sell any article, the disposition of such article by such person shall be taxable as if made by such licensed manufacturer or registered dealer, and such person shall be liable for the tax.

"SEC. 258. Existing contracts for sale—Regulated rates:

"(a) If any person (1) is subject to governmental regulation with respect to the sale price of an article with respect to which a tax is imposed under this title, or (2) has, prior to the date of the enactment of this act, made a contract for the sale on or after the effective date of this title of an article, with respect to which sale a tax is imposed by this title, or with respect to which article a tax is imposed by this section, and such contract does not permit the adding to the amount to be paid thereunder of the whole of such tax, and does not provide that the vendor shall pay such tax, then the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price or the price subject to regulation, as the case may be. If (A) any article has, under a contract of the character above described, been delivered prior to the date of the enactment of this act to any person (other than a dealer) or (B) a contract of the character above described was made with the United States, no tax shall be collected under this title.

"(b) The taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated, and shall be collected, returned, and paid to the United States by such vendor in the same manner and shall be subject to the same provisions of law (including penalties) as the tax imposed by section 701 of the Revenue Act of 1932. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner, who shall cause collection of such taxes to be made from the vendee.

"SEC. 259. Final agreements:

"The Commissioner (or any officer or employee of the Bureau of Internal Revenue, including the field service, authorized in writing by the Commissioner) is authorized to enter into an agreement in writing with any person relating to the liability of such person (or of the person for whom he acts) in respect of the tax imposed by this title (including the basis or method upon which such liability shall be determined or computed) for any period (past or future) specified in such agreement. If such agreement is approved by the Secretary or the Under Secretary within such time as may be stated in such agreement, or later agreed to, such agreement shall be final and conclusive and, except upon a showing of fraud or malfeasance or misrepresentation of a material fact, (1) the case shall not be reopened as to the matter agreed upon or the agreement modified by any officer, employee, or agent of the United States, and (2) in any suit, action, or proceeding such agreement or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance therewith shall not be annulled, modified, set aside, or disregarded; except that in its application to sales made after the date on which it is approved or agreed to such agreement shall be held to be modified to the extent necessary to conform to any change in the law after such date.

"SEC. 260. Effect of changes in administrative decisions:

"If any regulation, ruling, or decision of the Commissioner or Secretary (or any official authorized by regulations to make rulings or decisions which shall be subject to this section) in force at the time of the sale of an article, is amended or revoked, such amendment or revocation shall not have the effect of increasing the liability under this title of any person with respect to such sale beyond his liability determined in accordance with such regulation, ruling, or decision in force at the time of such sale.

"SEC. 261. Applicability of administrative provisions:

"All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926, shall, insofar as not inconsistent with this act, be applicable in respect of the tax imposed by this title.

"SEC. 262. Penalties:

"Any person willfully violating any provision of this title or any provision of law, in respect of the tax imposed by this title, shall (if no other criminal penalty is provided for therein) be fined an amount not more than $10,000, or imprisoned not more than 1 year, or both, together with the costs of prosecution.

"SEC. 263. Regulations:

"The Commissioner, with the approval of the Secretary, shall prescribe and publish such regulations as he may deem necessary for the enforcement of this title, except that the Secretary shall prescribe and publish such regulations as he may deem necessary for the enforcement of this title insofar as it relates to taxes under section 251(b).

"SEC. 264. Definitions:

"(a) When used in this title—

"(1) The term 'article' means commodities of every description, including gases and electrical energy; but does not include real property.

"(2) The term 'licensed manufacturer' means a manufacturer or producer licensed or required to be licensed under this title.

"(3) The term 'registered dealer' means a dealer or importer registered under this title.

"(4) The term 'manufacturer or producer' means any person (including a State, political subdivision thereof, or agency thereof) who manufactures or produces in the United States any article, and includes, in the case of electrical energy produced outside of the United States, the person making the first sale thereof within the United States. For the purposes of this title, such energy shall not be considered an imported article.

"(5) The term 'manufacture or produce' includes grow, mine, fabricate, assemble, cure, tan, dress, dye, bleach, blend, bottle, can, repackage, spin, weave, refine, and process or manipulate in any manner, but does not include laundering or repairing, nor the reconditioning of an article for reuse and not resale, nor the cleaning or ginning of cotton, nor the cleaning or threshing of grain, nor the preparation of beverages for consumption on the premises where prepared.

"(6) The term 'article for further manufacture' means only an article which is to be used by a licensed manufacturer (A) as material in the manufacture or production of, (B) as a component part of, (C) as a covering or container for, or (D) as an accessory to, another article.

"(7) The term 'tax-exempt resale' means resale (A) as an article for further manufacture to a licensed manufacturer or to a registered dealer, (B) to a State or political subdivision thereof for use solely in the exercise of an essential governmental function, (C) to any person for resale by him as described in clause (A) or (B) if the articles are delivered by his vendor to his vendee, or (D) for exportation, if the article is in due course exported.

"(8) The term 'exempt article' means an article enumerated in section 251 (d).

"(9) The term 'United States', when used in a geographical sense, includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

"(10) The term 'imported' means brought into the United States from any foreign country or any possession of the United States.

"(11) The terms 'exported' and 'exportation' mean, respectively, shipped and shipment to any foreign country or any possession of the United States, or laden and lading as supplies, stores, or legitimate equipment on vessels of war of any foreign nation, vessels employed in the fisheries or in the whaling business, or actually engaged in foreign trade or trade between the Atlantic and Pacific ports of the United States or between the United States and any of its possessions.

"(12) The term 'obtained by' means sold to or removed from customs custody or control by.

"(13) The term 'regulations' means regulations prescribed under this title.

"(14) The term 'Secretary' means the Secretary of the Treasury.

"(15) The term 'Commissioner' means the Commissioner of Internal Revenue.

"(16) The term 'collector' means collector of internal revenue.

"(b) The terms 'includes' and 'including' when used in a definition contained in this act shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"SEC. 265. Personnel:

"The Secretary is authorized to appoint, in the office of the Assistant Secretary in Charge of Fiscal Offices, two officers at salaries of $9,000 per annum, and in the Bureau of Internal Revenue, one Deputy Commissioner at a salary of $9,000 per annum, and, subject to the Classification Act of 1923, as amended, such other officers and employees as are necessary to administer the provisions of this title.

"SEC. 266. Effective date:

"This title shall take effect on the thirtieth day after the date of the enactment of this act, except that section 255, 259, 263, 265, and this section shall take effect on the date of the enactment of this act. No sale or removal from customs custody or control after June 30, 1935, shall be taxable under this title.

"SEC. 267. Short title:

"This title may be cited as the 'Manufacturers' Excise Tax Act of 1933.'

"SEC. 268. Repeals:

"The following sections of the Revenue Act of 1932 are repealed, effective as of the thirtieth day after the date of the enactment of this act: Sections 601 (c), (1), 603, 604, 605, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 725, 751, and 761.

"Sections 602 and 606 (a) to (e), inclusive, of such act are repealed, effective as of the sixtieth day after the date of the enactment of the act.

"Section 606 (f) of such act is amended by striking out 'August 1, 1934', and inserting 'the thirtieth day after the date of the enactment of the National Industrial Recovery Act.'"

On page 43, line 1, strike out "Title III" and insert in lieu thereof "Title IV."

Mr. ASHURST and Mr. CONNALLY addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. REED. Just a moment and I will yield the floor. There is no good to be accomplished by my arguing this amendment at length. Every Senator here has made up his mind. There is a noticeable change in the sentiment of the Finance Committee; there is a noticeable change in the sentiment in the Senate; there has been a noticeable change in the sentiment of the newspapers of the country; but I am perfectly aware that no effort of mine at this late hour of the night can change any vote, and in kindness to my fellow Senators I will not prolong my remarks. Now I yield to the Senator from Arizona.

Mr. ASHURST. Mr. President, the Senator from Pennsylvania is too modest—though it is becoming in him—when he says that no remarks of his would change votes. If the Senator will accept an amendment which I propose, I believe that the sales tax will be adopted and that all these "nuisance taxes", as they may be characterized, will be eliminated. Will the Senator accept an amendment which will provide that—

Hereafter all Government bonds and all securities issued by the Federal Government shall be subject to the income tax, as all other income may be?

The securities in America exempt from taxation in 1921 amounted to $14,000,000,000. That vast reservoir which in 1921 was worth $14,000,000,000 is now probably three times or certainly double that much. The time has arrived in America when there should be no tax-exempt bonds. Of course, it is impossible to have, and no one seeks to have, the Federal Government tax securities of a State, and likewise no State may tax securities of the Federal Government. True, there is no direct provision in the Constitution prohibiting the Federal Government from taxing State securities. But if the Senator from Pennsylvania will consent to an amendment that will subject Government bonds to the income tax——

Mr. REED. Bonds hereafter issued or those already issued?

Mr. ASHURST. It should be those hereafter issued, but I see no objection, in morals or in law, to the Federal Government's levying a tax upon Federal securities issued heretofore that were exempt——

Mr. REED. Excepting the fact that they contain the promise that they cannot be taxed; that is the trouble.

Mr. ASHURST. It is true that many of the bonds heretofore issued bear upon their face a proviso that they shall not be subjected to any tax; but, Mr. President, I have so much faith in the inborn and the ineradicable patriotism of the American people that I believe if we were to disregard that provision, nominated and written in the bond, and subject not the bonds but the income thereof to the income tax, nine hundred and ninety-nine out of every thousand bondholders in America would say, "Yes, I shall gladly make the contribution."

I do not want to be put in the attitude of violating any contract that has been made by our Government, but I do say, Mr. President, here is a vast source of revenue represented by property now escaping taxation, the owners of which I believe—and I have reason to believe it, and I assert it to be a fact—are ready and willing, and many of them anxious, to make their contribution in the form of an income tax on the income of such bonds.

Mr. REED. Mr. President——

Mr. ASHURST. The Senator from Pennsylvania has the floor.

Mr. WALSH. Mr. President——

Mr. REED. I yield to the Senator from Massachusetts.

Mr. WALSH. Does the Senator realize that the best way to collect a tax upon the incomes of those who own tax-exempt bonds is through a sales tax?

Mr. ASHURST. I do not say it is the best way. The Senator drives me into cul-de-sac. I do not say it is the best way, but it is the most effective way.

Mr. WALSH. Figures from the Treasury Department show that there are $20,000,000,000 of tax-exempt securities bearing no tax burden whatever. Furthermore, there are $12,000,000,000 more tax-exempt securities paying no normal tax. I have on my desk information from the Treasury Department that there are millions of dollars received in annuities that never pay a tax. There are others in this country who are now living on their capital because their income is suspended, and they are paying no taxes, though their capital may be extensive.

The one feature about the proposition which I have presented that is challenging is that every resident in America earning and spending money would be taxed and would pay a tax measured by his capacity to live beyond the necessities of life; that these tax-exempt men and women with their tremendous incomes amounting to more than a billion dollars a year, free from all burdens of taxation, shall be reached, and as they spend so shall they pay taxes to the Federal Government, though they have chosen to invest their money where it is protected from the tax burdens that other incomes and profits pay.

We cannot under the Constitution tax these incomes, but we can tax them when they spend their incomes, and we ought to do it. One of the best features about this proposal is that it is the only method of reaching the great amount of income from securities and investments that now go untaxed.

Do you know, Mr. President, how large an amount that is? The amount of tax-exempt securities in this country is more than all the capital and surplus of all the industries of this country. Put all the capital together, put all the surplus together of the industries of the country, and it amounts to $28,000,000,000, which is an amount much greater than our national debt, as the Senator from Maryland says; and here are $32,000,000,000 in tax-exempt securities the income from which is largely free from taxation. Why should those receiving incomes from such sources not bear a tax burden in this emergency, especially when the very situation in this country today is inviting them, yea, urging them to get their money out of business enterprises that provide employment and increase prosperity and put it safely and securely in tax-exempt investments?

Let no Senator go home to his constituents and say, "I have not voted for a sales tax. I am against a consumption tax. I do not believe in it." Do not dare say that, for the bill is reeking with unfair, unscientific, and ruinous sales taxes levied upon many industries. Over 100,000 returns are made by business concerns showing the extent to which these nuisance taxes extend. Let me present an example. Take the tax on lubricating oil. Lubricating oil sells at prices varying from 8 cents to $1 a gallon. Black lubricating oil is used very extensively by nearly all industries, and yet the tax levied in this bill upon lubricating oil in the case of 8-cent lubricating oil is 50 percent and in the case of the dollar lubricating oil it is only 4 percent.

Mr. President, if you will concede that an honest attempt has been made here to remove this burden of taxation from the working class and his family, then what? Where is this tax money to come from? It will come from those who spend money and who have the money to spend for these goods. The more one spends the greater his tax, and the higher the prices they pay the higher the tax. It is, I repeat, a tax to make those who have large incomes, who are heavy spenders, pay more to the Federal Government than those who have no incomes or have limited incomes and are unable to spend except most frugally.

I repeat these special advantages: First, it reaches the tax dodger, it reaches the enormous incomes of those who are escaping taxation because of exemptions and because of tax-exempt securities; and second, it begins by removing the tax burden upon the consumption of the man and woman low down in the scale of income and increases it as the scale of income goes up, so that the more one has the more he spends and the more he spends the more tax he has to pay.

Furthermore, the principle of ability to pay is carried out again by exempting the small manufacturer whose business is under $20,000 annually from the tax. While the small producer will pay a slight tax on his unfinished materials, he is exempt from the tax other competitors with larger business units pay on their finished product.

Mr. ASHURST. Yes, Mr. President; if this amendment should be adopted the citizen of ordinary means would be precluded from saying, and he would be glad to be precluded from saying, "We have a number of gentlemen, estimable enough in character perhaps, who fill their vest pockets with tax-exempt securities, and whose safety vaults are engorged with tax-exempt securities." The ordinary citizen would then not have to feel that there was a class of citizens which was not contributing its just share to the burden of government.

I am not going to argue any further. I have stated what I think about the principle of the proposal. Now I wish to refer to the expediency of the suggestion.

Mr. REED. Mr. President, will the Senator let me ask him a question?

Mr. ASHURST. The Senator from Pennsylvania has the floor.

Mr. REED. I do not want to cut the Senator off, but I should like to ask him a question.

Mr. ASHURST. Certainly.

Mr. REED. I agree with the Senator that the existence of tax-exempt securities of any kind is a great injustice. I wish the Supreme Court had construed the words in the sixteenth amendment, "from whatever source derived", in the way they strike me, and that is to include any kind of income that any person receives from any source. That is the way I think the words should have been construed. I should be most happy to include in this amendment a provision preventing any sort of tax exemption in future issues of Federal Government bonds, but I do not want to try to repudiate the promise that is contained in our outstanding bonds; not that I would not gladly tax those who own them, but I am not happy about breaking a promise. That is what we would do. We can, however, as the Senator from Massachusetts pointed out, tax the spending of that income, although we cannot, in honor, tax the receipt of it.

Mr. HASTINGS. Mr. President, I should like to inquire of the Senator from Pennsylvania whether or not the taxation of these particular securities would be any more a violation of a promise than that which has been accomplished by a provision in a bill recently passed in which we say we shall not pay in gold, after we promised to pay in gold?

Mr. REED. That is true, but two wrongs do not make a right, and it would be just as wrong if now we tried to break this promise. Let us break no more promises. Never in any amendment I am sponsoring am I going to recommend the breaking of promises.

Mr. NORRIS. Mr. President——

Mr. ASHURST. Let me answer, if I may, the Senator from Pennsylvania on one point of law. The able Senator spoke about the construction the Supreme Court had given to the sixteenth amendment. I said this morning—and I do not need to repeat it—that it is not an easy thing to disagree with the Senator from Pennsylvania on a question of law, but my conception of the Constitution is that the general power is given to Congress to lay and collect taxes of every kind and nature without any restraint except on exports——

Mr. REED. Oh, no; Mr. President, the sixteenth amendment——

Mr. ASHURST. Wait a moment; provided, however, there is uniformity and apportionment——

Mr. REED. Ah!

Mr. ASHURST. Wherever there is uniformity and apportionment.

Mr. REED. Of course, that was why the old income-tax law was knocked out, because it was not apportioned. Then we passed the sixteenth amendment, providing that we could have income taxes without apportionment. The Supreme Court held that the words "from whatever source derived" were to be construed in a restricted sense, so we have not the power to tax incomes of State employees.

Mr. ASHURST. I agree with that.

Mr. BORAH. Mr. President, what decision of the Supreme Court held that we cannot tax the incomes from tax-exempt securities?

Mr. REED. There is a decision that we cannot tax the interest on State bonds.

Mr. BORAH. Oh, yes; I agree to that.

Mr. REED. There is no decision that we cannot break our promise and tax income or interest on outstanding Federal bonds which we have promised not to tax.

Mr. BORAH. Is taxing them when we promised not to tax anything more than repealing a statute which we have heretofore enacted? We enacted a statute providing that certain securities should be tax-exempt. We have a perfect right to repeal that statute.

Mr. REED. Yes; we have a right to repeal any statute we have enacted, but if we made a distinct promise that a creditor shall receive certain rights it is dishonorable for us to repudiate any part of that promise.

Mr. BORAH. I do not suppose there is any justification for getting into an argument over that matter tonight, but it seems to me the sixteenth amendment to the Constitution provides that we may tax incomes from whatever source derived.

Mr. REED. Quite true.

Mr. BORAH. We saw fit at a certain time and under certain circumstances to exempt certain property from taxation.

Mr. REED. Pardon me. We saw fit to offer to the people who had that money to lend, which money we wanted, to make a bargain with them that if they loaned it to us we would not tax them on the normal income.

Mr. BORAH. Exactly. We enacted a statute to that effect.

Mr. REED. No; we made a bargain to that effect.

Mr. BORAH. It was in the form of a legislative act. It could not have been made in any other way.

Mr. REED. The legislative act authorized the bargain to be made, and it was made.

Mr. BORAH. Exactly. But suppose it was some other kind of property, church property or anything else that we saw fit to exempt for a certain time from taxation under a statute, it could not be said that for all time we were going to exempt that property from taxation.

Mr. REED. It could be said if we sold it to a church and induced a church to buy it from us on the faith of that promise. The Senator from Idaho would not apply any such philosophy to his own bargains. If he had made a promise to pay under the same circumstances that the Nation did in these bonds, he would never dream of repudiating that promise.

Mr. BORAH. I would as a citizen know perfectly well that if I purchased a tax-exempt security it was always within the power of the Government to change its taxing system.

Mr. REED. Oh, yes; and it is always within the power of all of us to repudiate our promises.

Mr. BORAH. No one can secure a vested right in a governmental favor which may become contrary to public policy.

The Senator is asking the Government of the United States to forego for all time the power to tax these tax-exempt securities because it saw fit at a particular time to exempt them from taxation.

Mr. REED. Not at all. I am not asking anything of the sort, and I think I am up a side alley. I am offering to tax future issues of these bonds, and the amendment I have sent to the desk has nothing to do with past issues. I think we have become drawn off into a side issue.

Mr. CONNALLY. Mr. President, does the Senator's amendment repeal the electric-power tax?

Mr. REED. Yes; it does.

Mr. LEWIS. Mr. President, will the Senator from Pennsylvania yield?

Mr. REED. I am glad to yield to the Senator from Illinois.

Mr. LEWIS. I am attracted by the observation of our able friend from Pennsylvania when he would leave the impression that the Senator in charge of the bill has brought the bill to us at so late an hour as to make practically impossible a consideration of an important feature, and that the lateness of the hour in bringing the bill before the Senate would indicate that we are seeking to cut off some form of debate or understanding or hearing from some who may desire to be heard.

Mr. REED. If the Senator will let me answer him, no one has made such a suggestion. My only suggestion was that the Senate has been in session so long that we are all tired out, and I myself am too tired and too hungry to argue the thing any further. I am not blaming anybody for that.

Mr. LEWIS. I want to invite the attention of the able Senator from Pennsylvania that at the last Congress, just before the Hoover administration went out and the Senator's party in the majority, it was the Senator from Pennsylvania who led the tax bill looking to what he termed "the balancing of a Budget", and we were here fighting upon those clauses deep into the night; he and his leadership kept us busy beyond midnight carrying out the wishes, as he felt they were suggested by his eminent leader, the President. By the time we got to where the proposition which is now being presented was then presented, it then being presented by the Senator from Massachusetts [Mr. WALSH], it was not until 1 o'clock, past midnight, that he got his chance to make his representations by speech. I am calling the able Senator's attention that that which has transpired here now is not subject to the charge inferentially or in any other form to go to the public that this mad rush in an uncertain hour has some design behind it. It repeats by crowded events.

Now I ask the question of the Senator——

Mr. REED. May I answer that question before the second one is asked?

Mr. LEWIS. Yes; but I wanted to bring to the attention of the Senator the parallel conditions by which he would do justice to this side of the Chamber.

Mr. REED. I want to disclaim any semblance of criticism of the Senator from Mississippi, who has the bill in charge. He has stuck to it faithfully and well. The bill is important. It ought to be acted upon soon. I am not reflecting on him. But the plain truth of the matter is that, without his fault, the sun has risen and set, the clock has turned, and it is now 10 minutes of 9 o'clock at night and everybody is tired. I am not blaming anyone for that.

Mr. LEWIS. At this particular point let me say to the Senator, having understood his remark, Does his amendment exempt certain agricultural products? May I invite the Senator's attention that the Supreme Court of Illinois, lately passing upon the State income tax or what may be called a "State sales tax", has held invalid that act, resting upon the construction of the Supreme Court of the United States on a State statute upon the ground that the omission of agricultural products as described there violates the basis of uniformity, and held the tax invalid. Does the distinguished Senator from Pennsylvania see any parallel in that and a possible danger to the present amendment?

Mr. REED. No; because there is no such provision whatever in the Federal statute. Our taxes need not be uniform and have not been uniform.

Mr. LEWIS. Does the Senator regard the sixteenth amendment with its phraseology of uniformity as applying here at all to the income tax?

Mr. REED. It applies a tax on incomes, but the tax which I am proposing is a tax upon spending.

Mr. LEWIS. The Senator sees no parallel?

Mr. REED. No; I do not.

Mr. LEWIS. I think that we understand each other, whether we agree with each other or not.

The PRESIDING OFFICER. The question is upon agreeing to the amendment of the Senator from Pennsylvania.

Mr. HASTINGS. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. REED (when Mr. DAVIS' name was called). My colleague the junior Senator from Pennsylvania [Mr. DAVIS] asked me to announce that he is absent on account of illness. If present, he would vote "yea." He has a general pair with the Senator from Kentucky [Mr. LOGAN].

Mr. MCADOO (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. Not knowing how he would vote on this question, I withhold my vote.

Mr. MCNARY (when his name was called). On this vote I have a pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. LEWIS. I beg the privilege of announcing that the Senator from Virginia [Mr. BYRD] is absent. He is paired with the Senator from South Dakota [Mr. NORBECK]. Were the Senator from Virginia [Mr. BYRD] present, he would vote "yea." I am told that, if present, the Senator from South Dakota [Mr. NORBECK] would vote "nay."

May I also be permitted to announce that the senior Senator from Virginia [Mr. GLASS] is necessarily detained, and that the senior Senator from Nevada [Mr. PITTMAN] is necessarily absent, being a delegate to the Economic Conference in London.

The result was announced—yeas 28, nays 57, as follows:

YEAS—28

Austin	Fess	Keyes	Townsend
Bachman	Goldsborough	Lewis	Tydings
Barbour	Hale	Lonergan	Vandenberg
Carey	Hastings	Metcalf	Wagner
Coolidge	Hebert	Patterson	Walcott
Copeland	Kean	Reed	Walsh
Dickinson	Kendrick	Schall	White

NAYS—57

Adams	Clark	King	Russell
Ashurst	Connally	La Follette	Sheppard
Bailey	Costigan	Long	Shipstead
Bankhead	Cutting	McCarran	Smith
Barkley	Dieterich	McGill	Steiwer
Black	Dill	McKellar	Stephens
Bone	Duffy	Murphy	Thomas, Okla.
Borah	Erickson	Neely	Thomas, Utah
Bratton	Frazier	Norris	Thompson
Brown	George	Nye	Trammell
Bulkley	Gore	Overton	Van Nuys
Bulow	Harrison	Pope	Wheeler
Byrnes	Hatfield	Reynolds	
Capper	Hayden	Robinson, Ark.	
Caraway	Johnson	Robinson, Ind.	

NOT VOTING—11

Byrd	Davis	Logan	Norbeck
Couzens	Fletcher	McAdoo	Pittman
Dale	Glass	McNary	

So Mr. REED's amendment was rejected.

Mr. WALCOTT. Mr. President, I should like to submit an amendment, on page 19, line 3, after the word "of", to add certain language, which I send to the desk.

Mr. HARRISON. Mr. President, will not the Senator from Connecticut permit us to finish with the Senate committee amendment before going to another part of the bill?

Mr. WALCOTT. Certainly.

Mr. TYDINGS. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The clerk will state the amendment.

The CHIEF CLERK. On page 41, line 11, after the expression "23 (t)", it is proposed to insert the following:

Provided, That no deduction shall be disallowed by reason of this provision to any member of a partnership which is a dealer in securities, with respect to any loss sustained by the partnership as to stocks or bonds acquired for resale to customers.

Mr. TYDINGS. Mr. President, I have worked this amendment out with the experts of the Treasury Department. It simply provides that where there is a regular dealer in securities, he shall be allowed to inventory those securities in order to find out whether he has lost, the same as if he were a dealer in coal, or poultry, or grain, or any other product. It would not apply, I am told by the Treasury expert, to concerns like Morgan & Co., who are not dealers in securities within the regulations of the Department of the Treasury.

I have tried to have the amendment drawn so that it would permit partners to take losses where losses in securities really should be taken through inventory. That is all the amendment would do. I have conferred with the chairman of the committee, and he himself is not out of accord with the amendment.

Mr. HARRISON. Mr. President, I should prefer that the amendment not be offered.

Mr. TYDINGS. Mr. President, in view of what the Senator has said, I may state that as I have had the amendment sent to the desk, it is not in the form I had it originally drawn, but I toned it down considerably in order to meet objections.

It would be grossly unfair where there has been an actual loss in the inventory of a dealer in securities that he not be permitted to take that loss in making up his income-tax return. There is no more reason why he should pay in that case than that a dealer in coal or poultry or hogs or any other commodity should pay. There has been an actual loss, we will assume, and I think it would be unfair to pick out this one partnership and discriminate against it when privileges are given to every other class of partnership in this regard.

Mr. WHEELER. Mr. President, would it lower or raise the tax of the House of Morgan.

Mr. TYDINGS. It would not touch the House of Morgan at all. They would be entitled to no benefit, I am told by the Treasury experts, under this amendment. They are not dealers in securities under the regulations of the Treasury Department.

Mr. WHEELER. Would it lower the tax or raise the tax?

Mr. TYDINGS. It would not affect the tax except where the partnership has an actual loss, as diclosed in taking the inventory at the end of the year of securities on hand. The partners would be permitted to deduct the actual losses from the partnership earnings.

Mr. BARKLEY. Mr. President, I want to ask the Senator from Maryland a question. Would this amendment apply only to dealers in securities?

Mr. TYDINGS. That is all.

Mr. BARKLEY. What sort of dealers does the Senator have in mind, brokers?

Mr. TYDINGS. According to the Treasury Department regulations, a dealer in securities is a man or person or firm, differentiated from a banking house, or underwriting agents, like Morgan & Co. According to the Treasury Department regulations, a dealer in securities is the same for securities as a dealer in coal would be for the coal business. If a coal dealer buys a hundred tons of coal and carries it all through the year, and the coal is worth half as much in December as it was in January, he is entitled to have his loss deducted, as shown by the inventory, as in the case of any other partnership, and to charge off the shrinkage in investment. All I am attempting to do is to give the man who is a dealer in securities the same rights the dealer in any other commodity would have.

Mr. ADAMS. Mr. President, he would also have to report his gains?

Mr. TYDINGS. Yes; he would have to report his gains.

Mr. BARKLEY. There is no necessary analogy between a dealer in coal, who buys coal and sells it at retail to his customers, and a firm or association who may be dealers in securities. Any brokerage office may be a dealer. They may not buy themselves, but they act as agents for others buying and selling securities, or they carry on the business of dealing in securities, while they do not actually buy them in their own name.

Mr. TYDINGS. I understand that a dealer in securities, if the securities increase in value, has to pay a tax; but if they decrease in value, he cannot take anything off for a loss as shown by his inventory.

Mr. CONNALLY. Mr. President, he does not have to report his profits until he sells his securities.

Mr. TYDINGS. I am not talking about Morgan, or investment dealers; I am talking about dealers whose securities are stocks upon the shelves.

Mr. CONNALLY. If they are on the shelves, and they go up in value, he does not have to report until he disposes of them.

Mr. BARKLEY. The ordinary dealer in securities does not buy a lot of securities and salt them away.

Mr. TYDINGS. Quite often he does.

Mr. BARKLEY. That is not necessarily his business. He may pay an income tax on his profits if he has sold them, if he has disposed of them. Any private person has to do that. At the end of the year the ordinary dealer in securities, as I understand it, does not have a lot of securities salted away. If he has bought the securities for investment, he is not a dealer. I do not know that it is a matter of any great importance, so far as the amount of revenue involved is concerned.

Mr. TYDINGS. I think the Senator from Kentucky has a misunderstanding of the situation. A dealer in securities would be a person who would purchase a certain percentage, all or part of an issue of stocks and bonds, or what not. He would keep those in his concern and sell them to his customers.

Mr. BARKLEY. Such a person might be a dealer. There might be a lot of dealers who bought and sold securities on an entirely different basis.

Mr. TYDINGS. As I said at the start, I had the amendment drawn with the advice of the Treasury Department expert, and I understand that firms like Morgan, Kuhn, Loeb, and others in that category are not dealers in securities. There are a number of legitimate dealers.

Mr. BARKLEY. They take over a certain percentage of a given issue of a corporation and distribute their portion of it out to their clients. As a matter of fact, they have dealt in securities. They have bought them and agreed to pay a certain price; and they have resold them to their customers, either at the same price or at a different price, whatever the agreement may be. It may be that under the regulations, which I have not read for some time, they are not dealers, but they are certainly dealing in securities.

Mr. TYDINGS. They are dealing in securities, of course.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. TYDINGS. I will yield; but before the Senator asks his question, let me say to the Senator from Kentucky that I am not interested in the security business any more than in any other business, but it occurred to me that if we are going to tax a man when he makes a gain, common justice dictates that we should allow him to deduct his loss when he has a loss.

Mr. BARKLEY. Mr. President, in connection with that, I might make this suggestion. Such a person or association on the 31st of December might take an inventory of the stocks he had on hand and, if it showed a loss, under this amendment he would be allowed to deduct that loss from his income tax for that particular year. He might continue to hold those securities and in 3 months sell them at a profit.

Mr. TYDINGS. Then he would have to pay a tax on them.

Mr. BARKLEY. Probably that is true.

Mr. TYDINGS. It is as broad as it is long.

Mr. BARKLEY. But when the transaction has not been completed, why should he be allowed to deduct an artificial loss, which he has not suffered, in order to reduce his income tax?

Mr. TYDINGS. Because under the law we allow a dealer in commodities to take a loss, a dealer in merchandise to take a loss, a dealer in property of any kind to take a loss, but we do not allow dealers in securities to take a loss. We allow inventories in every other category of business, but we do not allow a loss in this category of business.

I can see no reason at all why prejudice against the House of Morgan should cause us to make a discrimination against everybody who deals in securities when we do not apply that same rule to other commodities.

I realize that the philosophy of the Senate at the present time is such, and there is such a situation in the country, that we are going to pass all legislation with an eye to the House of Morgan. I am not talking for the House of Morgan, and they would not benefit under this amendment, but I do think that other dealers in securities in the country who come within the Treasury regulations are entitled to equal and exact justice.

Mr. NORRIS. Mr. President, I agree with the Senator that we should not get Morgan into this matter, because it does not affect him. Morgan does not pay taxes. [Laughter.]

Mr. TYDINGS. That is right.

Mr. NORRIS. So this cannot apply to him. Unless our law has legal effect over in Great Britain, Morgan is perfectly clear from any injury.

Mr. TYDINGS. The Senator helped me out indirectly, because we do not need to pass any laws to take care of Morgan. He will take care of himself.

Mr. NORRIS. Unless we can repeal the law in England that makes him pay a tax over there, I do not see why we should mix him into this discussion; but I want to ask the Senator a question.

Under existing law, as I understand, a dealer in securities takes his loss or his gain, whichever it may be, whenever he disposes of the securities. Is not that right?

Mr. TYDINGS. That is right, I think. I am not sure.

Mr. NORRIS. That is my idea of it. I may be wrong. The Senator's amendment, however, applies only to the loss; does it not?

Mr. TYDINGS. No.

Mr. NORRIS. Under his amendment, if I were a dealer in stocks or bonds, I would have to take an inventory of those that I owned on the 1st of January of each year in order to know whether I had to pay a tax or would be entitled to a credit for a loss.

Mr. TYDINGS. This is a proviso to be added to the committee amendment. The committee amendment, consisting of six and one-half lines, reads as follows:

> No deduction from gross income shall be allowed to a partner on account of any excess of the deductions allowed the partnership under this title over the gross income of the partnership to the extent that such excess is attributable to loss from the sale or other disposition of stocks and bonds as defined in section 23(t).

My amendment is simply a proviso—it is up on the desk at present—but in substance it says that this provision shall not apply to any deduction by a member of a partnership with respect to any transaction entered into by the partnership as a dealer in securities as to stocks and bonds acquired for resale to customers.

Mr. NORRIS. I confess that I do not quite understand that—"resale to customers." I take it that if they were acquired for resale, the object would be to make a profit on them; and they could sell them to anybody, whether he was a customer or not. Why does the Senator confine it to customers?

Mr. TYDINGS. A customer would be anybody who bought them.

Mr. NORRIS. Then the Senator might just as well leave off the words "to customers" and just say "resale."

Mr. TYDINGS. In order to get my point before the Senator, personally I do not know anybody that will benefit by this amendment. I probably know some, but I do not know those people as beneficiaries; but in every other line of business where there is a partnership, whether it be in coal or wagons or automobiles or what not, the partners are allowed at the end of the year to take an inventory. It might be a textile mill.

Mr. NORRIS. I am asking my questions because I do not fully understand just how this is going to work. Would the principle be any different if a man was engaged in his individual capacity, and not as a partnership?

Mr. TYDINGS. Not a bit.

Mr. NORRIS. The Senator's amendment applies only to partnerships.

Mr. TYDINGS. Because the committee amendment applies only to partnerships.

Mr. NORRIS. Then, to get the benefit of the provision, a person would have to be in a partnership.

Mr. TYDINGS. That is right.

Mr. NORRIS. If he were doing an individual business, he would not be entitled to the same credit that he would be if he were a member of a partnership.

Mr. TYDINGS. That is my understanding.

Mr. NORRIS. That would hardly be fair; would it?

Mr. TYDINGS. He would be entitled to the same benefit if he were an individual that he would be in the partnership, except that he might have both an individual income and a partnership income, and therefore it is necessary to draw the regulation in both categories.

Mr. NORRIS. This applies only to partnerships, as I understand.

Mr. TYDINGS. That is all, because the committee amendment applies only to partnerships.

Mr. NORRIS. I understand that; but if we agree to this, we have no provision of a similar nature giving to an individual that privilege if he was not in a partnership.

Mr. TYDINGS. I think we have.

Mr. NORRIS. That is why I am calling attention to that, because it seems to me there would be an injustice there.

Mr. TYDINGS. I think we have. In the case of an individual, he would be entitled to take an inventory.

Mr. NORRIS. Suppose he took an inventory of his bonds, and, just to illustrate, suppose he had a million dollars in Government bonds on the 1st of January and on that day they were worth 100. He had bought them 3 months before for 85. They are worth more when he takes his inventory than when he bought them. Would he be required to take that inventory and then pay the tax on that profit?

Mr. TYDINGS. Yes, he would be; but he would not be able to take a loss.

Mr. NORRIS. But if it were the other way, he would be entitled to a credit somewhere.

Mr. TYDINGS. That is right.

May I interrupt the Senator long enough to say that my point is this: Every other kind of business is permitted to take an inventory except the securities business. The reason why the securities business is not permitted to take an inventory is because an effort has been made to tax Mr. Morgan's firm.

Mr. NORRIS. It never has succeeded.

Mr. TYDINGS. I am not going to argue that; but I have sat down with Treasury experts and tried to draw an amendment, not applicable to the Morgan firm at all but to the dealers in securities generally, so that they would have only the same rights as are given to partners in any other business, whether it be silks, or textiles, or what.

Mr. NORRIS. Let me ask the Senator a question. Suppose the Senator is in the real-estate business. He buys a piece of property on the 1st of June for $10,000, and on the 1st of January, when he makes his return, it is worth $25,000. He still owns it. He has not sold it. He pays no tax on that property.

Mr. TYDINGS. In a partnership?

Mr. NORRIS. No; if he is an individual. He pays no tax if he does not sell it. He never pays a tax on the profit he makes from the property, even though it doubles a thousand times.

Mr. TYDINGS. But may I say to the Senator that I think the committee amendment deals only with cases where there might be a loss in one part of the partnership business and a profit in another part of the partnership business. This is

to prevent him from taking credit for losses, to make him pay on all of his profits, but allow him no credit for honest, legitimate losses in the proper conduct of the business.

SEVERAL SENATORS. Vote!

Mr. TYDINGS. Mr. President, I am not going to detain the Senate longer. I doubt very much if, at this late hour, anybody understands what is involved. The injustice is going to be done, and then the houses which are penalized will write to their various Representatives; and at the next session of Congress, after we have permitted this injustice to prevail for a year, we will probably correct it.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Maryland [Mr. TYDINGS].

The amendment was rejected.

Mr. WALCOTT. Mr. President, I send to the desk an amendment, which I ask to have read.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 19, line 3, after the word " of ", it is proposed to insert " commercial airports."

Mr. WALCOTT. Mr. President, commercial airports are increasing very rapidly. The speed of the airplanes having increased by 50 percent in the last 10 or 12 years, more landing fields and better ones are required.

There are now in the United States 2,167 airports in all; and 646 of them, almost a third, are commercial airports.

Many States are very much interested in this problem. The States having the largest number of commercial airports are California, Illinois, Indiana, Maryland, Massachusetts, New Jersey, New York, Ohio, Pennsylvania, South Dakota, and Wisconsin.

This amendment merely puts commercial airports in the category of those concerns which are self-liquidating, and which may ask for loans, provided the loans are adequately secured. I merely ask that these two words be put in the bill so that commercial airports may borrow if, in the judgment of the lending agency of the Government, the loans can be adequately secured.

Mr. WAGNER. Mr. President, I hope the amendment will not prevail.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Connecticut.

The amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 42, between lines 8 and 9, it is proposed to insert the following new paragraph:

Section 55 of the Revenue Act of 1932 is amended by inserting before the period at the end thereof a semicolon and the following: " except that all returns made under this act after the date of enactment of the National Industrial Recovery Act shall constitute public records, and shall be open to examination and inspection.

Mr. LA FOLLETTE. Mr. President, several amendments have been adopted by the committee in an effort to close some of the loopholes in the income tax laws exposed by the investigation of the Committee on Banking and Currency.

Insofar as those amendments achieved their objectives, I believe the committee is to be commended for having recommended them to the Senate; but, in my judgment, the pending amendment will do more to force an honest and adequate return of incomes by the taxpayers of the United States than all the other amendments which could be proposed and adopted.

So far as property-tax returns in the United States are concerned, in every State of the Union, so far as I know, they are a matter of public record. It is only around the income tax that the Federal Government has thrown the shroud of secrecy.

It seems to me that the experience of my own State in this regard is of particular and compelling interest in connection with this amendment.

From 1916 to 1923 the income-tax returns in the State of Wisconsin were shrouded in secrecy by the identical provisions which now prevail so far as Federal returns are concerned.

In 1921 an audit was ordered by the government of the State of Wisconsin into the back income taxes for the years 1916 to 1920, the lush years of war profits. As a result of that investigation, it was discovered that there had been willful understatement of income by corporations and by individuals in that State, and $3,500,000 in back income taxes was assessed as a result of that audit.

As a consequence of the exposure of the willful understatement of income by taxpayers, the State of Wisconsin adopted an amendment making income-tax records public records; and that amendment has been upon the statute books from that day to this.

The startling and significant fact is, Mr. President, that as a result of making income-tax returns public records in the State of Wisconsin there has been discovered no such wholesale and willful understatement of income by the taxpayers of that State. On the other hand, there have been none of the abuses from making income-tax returns public records that I know will be anticipated by those who oppose this amendment.

These returns in the State of Wisconsin are simply public records, as are the property-tax returns, and all other public records.

Mr. President, this amendment is not to be confused in the minds of Senators with the compromise that was adopted in the income tax law of 1924. The Senate then, by an overwhelming vote, adopted practically the identical amendment which I now propose. It went to conference; and in the conference committee a compromise was adopted, simply providing that the amount of tax paid by the taxpayer should be made a matter of public record. That did not bring to bear upon the individual and the corporation making out their income-tax returns the full knowledge that their understatements of tax income would become public, and would be a matter of public record. No person reading the amount of tax of an individual or a corporation could come to any conclusion as to whether or not the return of that individual or that corporation was honestly executed.

It may be of interest to some Members of this body to know that during the early years of the income tax law, income-tax returns were public records in the United States. I desire to quote briefly from a speech made by my illustrious father in this Chamber, showing some of the startling results that followed from placing the shroud of secrecy over income-tax returns.

The statistics published by the Internal Revenue Bureau are such that comparisons in all the classes of incomes taxed are not possible, but a comparison of the returns of those reporting incomes over $2,000 is almost conclusive.

In 1870, when the returns were published, the number showing incomes over $2,000 were 94,887. In 1871, when publicity was prohibited, the number fell to 74,000—that is, from 94,000 to 74,000—then to 72,000 in 1872, and this in spite of the fact that, as shown by individual bank deposits, bank clearings, etc., 1871 and 1872 were more prosperous years than 1870.

Mr. KEAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Jersey?

Mr. LA FOLLETTE. I do.

Mr. KEAN. Were not those years of panics—1872, and so forth?

Mr. LA FOLLETTE. They were more prosperous years, according to the individual bank statements, than the year of 1870 when publicity prevailed.

Similarly in North Carolina, when the income-tax returns under State law were published—

In the newspapers—

tax collections immediately more than doubled.

Mr. President, I wish to quote from a well-known and well-recognized tax authority upon this question. I quote from Prof. C. C. Plehn in his book Introduction to Public Finance. I remind the Senate that Professor Plehn is one of the leading tax authorities in this country. For 25 or 30 years he has been connected with the University of California and is the former president of the American Economic Association and of the National Tax Conference. He says:

To a people unaccustomed to an income tax it may seem that one's income is a very intimate, personal, and private affair, and there is a natural dread of letting one's business rivals know one's business. But, as a matter of fact, the income-tax statement or return would be no more likely to be examined out of sheer curiosity or for purposes of gossip than are the property-tax returns, about which no such veil of secrecy is drawn—

I interpolate the observation, Mr. President, that that has been the experience of the State of Wisconsin after having had income-tax returns matters of public record for about 10 years.

And the business rival generally has better information already than he could possibly obtain from the returns. Against such dark secrecy it may well be urged that it is very important to feel assured that all incomes—my neighbors, as well as mine—are fairly and truly assessed, a thing that can never be if the final assessments never see the light of day. Fear of publicity is a bogie man. This does not mean, however, that publicity should be used as a means of duress, to force assessments in excess of what is right, just, and equal.

Mr. President, in conclusion, may I say that if this amendment shall be adopted, in my judgment it will do more to cure the abuses which have been revealed by the Senate Banking and Currency Committee's investigation than any other amendment or any other group of amendments which could be suggested by the tax experts or by the members of the Finance Committee.

Does any Senator believe that Mr. Mitchell would have made out his income-tax returns as he did if he had known full well that they were to become a public record and a matter of inspection? Does any Senator suppose that other evasions which have been revealed by the committee would ever have taken place if the taxpayer had known as he sat down to make out his return that it was to become a matter of public record and open to the inspection of those who desired to inquire into it?

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin.

Mr. LA FOLLETTE. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. The yeas and nays were asked for. Is the demand seconded? [A pause.] Not a sufficient number.

Mr. LA FOLLETTE. I suggest the absence of a quorum. I ask Senators to give me a roll call on this amendment. If they will do so, I will withdraw my point of no quorum.

Mr. NORRIS. Mr. President, I think we should have the yeas and nays.

Mr. HARRISON. Let us have the yeas and nays.

The PRESIDING OFFICER. The yeas and nays are called for.

The yeas and nays were ordered.

Mr. LA FOLLETTE. I withdraw my point of no quorum, Mr. President.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). Again announcing my pair, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. AUSTIN. Mr. President, I wish to announce the necessary absence of the senior Senator from Virginia [Mr. GLASS], with whom I have a general pair. However, I feel at liberty to vote, and I vote "nay."

Mr. KENDRICK. I wish to announce that the Senator from Nevada [Mr. PITTMAN] is detained in official business of the Government, being a delegate to the London Economic Conference.

I also desire to announce that the following Senators are necessarily detained from the Senate: The senior Senator from Virginia [Mr. GLASS], the junior Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. GORE], and the Senator from Illinois [Mr. LEWIS].

Mr. HEBERT. I wish to announce the following general pairs:

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN]; and

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. McADOO].

The result was announced—yeas 56, nays 27, as follows:

YEAS—56

Adams	Clark	Kendrick	Robinson, Ind.
Ashurst	Connally	King	Russell
Bachman	Coolidge	La Follette	Sheppard
Barkley	Costigan	Long	Shipstead
Black	Cutting	McCarran	Smith
Bone	Dickinson	McGill	Thomas, Okla.
Borah	Dill	McKellar	Thomas, Utah
Bratton	Duffy	Neely	Thompson
Brown	Erickson	Norris	Trammell
Bulkley	Frazier	Nye	Vandenberg
Bulow	George	Overton	Van Nuys
Byrnes	Hatfield	Patterson	Wagner
Capper	Hayden	Pope	Walsh
Caraway	Johnson	Reynolds	Wheeler

NAYS—27

Austin	Fess	Keyes	Steiwer
Bailey	Goldsborough	Lonergan	Stephens
Bankhead	Hale	Metcalf	Townsend
Barbour	Harrison	Murphy	Tydings
Carey	Hastings	Reed	Walcott
Copeland	Hebert	Robinson, Ark.	White
Dieterich	Kean	Schall	

NOT VOTING—13

Byrd	Fletcher	Lewis	McNary
Couzens	Glass	Logan	Norbeck
Dale	Gore	McAdoo	Pittman
Davis			

So Mr. LA FOLLETTE's amendment was agreed to.

Mr. CLARK. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 42, between lines 8 and 9, it is proposed to insert the following new paragraphs:

Effective as of January 1, 1933:

(1) Section 22 (a) of the Revenue Act of 1932 is amended by inserting before the period at the end of the first section thereof a comma and the following: "including obligations of the United States or its possessions, and of any State, Territory, or any political subdivision thereof, or the District of Columbia."

(2) Paragraph (4) of section 22 (b) of the Revenue Act of 1932 is amended to read as follows:

"(4) Tax-free interest: Interest upon securities issued under the provisions of the Federal Farm Loan Act, or under the provisions of such act, as amended: Every person owning any of such securities shall in the return required by this title submit a statement showing the number and amount of such securities owned by him and the income received therefrom, in such form and with such information as the Commissioner may require."

Mr. CLARK. Mr. President, at this hour of the night I do not desire to detain the Senate by debating this amendment. It is a subject on which every Member of the Senate has, undoubtedly, already made up his mind. It is a question upon which the equity, the wisdom, and the legality have been debated on both sides at great length. Suffice it to say, I believe that closing the door to what are called tax-exempt securities will close the greatest gap in our income-tax system, with the possible exception of the gap which now occurs through the capital-losses provision of the present income tax law. I believe it is desirable from every standpoint to close those gaps, because of the glaring injustices in the administration of the income tax law.

Briefs have been written, speeches have been made, about the question of the power of Congress, under the present state of the Constitution, to tax these tax-exempt securities. As was said earlier in the evening by the Senator from Idaho, I cannot read the sixteenth amendment to the Constitution in any other way than as giving Congress the power to tax these hitherto tax-exempt securities. I believe that the sixteenth amendment, when it declared that Congress had power to tax incomes from whatever source, meant exactly what it said, and that it overruled the previous rulings of the Supreme Court to the effect that Congress had no power to tax these securities.

I offer this amendment for the purpose of testing the sense of the Senate, and do not desire to debate it at any length.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. CLARK].

Mr. CLARK. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). Again referring to my pair, I withhold my vote. If permitted to vote, I would vote "nay."

The roll call was concluded.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. McADOO], and

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN].

Mr. KENDRICK. I desire to announce that the Senator from Washington [Mr. BONE], the junior Senator from Virginia [Mr. BYRD], the senior Senator from Virginia [Mr. GLASS], and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate.

I also wish to announce that the Senator from Nevada [Mr. PITTMAN] is absent in attendance on the London Economic Conference.

The result was announced—yeas 45, nays 37, as follows:

YEAS—45

Ashurst	Clark	La Follette	Sheppard
Bachman	Coolidge	Long	Shipstead
Bankhead	Costigan	McGill	Smith
Barbour	Cutting	McKellar	Steiwer
Black	Dickinson	Murphy	Thomas, Okla.
Borah	Dill	Neely	Thomas, Utah
Bratton	Duffy	Norris	Trammell
Brown	Erickson	Nye	Walsh
Bulow	Frazier	Pope	Wheeler
Byrnes	Hayden	Reynolds	
Capper	Kean	Robinson, Ind.	
Caraway	Kendrick	Russell	

NAYS—37

Adams	George	Lonergan	Townsend
Austin	Goldsborough	McCarran	Tydings
Bailey	Gore	Metcalf	Vandenberg
Barkley	Hale	Overton	Van Nuys
Bulkley	Harrison	Patterson	Wagner
Carey	Hastings	Reed	Walcott
Connally	Hatfield	Robinson, Ark.	White
Copeland	Hebert	Schall	
Dieterich	Keyes	Stephens	
Fess	King	Thompson	

NOT VOTING—14

Bone	Davis	Lewis	Norbeck
Byrd	Fletcher	Logan	Pittman
Couzens	Glass	McAdoo	
Dale	Johnson	McNary	

So Mr. CLARK's amendment was agreed to.

Mr. TRAMMELL. Mr. President, I have an amendment which I desire to propose.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 24, line 23, after the word "parkways", to insert the words "and such highway beautification."

Mr. HARRISON. Mr. President, I hope the Senator will not offer the amendment, because I do not think we want to get into this parkway-beautification question.

Mr. TRAMMELL. I think the amendment will be in order now, or at some other time.

Mr. HARRISON. There will be no objection when we have acted on the pending amendment. The committee amendment as amended has not yet been agreed to.

Mr. TRAMMELL. I understand there is no objection to this amendment's being offered at this time. It will take me but about 2 minutes to explain the purpose of the amendment.

Mr. HARRISON. Will not the Senator permit us to have the Senate committee amendment as amended agreed to?

Mr. TRAMMELL. Very well.

Mr. CONNALLY. Mr. President, I want to ask the Senator from Mississippi a question. In the bill as it passed the House the income-tax rates were increased by a flat 2 percent in the normal rate. The Senate committee struck out all income taxes. I want to ask unanimous consent to have printed in the RECORD an amendment which I had prepared for offering in the committee as a substitute for the House income-tax rate, together with a table, so that the committee may have them in conference if the House conferees bring up the question of the income-tax rates.

My amendment was, instead of the raise of 2 percent in the normal tax on all incomes, a substitute providing that the rate of tax should be computed under the present law, and then 10 percent added to that tax. It would simply carry out the graduated principle on all taxes, rather than a flat 2-percent increase of the normal tax.

The result of increasing the normal tax would bear more heavily on the small taxpayer, whereas this plan would simply increase every taxpayer's tax by 10 percent.

I ask the Senator from Mississippi, in the event this matter is in conference, that he not agree to the House income-tax rate until the Senate should have an opportunity again to express itself on this particular subject.

Mr. HARRISON. Mr. President, may I say to the Senator from Texas that I am very much opposed to the increase in the normal rates of income tax, and I very much prefer his scheme to the House scheme, if we could adopt it.

Mr. CONNALLY. Can the Senator give us some assurance that before he will agree to the House income-tax rate the Senate will have an opportuuity to express itself on some other plan?

Mr. HARRISON. I would say that the Senate conferees are going to stand by most of the Senate committee amendments, and especially the tax features; and if there were a substantial part of the Senate which wanted us to come back before we acted on the proposition, I am sure the conferees would accept the admonition.

The PRESIDING OFFICER. The Senator from Texas asks unanimous consent to have printed in the RECORD certain data.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

Page 30, to strike out subsections (a) and (b) of section 208 and insert in lieu thereof the following:

"(a) Effective as of January 1, 1933, there is hereby imposed upon every person liable to an income tax under title I of the Revenue Act of 1932 an additional income tax equal to 10 percent of the amount of the income tax payable by such person under that act.

"(b) Except as otherwise provided in this section, the tax imposed by subsection (a) shall be assessed, collected, and paid in the same manner and subject to the same provision of law (including penalties) as the tax imposed by title I of the Revenue Act of 1932."

Married men, no dependents

Net income (all from salary)	Total tax, present law	Total tax under House bill	Total tax under Connally amendment
$2,000	0	0	0
$3,000	$20	$30	$22
$4,000	60	90	66
$5,000	100	150	110
$6,000	140	210	154
$7,000	210	300	231
$10,000	480	630	528
$14,000	900	1,130	990
$20,000	1,680	2,030	1,848
$30,000	3,480	4,030	3,828
$40,000	5,800	6,550	6,380
$50,000	8,600	9,550	9,460
$70,000	15,700	17,050	17,270
$100,000	30,100	32,050	33,110
$200,000	86,600	90,550	95,260
$500,000	263,600	273,550	289,960
$1,000,000	571,100	591,050	628,210

Mr. LA FOLLETTE. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LA FOLLETTE. I desire to offer an amendment, to be inserted on page 44, after line 12. If this committee amendment shall be agreed to, will I be precluded from offering that amendment?

The PRESIDING OFFICER. The Senator may offer it when that amendment is reached.

The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

Mr. TRAMMELL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TRAMMELL. Is it now in order for me to propose the amendment which I have at the desk?

The PRESIDING OFFICER. It is in order now.

Mr. TRAMMELL. I ask that the amendment may be reported.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. The Senator from Florida proposes, on page 24, line 23, after the word "parkways", to insert "and such highway beautification."

Mr. TRAMMELL. Mr. President, in my State and probably in a good many other States throughout the United States others have urged, and also there is at present considerable effort being made, to bring about highway beautification. The bill in its present form authorizes expenditures for what are called main parkways along the highways. Doubting whether there would be any authority for expending funds for beautification in the way of plants and flowers and such adornments that would add to the appearance of highways, I have proposed the amendment. I hope it will be adopted. It is purely discretionary. I do not know of any State where there is a regular system of beautification of highways. We desire very much in Florida to have the highways, which we are constructing at the present time and shall construct in the future, adorned with our beautiful palms and other attractive flowers.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Delaware?

Mr. TRAMMELL. I yield.

Mr. HASTINGS. I am wondering, in view of the fact that we have been very careful in specifying what may be done under the provisions of the bill, whether it would not be well to specify how the highways shall be beautified, or is it the intention of the Senator to leave that to the President?

Mr. TRAMMELL. That is handled by the State road department and the Chief of the Bureau of Roads representing the Government. Of course, while the Senator from Delaware attempts to make me appear silly for offering such an amendment, he makes himself silly by suggesting the idea that we should go into all the details as to the character of plants that might be placed along highways or as to the character of other adornments that might be used in beautifying highways. I do not know of any other legislation of this character that carries any such ridiculous or absurd details as that.

Mr. HASTINGS. I merely wish to suggest that we have been so careful in the bill all through not to give any discretion to anybody that it seemed to me in beautifying the highways we ought to be specific also.

Mr. TRAMMELL. I want to be sure to have authority to use funds in that connection. The question of the beautification of highways involves the utilization of labor.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Kentucky?

Mr. BARKLEY. I want to offer an amendment to the Senator's amendment.

Mr. TRAMMELL. I am about through. I suppose the Senator from Kentucky has gotten into a frivolous mood like the Senator from Delaware, and thinks that some more of the time of the Senate could be occupied this evening in that way, so I will proceed to occupy a little of the time before he has an opportunity to do so, and then I shall yield to him. I do not know what kind of merriment is throbbing within the breast of the distinguished Senator from Kentucky, but it seems he wants the Senate to be delayed. I was about to take my seat and let a vote be taken upon the merits of the issue.

Mr. BARKLEY. Certainly, I have a right to offer an amendment, have I not?

Mr. TRAMMELL. Oh, no doubt.

Mr. BORAH. Mr. President, why not postpone the facetiousness until tomorrow?

The PRESIDING OFFICER. The question is on the amendment of the Senator from Florida.

SEVERAL SENATORS. Vote! Vote!

Mr. TRAMMELL. All I ask is to have the amendment considered upon its merits. So far as my State is concerned, we should like very much to have the authority so extended that the fund may be used for this purpose under the State highway commission and the representative of the Bureau of Roads in the Department of Agriculture.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment was rejected.

Mr. OVERTON. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 43, line 21, strike out the period and insert a colon and the following proviso:

Provided further, That prior to the date of termination under this section of the power of the Reconstruction Finance Corporation to approve applications, the Corporation may approve a pending application of, and effect a loan to, any State university and agricultural and mechanical college offering bonds or certificates of indebtedness reasonably secured by pledge of the receipts from fees, rentals, and other charges, and from revenues derived from the operation of university and college plants and facilities, when, in the judgment of the directors of the Reconstruction Finance Corporation, such bonds or certificates constitute a firm, moral obligation of such university and college.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was rejected.

Mr. CLARK. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Missouri will be stated.

The CHIEF CLERK. The Senator from Missouri proposes, on page 42, line 20, to insert a new subsection, as follows:

(b) Section 605 of the Revenue Act of 1932 is amended by adding at the end thereof the following:

"For the purposes of this section an assembler of completely finished component parts of jewelry is not deemed a manufacturer or producer: *Provided, however*, That completely finished component parts of jewelry purchased by an assembler tax free subsequent to June 21, 1932, and prior to the effective date of this amendment, shall be subject to the tax under this section upon sale thereof by the assembler."

Mr. CLARK. Mr. President, the amendment has been submitted to the Chairman of the Committee on Finance and he has said that he had no objection to it going to conference.

Mr. HARRISON. As I understand, there is no loss of revenue involved.

Mr. CLARK. No; there is not. Under the manufacturers' sales tax on jewelry, by reason of a ruling of the Department, retail jewelers who simply assemble completely manufactured articles are taxed as manufacturers. It does not make any difference to the Government whether the original manufacturer has to pay the tax or whether the retailer has to pay it. To illustrate: A retail jeweler who puts a completely finished stone in a completely manufactured ring would be taxed under the ruling of the Department as a manufacturer and the original manufacturer would not be taxed. A retail jeweler who simply took a completely manufactured set of watch works and put them in a completely manufactured watchcase would have to pay the tax.

The amendment provides that in the case of retailers who now have in their possession component parts which have not heretofore paid the tax under the present ruling of the Department, they shall not be exempted from payment of the tax in the future. It is simply a question of whether the tax shall be collected from two or three thousand manufacturers or from 30,000 or 40,000 retail jewelers.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri. [Putting the question.] The noes seem to have it.

Mr. CLARK. I ask for a division.

On a division, the amendment was agreed to.

Mr. CONNALLY. Mr. President, have all the committee amendments been disposed of?

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The CHIEF CLERK. The next amendment of the Committee on Finance is on page 43, line 10——

Mr. CONNALLY. Mr. President, there seems to have been a completion of the title and I want to offer an amendment to this title.

The PRESIDING OFFICER. The amendment of the Senator from Texas is in order.

Mr. CONNALLY. I offer the amendment which I send to the desk. I hope there will be no objection to it. The Chairman of the Finance Committee is not averse to it.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 19, line 3——

The PRESIDING OFFICER. Before the amendment of the Senator from Texas can be considered, the vote by which the committee amendment was agreed to will have to be reconsidered.

Mr. CONNALLY. I ask unanimous consent to reconsider the vote by which the committee amendment was agreed to.

The PRESIDING OFFICER (Mr. CLARK in the chair). The Senator from Texas asks unanimous consent to reconsider the vote by which the amendment on page 19, line 3, was agreed to. Without objection, it is so ordered. The clerk will state the amendment offered by the Senator from Texas.

The CHIEF CLERK. On page 19, line 3, after the word "plants", insert the words "and gas-distribution plants."

Mr. CONNALLY. Mr. President, this, including many other public utilities——

Mr. HARRISON. Mr. President, let me interrupt the Senator from Texas to say that I have no objection to his amendment going to conference. Let us vote.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Texas.

The amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

Mr. OVERTON. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The Senator from Louisiana proposes to insert at the proper place in the bill the following:

The President, through the Secretary of War and with the consent of the lessee, may in his discretion and in such manner as he may consider desirable reduce the consideration or obligation and otherwise modify the terms, consideration, and stipulations of any lease now or hereafter entered into pursuant to the provisions of the acts of Congress approved July 28, 1892 (27 Stat.L. 321; U.S.C., title 40, sec. 303), July 11, 1919 (41 Stat.L. 129; U.S.C., title 10, sec. 1263), and June 30, 1932 (47 Stat.L. 412), whenever it appears that full performance of lessee's obligations under such contract of lease will result in default by, or impose undue hardship upon, the lessee.

Mr. HARRISON. Mr. President, I have no objection to the amendment going to conference. Let us vote.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Louisiana.

The amendment was rejected.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The next amendment of the Committee on Finance was, under the heading "Title III—Amendments to Emergency Relief and Construction Act and Miscellaneous Provisions", on page 43, line 5, after the word "which", to strike out "Administrator has" and insert "two members of the Board have", and in line 10, after the word "the", to strike out "Administrator" and insert "Board", so as to read:

SEC. 301. After the expiration of 10 days after the date upon which two members of the Board have qualified and taken office, (1) no application shall be approved by the Reconstruction Finance Corporation under the provisions of subsection (a) of section 201 of the Emergency Relief and Construction Act of 1932, as amended, and (2) the Board shall have access to all applications, files, and records of the Reconstruction Finance Corporation relating to loans and contracts and the administration of funds under such subsection.

The amendment was agreed to.

The next amendment was, under the subhead "Decrease of borrowing power of Reconstruction Finance Corporation", on page 44, line 4, after the word "by", to strike out "$1,200,000,000" and insert "$400,000,000", so as to read:

SEC. 302. The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is decreased by $400,000,000.

The amendment was agreed to.

The next amendment was, on page 44, after line 4, to insert:

LOANS FOR MINERAL-RIGHTS POOLS

SEC. 303. The Reconstruction Finance Corporation is authorized and empowered to make adequately secured loans, based on mineral acreage, and self-liquidating in character, to recognized and established managing agencies of farmers' cooperative mineral-rights pools not engaged in drilling or mining operations, said loans to be made for the purpose of defraying the cost of organizing such pools.

The amendment was agreed to.

The PRESIDING OFFICER. Without objection the clerks will be authorized to renumber the sections in the bill. That completes the committee amendments. The question is on the engrossment of the amendments and the third reading of the bill.

Mr. TRAMMELL. Mr. President, I desire to have only a few moments.

This bill, in my opinion, has many very commendable features, but it has in it also some very objectionable features. Because of its having been suggested and recommended by our President, in whom I have confidence, and who I realize is laboring desperately and with ability in an effort to restore our country to its old-time prosperity and to bring back happiness and contentment among the American people, I feel disposed to support the legislation.

I think we are making a mistake, however, if it is the purpose or intention of the Senate to adjourn without considering certain important legislation in which millions and millions of American citizens are involved, millons of whom are entitled to some relief.

I thought of offering here tonight as an amendment the bankruptcy bill in behalf of cities and towns, which passed the House on yesterday. Had I done that, however, it would have caused a delay of probably 1½ or 2 days. I should be willing to devote that time to the performance of my duty toward the people who constitute these governmental subdivisions of our country, who are sorely in need of some legislation at the hands of Congress.

The House of Representatives on yesterday did its duty. It passed a splendid measure for this purpose. That measure has arrived in the Senate and has been referred to a committee. Now, instead of the Senate taking up this measure and trying to do something for the cities and other subdivisions throughout this country that will relieve them from the great burden and hardship of the debts which are impending upon them, Congress is rushing pell-mell, helter-skelter, to get an adjournment and ignoring the interests of the people of these cities and of these towns who need relief.

I do not approve of that. Other Senators may do as they please; but as far as I am concerned I feel that it is my duty, if I can get a sufficient number of Senators to cooperate with me, to stay here and deal with that problem.

In the very early part of this session of Congress there was no delay or tardiness in providing revised and enlarged bankruptcy laws for the purpose of accommodating the transportation lines of our country.

Mr. HEBERT. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Rhode Island?

Mr. TRAMMELL. I yield for a question.

Mr. HEBERT. For the information of the Senator, I may say that the bill to which he alludes has been referred to the Judiciary Committee of the Senate, and by it has been referred to a subcommittee, which proposes to hold a hearing on it tomorrow morning at 10:30 o'clock.

Mr. TRAMMELL. I appreciate very much the splendid and expeditious manner in which the bill is being handled by the distinguished chairman of the committee, and his forethought in appointing a subcommittee, and appreciate the action of the subcommittee in meeting so promptly; but even in spite of all that diligence, of course, we cannot consider the measure if Congress is going to adjourn tomorrow. I should like very much to try to do something to secure action by the Senate on the bill.

I think the taxpayers in the cities and the different subdivisions of the different States and counties of America are deserving of some consideration, as well as the transportation companies of this country; yet, while with lightning-like speed, as it were, legislation was passed here in the early days of the session to provide a remedy in the nature of a change and enlargement of the bankruptcy laws so as to accommodate the situation of the transportation companies, the poor taxpayer back in your home town or city, or my home town or city, needing urgently to be relieved of the bonded indebtedness that is pressing down upon him, has had no special provision made for him under the bankruptcy law. We have the opportunity, if the Congress will just remain in session a few days longer, to do something for his relief.

Mr. VANDENBERG. Mr. President——

Mr. TRAMMELL. I yield to the Senator from Michigan for a question.

Mr. VANDENBERG. I desire cordially to agree with the Senator's statement that it is utterly necessary for this legislation to be passed before Congress adjourns.

Mr. TRAMMELL. It should be passed.

Mr. VANDENBERG. I remind the Senator that a similar bill, which still had a great deal of controversy in it, was reported within 48 hours at the close of the last session; and I have confidence that we may yet get a report tomorrow, and action upon this bill before we adjourn, even if we adjourn tomorrow night.

Mr. TRAMMELL. I shall be very thankful if we do that.

I may mention some other matters that are upon my heart. There is the matter of a bank guarantee or insurance. I think the best we could obtain was the provisions placed in the bill which passed the Senate a week or two ago; and yet it seems that Congress is going to adjourn, if some can direct what shall be done, without giving the American people anything in the nature of a bank guarantee or insurance, either as to national banks or as to State banks. I think that is one of the greatest needs of the day; and Congressmen and Senators could well afford to spend a week or two more working in Washington, when they are being paid for an entire year's service, trying to correct that situation.

Another condition which exists—I am going to enumerate these things, and then I am going to stop—is this: Under the regulations promulgated by the Veterans' Bureau in regard to the veterans of our country, there is still a deplorable condition as to hundreds and thousands of them. Is Congress going supinely to fold its arms and leave Washington without seeing that laws are enacted that will do justice by these veterans of the World War and of the Spanish-American War—men who have always been patriots and defenders of their Nation? Are we going to ignore them? Are we going to permit a veteran such as I saw yesterday in the corridor outside the Senate Chamber with both legs off, 1 arm gone, and 3 fingers off 1 hand, having been amputated, to have to sleep in the streets, and his family to go in poverty and in distress because his compensation has been cut from $200 to $20 a month, and his attendant has been denied him?

I think Congress has some serious problems still confronting it; and I hope we shall remain in session long enough at least to consider them.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. REED and other Senators called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LEWIS (when Mr. McADOO's name was called). I rise to announce the absence of the Senator from California [Mr. McADOO], and to state that he is paired with the Senator from Vermont [Mr. DALE]. Were the Senator from California to cast his vote, I am informed that it would be "yea." I have no information as to how the Senator from Vermont would vote.

Mr. McNARY (when his name was called). On this question I am advised that my general pair, the Senator from Florida [Mr. FLETCHER], has been specially paired, and I am therefore at liberty to vote. I vote "yea."

Mr. WHEELER (when his name was called). On this question I have a pair with the senior Senator from Virginia [Mr. GLASS]. If he were present, he would vote "nay", and if I were at liberty to vote I should vote "yea."

The roll call was concluded.

Mr. KING. I have a general pair with the junior Senator from Minnesota [Mr. SCHALL], and withhold my vote.

Mr. LEWIS. I rise to announce the absence of the Senator from Nevada [Mr. PITTMAN] attending the Economic Conference in London, there to remain for the rest of the session.

I desire also to announce that the Senator from Florida [Mr. FLETCHER] has a special pair on this question with the Senator from Virginia [Mr. BYRD]. If present, the Senator from Florida would vote "yea", and the Senator from Virginia would vote "nay."

Mr. LONG (after having voted in the negative). Mr. President, a parliamentary inquiry. How should a vote be cast when a Senator is half against and half in favor of a bill?

The VICE PRESIDENT. The Senator would have to cut himself in two, which would be difficult to do. [Laughter.]

Mr. LONG. I desire to change my vote from "nay" to "yea."

Mr. NEELY. Mr. President, I should like to inquire if that vote represents the Senator's upper or lower half? [Laughter.]

Mr. LONG. Mr. President, if it were the Senator from West Virginia, it would not make any difference which it was. [Laughter.]

Mr. NEELY. Because either would be better than either half of the Senator from Louisiana. [Laughter.]

Mr. HEBERT. Mr. President, I announce that the Senator from Pennsylvania [Mr. DAVIS] has a general pair with the Senator from Kentucky [Mr. LOGAN]. I am not informed how either of those Senators would vote on this question.

The result was announced—yeas 58, nays 24, as follows:

YEAS—58

Adams	Coolidge	Lewis	Robinson, Ind.
Ashurst	Copeland	Lonergan	Russell
Bachman	Costigan	Long	Sheppard
Bailey	Cutting	McCarran	Shipstead
Bankhead	Dieterich	McGill	Steiwer
Barkley	Dill	McKellar	Stephens
Black	Duffy	McNary	Thomas, Okla.
Bone	Erickson	Murphy	Thomas, Utah
Bratton	Frazier	Neely	Thompson
Brown	George	Norris	Trammell
Bulkley	Harrison	Nye	Van Nuys
Bulow	Hayden	Overton	Wagner
Byrnes	Johnson	Pope	Walsh
Capper	Kendrick	Reynolds	
Caraway	La Follette	Robinson, Ark.	

NAYS—24

Austin	Clark	Goldsborough	Hatfield
Barbour	Connally	Gore	Hebert
Borah	Dickinson	Hale	Kean
Carey	Fess	Hastings	Keyes

Metcalf	Reed	Tydings	Walcott
Patterson	Townsend	Vandenberg	White

NOT VOTING—14

Byrd	Fletcher	McAdoo	Smith
Couzens	Glass	Norbeck	Wheeler
Dale	King	Pittman	
Davis	Logan	Schall	

So the bill was passed.

Mr. HARRISON. I ask unanimous consent that there may be a reprint of the bill with the amendments numbered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. HARRISON. I move that the Senate insist upon its amendments, ask for a conference with the House on the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. REED, and Mr. KEYES conferees on the part of the Senate.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas. Mr. President, the Senator from South Carolina [Mr. BYRNES] has requested me to make a motion. After the motion shall be disposed of, which it is intended shall be made at once, there will be a brief executive session, and then I shall move that the Senate take a recess.

The VICE PRESIDENT. May the Chair call the attention of the Senator to the fact that there are on the desk a conference report and amendments of the House of Representatives to a Senate bill, in which the Chair understands the Senator from Ohio [Mr. BULKLEY] and the Senator from Mississippi [Mr. STEPHENS], respectively, desire disposed of. The Chair is informed that they will require no debate.

Mr. ROBINSON of Arkansas. Very well.

CONSTRUCTION AND INSPECTION OF BOILERS, UNFIRED PRESSURE VESSELS, ETC.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1129) to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of title 46 of the United States Code relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof, which were, on page 1, line 3, after "sections", to strike out all down to and including "Code" in line 4 and insert "4399, 4418, 4428, 4429, 4430, 4431, 4432, 4433, and 4434 of the Revised Statutes, as amended (U.S.C., title 46, secs. 361, 392, 406, 407, 408, 409, 410, 411, and 412)"; on page 1, line 6, to strike out "361" and insert "4399"; on page 2, line 4, to strike out "392" and insert "4418"; on page 2, line 24, to strike out "406" and insert "4428"; on page 3, line 4, to strike out "407" and insert "4429"; on page 4, line 9, to strike out "construed" and insert "constructed"; on page 4, line 13, to strike out "408" and insert "4430"; on page 4, line 15, to strike out "the"; on page 5, line 24, to strike out "409" and insert "4431"; on page 6, line 9, to strike out "410" and insert "4432"; on page 6, line 20, to strike out "411" and insert "4433"; on page 7, line 8, to strike out "412" and insert "4434"; and to amend the title so as to read: "An act to amend sections 4399, 4418, 4428, 4429, 4430, 4431, 4432, 4433, and 4434 of the Revised Statutes, as amended, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof."

Mr. STEPHENS. Mr. President, I move that the Senate concur in the House amendments.

The motion was agreed to.

LOANS TO HOME OWNERS—CONFERENCE REPORT

The VICE PRESIDENT laid before the Senate the conference report on the House bill 5240, which was submitted by Mr. BULKLEY on the 8th instant, and appears at pages 5229 to 5232 of the CONGRESSIONAL RECORD.

The VICE PRESIDENT. Without objection, the report is agreed to.

FARM CREDIT ADMINISTRATION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of House bill 5790.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

Mr. LA FOLLETTE. Mr. President, I should like to inquire what the bill is before voting on the question of proceeding to its consideration.

Mr. ROBINSON of Arkansas. Mr. President, it is the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

It is a bill to legalize and provide for organizations in the Farm Credit Administration. I do not ask for the consideration of the bill at this time, but if the motion to proceed to its consideration shall prevail, it is my purpose then to move an executive session.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, which had been reported from the Committee on Banking and Currency, with amendments.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

LOANS TO HOME OWNERS

Mr. REYNOLDS presented a letter from the High Point (N.C.) Chamber of Commerce, signed by F. J. Sizemore, secretary-treasurer, which was ordered to lie on the table and to be printed in the RECORD, as follows:

HIGH POINT, N.C., *June 6, 1933.*

Senator ROBERT R. REYNOLDS,
Washington, D.C.

DEAR SENATOR: I note from the morning newspaper that the Senate passed the small home owners' loan bill, and that it will be sent to the House for concurrence in some of the changes.

The passage of this bill and the administration of same, if carried out according to the bill, will mean a great thing to many small-home owners.

I hardly think there is any question about this bill becoming a law this week.

Even in the face of the almost sure passage of this bill, some of the mortgage holders are proceeding with foreclosures, even though the home owner has offered to go as far as is humanly possible to make the mortgage holder safe and to pay accrued interest.

The President has already stated, according to news dispatches, that he would ask for a moratorium on foreclosures immediately upon passage of this bill.

I hope that you will get word to the President asking that he include in his request, relief for those upon which foreclosure has already been started.

As an illustration of what many of us are up against, the holders of my mortgage has stated that they will start foreclosure tomorrow. It is too bad that this extra expense and this embarrassment is being placed on me and it would be still worse, should the foreclosure proceedings be carried through to a sale before the machinery necessary under the bill is organized and functioning.

Such cases as mine is why I think the President should include in his proclamation relief for those where foreclosure proceedings have been started.

I greatly appreciate the interest you have shown in my several letters, and many others in this community join me in this. I have had dozens of people discuss this matter with me since it was known that we had interested ourselves in this particular bill. I have read your letters to every one of the inquirers.

Yours very truly,

HIGH POINT CHAMBER OF COMMERCE,
F. J. SIZEMORE, *Secretary-Treasurer.*

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nomination of Harrison Parkman, of Kansas, to be purchasing agent for the Post Office Department, vice Robert S. Regar, which was ordered to be placed on the calendar.

Mr. KING, from the Committee on Finance, reported favorably sundry nominations of collectors of customs and collectors of internal revenue, which were ordered to be placed on the calendar.

He also, from the Committee on the Judiciary, reported favorably the nomination of Harold M. Stephens, of Utah, to be Assistant Attorney General, to fill an existing vacancy, which was ordered to be placed on the calendar.

Mr. GEORGE, from the Committee on Finance, reported favorably the nomination of William E. Page, of Columbus, Ga., to be collector of internal revenue for the district of Georgia, in place of Josiah T. Rose, which was ordered to be placed on the calendar.

Mr. DILL, from the Committee on Interstate Commerce, reported favorably the following nominations, which were ordered to be placed on the calendar:

Vincent Y. Dallman, of Illinois, to be a member of the Board of Mediation for a term expiring 5 years after January 1, 1933, vice G. Wallace W. Hanger, term expired;

Basil Manly, of the District of Columbia, to be a member of the Federal Power Commission for a term of 5 years from June 22, 1933, vice Ralph B. Williamson, deceased;

Raymond B. Stevens, of New Hampshire, to be Federal Trade Commissioner for the term expiring September 25, 1933, vice Edgar A. McCulloch, deceased; and

Carroll Miller, of Pennsylvania, to be an Interstate Commerce Commissioner for a term expiring December 31, 1939, vice Ernest I. Lewis.

He also, from the Committee on the Judiciary, reported favorably the nomination of Carl L. Sackett, of Wyoming, to be United States attorney, district of Wyoming, to succeed A. D. Walton, resigned, which was ordered to be placed on the calendar.

Mr. BARKLEY, from the Committee on Banking and Currency, reported favorably the nomination of C. B. Merriam, of Kansas, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932, vice Charles A. Miller, which was ordered to be placed on the calendar.

He also (for Mr. FLETCHER), from the same committee, reported favorably the nomination of Walter H. Newton, of Minnesota, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 2 years from July 22, 1932, vice H. Morton Bodfish, which was ordered to be placed on the calendar.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of William Stanley, of Maryland, to be Assistant to the Attorney General, vice John Lord O'Brian, resigned, which was ordered to be placed on the calendar.

Mr. VAN NUYS, from the Committee on the Judiciary, reported favorably the nomination of Louis FitzHenry, of Illinois, to be United States circuit judge, seventh circuit, to succeed George T. Page, retired, which was ordered to be placed on the calendar.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably sundry nominations of transfers, appointments, and promotions in the Army, which were ordered to be placed on the calendar.

Mr. ROBINSON of Arkansas, from the Committee on Foreign Relations reported favorably the following nominations, which were ordered to be placed on the calendar:

Francis White, of Maryland, now an Assistant Secretary of State, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Czechoslovakia.

Robert P. Skinner, of Ohio, now Envoy Extraordinary and Minister Plenipotentiary to Estonia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Turkey.

Alvin Mansfield Owsley, of Texas, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Rumania.

John Flournoy Montgomery, of California, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Hungary.

Robert Granville Caldwell, of Texas, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Portugal.

Mr. McNARY (for Mr. STEIWER), reported favorably from the Committee on Banking and Currency the nomination of Russell Hawkins, of Oregon, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 4 years from July 22, 1932, vice C. B. Merriam, which was ordered to be placed on the calendar.

Mr. ASHURST, from the Committee on the Judiciary, reported favorably the nomination of William J. Barker, of New Mexico, to be United States attorney, district of New Mexico, to succeed Hugh B. Woodward, term expired, which was ordered to be placed on the calendar.

Mr. ASHURST. Mr. President, from the Committee on the Judiciary I report favorably the nomination of Carl C. Donaugh, of Oregon, to be United States attorney for that State, and I call the attention of the Senator from Oregon to it. It is a matter of some emergency, and I am going to ask unanimous consent for the immediate consideration of the nomination. Likewise there is an emergency existing in the case of a nomination from Texas.

Mr. NORRIS. Mr. President, until we shall have taken action on the calendar, I will have to object.

Mr. ASHURST. Very well. I will withhold the request for the moment.

The VICE PRESIDENT. The nomination reported by the Senator from Arizona will be placed on the calendar.

Mr. STEPHENS, from the Committee on the Judiciary, reported favorably the nomination of Bertram Money Bates, Jr., of Tennessee, to be United States marshal for the western district of Tennessee, which was ordered placed on the calendar.

He also, from the same committee, reported the nomination of William McClanahan, of Tennessee, to be United States attorney for the western district of Tennessee, which was ordered placed on the calendar.

Mr. McCARRAN (for Mr. LOGAN), from the Committee on the Judiciary, reported favorably the nomination of South Trimble, Jr., of Kentucky, to be Solicitor for the Department of Commerce, to succeed E. F. Morgan, resigned, which was ordered placed on the calendar.

Mr. LONG, from the Committee on the Judiciary, reported favorably the nomination of Frank J. Wideman, of Florida, to be Assistant Attorney General, which was ordered to be placed on the calendar.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Peter J. Haggerty, of San Francisco, Calif., to be superintendent of the United States Mint at San Francisco, Calif., which was ordered placed on the calendar.

He also, from the same committee, reported favorably sundry nominations of collectors of customs and collectors of internal revenue, which were ordered to be placed on the calendar.

TENNESSEE VALEY AUTHORITY

The VICE PRESIDENT. If there be no further reports of committees, the calendar is in order. The clerk will state the first nomination on the calendar.

The Chief Clerk read the nomination of Harcourt Alexander Morgan, of Tennessee, to be member of the board of directors of the Tennessee Valley Authority for the term expiring 6 years after May 18, 1933.

Mr. McCARRAN. Mr. President——

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. McCARRAN. Mr. President, may I ask that that nomination go over?

The VICE PRESIDENT. Is there objection to the nomination being confirmed?

Mr. STEPHENS. I object.

The VICE PRESIDENT. Objection is made.

Mr. McKELLAR. Mr. President, I inquire if that is the nomination of a member of the board of directors of the Tennessee Valley Authority?

The VICE PRESIDENT. It is.

Mr. McKELLAR. I inquire who objected.

The VICE PRESIDENT. The Senator from Mississippi [Mr. STEPHENS] objected, and also the Senator from Nevada [Mr. McCARRAN].

Mr. NORRIS. Mr. President, the nomination comes to a vote, then. The question before the Senate is, Will the Senate advise and consent to the nomination?

The VICE PRESIDENT. That is in order. The question is, Will the Senate advise and consent to the nomination? [Putting the question.]

Mr. McCARRAN. Mr. President, I beg the Chair's pardon, but I was occupied with another matter. Will the Chair kindly state what the question is?

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

Mr. STEPHENS. Mr. President, what nomination?

The VICE PRESIDENT. The nomination of Mr. Morgan, of Tennessee, to be member of the board of directors of the Tennessee Valley Authority.

Mr. STEPHENS. I object.

The VICE PRESIDENT. The question before the Senate is, Will the Senate advise and consent to the nomination? One objection does not prevail in this instance.

Mr. McCARRAN. Mr. President, as to the nomination of Mr. Morgan, I object to it and ask that it go over.

Mr. ROBINSON of Arkansas. Mr. President, the objection does not lie.

The VICE PRESIDENT. Not at all.

Mr. ROBINSON of Arkansas. This is the regular order of procedure.

The VICE PRESIDENT. The Senator is correct.

Mr. McCARRAN. Mr. President, certain matters have come to my attention. I have taken them up with the Senator from Nebraska. Perhaps I may be entirely content by tomorrow, but I am making an investigation, and I think for the nomination to go over would do no harm.

Mr. NORRIS. Mr. President, I had a talk with the Senator from Nevada. I supposed this was perfectly satisfactory to him. I do not want to be put in the attitude of having any of these nominations go over, so far as I can help it, until the Senate shall have finally adjourned.

Mr. McCARRAN. I do not intend to do that.

Mr. NORRIS. If the Senator will agree that at some stipulated time tomorrow we may vote on the question of confirming the nomination, I will not have any objection.

Mr. McCARRAN. I will agree to that.

Mr. McKELLAR. Mr. President, can we not have a unanimous-consent agreement to that effect?

The VICE PRESIDENT. The Senator from Nevada has the floor. Does he yield to the Senator from Tennessee?

Mr. McCARRAN. Mr. President——

Mr. NORRIS. Mr. President, I am willing to take it up tonight, but the Senator from Nevada is not and wants to discuss it.

Mr. McCARRAN. I am not willing to take it up tonight, and I ask unanimous consent that it may go over for the purpose of an investigation. I will say, in all sincerity, that I will be ready to act tomorrow.

Mr. NORRIS. That might mean several weeks.

Mr. ROBINSON of Arkansas. I ask unanimous consent that at not later than 2 o'clock tomorrow the Senate shall proceed to the consideration of executive business, and that at not later than 3 o'clock the Senate shall proceed to vote on the nomination.

Mr. McCARRAN. That is satisfactory to me.

Mr. STEPHENS. I object.

The VICE PRESIDENT. The Senator from Mississippi objects. The question is, Will the Senate advise and consent to the nomination?

Mr. KING. Mr. President, I have never yet known an instance in the Senate where a request has been made that a nomination just reported go over 1 day that objection was made.

I have no interest in this matter; so far as I know, the nominee is competent; and yet it does seem to me that it is violating the traditions and procedure of the Senate, where the objectors only ask that a nomination go over for a day, that the request should be denied. The nomination has just come in this evening. I do not think it is quite in harmony with our former procedure. If there were any purpose of delay and prevent a vote, that would be one thing.

Mr. NORRIS. Mr. President, there is no disposition to delay. I am willing to take the nomination up right now. I am perfectly willing to go ahead now or I am willing that it shall go over until tomorrow; but unless there is an agreement to vote at a particular time, the Senator knows what it would mean if the Senate is going to adjourn tomorrow.

Mr. ROBINSON of Arkansas. It would mean that it would become imperative that an extraordinary session of the Senate be convened for some time in the future.

Mr. NORRIS. This Board will not be able to organize unless confirmation takes place, and, if the Senate adjourns without action, the whole thing will be held in the air. I am not objecting to anything reasonable. The Senator from Nevada and I will have no trouble about this. He is agreeable to a vote being taken tomorrow.

Mr. McCARRAN. Certainly; and I understand the Senate will be in session tomorrow. Am I right?

Mr. ROBINSON of Arkansas. That is correct.

Mr. NORRIS. But unless we agree to an hour for a vote tomorrow it will be very easy to start a filibuster toward evening tomorrow and prevent the confirmation taking place.

Mr. McCARRAN. I will say that so far as I am concerned there will be no filibuster; but I am sincere in the matter.

Mr. NORRIS. I do not doubt that a particle; but the Senator from Mississippi objects to any specific time for taking a vote, and I do not want to be caught in that kind of a trap.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination? [Putting the question.] The ayes have it, and the nomination is confirmed.

Mr. STEPHENS. Mr. President, I ask for a yea-and-nay vote.

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Hastings	Neely
Ashurst	Clark	Hatfield	Norris
Austin	Connally	Hayden	Nye
Bachman	Coolidge	Hebert	Overton
Bailey	Copeland	Kean	Patterson
Bankhead	Costigan	Kendrick	Pope
Barbour	Cutting	Keyes	Reed
Barkley	Dickinson	King	Reynolds
Black	Dieterich	La Follette	Robinson, Ark.
Bone	Dill	Lewis	Robinson, Ind.
Bratton	Duffy	Lonergan	Russell
Brown	Erickson	Long	Sheppard
Bulkley	Fess	McCarran	Shipstead
Bulow	Frazier	McGill	Smith
Byrd	George	McKellar	Steiwer
Byrnes	Goldsborough	McNary	Stephens
Capper	Hale	Metcalf	Thomas, Okla.
Caraway	Harrison	Murphy	Thomas, Utah

Thompson	Tydings	Wagner	Wheeler
Townsend	Vandenberg	Walcott	White
Trammell	Van Nuys	Walsh	

The VICE PRESIDENT. Eighty-three Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, I am going to submit a unanimous-consent request, and I ask the attention of Senators, particularly the Senator from Mississippi [Mr. STEPHENS].

I ask unanimous consent that the vote by which the nomination of Harcourt Alexander Morgan, of Tennessee, was confirmed be reconsidered; that at 2 o'clock tomorrow the Senate proceed to the consideration of executive business; and that at not later than the hour of 3 o'clock tomorrow afternoon the Senate proceed to vote successively and without further debate upon the nominations of Harcourt Alexander Morgan, of Tennessee, and David E. Lilienthal, of Wisconsin.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. STEPHENS. Mr. President, I have no objection. I am glad to yield to the suggestion of the Senator from Arkansas.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

The clerk will state the next order of business on the calendar.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the names of William F. Cavenaugh, Hooker A. Doolittle, Louis G. Dreyfus, Jr., Clarence E. Gauss, and Bernard Gufler to be secretaries, Diplomatic Service.

The VICE PRESIDENT. Without objection, the nominations are confirmed.

That completes the calendar.

REPORTS OF COMMITTEES

Mr. McCARRAN. Mr. President, from the Committee on the Judiciary I report back favorably the nomination of Clyde O. Eastus, of Texas, to be United States attorney for the northern district of Texas; and I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The Senator from Nevada asks unanimous consent for the immediate consideration of a nomination, which the clerk will read.

The Chief Clerk read the nomination of Clyde O. Eastus, of Texas, to be United States attorney for the northern district of Texas.

The VICE PRESIDENT. Is there objection to the present consideration of the nomination?

Mr. McNARY. Mr. President, I did not understand the request of the Senator from Nevada because there is so much confusion in the Chamber.

Mr. McCARRAN. I have presented the report of the Judiciary Committee on Mr. Eastus to be United States attorney for the northern district of Texas, and I have asked for immediate consideration of the nomination.

Mr. McNARY. Mr. President, would it not be well to let it go over until tomorrow, when we are to have an executive session?

Mr. McCARRAN. I have no objection, except that I should like to have it disposed of.

Mr. McNARY. I appreciate the Senator's desire. There is a nomination from my own State that will be reported by the Senator from Arizona, in which I am likewise interested; but I think the better practice is to have them go over until tomorrow.

Mr. McCARRAN. Very well.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 11 o'clock and 3 minutes p.m.) the Senate took a recess until tomorrow, Saturday, June 10, 1933, at 10 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate June 9 (legislative day of June 6), 1933

UNITED STATES DISTRICT JUDGE

Patrick T. Stone, of Wisconsin, to be United States district judge for the western district of Wisconsin, to succeed Claude Z. Luse, deceased.

UNITED STATES ATTORNEYS

Charles C. Wyche, of South Carolina, to be United States attorney, western district of South Carolina, to succeed Joseph A. Tolbert, term expired.

Joseph A. McNamara, of Vermont, to be United States attorney, district of Vermont, to succeed Harry B. Amey, term expired.

MEMBERS OF THE FEDERAL HOME LOAN BANK

Russell Hawkins, of Oregon, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 4 years from July 22, 1932, vice C. B. Merriam.

John H. Fahey, of Massachusetts, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 3 years from July 22, 1932, vice Nathan Adams.

MEMBERS OF THE BOARD OF DIRECTORS OF THE RECONSTRUCTION FINANCE CORPORATION

C. B. Merriam, of Kansas, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932, vice Charles A. Miller.

John J. Blaine, of Wisconsin, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired term of 2 years from January 22, 1932, vice Atlee Pomerene.

MEMBER OF THE FEDERAL POWER COMMISSION

Basil Manly, of the District of Columbia, to be a member of the Federal Power Commission for a term of 5 years from June 22, 1933, vice Ralph B. Williamson, deceased.

FEDERAL TRADE COMMISSIONER

Raymond B. Stevens, of New Hampshire, to be Federal Trade Commissioner for the term expiring September 25, 1933, vice Edgar A. McCulloch, deceased.

MEMBER OF THE BOARD OF MEDIATION

Vincent Y. Dallman, of Illinois, to be a member of the Board of Mediation for a term expiring 5 years after January 1, 1933, vice G. Wallace W. Hanger, term expired.

MEMBER OF THE UNITED STATES EMPLOYEES' COMPENSATION COMMISSION

Jewell W. Swofford, of Missouri, to be a member of the United States Employees' Compensation Commission for a term of 6 years from March 15, 1933, vice Bessie Parker Brueggeman.

COMPTROLLER, BUREAU OF ACCOUNTS, POST OFFICE DEPARTMENT

William L. Slattery, of Massachusetts, to be Comptroller, Bureau of Accounts, Post Office Department, vice William E. Buffington.

COLLECTORS OF INTERNAL REVENUE

Fred H. Kanne, of Honolulu, Hawaii, to be collector of internal revenue for the district of Hawaii, in place of Albert H. Tarleton.

John R. T. Viley, of Idaho, to be collector of internal revenue for the district of Idaho, in place of Evan Evans.

Alvin F. Fix, of York, Pa., to be collector of internal revenue for the first district of Pennsylvania, in place of Albert H. Ladner, Jr.

Thomas K. Cassidy, of Gillette, Wyo., to be collector of internal revenue for the district of Wyoming, in place of Marshall S. Reynolds.

John C. Bowen, of Seattle, Wash., to be collector of internal revenue for the district of Washington, in place of Burns Poe.

Will H. Smith, of Indianapolis, Ind., to be collector of internal revenue for the district of Indiana, in place of Everett E. Neal.

Ralph Nicholas, of Fort Collins, Colo., to be collector of internal revenue for the district of Colorado, in place of Frank W. Howbert.

Fred C. Martin, of Bennington, Vt., to be collector of internal revenue for the district of Vermont, to fill an existing vacancy.

Alexander S. Walker, of Texas, to be collector of internal revenue for the first district of Texas, in place of James W. Bass.

William A. Thomas, of Dallas, Tex., to be collector of internal revenue for the second district of Texas, in place of George C. Hopkins.

Robert M. Cooper, of Wisacky, S.C., to be collector of internal revenue for the district of South Carolina, to fill an existing vacancy.

Steven P. Vidal, of Gallup, N.Mex., to be collector of internal revenue for the district of New Mexico, in place of Benigno C. Hornandez.

Harry D. Baker, of Wichita, Kans., to be collector of internal revenue for the district of Kansas, in place of Harvey H. Motter.

Henry Clifford Jones, of Carnegie, Okla., to be collector of internal revenue for the district of Oklahoma, in place of Acel C. Alexander.

Charles D. Huston, of Cedar Rapids, Iowa, to be collector of internal revenue for the district of Iowa, in place of Gerald A. Jewett.

Charles H. Robertson, of Hillsboro, N.C., to be collector of internal revenue for the district of North Carolina, in place of Gilliam Grissom.

COLLECTORS OF CUSTOMS

Saul Haas, of Seattle, Wash., to be collector of customs for customs-collection district no. 30, with headquarters at Seattle, Wash., in place of George D. Hubbard.

Charles O. Dunbar, of Santa Rosa, Calif., to be collector of customs for customs-collection district no. 28, with headquarters at San Francisco, Calif., in place of William B. Hamilton.

Verda Allison Wright, of Huntington, Tenn., to be collector of customs for customs-collection district no. 43, with headquarters at Memphis, Tenn., in place of Mrs. Eddie McCall Priest.

Joseph H. Lyons, of Mobile, Ala., to be collector of customs for customs-collection district no. 19, with headquarters at Mobile, Ala., in place of Joseph C. Swann.

Fred C. Pabst, of Galveston, Tex., to be collector of customs for customs collection district no. 22, with headquarters at Galveston, Tex., in place of Robert B. Morris.

John O'Keefe, of Cavalier, N.Dak., to be collector of customs for customs-collection district no. 34, with headquarters at Pembina, N.Dak., to fill an existing vacancy.

Joseph A. Maynard, of Massachusetts, to be collector of customs for customs-collection district no. 4, with headquarters at Boston, Mass., in place of Willfred W. Lufkin.

REGISTER OF THE LAND OFFICE

Maurice F. Miera, of New Mexico, to be register of the land office at Santa Fe, N.Mex., vice Alfred M. Bergere.

PROMOTIONS IN THE NAVY

Admiral William H. Standley to be Chief of Naval Operations in the Department of the Navy with the rank of admiral, for a term of 4 years, from the 1st day of July 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 9 (legislative day of June 6), 1933

SECRETARIES IN THE DIPLOMATIC SERVICE

William F. Cavenaugh
Hooker A. Doolittle
Louis G. Dreyfus, Jr.
Clarence E. Gauss
Bernard Gufler

WITHDRAWAL

Executive nomination withdrawn June 9 (legislative day of June 6), 1933

MEMBER OF THE BOARD OF DIRECTORS OF THE RECONSTRUCTION FINANCE CORPORATION

Russell Hawkins, of Oregon, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 9, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, may we live this day which Thou hast given us as we should, with grateful hearts and with a healthy faith that Thou dost all things well. We thank Thee that Thou dost still whisper to willing minds. O let not our weakness eclipse the luster of Thy light. Impress us, gracious Lord, that a narrow faith and a narrow hope fetter our spirits. Be with us, Thou who didst love the lilies of the field and the fowls of the air. Hear us, O Thou who answerest the laborer's appeal: "Raise the stone and thou shalt find Me; cleave the wood, and there am I." Grant us, Heavenly Father, when the day is done that personal satisfaction, that we have omitted no duty which is due our fellow countrymen. O may we harken unto the pathetic music made up of the mingled joy and sorrow of our brother men and claim the high privilege of serving them. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1783. An act granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key.

INVESTIGATION OF OFFICIAL CONDUCT OF HALSTED L. RITTER

Mr. COCHRAN of Missouri. Mr. Speaker, I present a privileged report from the Committee on Accounts for immediate consideration.

The Clerk read as follows:

House Resolution 172

Resolved, That the expenses of conducting the investigation authorized by House Resolution 163, authorizing the Judiciary Committee to investigate the official conduct of Halsted L. Ritter, a district judge of the United States for the southern district of Florida, including such printing and binding and the employment of such clerical, stenographic, and other assistance as the committee may deem necessary, and all other expenditures, shall be paid out of the contingent fund of the House on vouchers authorized by the committee signed by the chairman thereof and approved by the Committee on Accounts, but shall not exceed $5,000.

With the following committee amendment:

In line 11, strike out "$5,000" and insert in lieu thereof "$2,500."

Mr. SNELL. Is the gentleman presenting this as a privileged resolution from the Committee on Accounts?

Mr. COCHRAN of Missouri. Yes. It is in the usual form and at the request of the gentleman from Texas [Mr. SUM-

NERS], Chairman of the Committee on the Judiciary, the amount has been reduced from $5,000 to $2,500 to carry out the order of the House.

Mr. SNELL. Have you not had experience enough in investigating Federal judges and throwing money away along that line?

Mr. COCHRAN of Missouri. That is for the House to decide.

The committee amendment was agreed to.

The resolution was agreed to.

EMERGENCY RAILROAD TRANSPORTATION BILL

Mr. RAYBURN. Mr. Speaker, I present a conference report on the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the bill.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That this act may be cited as the 'Emergency Railroad Transportation Act, 1933.'

"TITLE I—EMERGENCY POWERS

"SECTION 1. As used in this title—

"(a) The term 'Commission' means the Interstate Commerce Commission.

"(b) The term 'Coordinator' means the Federal Coordinator of Transportation hereinafter provided for.

"(c) The term 'committee' means any one of the regional coordinating committees hereinafter provided for.

"(d) The term 'carrier' means any common carrier by railroad subject to the provisions of the Interstate Commerce Act, as amended, including any receiver or trustee thereof.

"(e) The term 'subsidiary' means any company which is directly or indirectly controlled by, or affiliated with, any carrier or carriers. For the purpose of the foregoing definition a company shall be deemed to be affiliated with a carrier if so affiliated within the meaning of paragraph (8) of section 5 of the Interstate Commerce Act, as amended by this act.

"(f) The term 'employee' includes every person in the service of a carrier (subject to its continuing authority to supervise and direct the manner of rendition of his service) who performs any work defined as that of an employee or subordinate official in accordance with the provisions of the Railway Labor Act.

"(g) The term 'State commission' means the commission, board, or official, by whatever name designated, exercising power to regulate the rates or service of common carriers by railroad under the laws of any State.

"SEC. 2. In order to foster and protect interstate commerce in relation to railroad transportation by preventing and relieving obstructions and burdens thereon resulting from the present acute economic emergency, and in order to safeguard and maintain an adequate national system of transportation, there is hereby created the office of Federal Coordinator of Transportation, who shall be appointed by the President, by and with the advice and consent of the Senate, or be designated by the President from the membership of the Commission. If so designated, the Coordinator shall be relieved from other duties as Commissioner during his term of service to such extent as the President may direct; except that the Coordinator shall not sit as a member of the Commission in any proceedings for the review or suspension of any order issued by him as Coordinator. The Coordinator shall have such powers and duties as are hereinafter set forth and prescribed, and may, with the approval of the President, and without regard to the Civil Service laws and the Classification Act of 1923, as amended, appoint and fix the compensation of such assistants and agents, in addition to the assistance provided by the Commission, as may be necessary to the performance of his duties under this act. The office of the Coordinator shall be in Washington, D.C., and the Commission shall provide such office space, facilities, and assistance as he may request and it is able to furnish. The Coordinator shall receive such compensation as the President shall fix, except that if designated from the Commission, he shall receive no compensation in addition to that which he receives as a member of the Commission.

"SEC. 3. The Coordinator shall divide the lines of the carriers into three groups, to wit, an eastern group, a southern group, and a western group, and may from time to time make such changes or subdivisions in such groups as he may deem to be necessary or desirable. At the earliest practicable date after the Coordinator shall have initially designated such groups, three regional coordinating committees shall be created, one for each group, and each committee shall consist of five regular members and two special members. The carriers in each group, acting each through its board of directors or its receiver or receivers or trustee or trustees or through an officer or officers designated for the purpose by such board, shall select the regular members of the committee representing that group, and shall prescribe the rules under which such committee shall operate; but no railroad system shall have more than one representative on any such committee. In such selection each carrier shall have a vote in proportion to its mileage lying within the group. The two special members of each committee shall be selected in such manner as the Coordinator may approve, one to represent the steam railroads within the group which had in 1932 railway operating revenues of less than $1,000,000 and the other to represent electric railways within the group not owned by a steam railroad or operated as a part of a general steam railroad system of transportation. Each such special member shall have reasonable notice of all meetings of his committee at which any matter affecting any carrier which he represents is to be considered, and may participate in the consideration and disposition of such matter. Members of the committees may be removed from office and vacancies may be filled in like manner.

"SEC. 4. The purposes of this title are (1) to encourage and promote or require action on the part of the carriers and of subsidiaries subject to the Interstate Commerce Act, as amended, which will (a) avoid unnecessary duplication of services and facilities of whatsoever nature and permit the joint use of terminals and trackage incident thereto or requisite to such joint use: *Provided*, That no routes now existing shall be eliminated except with the consent of all participating lines or upon order of the Coordinator; (b) control allowances, accessorial services and the charges therefor, and other practices affecting service or operation, to the end that undue impairment of net earnings may be prevented, and (c) avoid other wastes and preventable expense; (2) to promote financial reorganization of the carriers with due regard to legal rights, so as to reduce fixed charges to the extent required by the public interest and improve carrier credit; and (3) to provide for the immediate study of other means of improving conditions surrounding transportation in all its forms and the preparation of plans therefor.

"SEC. 5. It shall be the duty of the committees on their own initiative, severally within each group and jointly where more than one group is affected, to carry out the purposes set forth in subdivision (1) of section 4, so far as such action can be voluntarily accomplished by the carriers. In such instances as the committees are unable, for any reason, legal or otherwise, to carry out such purposes by such voluntary action, they shall recommend to the Coordinator

that he give appropriate directions to the carriers or subsidiaries subject to the Interstate Commerce Act, as amended, by order; and the Coordinator is hereby authorized and directed to issue and enforce such orders if he finds them to be consistent with the public interest and in furtherance of the purposes of this title.

"SEC. 6. (a) The Coordinator shall confer freely with the committees and give them the benefit of his advice and assistance. At his request, the committees, the carriers, the subsidiaries, and the Commission shall furnish him, or his assistants and agents, such information and reports as he may desire in investigating any matter within the scope of his duties under this title; and the Coordinator, his assistants, and agents, and the Commission, shall at all times have access to all accounts, records, and memoranda of the carriers and subsidiaries. If, in any instance, a committee has not acted with respect to any matter which the Coordinator has brought to its attention and upon which he is of the opinion that it should have acted, under the provisions of section 5, he is hereby authorized and directed to issue and enforce such order; giving appropriate directions to the carriers and subsidiaries subject to the Interstate Commerce Act, as amended, with respect to such matter, as he shall find to be consistent with the public interest.

"(b) Insofar as may be necessary for the purposes of this title, the Commission and the members and examiners thereof shall have the same power to administer oaths and require by subpena the attendance and testimony of witnesses and the production of books, papers, tariffs, contracts, agreements, and documents and to take testimony by deposition, relating to any matter under investigation, as though such matter arose under the Interstate Commerce Act, as amended and supplemented; and any person subpenaed or testifying in connection with any matter under investigation under this title shall have the same rights, privileges, and immunities and be subject to the same duties, liabilities, and penalties as are provided in the case of persons subpenaed or testifying in connection with any matter under investigation under the Interstate Commerce Act, as amended.

"SEC. 7. (a) A labor committee for each regional group of carriers may be selected by those railroad labor organizations which, as representatives duly designated and authorized to act in accordance with the requirements of the Railway Labor Act, entered into the agreements of January 31, 1932, and December 21, 1932, with duly authorized representatives of the carriers, determining the wage payments of the employees of the carriers. A similar labor committee for each regional group of carriers may be selected by such other railroad labor organizations as may be duly designated and authorized to represent employees in accordance with the requirements of the Railway Labor Act. It shall be the duty of the regional coordinating committees and the Coordinator to give reasonable notice to, and to confer with, the appropriate regional labor committee or committees upon the subject matter prior to taking any action or issuing any order which will affect the interest of the employees, and to afford the said labor committee or committees reasonable opportunity to present views upon said contemplated action or order.

"(b) The number of employees in the service of a carrier shall not be reduced by reason of any action taken pursuant to the authority of this title below the number as shown by the pay rolls of employees in service during the month of May 1933, after deducting the number who have been removed from the pay rolls after the effective date of this act by reason of death, normal retirements, or resignation, but not more in any one year than 5 percent of said number in service during May 1933; nor shall any employee in such service be deprived of employment such as he had during said month of May or be in a worse position with respect to his compensation for such employment, by reason of any action taken pursuant to the authority conferred by this title.

"(c) The Coordinator is authorized and directed to establish regional boards of adjustment whenever and wherever action taken pursuant to the authority conferred by this title creates conditions that make necessary such board of adjustment to settle controversies between carriers and employees. Carriers and their employees shall have equal representation on such boards of adjustment for settlement of such controversies, and said boards shall exercise the functions of boards of adjustment provided for by the Railway Labor Act.

"(d) The Coordinator is authorized and directed to provide means for determining the amout of, and to require the carriers to make just compensation for, property losses and expenses imposed upon employees by reason of transfers of work from one locality to another in carrying out the purposes of this title.

"(e) Carriers, whether under control of a judge, trustee, receiver, or private management, shall be required to comply with the provisions of the Railway Labor Act and with the provisions of section 77, paragraphs (o), (p), and (q) of the act approved March 3, 1933, entitled 'An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.'

"SEC. 8. Any order issued by the Coordinator pursuant to this title shall be made public in such reasonable manner as he may determine and shall become effective as of such date, not less than 20 days from the date of such publication, as the Coordinator shall prescribe in the order; and such order shall remain in effect until it is vacated by him or suspended or set aside by the Commission or other lawful authority, as hereinafter provided, and such order may include provision for the creation and administration of such just pooling arrangements or for such just compensation for the use of property or for carrier services as he may deem necessary or desirable and in furtherance of the purposes of this title.

"SEC. 9. Any interested party, including, among others, any carrier, subsidiary, shipper, or employee, or any group of carriers, shippers, or employees, or any State commission, or the Governor of any State, or the official representative or representatives of any political subdivision thereof, dissatisfied with any order of the Coordinator may, at any time prior to the effective date of the order, file a petition with the Commission asking that such order be reviewed and suspended pending such review, and stating fully the reasons therefor. Such petitions shall be governed by such general rules as the Commission may establish. If the Commission, upon considering such petition and any answer or answers thereto, finds reason to believe that the order may be unjust to the petitioner or inconsistent with the public interest, the Commission is hereby auhorized to grant such review and, in its discretion, the Commission may suspend the order if it finds immediate enforcement thereof would result in irreparable damage to the petitioner or work grave injury to the public interest, but if the Commission suspends an order, it shall expedite the hearing and decision on that order as much as possible. Thereupon the Commission shall, after due notice and a public hearing, review the order and take such action in accord with the purposes of this title as it finds to be just and consistent with the public interest, either confirming the order or setting it aside or reissuing it in modified form, and any order so confirmed or reissued shall thereafter remain in effect until vacated or modified by the Commission.

"SEC. 10. (a) The carriers or subsidiaries subject to the Interstate Commerce Act, as amended, affected by any order of the Coordinator or Commission made pursuant to this title shall, so long as such order is in effect, be, and they are hereby, relieved from the operation of the antitrust laws, as designated in section 1 of the act entitled 'An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes', approved October 15, 1914, and of all other restraints or prohibitions by law, State or Federal, other than such as are for the protection of the public health or safety, insofar as may be necessary to enable them to do anything authorized or required by such order made pursuant to this title: *Provided, however,* That nothing herein shall be construed to repeal, amend, suspend, or modify any of the requirements of the Railway Labor Act

or the duties and obligations imposed thereunder or through contracts entered into in accordance with the provisions of said act.

"(b) The Coordinator shall issue no order which shall have the effect of relieving any carrier or subsidiary from the operation of the law of any State or of any order of any State commission until he has advised the State commission of said State, or the Governor of said State if there be no such commission, that such order is in contemplation, and shall afford the State commission or Governor so notified reasonable opportunity to present views and information bearing upon such contemplated order, nor unless such order is necessary, in his opinion, to prevent or remove an obstruction to or a burden upon interstate commerce.

"SEC. 11. Nothing in this title shall be construed to relieve any carrier from any contractual obligation which it may have assumed, prior to the enactment of this act, with regard to the location or maintenance of offices, shops, or roundhouses at any point.

"SEC. 12. The willful failure or refusal of any carrier or subsidiary or of any officer or employee of any carrier or subsidiary to comply with the terms of any order of the Coordinator or of the Commission made pursuant to this title shall be a misdemeanor, and upon conviction thereof the carrier, subsidiary, or person offending shall be subject to a fine of not less than $1,000 or more than $20,000 for each offense, and each day during which such carrier, subsidiary, or person shall willfully fail or refuse to comply with the terms of such order shall constitute a separate offense. It shall be the duty of any district attorney of the United States to whom the Coordinator or the Commission may apply to institute in the proper court and to prosecute under the direction of the Attorney General of the United States all necessary proceedings for the enforcement of the provisions of this title and for the punishment of all violations thereof, and the costs and expenses of such prosecution shall be paid out of the appropriation for the expense of the courts of the United States: *Provided*, That nothing in this title shall be construed to require any employee or officer of any carrier to render labor or service without his consent, or to authorize the issuance of any orders requiring such service, or to make illegal the failure or refusal of any employee individually, or any number of employees collectively, to render labor or services.

"SEC. 13. It shall further be the duty of the Coordinator, and he is hereby authorized and directed, forthwith to investigate and consider means, not provided for in this title, of improving transportation conditions throughout the country, including cost finding in rail transportation and the ability, financial or otherwise, of the carriers to improve their properties and furnish service and charge rates which will promote the commerce and industry of the country and including, also, the stability of railroad labor employment and other improvement of railroad labor conditions; and from time to time he shall submit to the Commission such recommendations calling for further legislation to these ends as he may deem necessary or desirable in the public interest. The Commission shall promptly transmit such recommendations, together with its comments thereon, to the President and to the Congress.

"SEC. 14. The expenses of the Coordinator except so far as they are borne by the Commission in accordance with the provisions of section 2, but not including the expenses of the coordinating committees, shall be allowed and paid, on the presentation of itemized vouchers therefor approved by the Coordinator, out of a fund obtained from assessments on the carriers, and said fund is hereby appropriated for the payment of such expenses. It shall be the duty of each carrier, within 30 days after the date of enactment of this act, to pay into this fund, for the first year of the operation of this title, one and one half dollars for every mile of road operated by it on December 31, 1932, as reported to the Commission, and to pay into said fund within 30 days after the expiration of such year a proportional amount covering any period of extension of this title by proclamation of the President under section 17, and it shall be the duty of the Secretary of the Treasury to collect such assessments. Any amount remaining in the fund when this title ceases to have effect shall be returned by the Secretary of the Treasury to the carriers in proportion to their contributions. The carriers and the Pullman Co. shall be permitted, anything in the Interstate Commerce Act, as amended, to the contrary notwithstanding, to provide free transportation and other carrier service to the Coordinator and his assistants and agents and to the employees of the Commission when engaged in the service of the Coordinator.

"SEC. 15. The Commission shall not approve a loan to a carrier under the Reconstruction Finance Corporation Act, as amended, if it is of the opinion that such carrier is in need of financial reorganization in the public interest: *Provided, however*, That the term 'carrier' as used in this section shall not include a receiver or trustee.

"SEC. 16. Any final order made under this title shall be subject to the same right of relief in court by any party in interest as is now provided in respect to orders of the Commission made under the Interstate Commerce Act, as amended. The provisions of the Urgent Deficiencies Appropriation Act of October 22, 1913 (38 Stat.L. 219), shall be applicable to any proceeding in court brought to suspend or set aside any order of the coordinator or of the Commission entered pursuant to the provisions of this title.

"SEC. 17. This title shall cease to have effect at the end of 1 year after the effective date, unless extended by a proclamation of the President for 1 year or any part thereof, but orders of th eCoordinator or of the Commission made there under shall continue in effect until vacated by the Commission or set aside by other lawful authority, but notwithstanding the provisions of section 10 no such order shall operate to relieve any carrier from the effect of any State law or of any order of a State commission enacted or made after this title ceases to have effect.

"TITLE II—AMENDMENTS TO INTERSTATE COMMERCE ACT

"SEC. 201. Section 5 of the Interstate Commerce Act, as amended (U.S.C., title 49, sec. 5), is amended by striking out paragraphs (2) and (3) and by renumbering paragraphs (4) and (5) as paragraphs (2) and (3), respectively, and by striking out the last sentence of the paragraph so renumbered as paragraph (3).

"SEC. 202. Such section 5 is further amended by striking out paragraphs (6), (7), and (8), and by inserting in lieu thereof the following paragraphs:

"'(4) (a) It shall be lawful, with the approval and authorization of the Commission, as provided in subdivision (b), for two or more carriers to consolidate or merge their properties, or any part thereof, into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership; or for any carrier, or two or more carriers jointly, to purchase, lease, or contract to operate the properties, or any part thereof, of another; or for any carrier, or two or more carriers jointly, to acquire control of another through purchase of its stock; or for a corporation which is not a carrier to acquire control of two or more carriers through ownership of their stock; or for a corporation which is not a carrier and which has contol of one or more carriers to acquire control of another carrier through ownership of its stock.

"'(b) Whenever a consolidation, merger, purchase, lease, operating contract, or acquisition of control is proposed under subdivision (a), the carrier or carriers or corporation seeking authority therefor shall present an application to the Commission, and thereupon the Commission shall notify the governor of each State in which any part of the properties of the carriers involved in the proposed transaction is situated, and also such carriers and the applicant or applicants, of the time and place for a public hearing. If after such hearing the Commission finds that, subject to such terms and conditions and such modifications as it shall find to be just and reasonable, the proposed consolidation, merger, purchase, lease, operating contract, or acquisition of control will be in harmony with and in furtherance of the plan for the consolidation of railway properties established pursuant to paragraph (3), and will promote the public interest, it may enter an order approving and authorizing such consolida-

tion, merger, purchase, lease, operating contract, or acquisition of control, upon the terms and conditions and with the modifications so found to be just and reasonable.

"'(5) Whenever a corporation which is not a carrier is authorized, by an order entered under paragraph (4), to acquire control of any carrier or of two or more carriers, such corporation thereafter shall, to the extent provided by the Commission, for the purposes of paragraphs (1) to (10), inclusive, of section 20 (relating to reports, accounts, and so forth, of carriers), including the penalties applicable in the case of violations of such paragraphs, be considered as a common carrier subject to the provisions of this act, and for the purposes of paragraphs (2) to (11), inclusive, of section 20a (relating to issues of securities and assumptions of liability of carriers), including the penalties applicable in the case of violations of such paragraphs, be considered as a "carrier" as such term is defined in paragraph (1) of such section, and be treated as such by the Commission in the administration of the paragraphs specified. In the application of such provisions of section 20a in the case of any such corporation the Commission shall authorize the issue or assumption applied for only if it finds that such issue or assumption is consistent with the proper performance by each carrier which is under the control of such corporation of its service to the public as a common carrier, will not impair the ability of any such carrier to perform such service, and is otherwise compatible with the public interest.

"'(6) It shall be unlawful for any person, except as provided in paragraph (4), to accomplish or effectuate, or to participate in accomplishing or effectuating, the control or management in a common interest of any two or more carriers, however such result is attained, whether directly or indirectly, by use of common directors, officers, or stockholders, a holding or investment company or companies, a voting trust or trusts, or in any other manner whatsoever. It shall be unlawful to continue to maintain control or management accomplished or effectuated after the enactment of this amendatory paragraph and in violation of its provisions. As used in this paragraph and paragraph (7), the words "control or management" shall be construed to include the power to exercise control or management.

"'(7) For the purposes of paragraphs (6) and (11), but not in anywise limiting the application thereof, any transaction shall be deemed to accomplish or effectuate the control or management in a common interest of two carriers—

"'(a) If such transaction is by a carrier, and if the effect of such transaction is to place such carrier and persons affiliated with it, taken together, in control of another carrier.

"'(b) If such transaction is by a person affiliated with a carrier, and if the effect of such transaction is to place such carrier and persons affiliated with it, taken together, in control of another carrier.

"'(c) If such transaction is by two or more persons acting together, one of whom is a carrier or is affiliated with a carrier, and if the effect of such transaction is to place such persons and carriers and persons affiliated with any one of them and persons affiliated with any such affiliated carrier, taken together, in control of another carrier.

"'(8) For the purposes of paragraph (7) a person shall be held to be affiliated with a carrier if, by reason of the relationship of such person to such carrier (whether by reason of the method of, or circumstances surrounding organization or operation, or whether established through common directors, officers, or stockholders, a voting trust or trusts, a holding or investment company or companies, or any other direct or indirect means), it is reasonable to believe that the affairs of any carrier of which control may be acquired by such person will be managed in the interest of such other carrier.

"'(9) For the purposes of paragraphs (6), (7), (8), and (11), wherever reference is made to control, it is immaterial whether such control is direct or indirect. As used in this paragraph and paragraphs (7), (8), and (11) the term "control" shall be construed to include the power to exercise control.

"'(10) The Commission is hereby authorized, upon complaint or upon its own initiative without complaint, but after notice and hearing, to investigate and determine whether any person is violating the provisions of paragraph (6). If the Commission finds after such investigation that such person is violating the provisions of such paragraph, it shall by order require such person to take such action as may be necessary, in the opinion of the Commission, to prevent continuance of such violation.

"'(11) For the proper protection and in furtherance of the plan for the consolidation of railway properties established pursuant to paragraph (3) and the regulation of interstate commerce in accordance therewith, the Commission is hereby authorized, upon complaint or upon its own initiative without complaint, but after notice and hearing, to investigate and determine whether the holding by any person of stock or other share capital of any carrier (unless acquired with the approval of the Commission) has the effect (a) of subjecting such carrier to the control of another carrier or to common control with another carrier, and (b) of preventing or hindering the carrying out of any part of such plan or of impairing the independence, one of another, of the systems provided for in such plan. If the Commission finds after such investigation that such holding has the effects described, it shall by order provide for restricting the exercise of the voting power of such person with respect to such stock or other share capital (by requiring the deposit thereof with a trustee, or by other appropriate means) to the extent necessary to prevent such holding from continuing to have such effects.

"'(12) If in the course of any proceeding under this section before the Commission, or of any proceeding before a court in enforcement of an order entered by the Commission under this section, it appears that since the beginning of such proceeding the plan for consolidation has been reopened under paragraph (3) for changes or modifications with respect to the allocation of the properties of any carrier involved in such proceeding, then such proceeding may be suspended.

"'(13) The district courts of the United States shall have jurisdiction, upon the application of the Commission, alleging a violation of any of the provisions of this section or disobedience of any order issued by the Commission thereunder by any person, to issue such writs of injunction or other proper process, mandatory or otherwise, as may be necessary to restrain such person from violation of such provision or to compel obedience to such order.

"'(14) The Commission may from time to time, for good cause shown, make such orders, supplemental to any order made under paragraphs (1), (4), (10), or (11) as it may deem necessary or appropriate.

"'(15) The carriers and any corporations affected by any order made under the foregoing provisions of this section shall be, and they are hereby, relieved from the operation of the antitrust laws as designated in section 1 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, and of all other restraints or prohibitions by or imposed under authority of law, State or Federal, insofar as may be necessary to enable them to do anything authorized or required by such order.

"'(16) If any provision of the foregoing paragraphs of this section, or the application thereof to any person or circumstances, is held invalid, the other provisions of such paragraphs, and the application of such provision to any other person or circumstances, shall not be affected thereby.

"'(17) As used in paragraphs (4) to (16), inclusive, the term "person" includes an individual, partnership, association, joint-stock company, or corporation, and the term "carrier" means a carrier by railroad subject to this act.'

"SEC. 203. Such section 5 is further amended by renumbering as paragraph (18) the paragraph added by the act entitled 'An act to amend section 407 of the Transportation

Act of 1920', approved June 10, 1921, and by renumbering the remaining three paragraphs as paragraphs (19), (20), and (21), respectively.

"SEC. 204. The provisions of the Interstate Commerce Act, as amended, and of all other applicable Federal statutes, as in force prior to the enactment of this title, shall remain in force, as though this title had not been enacted, with respect to the acquisition by any carrier, prior to the enactment of this title, of the control of any other carrier or carriers.

"SEC. 205. Section 15a of the Interstate Commerce Act, as amended (U.S.C., title 49, sec. 15a), is amended to read as follows:

"'SEC. 15a. (1) When used in this section, the term "rates" means rates, fares, and charges, and all classifications, regulations, and practices relating thereto.

"'(2) In the exercise of its power to prescribe just and reasonabe rates the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic; to the need, in the public interest, of adequate and efficient railway-transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management, to provide such service.'

"SEC. 206. (a) All moneys which were recoverable by and payable to the Interstate Commerce Commission, under paragraph (6) of section 15a of the Interstate Commerce Act, as in force prior to the enactment of this title, shall cease to be so recoverable and payable; and all proceedings pending for the recovery of any such moneys shall be terminated. The general railroad contingent fund established under such section hall be liquidated and the Secretary of the Treasury shall distribute the moneys in such fund among the carriers which have made payments under such section, so that each such carrier shall receive an amount bearing the same ratio to the total amount in such fund that the total of amounts paid under such section by such carrier bears to the total of amounts paid under such section by all carriers; except that if the total amount in such fund exceeds the total of amounts paid under such section by all carriers such excess shall be distributed among such carriers upon the basis of the average rate of earnings (as determined by the Secretary of the Treasury) on the investment of the moneys in such fund and differences in dates of payments by such carriers.

"(b) The income, war-profits, and excess-profits tax liabilities for any taxable period ending after February 28, 1920, of the carriers and corporations whose income, war-profits, or excess-profits tax liabilities were affected by section 15a of the Interstate Commerce Act, as in force prior to the enactment of this act, shall be computed as if such section had never been enacted, except that, in the case of carriers or corporations which have made payments under paragraph (6) of such section, an amount equal to such payments shall be excluded from gross income for the taxable periods with respect to which they were made. All distributions made to carriers in accordance with subdivision (a) of this section shall be included in the gross income of the carriers for the taxable period in which this act is enacted. The provisions of this subdivision shall not be held to affect (1) the statutes of limitations with respect to the assessment, collection, refund, or credit of income, war-profits, or excess-profits taxes or (2) the liabilities for such taxes of any carriers or corporations if such liabilities were determined prior to the enactment of this act in accordance with section 1106 (b) of the Revenue Act of 1926 or section 606 of the Revenue Act of 1928, or in accordance with a final judgment of a court, an order of the Board of Tax Appeals which had become final, or an offer in compromise duly accepted in accordance with law.

"SEC. 207. Paragraph (a) of section 19a of the Interstate Commerce Act, as amended (U.S.C., title 49, sec. 19a (a)), is amended to read as follows:

"'(a) That the Commission shall, as hereinafter provided, investigate, ascertain, and report the value of all the property owned or used by every common carrier subject to the provisions of this act, except any street, suburban, or interurban electric railway which is not operated as a part of a general steam-railroad system of transportation; but the Commission may in its discretion investigate, ascertain, and report the value of the property owned or used by any such electric railway subject to the provisions of this act whenever in its judgment such action is desirable in the public interest. To enable the Commission to make such investigation and report, it is authorized to employ such experts and other assistants as may be necessary. The Commission may appoint examiners who shall have power to administer oaths, examine witnesses, and take testimony. The Commission shall, subject to the exceptions hereinbefore provided for in the case of electric railways, make an inventory which shall list the property of every common carrier subject to the provisions of this act in detail, and show the value thereof as hereinafter provided, and shall classify the physical property, as nearly as practicable, in conformity with the classification of expenditures for road and equipment, as prescribed by the Interstate Commerce Commission.'

"SEC. 208. Paragraphs (f) and (g) of such section 19a, as amended (U.S.C., title 49, sec. 19a (f), (g)), are amended to read as follows:

"'(f) Upon completion of the original valuations herein provided for, the Commission shall thereafter keep itself informed of all new construction, extensions, improvements, retirements, or other changes in the condition, quantity, use, and classification of the property of all common carriers as to which original valuations have been made, and of the cost of all additions and betterments thereto and of all changes in the investment therein, and may keep itself informed of current changes in costs and values of railroad properties, in order that it may have available at all times the information deemed by it to be necessary to enable it to revise and correct its previous inventories, classifications, and values of the properties; and, when deemed necessary, may revise, correct, and supplement any of its inventories and valuations.

"'(g) To enable the Commission to carry out the provisions of the preceding paragraph, every common carrier subject to the provisions of this act shall make such reports and furnish such information as the Commission may require.'

"SEC. 209. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the other provisions of this act or the application of such provision to any other person or circumstances shall not be affected thereby."

And the House agree to the same.

SAM RAYBURN,
GEORGE HUDDLESTON,
CLARENCE LEA,
JAMES S. PARKER,
JOHN G. COOPER,
Managers on the part of the House.

C. C. DILL,
E. D. SMITH,
B. K. WHEELER,
SIMEON D. FESS,
JESSE H. METCALF,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted one amendment. The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for both the Senate bill and the House amendment. The differences between the House amendment and the substitute agreed upon by the conferees, with the exception of clerical corrections, are noted in the following discussion:

Title I of the bill as passed by the Senate contained a definition of the term "subsidiary", which, taken together with the use of the term in various provisions of the title, had the effect of subjecting those companies covered by the definition to control and regulation by the Coordinator. These provisions as to subsidiaries were omitted from the amendment passed by the House. The substitute restores the definition of the term "subsidiary", but confines the operation of certain of the provisions of sections 4, 5, 6, and 10 to subsidiaries subject to the Interstate Commerce Act, as amended, and omits the term from that part of section 5 relating to voluntary action by the regional committees. The words "and the Commission", omitted from section 6 by the House amendment, are restored in the substitute.

Section 4 of the bill as passed by the Senate, contained a proviso that no existing routes should be eliminated except with the consent of all participating lines or upon order of the Coordinator. This was omitted from the House amendment. The substitute restores this provision.

The House amendment omitted "cost finding in rail transportation" from the matters which, under section 13 of the bill as passed by the Senate, are to be investigated by the Coordinator. The words are restored in the substitute.

The bill as passed by the Senate provided for an assessment upon the carriers of $1 per mile for the payment of the expenses of administration of title I. This was increased in the House amendment to $2. The substitute fixes the amount at $1.50.

The House amendment rewrote section 203 of the bill as passed by the Senate, so as to include a provision authorizing the Interstate Commerce Commission to approve agreements for consolidation, acquisition, or control by or between cable and/or telegraph companies or the companies controlling them. This provision is omitted from the substitute.

Section 19 of the bill as passed by the Senate was omitted from the House amendment. This section was added at the end of title II, although it was intended to operate as a limitation with respect to the effect of orders of the Coordinator relating to intrastate commerce upon the operation of State laws and State commission orders. It appears in the substitute at the end of subsection (b) of section 10, rephrased so as to fit with the provisions to which it relates.

The Senate bill contained the following sentence added at the end of paragraph (6) of section 5 of the Interstate Commerce Act, as amended by this act: "Nothing in this paragraph shall be construed or taken to ratify, validate, or recognize the validity of any act of any person accomplishing or effectuating or tending to accomplish or effectuate, prior to the enactment hereof, such control or management in any manner forbidden hereby after the enactment hereof." This sentence was intended to negative any possible implication in the bill that making certain future acquisitions unlawful had the effect of validating past acquisitions which might have been accomplished in violation of the law in existence at the time of the passage of this act. The sentence was omitted from the House amendment and from the bill as agreed to in conference on the ground that it was purely surplusage, as the same idea was already adequately covered in section 204, which appears in the Senate bill and the House amendment and the bill as agreed to in conference. The purpose of section 204 is to leave the legality of acquisitions made before the enactment of the act to be governed by the law in existence at the time of passage of the act, but it should be pointed out in this connection that nothing in section 204 will in any way interfere with the application of the provisions of paragraph (11) of section 5 of the Interstate Commerce Act, as amended by the bill, to holdings of stock by a carrier merely because such stock was acquired by the carrier before the enactment of this act.

SAM RAYBURN,
GEORGE HUDDLESTON,
CLARENCE LEA,
JAMES S. PARKER,
JOHN G. COOPER,
Managers on the part of the House.

Mr. RAYBURN. Mr. Speaker, the House adjourned so early yesterday we did not get an opportunity to file our report at that time and I am asking for immediate consideration of the conference report.

Mr. SNELL. Is the report available now?

Mr. RAYBURN. The report is not available, but I shall ask to have the statement read. I may say to the gentleman there are very few changes in the bill.

Mr. SNELL. I shall not object to taking it up at this time.

Mr. RAYBURN. And it is a unanimous report signed by every member of the conference on the part of the House and the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. Without objection, the clerk will read the statement in lieu of the report.

The Clerk read the statement.

The conference report was agreed to.

On motion of Mr. RAYBURN, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

HOME LOAN BANK BILL

Mr. STEAGALL. Mr. Speaker, I call up conference report on the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That this act may be cited as the 'Home Owners' Loan Act of 1933.'

"DEFINITIONS

"SEC. 2. As used in this act—

"(a) The term 'Board' means the Federal Home Loan Bank Board created under the Federal Home Loan Bank Act.

"(b) The term 'Corporation' means the Home Owners' Loan Corporation created under section 4 of this act.

"(c) The term 'home mortgage' means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than four families, used by the owner as a home or held by him as his homestead, and having a value not exceeding $20,000; and the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

"(d) The term 'association' means a Federal savings and loan association chartered by the Board as provided in section 5 of this act.

"REPEAL OF DIRECT-LOAN PROVISION OF FEDERAL HOME LOAN BANK ACT

"SEC. 3. Subsection (d) of section 4 of the Federal Home Loan Bank Act (providing for direct loans to home owners) is hereby repealed.

"CREATION OF HOME OWNERS' LOAN CORPORATION

"SEC. 4. (a) The Board is hereby authorized and directed to create a corporation to be known as the 'Home Owners' Loan Corporation', which shall be an instrumentality of the United States, which shall have authority to sue and to be sued in any court of competent jurisdiction, Federal or State, and which shall be under the direction of the Board and operated by it under such bylaws, rules, and regulations as it may prescribe for the accomplishment of the purposes and intent of this section. The members of the Board shall constitute the board of directors of the Corporation and shall serve as such directors without additional compensation.

"(b) The Board shall determine the minimum amount of capital stock of the Corporation and is authorized to increase such capital stock from time to time in such amounts as may be necessary, but not to exceed in the aggregate $200,000,000. Such stock shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the Board and shall be made at such time or times as the Secretary of the Treasury deems advisable. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. In order to enable the Secretary of the Treasury to make such payments when called, the Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Secretary of the Treasury the sum of $200,000,000, or so much thereof as may be necessary, and for such purpose the amount of the notes, bonds, debentures, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time, is hereby increased by such amounts as may be necessary.

"(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be issued in such denominations as the Board shall prescribe, shall mature within a period of not more than 18 years from the date of their issue, shall bear interest at a rate not to exceed 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest only by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay to the Corporation the amount of such interest, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and the Corporation shall pay the amount of such interest to the holders of the bonds. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the Corporation and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed.

"(d) The Corporation is authorized, for a period of 3 years after the date of enactment of this act, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract) recorded or filed in the proper office or executed prior to the date of the enactment of this act, and (2) in connection with any such exchange, to make advances in cash to pay the taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to pay such amounts, not exceeding $50, to the holder of the mortgage, obligation, or lien acquired as may be the difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien. The face value of the bonds so exchanged plus accrued interest thereon and the cash so advanced shall not exceed in any case $14,000, or 80 percent of the value of the real estate as determined by an appraisal made by the Corporation, whichever is the smaller. In any case in which the amount of the face value of the bonds exchanged plus accrued interest thereon and the cash advanced is less than the amount the home owner owes with respect to the home mortgage or other obligation or lien so acquired by the Corporation, the Corporation shall credit the difference between such amounts to the home owner and shall reduce the amount owed by the home owner to the Corporation to that extent. Each home mortgage or other obligation or lien so acquired shall be carried as a first lien or refinanced as a home mortgage by the Corporation on the basis of the price paid therefor by the Corporation, and shall be amortized by means of monthly payments sufficient to retire the interest and principal within a period of not to exceed 15 years; but the amortization payments of any home owner may be made quarterly, semiannually, or annually, if in the judgment of the Corporation the situation of the home owner requires it. Interest on the unpaid balance of the obligation of the home owner to the Corporation shall be at a rate not exceeding 5 percent per annum. The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension, and no payment of any installment of principal shall be required during the period of 3 years from the date this act takes effect if the home owner shall not be in default with respect to any other condition or covenant of his mortgage. As used in this subsection, the term 'real estate' includes only real estate held in fee simple or on a leasehold under a lease renewable for not less than 99 years, upon which there is located a dwelling for not more than four families used by the owner as a home or held by him as a homestead and having a value not exceeding $20,000. No discrimination shall be made under this act against any home mortgage by reason of the fact that the real estate securing such mortgage is located in a municipality, county, or taxing district which is in default upon any of its obligations.

"(e) The Corporation is further authorized, for a period of 3 years from the date of enactment of this act, to make loans in cash subject to the same limitations and for the same purposes for which cash advances may be made under subsection (d) of this section, in cases where the property

is not otherwise encumbered; but no such loan shall exceed 50 percent of the value of the property securing the same as determined upon an appraisal made by the Corporation. Each such loan shall be secured by a duly recorded home mortgage, and shall bear interest at the same rate and shall be subject to the same provisions with respect to amortization and extensions as are applicable in the case of obligations refinanced under subsection (d) of this section.

"(f) The Corporation is further authorized, for a period of 3 years from the date of enactment of this act, in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (d) of this section does not accept the bonds of the Corporation in exchange as provided in such subsection and in which the Corporation finds that the home owner cannot obtain a loan from ordinary lending agencies, to make cash advances to such home owner in an amount not to exceed 40 percent of the value of the property for the purposes specified in such subsection (d). Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at a rate of interest which shall be uniform throughout the United States, but which in no event shall exceed a rate of 6 percent per annum, and shall be subject to the same provisions with respect to amortization and extensions as are applicable in cases of obligations refinanced under subsection (d) of this section.

"(g) The Corporation is further authorized for a period of 3 years from the date of the enactment of this act, to exchange bonds and to advance cash, subject to the limitations provided in subsection (d) of this section, to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee within 2 years prior to such exchange or advance.

"(h) The Board shall make rules for the appraisal of the property on which loans are made under this section so as to accomplish the purposes of this act.

"(i) Any person indebted to the Corporation may make payment to it in part or in full by delivery to it of its bonds which shall be accepted for such purpose at face value.

"(j) The Corporation shall have power to select, employ, and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of the members of the Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds. The Corporation shall pay such proportion of the salary and expenses of the members of the Board and of its officers and employees as the Board may determine to be equitable, and may use the facilities of Federal home-loan banks, upon making reasonable compensation therefor as determined by the Board.

"(k) The Board is authorized to make such bylaws, rules, and regulations, not inconsistent with the provisions of this section, as may be necessary for the proper conduct of the affairs of the Corporation. The Corporation is further authorized and directed to retire and cancel the bonds and stock of the Corporation as rapidly as the resources of the Corporation will permit. Upon the retirement of such stock, the reasonable value thereof as determined by the Board shall be paid into the Treasury of the United States and the receipts issued therefor shall be canceled. The Board shall proceed to liquidate the Corporation when its purposes have been accomplished, and shall pay any surplus or accumulated funds into the Treasury of the United States. The Corporation may declare and pay such dividends to the United States as may be earned and as in the judgment of the Board it is proper for the Corporation to pay.

"FEDERAL SAVINGS AND LOAN ASSOCIATIONS

"SEC. 5. (a) In order to provide local mutual thrift institutions in which people may invest their funds and in order to provide for the financing of homes, the Board is authorized, under such rules and regulations as it may prescribe, to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as 'Federal Savings and Loan Associations', and to issue charters therefor, giving primary consideration to the best practices of local mutual thrift and home-financing institutions in the United States.

"(b) Such associations shall raise their capital only in the form of payments on such shares as are authorized in their charter, which shares may be retired as is therein provided. No deposits shall be accepted and no certificates of indebtedness shall be issued except for such borrowed money as may be authorized by regulations of the Board.

"(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combination of homes and business property within 50 miles of their home office: *Provided*, That not more than $20,000 shall be loaned on the security of a first lien upon any one such property; except that not exceeding 15 percent of the assets of such association may be loaned on other improved real estate without regard to said $20,000 limitation, and without regard to said 50-mile limit, but secured by first lien thereon: *And provided further*, That any portion of the assets of such associations may be invested in obligations of the United States or the stock or bonds of a Federal home-loan bank.

"(d) The Board shall have full power to provide in the rules and regulations herein authorized for the reorganization, consolidation, merger, or liquidation of such associations, including the power to appoint a conservator or a receiver to take charge of the affairs of any such association, and to require an equitable readjustment of the capital structure of the same; and to release any such association from such control and permit its further operation.

"(e) No charter shall be granted except to persons of good character and responsibility, nor unless in the judgment of the Board a necessity exists for such an institution in the community to be served, nor unless there is a reasonable probability of its usefulness and success, nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

"(f) Each such association, upon its incorporation, shall become automatically a member of the Federal home-loan bank of the district in which it is located, or if convenience shall require and the Board approve, shall become a member of a Federal home-loan bank of an adjoining district. Such associations shall qualify for such membership in the manner provided in the Federal Home Loan Bank Act with respect to other members.

"(g) The Secretary of the Treasury is authorized on behalf of the United States to subscribe for preferred shares in such associations which shall be preferred as to the assets of the association and which shall be entitled to a dividend, if earned, after payment of expenses and provision for reasonable reserves, to the same extent as other shareholders. It shall be the duty of the Secretary of the Treasury to subscribe for such preferred shares upon the request of the Board; but the subscription by him to the shares of any one association shall not exceed $100,000, and no such subscription shall be called for unless in the judgment of the Board the funds are necessary for the encouragement of local home financing in the community to be served and for the reasonable financing of homes in such community. Payment on such shares may be called from time to time by the association, subject to the approval of the Board and the Secretary of the Treasury; but the amount paid in by the Secretary of the Treasury shall at no time exceed the amount paid in by all other shareholders, and the aggregate amount of shares held by the Secretary of the Treasury

shall not exceed at any time the aggregate amount of shares held by all other shareholders. To enable the Secretary of the Treasury to make such subscriptions when called, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000,000, to be immediately available and to remain available until expended. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by the Board, and such receipts shall be evidence of the interest of the United States in such preferred shares to the extent of the amount so paid. Each such association shall make provision for the retirement of its preferred shares held by the Secretary of the Treasury, and beginning at the expiration of 5 years from the time of the investment in such shares, the association shall set aside one third of the receipts from its investing and borrowing shareholders to be used for the purpose of such retirement. In case of the liquidation of any such association, the shares held by the Secretary of the Treasury shall be retired at par before any payments are made to other shareholders.

"(h) Such associations, including their franchises, capital, reserves, and surplus, and their loans and income, shall be exempt from all taxation now or hereafter imposed by the United States, and all shares of such associations shall be exempt both as to their value and the income therefrom from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States; and no State, Territorial, county, municipal, or local taxing authority shall impose any tax on such associations or their franchise, capital, reserves, surplus, loans, or income greater than that imposed by such authority on other similar local mutual or cooperative thrift and home-financing institutions.

"(i) Any member of a Federal home-loan bank may convert itself into a Federal savings and loan association under this act upon a vote of its stockholders as provided by the law under which it operates; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act.

"ENCOURAGEMENT OF SAVING AND HOME FINANCING

"SEC. 6. To enable the Board to encourage local thrift and local home financing and to promote, organize, and develop the associations herein provided for or similar associations organized under local laws, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $150,000, to be immediately available and remain available until expended, subject to the call of the Board, which sum, or so much thereof as may be necessary, the Board is authorized to use in its discretion for the accomplishment of the purposes of this section without regard to the provisions of any other law governing the expenditure of public funds.

"SEC. 7. The provisions of this act shall apply to the continental United States, to the Territories of Alaska and Hawaii, and to Puerto Rico and the Virgin Islands.

"PENALTIES

"SEC. 8. (a) Whoever makes any statement, knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Home Owners' Loan Corporation or the Board or an association upon any application, advance, discount, purchase, or repurchase agreement, or loan, under this act, or any extension thereof by renewal deferment, or action or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Home Owners' Loan Corporation or an association; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Home Owners' Loan Corporation or an association, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond or other obligation, or coupon, issued or purporting to have been issued by the Home Owners' Loan Corporation or an association; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Home Owners' Loan Corporation or an association, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

"(c) Whoever, being connected in any capacity with the Board or the Home Owners' Loan Corporation or an association (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it; or (2) with intent to defraud the Board or the Home Owners' Loan Corporation or an association, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Board or the Home Owners' Loan Corporation or an association, makes any false entry in any book, report, or statement of or to the Board or the Home Owners' Loan Corporation or an association, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

"(d) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U.S.C., title 18, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements of the Home Owners' Loan Corporation and an association under this act, which, for the purposes hereof, shall be held to include advances, loans, discounts, and purchase and repurchase agreements; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

"(e) No person, partnership, association, or corporation shall make any charge in connection with a loan by the Corporation or an exchange of bonds or cash advance under this act, except ordinary charges authorized and required by the Corporation for services actually rendered for examination and perfecting of title, appraisal, and like necessary services. Any person, partnership, association, or corporation violating the provisions of this subsection shall, upon conviction thereof, be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"SEPARABILITY PROVISION

"SEC. 9. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

And the Senate agree to the same.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ROBERT LUCE,
Managers on the part of the House.

ROBERT J. BULKLEY,
ROBERT F. WAGNER,
J. G. TOWNSEND, Jr.,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize

their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Section 2 of the House bill defined the term "home mortgage" as "a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than three families, used by the owner as a home or held by him as his homestead, and having a value not exceeding $15,000." The corresponding section of the Senate amendment has a similar definition, but the dwelling referred to is one "for not more than four families" and having a value not exceeding "$25,000." The conference agreement refers to a dwelling "for not more than four families" and having a value of not exceeding "$20,000." A corresponding change is made under the conference agreement in the definition of the term "real estate."

Section 3 of the House bill repealed section 4(d) of the Federal Home Loan Bank Act, providing for direct loans to home owners. There is no corresponding provision in the Senate amendment. The conference agreement retains the provision of the House bill.

Section 4 of the House bill provided for the creation by the Federal Home Loan Bank Board of a Corporation to be known as the "Home Owners' Loan Corporation" which was to be an instrumentality of the United States and under the direction of the Federal Home Loan Bank Board. The corresponding section of the Senate amendment (sec. 3) adds to the House provision that the Corporation so formed shall have authority to sue and be sued in any court of competent jurisdiction, Federal or State, and for the purposes of clarification, provides that the members of the Federal Home Loan Bank Board shall constitute the board of directors of the Corporation and shall serve as such directors without additional compensation. The conference agreement retains the provisions added by the Senate amendment.

Under the House bill the Corporation was authorized, for a period of 3 years after the date of enactment of the bill, to exchange its bonds for home mortgages and other obligations and liens secured by real estate, and in connection with any such exchange, to make advances in cash to pay taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to make a cash adjustment in an amount not exceeding $50 in any case where there is a difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien acquired by the Corporation. A limitation was imposed, however, that the face value of the bonds so exchanged plus accrued interest and the cash advanced should not exceed in any case $10,000, or 80 percent of the value of the real estate as determined by an appraisal made by the Corporation, whichever is the smaller.

Under the Senate amendment the fixed maximum amount of $10,000 as a limitation upon the amount of the bonds, interest, and cash which the Corporation might pay to the holder of the mortgage, obligation, or lien is omitted. The conference agreement fixes a maximum amount of $14,000 in any such case, or 80 percent of the value of the real estate as determined by an appraisal made by the Corporation, whichever is the smaller.

Under the House bill the Corporation is authorized to grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if in the judgment of the Corporation the circumstances of the home owner and the condition of the security justify the extension. The Senate amendment adds a provision that no payment of principal shall be required during a period of 3 years from the effective date of the bill if the home owner shall not be in default with respect to any other condition or covenant of his mortgage. The conference agreement retains the provision added by the Senate amendment.

The Senate amendment contains a provision that no discrimination shall be made under the act against any home mortgage by reason of the fact that the real estate securing the mortgage is located in a municipality, county, or taxing district which is in default upon any of its obligations. There was no corresponding provision in the House bill. The conference agreement retains the provision contained in the Senate amendment.

Under the House bill the Corporation was authorized, for a period of 3 years, to make loans in cash in cases where the property is not otherwise encumbered for the same purposes and subject to the same limitations as the cash advances above referred to which are made by the Corporation in connection with an exchange of its bonds for home mortgages. A limitation was imposed, however, that no such loan should exceed 80 percent of the value of the property securing the same as determined upon an appraisal made by the Corporation. Under the Senate amendment this limitation was decreased to 50 percent of such value, and the conference agreement retains the Senate provision.

Under the House bill the Corporation was further authorized in cases where the mortgagee or seller under purchase-money mortgage or contract does not accept bonds of the Corporation in exchange for home mortgages, and if the Corporation, within its discretion, finds that the necessary amount of the loan could not be obtained from ordinary lending agencies, to purchase by cash or otherwise the equity and/or interest of the mortgagee or seller if the amount of such equity and/or interest and the cash advances made by the Corporation do not exceed 30 percent of the appraised value of the property. Under the Senate amendment this provision of the House bill is retained and clarified and the limitation is fixed at 50 percent instead of 30 percent. The Senate amendment also provides that interest on any such loan shall be uniform throughout the United States, but shall not exceed 6 percent per annum. The conference agreement retains the provisions of the Senate amendment as to interest but fixes the limitation at 40 percent of the appraised value of the property.

Under the House bill provision is made for the exchanges of bonds and advances of cash by the Corporation to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust within 2 years prior to the exchange or advance. The Senate amendment extends this power of the Corporation to homes lost by the owners under power of attorney or by voluntary surrender to the mortgagee. The conference agreement retains the provision added by the Senate amendment.

The Senate amendment also contains a provision authorizing the Federal Home Loan Bank Board to make rules for the appraisal of the property on which loans are made by the Corporation so as to accomplish the purposes of the bill. There was no corresponding provision in the House bill. The conference agreement retains the provision of the Senate amendment.

The Senate amendment also provides that the President should appoint a home-loan agent for each State, by and with the advice and consent of the Senate, the salary of each such agent to be fixed by the Corporation at not to exceed $6,000 per annum. Each such agent is to be under the direction of the Corporation, is to perform such duties as the Corporation may direct, and, subject to the approval of the Corporation, is to have authority to appoint and fix the compensation of such officers, employees, attorneys, and agents as the Corporation finds to be necessary, without regard to the provisions of other laws applicable to the employment or compensation of employees of the United States. There was no corresponding provision in the House bill. The conference agreement omits this provision of the Senate amendment.

Under the Senate amendment the President was also authorized to establish a national board of rehabilitation and conciliation, and to appoint in each State a board of State rehabilitation and conciliation which in turn is to

appoint or designate a suitable number of local boards for the purpose of bringing about between farm and home mortgagors and mortgagees an adjustment of farm and home mortgage indebtedness wherever it may be found practical to do so. There was no corresponding provision in the House bill. The conference agreement omits the provision of the Senate amendment.

The House bill prohibited the establishment of a Federal savings and loan association in any community unless it can be established without undue injury to properly conducted existing local thrift and home-financing institutions. The Senate amendment provides that no such association may be established if one or more properly conducted local thrift and home-financing institutions is then in existence. The conference agreement retains the language of the House bill.

Under the House bill $100,000 was authorized to be appropriated for expenditure by the Federal Home Loan Bank Board for encouraging local thrift and home-financing and the promotion, organization, and development of Federal savings and loan associations, or similar associations. The Senate amendment authorizes an appropriation of $250,000 for this purpose. The conference agreement fixes the amount at $150,000.

The Senate amendment contains a provision for appointment by the Federal Home Loan Bank Board of directors of Federal home-loan banks and Federal savings and loan associations on the basis of capital stock in such banks and associations held by the Government. There was no corresponding provision in the House bill. The conference agreement omits the provisions of the Senate amendment.

The Senate amendment also adds a provision prohibiting commissions or other charges in connection with loans made by the Corporation under the bill, except as authorized and required by the corporation for services actually rendered for examination and perfecting of title, appraisals, and like necessary services. There was no corresponding provision in the House bill. The conference agreement retains the substance of this provision of the Senate amendment and clarifies the language.

The conference agreement also makes certain minor clarifying changes.

HENRY B. STEAGALL,
T ALAN GOLDSBOROUGH,
ROBERT LUCE,
Managers on the part of the House.

Mr. STEAGALL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The conference report was agreed to.

On motion of Mr. STEAGALL, a motion to reconsider the vote whereby the conference report was agreed to was laid on the table.

HOUR OF MEETING TOMORROW

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

LEAVE TO FILE REPORTS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until 12 o'clock tonight to file reports.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

[House Report No. 228, Seventy-third Congress, first session]

CONSIDERATION OF H.R. 5389

Mr. POU, from the Committee on Rules, submitted the following report (to accompany H.Res. 185):

The Committee on Rules having had under consideration House Resolution 185, reports the same to the House with the recommendation that the resolution do pass.

"*Resolved*, That immediately upon the adoption of this resolution, the bill, H.R. 5389, with Senate amendments thereto, be, and the same hereby is, taken from the Speaker's table; that Senate amendments nos. 1 to 46, inclusive, and Senate amendment no. 48 be, and the same are hereby, disagreed to; that the House shall immediately proceed to the consideration of said Senate amendment no. 47 and that in the consideration of said Senate amendment no. 47 the following motion to concur with an amendment shall be in order and no other intervening motion shall be in order until said motion is fully disposed of.

"In lieu of the matter inserted by said Senate amendment no. 47 insert the following:

"'The President is hereby authorized under the provisions of Public, No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act) as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service connected under the regulations issued pursuant to Public, No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulations issued pursuant to Public, No. 2, Seventy-third Congress, and shall in their decisions resolve all reasonable doubts in favor of the veteran. For the purposes of this section, the granting of service connection shall not be confined to the periods authorized by regulation no. 1, part I, subparagraph (c), or instruction no. 2, regulation no. 1, issued under Public, No. 1, Seventy-third Congress, it being the intent of this section to preserve service connections as granted by section 200, World War Veterans' Act of 1924, as amended (other than disability resulting from the claimant's own misconduct), unless affirmative evidence clearly discloses that the disease or disability had its inception before or after the period of military or naval service and not aggravated thereby.

"'Notwithstanding the provisions of Public, No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration.

"'Notwithstanding any of the provisions of Public, No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were except by fraud, mistake, or misrepresentation in receipt of compensation on March 20, 1933, be reduced more than 25 percent; and in no event shall death compensation, except by fraud, mistake, or misrepresentation, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service.'"

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency have until midnight to file committee reports on S. 1425, S. 1634, and S. 1648. These are minor measures making amendments to bills that have already passed, unanimously reported by the committee.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

EXTENSION OF REMARKS

The following Members asked for and were given leave to extend their remarks in the RECORD:

Mr. MCCORMACK, Mr. TREADWAY, to include certain tables; Mr. COCHRAN of Missouri, to include a resolution; Mr. BRUNNER, Mr. ZIONCHECK, Mr. CARPENTER of Nebraska, Mr. TRUAX, Mr. GRANFIELD, Mr. GAVAGAN, Mr. WEARIN, Mr. REILLY, Mr. LUCE, Mr. MOTT, Mr. KELLY of Pennsylvania, Mr. BEITER, and Mr. HOIDALE.

VETERANS' PENSIONS

Mr. CARPENTER of Nebraska. Mr. Speaker, it is only after considerable thought that I rise to make the following observations and statements.

On Wednesday, with 10 other new Members, I went to the White House. We had an appointment with the President to discuss with him the liberalization of the recent reductions to veterans caused by the enactment of the economy bill and to learn at first hand the President's views and the aim of the administration. After this conference it was the opinion of our small group that no one could reasonably question the President's genuine sympathy with the veterans of all wars. He implied that he favored the Connolly amendment to the independent offices appropriation bill, with a few small changes that would not, in our judgment, be an injustice to any deserving veterans, whether his claims were service-connected or not.

I challenge anyone on the floor of this House to show that he is any more in sympathy with the veterans than I am. I am willing to stay here all summer to see that the veterans receive a square deal and are given proper care and consideration. However, I am not in favor of being made a party to the mistaken and partisan leadership of the Republican Party. If new taxes will be required for taking care of the veteran, I am in favor of levying them—but not as we have levied taxes in the past.

The Secretary of the Treasury has asked the public to subscribe to a billion dollars' worth of Government notes to meet the cost of the public-works program. Now, the contractors will not be paid with bonds or notes but will be paid with money printed and backed by the United States Government. Why not print this money and pay it to them instead of borrowing it and then paying interest on Government bonds? The money with the Government's name on it is exactly as good as a bond or note with the Government's name on it. Why do we insist on putting out these notes and bonds to make more taxes in order to pay the billions of interest in the next 20 years?

If the Government borrows three billions and takes 20 years to repay the interest will amount to twice as much as the money that was borrowed. Why pay $6,000,000,000 interest on three billions? Why pay out nine billions when three billions will do the work? Currency can be retired as orderly as bonds and much more rapidly because there will not be the additional burden of interest.

I have said before, and I say again, that the Government can become bankrupt by issuing too many bonds just as easily as overinflation can destroy our credit. If we can control bond issues, we can also control currency issues.

We now have some twenty-one billions of tax-free bonds outstanding, most of which are in the hands of J. P. Morgan & Co. and other large financiers. It has been shown that these bankers have been forced to pay taxes to foreign countries on bonds, but in this country they have been able legally to evade tax payments because of the loopholes in the lopsided income tax laws passed by the Republican leadership in the past few years. Personally, I am not yet ready to admit that income taxes cannot be collected. Nor do I favor saying that men who are able to pay income taxes shall be exempt and the tax load placed on the shoulders of the little man through a sales tax. I do not want to admit that we are not able to make laws and administer justice to all our people.

But why should we pay interest on $21,000,000,000? Take these twenty-one billions of bonds out of the hands of the rich and place them in the United States Treasury and issue money in full payment to the holders of these bonds. The bonds remain as security for the money and can be retired easily with the same amount that would be necessary for interest under the present plan. In 20 years you will have the debt paid and you will not have paid out double the debt in interest.

By this procedure you can save the taxpayers of this country around eight hundred millions a year! The Budget will then be balanced and there will be money to spare. Let us—just once—look at these matters as they really are instead of forever looking back toward the past and forever believing in the fallacies which have brought on our troubles. Through the short-sightedness of our past leadership, or through the influence of men like J. P. Morgan and his associates, we have continued in the old rut and have been unwilling to change the present unworkable financial setup. What this country needs is new thought and younger men with the courage of their convictions who will not be guided entirely by precedent. President Roosevelt, our new leader, has shown us the way through his new deal. Let us now follow the way.

Of particular interest to me is the Spanish War veteran. I am determined to see that he is given more consideration. It is quite difficult after 35 years for those men to prove their service in the Army was the direct cause of their present disabilities. The President has assured us that whenever there is a question of a doubt about a presumptive case the Spanish War veteran will receive the benefit of the doubt. These men are mostly old men, over the age of 60 years, and it is an obligation of this Government to see that not one of them or their immediate families is in want.

The World War veteran, wounded in service or disabled from his service in the Army, should receive the same consideration as the Spanish War veteran. The President has given us to understand that these ex-soldiers will be cared for in a very humane way and in a manner that is a credit to our country and to the great Democratic Party. There are so many thousands of veterans to be considered that it is quite possible that some mistakes in judgment will be made. When such cases come up among the men I represent, I will do everything I can to see that they are given due consideration and compensation.

I come from a State where independent thought and action are recognized and expressed. We of Nebraska never surrender that right, and it is too late now for the newer men from that State to push aside the principles of good government and fair dealing that have long been championed by such men as Senator GEORGE W. NORRIS.

With these few remarks, I cast my ballot for the passage of the Connolly amendment and the liberalization of the provisions of the Economy Act. Also, I am proud to stand by one of the greatest Presidents this country has ever had—Franklin Delano Roosevelt.

PERSECUTION OF THE GERMAN JEWISH PEOPLE

Mr. McCORMACK. Mr. Speaker, I have watched with increasing anxiety developments in Germany since Adolf Hitler assumed controlling power. The time has come when I may no longer refrain from expressing my condemnation of the policy being pursued by the present German Government, particularly as it applies to a ruthless agonizing of the Jews.

To me as an American such relentless disregard for the principles of liberty, justice, and equality was at first too grotesque to believe. To me as a human being such truculent instigation of human suffering seemed too diabolical to be an occurrence in this age of spiritual enlightenment and social and scientific progress. But as later events confirmed the truth of the early reports, as the word of trusted and responsible persons told all too sorrowfully that in Germany a minority race was being subjected to a malevolent persecution such as we had hoped the world would never see again, I no longer can sit back quietly and neutrally trust that Germany will sooner or later come to her senses and that the threatening clouds of an outmoded tyranny will disappear.

Christianity cannot ignore the debt she owes to Judaism. The tenets of toleration for all, freedom for all, peace among all, were sounded by the prophets of Israel long before Christ was born. These same principles of liberty, freedom, and peace form the very bedrock of the Republic of the United States. Believing in them as I do, fighting for them as I always have and always will, the attempt of the Hitler regime to destroy them strikes a note of fear and of repugnance within me.

In previous years such violation of the fundamental concepts of our modern civilization have been permitted by other nations. An irate justice, fighting with both pen and sword, word and deed, bled to bring those erring nations to a comprehension of their crime.

But Germany is not a nation that can be spanked and put to bed supperless, as we would a naughty child. Hers is a

powerful people, intelligent and ambitious. Her contribution to the advancement of science, the arts, legislation, philosophy, the professions, in short to every phase of the civilization to which we point with pardonable pride has been noteworthy and valuable. Her influence among other nations has been considerable. Her prowess and accomplishments in the past have won the unstinted admiration of all men.

Germany will not rest until she has once again resumed her place of prominence in the economic, social, and cultural sphere.

This is the thing that worries me. Due to the unrest and discontent prevailing among the European peoples today, and because of the concentrated energy with which she is pursuing her end, Germany is likely to reach her goal sooner than is generally expected. Once again able to command respect from lesser nations, to what pernicious limits may not the execrable influence of Adolf Hitler extend? What other nations, aping Germany, may not adopt her policy, oblivious, as in Germany, to the protests of the world?

Many able men have already expressed themselves regarding the deplorable situation that exists in Germany today. I share their feelings and their fears, and not only protest the barbarities now being committed but exhort you to prevent their spread.

I fervently trust that the efforts being made to bring to an end the crimes now perpetrated against the Jewish people in Germany will bear such successful fruition that racial persecution will forever be a thing of an unhappy past.

PERSECUTION OF JEWS IN GERMANY

Mr. COCHRAN of Missouri. Mr. Speaker, I represent a district composed, I would say, of 50 percent of citizens of German extraction. They are a law-abiding, God-fearing people, and are a credit to the community. They have largely contributed toward making St. Louis the great city that it is. Like all Americans who are opposed to intolerance, I am sure that they resent the persecution of people of the Jewish faith in the German Republic.

Within the boundaries of my district there also reside thousands of law-abiding citizens of the Jewish faith. They are greatly exercised over the tragic situation that confronts the Jewish citizens of Germany. For a long time they remained silent until positive proof was established that physical violence persisted.

Numerous mass meetings and conferences have been held, and I include as part of my remarks a resolution adopted on April 23, 1933, at a conference attended by representatives of every Jewish organization of St. Louis. The resolution follows:

This conference assembled in the Young Men's Hebrew Association auditorium in St. Louis, Mo., Sunday afternoon, April 23, 1933, and composed of accredited delegates of local Jewish organizations, after appropriate discussion and a unanimous vote, respectfully submits, in behalf of the Jewish community of St. Louis, to the United States Government, the following statement and petition, with reference to the present tragic condition of the Jews in Germany:

Since the accession to power of the Hitler government there has existed for the Jews of Germany a veritable reign of terror. Countless numbers of cases have been reported of physical violence perpetrated on defenseless Jews by the Nazi troops, resulting in numerous deaths and in severe bodily injuries to hundreds. These atrocities have been confirmed by some of the victims themselves, by numbers of eye witnesses, by impartial non-Jewish investigators and correspondents of the leading journals of many lands, and by governmental agencies, including our own State Department.

Innocent Jews are subjected to every manner of outrage and indignity, and men are not spared who have won international fame in their callings, through distinctive contributions to human thought and scientific knowledge. Jewish property has been confiscated without a semblance of justification. Boycotts against Jewish tradesmen, industrialists and professional men; wholesale discharge and virtual exclusion by governmental decree of Jews from public office, educational institutions, hospitals, courts, etc., and restrictions ousting and barring Jews from the professions, excepting a negligible percentage, are threatening to reduce the Jewish population to a state of pauperism and degradation. Such decrees of exclusion and restriction, ruthlessly enforced and imposed upon even scholars and scientists of world renown, have been promulgated by a government which complains through its well-organized propaganda agencies that Germany is being maligned by its enemies abroad.

The Hitler Administration now threatens to divest the Jews of Germany of their fundamental rights and to reduce them to second-class citizens or, in other words, to a status of unprotected aliens, if not "untouchables."

This conference submits that the Jews of Germany have well earned their citizenship, through age-long citizenship dating as far back, in some communities, as the fourth century; through consistent patriotic service in peace and in war—including the recent World War, in which 25 percent of the Jewish population, aggregating 100,000 Jews, served and 12,000 died on the various battlefields; and also through illustrious achievements in every field of human endeavor—contributions which have added luster to the German flag and which have brought fame and honor to the German people the world over.

This conference voices the deep concern of St. Louis Jewry with reference to the fate of German Jewry, and respectfully petitions the Congress and the President of the United States to intercede as early as possible in behalf of a people that is being crushed in every respect by a government which has revived the hatreds and persecutions of the Middle Ages and threatens the peace of the world.

This conference further appeals to the conscience of the great German people to rise up and protect the lives and property of their Jewish citizens as well as their rights and their privileges of citizenship, which they have so genuinely appreciated and so well deserved. The honor and the peace of Germany are at stake.

This conference resolves that copies of this statement and petition be sent to the President of the United States, to the Secretary of State, to the Senators of this State and to all the Missouri Representatives in Congress, and to the press.

Mr. Speaker, I have repeatedly presented to the Secretary of State the appeal of the people of Jewish faith that I represent, urging that this country use its offices to put an end to this intolerable situation. I join with these good people in the hope that our Government will express itself to the Hitler government in behalf of the individual rights of and social justice for citizens of all faiths.

A REVIEW OF THE ACCOMPLISHMENTS OF THE SPECIAL SESSION OF THE SEVENTY-THIRD CONGRESS

Mr. BEITER. Mr. Speaker, like every American citizen, I am deeply concerned in the courageous and able manner in which our President is attempting to bring order out of chaos, and I believe the program that has been adopted at this special session of Congress is one that will do much to relieve the distress that has been prevalent for the past few years.

At present the most accurate forecastings of events must be accepted with mental reservation. Prophets, wise in their own estimation, assured us that the crisis was of short duration, that we would soon see the dawn of a brighter day. Many of us believed that a nation so rich in natural resources, so far advanced in every line of human endeavor, so secure by reason of the dauntless spirit of its people, would quickly recover from its appalling shock. But since then we have grown more cautious and demand more convincing evidence than mere predictions born of emotional optimism. Whatever steps have thus far been taken to ameliorate conditions, it must be obvious to the most casual observer that the end of this stupendous national drama is not yet in sight. The sure way to prosperity has not yet been found. Countless theories for economic recovery have been advanced, but as yet many of the most perplexing as well as momentous problems facing us today remain wholly or partially unsolved. The fact is we are not entirely sure of ourselves regarding many vital matters. In a situation such as the present one, working practically every enterprise, as well as the interests of nearly all our citizens, progress is essentially slow. It should be unnecessary to remind anyone of the deplorable and alarming conditions which exist everywhere throughout our land. In many respects the present crisis is without a precedent in our Nation's history. Particular references need not be made. Our national plight, the countless failures, the impoverished millions, the general prostration of industry, the decay of agriculture—all these distressing calamities which confront us today have been so widely discussed that we are all more or less aware of the magnitude of the task which at this moment commands our attention.

What I have stated may seem to some as an admission of defeat; at least that my observations are confessedly discouraging. Assuming that to be the case, I am still reluctant

to revise any of the statements which I have thus far made, for I see no advantage in distorting the facts. Moreover, we will be able to more fully appreciate what has already been accomplished when we realize the many difficulties and trying ordeals which beset our pathway. That we have made progress and are fully justified in demanding continued confidence in the new administration is unquestionably the prevailing sentiment of the American people.

There is a reason for this sudden change in the mental attitude of the average citizen. He has seen the gradual unfolding and development of a comprehensive program. Already amazing results have ben achieved by the operation of laws enacted in Washington. The matchless courage and determination displayed by the President, together with the loyalty and cooperation of Congress, have stimulated new hope and confidence in millions of languishing hearts. From every section of the country reports are received of improvements, of advancing progress, of fundamental changes in business and enterprise, which plainly indicate that this Nation is gradually but surely "emerging from the depths" of despair. The tide of events has changed. We may look into the future with assured hope and confidence. In the short time allotted to me may I review briefly some of the important measures which have engaged the attention of Congress.

EMERGENCY BANKING LEGISLATION

In the years of depression the banking system became demoralized. Each succeeding year we witnessed an increased number of failures. National as well as State banks everywhere were collapsing in increasing numbers. Millions were involved in this terrible catastrophe. The aggregate losses stifle the imagination. Almost immediately upon the convening of Congress the President brought this existing emergency in banking to the attention of the House and Senate. A law was passed providing instant relief. The President's proclamation, declaring a holiday for all operating banks, was a master stroke. Further delay in approaching this dire situation might have proved fatal to the financial structure of this country. Since, however, this emergency measure was enacted and an investigation undertaken to determine the actual condition of each bank, fear and hysteria have in a large measure vanished, all sound banks have resumed their normal functions, and a general feeling of confidence and security has been restored.

The Economy Act was another timely measure. We were near the threshold of bankruptcy. It was imperative to formulate some plan whereby the credit of our Government would not be totally and possibly permanently impaired. While the action of Congress in conferring drastic authority upon the President received some criticism, it is apparent now, even to those who were skeptical of the results sought to be accomplished, that its proposal as an emergency measure was fully justified. In this connection I wish to explain my vote on the measure. I opposed the passage of the bill in its original form. I disapproved of the economies contemplated in the act at the expense of the war veterans and widows of veterans.

It is gratifying to me to know that I had a part in bringing about the revision which will become effective under the President's new orders. It seems like a travesty upon justice that those who have been our defenders, risking life and all in the defense of flag and country, should now be called upon to make another sacrifice in order that the institutions of our Government—in fact the very existence of our Nation—may endure, when we know that we have permitted economic evils to flourish, political vice and corruption to go on unchecked, or unfinished projects, both costly and untimely, to be promoted, public funds to be used in the most extravagant manner. However, these are past mistakes. The real causes of this depression and its disastrous consequences must not command our attention for the present. We are concerned with possible remedies, policies, and principles which will enable us as a nation to carry on, and in the fullness of time insure a complete and permanent restoration. The financial credit of the Nation must be maintained at any cost. Almost half a billion of dollars has been cut from governmental expenditures by the operation of the Economy Act.

BEER BILL

The passage of the beer bill, so called, followed in close succession. To provide new and additional revenue it was necessary to find new and additional sources of taxation. Without delay or unnecessary ceremony the bill was passed by Congress and approved by the President. The manufacture and sale of beer and wines with not more than 3.2 percent of alcohol by weight have been legalized. More than $10,000,000 has already been collected. In addition to the direct benefit derived from this legislation thousands have found steady employment. It has been conservatively estimated that the returns from the beer tax will yield approximately $500,000,000. It is one of the important factors in balancing the National Budget.

HOME OWNERS' AND FARM-RELIEF LEGISLATION

I will not attempt to discuss at length the legislation proposed and that is already in effect pertaining to farm relief. The plight of the farmer presents problems of major economic importance. The loss which the farm has sustained during the past years of the depression by reason of the violent decline of prices and the deflation of land values is appalling. It is proposed to give immediate relief to those in dire distress. To enable him to refinance his indebtedness in more convenient terms, to provide working capital in reasonable amounts, to assist him to redeem or repurchase his foreclosed farm home, to provide for liquidating in an orderly manner the affairs of joint-land banks—these are some of the important provisions incorporated in the general plan. I feel confident, notwithstanding the criticism heard in reference to the method or plan proposed, that the action taken to help the farmer in his misfortune will prove feasible and produce far-reaching results. I might dwell briefly upon a kindred proposal. Not only is the farmer oppressed by the burden of mortgage debt, but the small home owner has suffered likewise. Those threatened by foreclosure have found it difficult and in most instances impossible to obtain financial help from their local banks, with the result that they were obliged to lose their homes. The equity claimed in the property often represents the savings of years, and yet under a foreclosure sale it is completely wiped out. For this worthy purpose an amount not to exceed $2,000,000,000 will be made available. A newly created corporation, called "home owners' loan corporation", will be in charge of the funds and will, within prescribed limitations, carry out the purposes of the bill. It is possible in this arrangement to get sufficient cash to pay delinquent taxes and assessments or to make repairs where necessary.

It must be apparent to every citizen who believes in the preservation of American ideals that the bills to which I am referring are of the most vital importance. J. G. Holland's observatons, "The homes of a nation are the bulwarks of personal and national safety and thrift", are indeed appropriate at this time.

SECURITIES ACT

Legislation has been enacted designed to protect the innocent investor against dishonest practices heretofore indulged in by unscrupulous salesmen. Included among the list of unfortunates who have suffered severe losses are many of our smaller banks and financial institutions. The major purposes of the act will be to furnish correct information relative to each issue, and thereby enable the investor to judge intelligently the character of the securities which are being offered to the purchasing public from time to time.

Perhaps one of the most intricate problems which is commanding attention is the financial plight in which we find so many of our cities and smaller municipalities. In the years of prosperity great projects were undertaken, many of which are far in advance of their needs. Bond issues were authorized with a reckless disregard. It was not only the individual who was then seized with the mania of spending; municipalities were equally careless and overventuresome. The result is that many of our once prosper-

ous communities are on the verge of bankruptcy. The bonds have depreciated and in some cases will never be paid in full. Some relief by moratorium or otherwise seems necessary. Shall we permit such municipalities to repudiate their obligations? This has been suggested and approved by some on the ground of expediency; but I entertain a different view. The sale of public securities in general would be immediately impaired. Continued confidence in the integrity of our political subdivision, large or small, is essential to future development and progress. Some way must be devised to enable impoverished communities to meet their obligations some time or another.

Laws permitting the refunding of their indebtedness might be desirable in many cases. In extending the maturity dates or reducing the installments of principal would enable many communities to pay their obligations in full and without default or loss. I feel certain that some action will be taken to meet such emergencies.

INFLATION

We have gone off the gold standard with the march of events here and abroad; and expansion of our currency became necessary. While some have become much alarmed over our sudden departure from the gold standard, it should be noted in this connection that the President was vested with power and authority to direct the policies so far as currency expansion is concerned. Of course the immediate results expected are inflation and stabilization of prices. No one is prepared to say what may be the outcome of this rather drastic innovation in our financial system. My confidence in the leadership of the Chief Executive leads me to believe that we have nothing to fear. The integrity of the American dollar will be preserved.

UNEMPLOYMENT

The reforestation project so zealously advocated by the President, even before he became President, has already been undertaken. It is affording employment to hundreds who are and have been dependent on public charity for food and shelter. Relief measures are being enacted to aid the unemployed in various ways. The Federal Government is cooperating with several States and smaller political subdivisions in extending relief to the millions who have been forced to endure not only physical hardship but mental anguish. Every effort will be exerted to make this once more the land of opportunity for all.

RAILROAD LEGISLATION

The enactment of the Emergency Railroad Transportation Act, providing for a consolidation of railroad operations, will do much to foster and protect interstate commerce in relation to railroad transportation by preventing and relieving obstructions and burdens thereon resulting from the present acute economic emergency. Under this act a safe and adequate national system of transportation will be maintained.

NATIONAL INDUSTRIAL RECOVERY

Congress has provided for the machinery necessary for a great cooperative movement throughout all industry in order to obtain wide reemployment, to shorten the working week, to pay a decent wage for the shorter week, and to prevent unfair competition and disastrous overproduction.

The act provides that any trade or industrial association or group is authorized to prepare and submit to the President for approval a code of fair competition, which will regulate the competitive practices within the industry or trade represented. This gives each trade or industry an opportunity to adjust itself and is of particular benefit to our independent merchants.

The act also gives the President full power to start a large program of direct employment. Approximately $3,300,000,000 will be spent for useful and necessary public construction and at the same time put a large number of people to work.

Grants are permitted to the States (not to exceed $400,000,000 in aggregate amount) for emergency construction of public highways and extensions and for the elimination of hazards to highway traffic, such as grade crossings, the widening of narrow bridges and roadways.

The provisions of the National Industrial Recovery Act, which have been heretofore briefly described, should be considered as providing an interrelated program for the relief of unemployment and a substantial increase in mass purchasing power, through the construction of public works combined with measures for stabilizing private industrial operations. By establishing maximum hours of work and minimum wages we may insure the continued employment of those now employed and furnish work for a substantial percentage of those now idle, and this brings about security of employment for millions of our people at wages sufficient to provide for living in decency and comfort. By raising the standard of labor conditions throughout trade and industry, through voluntary cooperation with the aid of the Government, unfair competition, based upon the employment of underpaid and overworked labor, should be generally eliminated. As the result of such a program, we may confidently expect a further stimulation of industrial operations, greater security of capital, greater security of labor, and a steady increase in the prosperity of the Nation. The public-works program should produce immediate substantial revival of business. The industrial-recovery program should not only add to this stimulation but should insure the permanence of a return to better, healthier, and happier conditions throughout the industries of the Nation.

MUSCLE SHOALS

Muscle Shoals is located in the northwest corner of the State of Alabama on the Tennessee River. In point of potential hydroelectric energy it is one of the greatest streams in the world. Eliminating the Columbia, the Colorado, and the Niagara Rivers, it is the greatest in continental United States.

President Wilson located the nitrate plants at Muscle Shoals by the authority given him in the National Defense Act of 1916. The nitrate plants were constructed for two fundamental purposes—for the manufacture of munitions in time of war and fertilizer for the benefit of American agriculture in peace time. The plants were completed just as the war ended, and the Wilson Dam and hydroelectric development were completed afterwards. Various attempts to have the fertilizer plants put into operation since 1920 have failed, owing to the opposition of the power and fertilizer interests. Two bills have been sent to the White House, bupt neither met with the approval of either President Coolidge or President Hoover.

President Roosevelt made a full and complete inspection of the Muscle Shoals plants and recommended legislation providing for the operation of the plants and development of the Tennessee River Basin. The bill was passed and will give the people of that section of the Nation cheap water transportation, cheap electric power, the production of cheap concentrated fertilizer for the benefit of the farmers, provide food control, and preserve the natural resources of the Tennessee Valley. At the same time it will establish a great laboratory for the purpose of determining the cheapest and best method of manufacturing fertilizer, which is one of the greatest needs of agriculture at this time.

The surplus of electric power under the terms of this act will be disposed of at wholesale prices to cities, towns, States, corporations, partnerships, and individuals and cooperative organizations of farmers and citizens—preference always to be given to those who are not procuring it for the purpose of selling for a profit. Should it become necessary to assure low rates for the people, the corporation controlling the Muscle Shoals property is authorized to lease or build transmission lines to carry electric current to towns, communities, or cities. The building of transmission lines by the Authority at Muscle Shoals will depend on the success of efforts first to be made to have it transmitted by firms or companies engaged in the distribution and sale of electricity at fair and reasonable rates.

The surplus power is primarily for the benefit of the people as a whole, particularly domestic and rural consumers, who are given preference over industrial users. By making maximum developments on the Tennessee and its tribu-

taries, industries no doubt will be able to procure power for their use and the cost of developing on a large scale will make the price to the domestic user very much less by reason of this large load factor.

In reviewing recent events and happenings—the activities of Congress and the President—I regret that much valuable and interesting information must be omitted. The purpose of this address is to point out rather than to discuss in detail some of the most important achievements accomplished in the comparatively few months during which Congress has been in session. I trust that you, my fellow citizens, may be able to form some conception of the great aims of the President and all those cooperating with him in one of the greatest battles waged in time of peace.

THE DEMOCRATIC PROPOSAL FOR TARIFF RECIPROCITY

Mr. TREADWAY. Mr. Speaker, since the beginning of this special session of Congress there have been constant rumors of the intention of the President to ask for special authority in regard to the tariff similar to that which he has requested and received in practically every other line of governmental activity. It appears that he desired to have delegated to him, for use in connection with the World Economic Conference, certain general powers enabling him to enter into reciprocal tariff agreements with foreign countries in the hope of expanding the present volume of foreign trade.

One day we would hear that a tariff message was on the way to the Capitol, and the next day that it probably would not be sent up at all. This has been going on for weeks. It is known that a bill granting the necessary authority to the President has been prepared, but its introduction has been withheld pending the receipt of the long-awaited tariff message. Now, as we are approaching what presumably are the final days of the session, it would seem that for once, at least, the courage to ask has been somewhat weakened. The adage says, "Ask and ye shall receive", but asking for special authority over the tariff might result in receiving something entirely different from that asked for.

Notwithstanding the nonreceipt of the expected tariff message, it would seem that the present is an opportune time for an academic discussion of the tariff from the Republican standpoint and for a renewal of the Republican pledge of protection to American industry, agriculture, and labor, at the same time pointing out the fallacies of the Democratic tariff doctrine. Such a discussion would seem to be especially timely in view of the tariff plank in the 1932 Democratic platform and of the expressed sentiments of Democratic leaders, as well as the known views of the American delegates to the Economic Conference who are representing this country abroad today.

THE DEMOCRATIC TARIFF POLICY

Following is the Democratic tariff policy as contained in the platform of the party adopted at the Chicago convention:

> We advocate a competitive tariff for revenue, with a fact-finding Tariff Commission free from executive interference, reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

Thus the circumstance that the President during the present session has failed to ask for authority to conclude reciprocal tariff agreements cannot change the fact that the Democratic Party is committed to such a program—a program which the President undoubtedly would have carried out if he had felt that the necessary legislation could have been enacted without jeopardizing other important matters and without throwing the Congress into an extended discussion of this explosive subject. It is well known that he desired to have the Congress out of the way before the opening of the London Economic Conference on June 12.

In proposing to ask for power over the tariff, the President was but carrying out in his own way the tariff plank of his party. He stands committed to that plank, having publicly declared that the Democratic platform represents his program of legislation. This tariff plank also represents the views of 5 out of 6 of the American delegates to the London Conference. It also represents the views of the Democratic leadership in Congress. Therefore, even though the reciprocity plank is not to be translated into legislation immediately, we do know that, from the President down, the leadership of the Democratic Party is desirous that it be done as soon as practicable. No doubt the subject will be brought up at the January session of Congress.

In connection with the Democratic proposal for reciprocal tariff bargaining, it should also be kept in mind that the Democratic platform also calls for a "competitive tariff for revenue only." This means that the Republican principle of protection is to be cast aside, to be superseded by a principle which encourages foreign competition in the domestic market. Undoubtedly this part of the platform will also be given consideration at the next session of Congress. Therefore it becomes doubly important to lay the tariff issue squarely before the people.

DEMOCRATIC PROPOSAL WOULD DESTROY AMERICAN STANDARD OF LIVING

For nearly a century and a half our country has grown and prospered under the protective-tariff system. Every schoolboy knows that one of the first acts passed in the first session of Congress in 1789 was a tariff measure. The tariff has nurtured our early industries and fostered the growth of new ones. It has enabled our workers to receive higher wages than are paid in any other country in the world. It has built up our American standard of living. It has made possible the enjoyment by the common people of some of the comforts and luxuries of life which are unknown to a majority of the people in other countries. Now, the Democratic Party proposes to destroy that system by substituting a so-called "competitive tariff." Such a tariff will not enable us to maintain a great many of our present industries, and will throw thousands of additional workers out of employment. This means reduced wages, reduced purchasing power, a lowering of the standard of living, and a reduction of the domestic market for other home products.

WHAT IS A COMPETITIVE TARIFF?

Now, what is a competitive tariff? We had one in this country during the administration of Woodrow Wilson—the Underwood-Simmons Act—and only by reason of the fact that the European nations were thrown into war just after it was enacted was this country saved from the disastrous effects which otherwise would have followed. The World War made us a large exporting nation and gave us almost complete immunity from destructive foreign competition.

I will let the late Woodrow Wilson tell us in his own words what the competitive tariff is. He said that its theory is "to introduce in every line of industry a competitive basis providing for a substantial amount of importation." Thus, the basic test of a Democratic competitive tariff is to be found in the volume of imports which are allowed to come into this country to compete in the home market with domestic industry, agriculture, and labor. To this kind of a tariff the Democratic Party has again pledged itself, and the President is duty-bound to carry it into execution.

If the tariff had been the sole issue of the last political campaign, the Democratic Party would never have been swept into office on a proposal to substitute a competitive tariff for the Republican policy of protection. It is therefore idle to say that the people have spoken upon this issue. Other issues were predominant. But the people will certainly be heard from if the Democratic Party ever enacts into law its proposed bill letting the other nations of the world write our tariff laws and monopolize our home market, and they will speak in terms that can be understood.

"NO TIME TO REDUCE TARIFF"—RAINEY

My friends, this is no time to talk about reducing the tariff. I say this on the authority of one of the leaders of the administration, the distinguished Speaker of the House. When the Collier tariff measure was before the House in the Seventy-second Congress, the Speaker, then majority leader, said:

> Lower this tariff drastically? You [Republicans] will not do it and we [Democrats] dare not do it with conditions as they are. We do not want this market flooded with the products of cheap labor in other countries.

This statement of the Speaker I commend to you Democrats today. It may have been uttered in an unguarded moment, but I am sure it was spoken from the heart. It is common sense. It is good Republican doctrine. We do not want our market flooded with the products of cheap foreign labor, especially at this time when there are plenty of idle hands in this country that could be put to work.

RECIPROCITY AGREEMENTS WOULD PERMIT INCREASED FOREIGN IMPORTS

Like the competitive tariff policy of the Democratic Party, its reciprocity proposal likewise has no other purpose than to tear down our present tariff and admit increased quantities of foreign merchandise to displace the products of our own farms and factories. I know it is said that its real object is to expand our export trade, but we cannot expect to sell more goods abroad without buying more in return, and under the proposed bargaining agreements we would be expected to sacrifice some great domestic industry in order to sell more of the products of some other domestic industry to foreign nations. That is what reciprocity means—to give and take. In any such exchange with foreign countries I am sorely afraid that Uncle Sam would come out of the conference with the short end of the bargain. It is well known, as someone has said, that we have a habit of winning all our wars and losing all our conferences. There is no reason to think that a tariff conference would be an exception.

FOREIGN TARIFF RATES PADDED FOR BARGAINING PURPOSES

In connection with the matter of foreign trade conferences, I want to utter a word of warning, and this same warning is suggested in the Tariff Commission's recent report to the Senate on Tariff Bargaining Under Most-Favored Nation Treaties. It is common knowledge that foreign countries, especially in the last few years, have frequently revised their tariffs upward with a view, as the Tariff Commission points out, "to including in the revised rates bargaining margins which could be conceded to foreign countries without reducing the rates below those which are considered desirable from the point of view of national policy." In other words, tariff rates are "padded" for bargaining purposes. Now, it is obvious that any concessions made in these so-called "padded rates" would be purely illusory.

The following quotation from the Tariff Commission's report is of interest in relation to this matter:

> At this moment, when so many countries are maintaining emergency tariff rates and trade barriers, care must be taken to avoid the possibility that the United States would obtain in return for its tariff concessions only the abandonment of measures too cumbersome and oppressive, and of tariff rates too high, to outlast the depression. For example, the tariff rates imposed by certain European countries on wheat as measures of price stabilization and to save their producers from the effects of the abnormally low price of the commodity will inevitably be reduced if and when there is a substantial increase in the world price for cereals; and reciprocal tariff agreements by which concessions were made in return for the reduction of such temporary duties might mean the grant of valuable concessions in return for totally illusory concessions.

DEMOCRATS WORSHIP FETISH OF INTERNATIONALISM

Mr. Speaker, the fetish of internationalism is worshipped by the Democratic Party. This has been especially so since the influence of Woodrow Wilson upon its policies. But let me say to my Democratic friends that so far as the American people are concerned they will not stand for any further attempt to entangle us in the affairs of the Old World or to allow foreign nations to become entangled in our affairs by helping to determine our tariff policy. The last Democratic administration is still fresh in the minds of the present generation, and I am sure that the repudiation which was given to Woodrow Wilson's policies of internationalism in the election of 1920 must also be fresh in the minds of the present Democratic leadership.

The adjustment of our tariff duties has always been regarded solely as a domestic function and the home market has been considered the birthright of our own people. Like all other nations, we, as a people, possess the inherent power to limit and control the importation of goods from outside the borders of this country. This power has always been used to promote the general welfare of our citizens. Just as charity begins at home, so it is the duty of the Government to give first consideration to its own people. The tariff is an instrument of national policy, and we do not need any help from abroad in determining what that policy shall be.

DEMOCRATIC ILLUSIONS ABOUT INTERNATIONAL TRADE

The present Democratic administration, influenced by the Secretary of State, is laboring under strange illusions about international trade. It takes the position that if tariff barriers and other trade restrictions are removed we will be able to expand our export business to unprecedented proportions. It overlooks the fact, however, that the old order of things has changed. We no longer have strictly manufacturing countries and strictly agricultural countries. Most of the leading nations of the world are now industrialized and there is not the same opportunity as there formerly was for international exchange. Competition in world markets is becoming keener. There has been a rising tide of nationalism and self-containment. Each nation tries to produce what it needs within its own borders to a large extent, and is a competitor of every other nation in almost every commodity in world markets. Each has very much the same exportable surpluses to sell abroad, and the result is that the old markets have disappeared. We would like to sell our excess agricultural products in foreign markets, but so would all the other nations.

There is one fact in connection with our post-war foreign trade that must be faced frankly, and it is one that is so often overlooked. At the close of the war Europe was prostrate, while our country was rich and prosperous. Our production was geared up to the highest level, and we were able to produce the goods needed by other countries until they should be able to rehabilitate themselves. While these countries needed our goods, they had no funds to buy them, and so we made them loans, both through governmental channels and privately, which enabled our producers to reap a rich harvest in foreign trade. Thus, we financed our own export business. Now these countries are able to supply themselves, but I have no doubt that if we would lend them more money they would gladly buy more of our goods. However, in view of the difficulty we are having collecting the money we have already loaned, I am afraid we will hesitate a long time before again trying to finance a profitable export business.

HEADS THEY WIN—TAILS WE LOSE

The people of this country should not allow themselves to be deluded into thinking that just as soon as our tariff is reduced foreign nations are going to rush to trade with us. The removal of domestic and foreign trade barriers alone will not ipso facto expand our export trade. Naturally foreign nations will be glad to ship more goods into our markets, but how much will they take away with them? That is the important question, and it is also where the uncertainty lies. International trade is absolutely devoid of moral obligation, and we can sell abroad only that which we can furnish cheaper than other countries. If we cannot undersell our foreign competitors, we cannot expect to sell our goods in world markets.

RELATIVE UNIMPORTANCE OF FOREIGN TRADE

It is argued that to increase our export trade we must permit a larger volume of imports. This, of course, is true, but let me call your attention to the fact that in the banner year of 1929 our export trade was approximately $5,000,000,000 and our domestic production of movable goods about $53,000,000,000. Now, if we lower our tariff so as to cut our domestic production, say, 2 percent, or in the neighborhood of $1,000,000,000, then in order to offset this loss in the domestic market we would have to expand our export trade by 20 percent. Thus, by destroying one fiftieth of our domestic production, we would need to expand our foreign markets one fifth to make up the loss to domestic producers. The proposition, therefore, is very one-sided.

In 1931, according to Professor Donham, of Harvard University, our per capita exports were only 4 percent of our per capita income and 6 percent of our per capita produc-

tion. It may well be asked, therefore, how our Democratic friends can expect to find prosperity by increasing 5 percent of our production and neglecting 95 percent.

Normally we consume 90 percent of our domestic production within this country, and anyone with the slightest spark of intelligence should be able to see that our prosperity depends to a much greater extent upon our home trade than it does upon our export business. The economic well-being of this country is based almost wholly upon the consuming power of our own people, and the problem before us today is to restore their buying power, not to decrease it. Let this be understood!

RECIPROCITY WOULD INCREASE UNEMPLOYMENT

It has long been said that the protective tariff never closed a domestic factory nor threw a worker out of employment. If the Democratic proposal to tear down the tariff would create jobs for our unemployed, it might be justified. However, such a program is not calculated to open up possibilities for employment, but rather to reduce them. The price which we have to pay to sell more goods abroad is too great to result in any net benefit to this country. We have everything to lose and nothing to gain. Our rich domestic market, the greatest in the world, would be sacrificed in order to enlarge our relatively small foreign trade. For a chance to increase our present export trade of one and one half billion dollars per year we are asked to throw open our home market to foreign competition—a market which in 1929 produced a national income of approximately $90,000,000,000.

Those who are advocating the reciprocity proposal may try to say that at the present time American workers have nothing to lose by being thrown into competition with labor in other countries. Nothing could be further from the truth. In spite of the fact that millions are out of employment the wage scale of those who still have jobs is above that of any other country in the world, and when prosperity returns, as some day it must, the men who are put back to work will receive this higher wage scale, provided, in the meantime, the maintenance of the American standard of living has not been made impossible as a result of destroying the protective tariff system. But in any event how can buying more textiles from the United Kingdom reopen our own textile plants? How can buying more steel goods from Germany give employment to our own steel workers? How can buying more wheat, milk, and other agricultural products from Canada help our American farmers? How can buying more meats from Argentina be of any assistance to our own cattle raisers? How can buying more shoes from Czechoslovakia put our own shoe factories back on the road to prosperity? How can buying more fruits and vegetables from Caribbean countries put any more money in the pockets of our own orchardists and truck gardeners? How can buying more oil from Venezuela help the domestic oil producers? My friends, such a question answers itself.

AMERICAN WAGES HIGHEST IN WORLD

If American workers think they are no better off than their foreign competitors, let them examine the figures on world wages. The higher scale of wages paid in this country cannot possibly be continued under a Democratic tariff law or under such rates as may be agreed upon by foreign countries. I shall insert in the RECORD at the conclusion of my remarks a table showing comparative wages in selected industries in this country and sundry other nations. (See exhibit A.) For the purpose of emphasizing the tremendous advantage our workers have over those in other countries, I will give the general averages of the industries named for each country, which are based on a 48-hour week:

United States	$26.30
England	11.37
Sweden	10.20
Germany	9.02
France	7.25
Belgium	6.21
Japan	5.37
Hungary	5.08
China	1.31

Among the industries included in this table are the following: Leather and shoes, chemicals, ceramics and pottery, iron and steel, paper making, cotton goods, cement, and woodworking. All of these industries are represented in my section of the country, and I do not hesitate to say that I would be sorry to see our workers forced by Democratic policies to compete with workers in China receiving an average of $1.31 per week or with those in France receiving an average of $7.25. Even the English average of $11.37 is less than half the average wage in this country in the industries named.

WAGES IN NEW ENGLAND INDUSTRIES

In connection with this general discussion of wage scales I should like to call attention to the wages paid in western Massachusetts for making certain products as compared with those paid in foreign countries for comparable articles. In my district we make a large quantity of small tools. The American wage for toolmakers is 60 cents per hour; the German rate, 16 cents. We also produce a considerable amount of wire cloth, which is used in paper making. The American wage in this industry is 56 cents per hour; the French rate, 20 cents. In the case of cutlery, of which my district is also a large producer, the American wage rate is 60 cents per hour, the British rate 17½ cents, the German rate 16 cents, and the Japanese rate only 7 cents.

In the production of darning cotton the American wage is 35 cents per hour; the French wage, 16 cents. In the firearms industry our workers receive 58 cents per hour, as against only 10 cents in Germany. Certain classes of cheap rugs are made by Japanese workers for 6 cents an hour. Sandals are made by Czechoslovakian workers for as little as 5 cents per hour. Now, the reason I mention these wage scales is simply this: Without a protective tariff our workers will have to labor for the same wages paid in competing foreign countries. Otherwise, we will be unable to produce these products in competition with such countries. Thus, the effect of the Democratic tariff proposal upon my district would be to destroy many of our industries, because my people will not, and certainly ought not to be expected to, work for such starvation wages as are paid in many foreign countries. Think of our shoe workers trying to subsist on 5 cents per hour! Imagine them trying to maintain a home, provide themselves and their families with even the ordinary comforts of life, and educate their children on such a wage! Yet that is precisely what the administration proposes to force upon them. It is an outrage, and I protest against it! I appeal to some of my Democratic friends to throw off their party yoke and help us Republicans kill this proposal when it is presented, not only to save our people from its disastrous effects but their own people as well.

NEW TRENDS IN COMPETITION

American workers are constantly being flattered by being told that they produce more than the workers in other countries, and hence that they are entitled to more wages. This is largely true. But let them also understand that with the improvement of machinery, less and less skill is required to produce manufactured goods than has been the case in times past. We have only recently witnessed the industrialization of such countries as Soviet Russia, Japan, and Czechoslovakia, which formerly were not competitors in the manufacturing field.

In this connection, I want to point out that there has been a drift in our import trade during the past few years which I think is rather significant in pointing to the kind of competition our domestic producers are going to have to meet. I refer to the fact that in many lines our imports are no longer coming from countries having living conditions and wage scales which tend to approximate our own, but rather from other countries with standards of living and wage scales known to be much lower than ours. For example, take the case of electric lamps. In 1923, our imports of lamps from Germany totaled nearly 8,000,000 units. By 1930, they had dropped to only a little over 700,000. During this same period, however, imports of lamps from Japan increased from 3,000,000 to nearly 29,000,000 units.

In 1923 we imported 42,000,000 pounds of window glass from Belgium; in 1930, 5,500,000 pounds. In the meantime, our imports from Czechoslovakia increased from 800,000 pounds to 6,000,000 pounds. In 1923, the United Kingdom was our principal source of embroidered and lace linen handkerchiefs—630,000 dozens as against 822 dozen from China. In 1930, the United Kingdom sent us 327,000 dozen and China, 1,271,000 dozen. Between 1926 and 1930, our imports of earthen tableware from England dropped from 2,000,000 dozen pieces to 1,000,000 dozen, while our imports from Japan in the same period jumped from 500,000 dozen to 1,600,000 dozen. I refer to these changes merely to show that competition is increasing from low-wage-standard countries, not alone in world markets but in our own market as well. To place our manufacturers in free competition with these countries means ruin to the home market and to American labor.

INCONSISTENCY OF DEMOCRATIC PROGRAM IN REGARD TO WAGES

Mr. Speaker, the President has just recently requested our employers to increase the wage level of their workers as quickly as they can. The inconsistency of this request with his proposal to destroy the protective tariff is at once apparent. How in heaven's name can we even maintain our American wage standard, let alone increase it, if we are to throw our workers into competition with the cheap labor of Europe and the Orient by reducing existing tariff rates? It cannot be done. Moreover, we cannot expect to find foreign markets for our goods unless we are prepared to meet the world price, and to meet this price we must lower our production costs, not increase them. Thus, the President's proposal for tariff reciprocity is doubly inconsistent with his request for wage increases. Low wages and low prices are necessary to compete in world markets, and this means a lowering of our standard of living, longer instead of shorter hours of employment, and less leisure and comfort.

How can our workers be expected to compete with those of the rest of the world without being reduced to the same wage scales and the same standards of living? How can the American farmer sell his surplus crops abroad except by meeting the price of his Russian, Canadian, or Argentinian competitor? In the domestic market, with a proper tariff, we do not need to be so much concerned with world prices. Our producers receive American prices, they pay their employees American wages, and these wages are spent in maintaining the American standard of living.

DEMOCRATS CHANGE CRY OF "BUY AMERICAN" TO "BUY FOREIGN"

There is now going on in this country a campaign to educate our people to "Buy American." The purpose of this campaign, of course, is to give employment to labor in this country by favoring our own products over those which are imported. The shelves of our jobbing houses and retail stores are crowded with foreign merchandise. Most of the articles could be and are being made in this country. If these shelves were filled instead with domestic goods, employment would thereby be given to American labor, and the workers engaged in producing these merchandise would be able to purchase other domestic products. Now, the administration would have us change the cry of "Buy American" to "Buy Foreign." The Democratic heart goes out to the workers of other countries who are without jobs, but it does not respond to the entreaties of our own workers for an opportunity to produce the merchandise consumed in this country. Instead of putting more domestic goods on the shelves of our retail stores the administration would have us purchase more and more foreign goods and try to sell our own products in the markets of the world at prices that we are unable to meet.

ATTITUDE OF EXPORT INDUSTRIES AND INTERNATIONAL BANKERS

Mr. Speaker, this agitation for tariff reduction and reciprocity in order to attempt to expand our export trade is being given impetus by two great groups in this country. I refer to the so-called "export industries" and the international bankers. As long as the export industries can sell their goods abroad, they do not care a continental about what happens to other domestic industries, and as long as the international bankers can collect the debts which are owed to them by foreign nationals they have no concern about the havoc which would be wrought in the home market by the adoption of their program.

What is it going to benefit us to shut down one industry for the benefit of another? The more we diversify our industries, the less apt we are to produce surpluses in any one of them. Moreover, an industry once destroyed cannot easily be restored; and when we have no domestic production of an article, we are absolutely at the mercy of foreign nations so far as the price of that article is concerned. If we are to have a monopoly, let it be in this country where it can be controlled. A few years ago we witnessed the British rubber producers raise the price of rubber beyond all reason; and sice we had no supply of our own, we could have been made to pay any price they might have asked. This experience should be an object lesson for us.

WHAT INDUSTRIES ARE TO BE SACRIFICED IN TARIFF BARGAINING?

Now, what would the administration do with the power desired? The Executive wishes to secure easier access to foreign markets through reciprocal tariff concessions. In other words, we would agree to reduce our tariff on a certain product or products in return for some other country reducing its tariff on some other product. Foreign nations would be allowed freer access to our market and we would be allowed freer access to theirs.

Knowing that the concessions made will have to be reciprocal, it becomes important for us to know what products would likely be involved in this trading. We have surpluses of almost everything we produce in this country, but of course it will be impossible to find a market for all of these surpluses abroad without granting foreign countries almost complete freedom in our own markets. Only certain products can be singled out for preferential treatment. Some of our domestic industries would have to be sacrificed to compensate foreign countries for the concessions granted to the products of our country singled out for special treatment in their markets.

In order to determine what industries at home would likely be bargained away, we should look to our foreign competitors and see what products they may wish to sell us. The United Kingdom, being a manufacturing nation and having no adequate domestic food supply, will naturally want to sell us manufactured products and in return will be most apt to grant us concessions with respect to foodstuffs. On the other hand, Canada, being an agricultural country, will wish to sell us food products and in return will no doubt be willing to take manufactured products. At the same time, there is no guarantee that the United Kingdom will take our food supplies. She may find it more advantageous to buy from Canada or one of the other Empire countries.

Even if we were able to secure additional trade with these two nations, it would have to be done by lowered tariffs on two of our basic industries, farming and manufacturing. Canada, for example, would expect to sell us more wheat and more dairy products, and the United Kingdom would expect to sell us more textiles. Hence, the rates of duty on these commodities would have to be lowered. Moreover, it may be supposed that there would be more than one product of each country concerned in the proposed reciprocal bargaining. Besides textiles, the United Kingdom produces machinery, iron and steel manufactures, woolen goods, and other products in large quantities. Canada is a large exporter of fish, lumber, and nonferrous metals. France exports large quantities of cotton, silk, and wool fabrics, raw wool, clothing and lingerie, heavy iron and steel products, and other commodities in addition to her perfumes and wines. Germany produces metal products, machinery, textiles, coal, dyes, and other commodities which compete with ours. Italy is a large exporter of cotton fabrics, cheese, fruits and vegetables, olive oil, and rayon.

To give a more complete picture of the export trade of the countries mentioned, I will insert in the RECORD at the con-

clusion of my remarks some tables showing the value of their exports by commodity groups. (See exhibit B.) If the producers and workers of this country will just go over these tables they will at once be able to see what commodities they will have to compete with in the domestic market if this tariff-reciprocity proposal is enacted into law. One important fact to be remembered is that the very circumstance that a country is not at present a particularly large exporter of a certain product does not mean that it is not anxious to expand the market for that product.

Let the administration suggest what industries would be placed upon the bargain counter and what great classes of workmen would be deprived of a livelihood in this mutual exchange of surplus products. Who would be the first victim? What do the other countries of the world propose to offer us, and in exchange for what? Are we going to throw open our home market for agricultural products in order to sell the world more automobiles? Are we going to sacrifice the textile industry of New England and the South in order to sell more apples to the United Kingdom? Are we going to close our steel mills and buy our steel products abroad in order to sell the world more typewriters? Are we going to buy our cotton from Russia and India in order to sell these countries more machinery? These questions must be answered, because if we are going into a trade we must have something to offer.

WHAT PRICE RECIPROCITY?

Those who are going to accept blindly this proposal from the President should stop and ponder the matter for a while. It may be that they have in their own districts some industry that is to be offered up. It may be the dairy industry; it may be the pottery industry; it may be the rayon industry; or some other industry vital to the welfare of their people. We cannot go into this world conference and offer to exchange our wheat for cross-word puzzles, or our cotton for toy dolls. On the other hand, we must sacrifice some large industry to compensate some foreign country for giving some other large domestic industry freer access to its market. Is it worth the price?

While there is still time to stop the enactment of this Democratic proposal, every farmer and every worker in this country should demand that he be told whether he will have to face ruinous competition with the products of other countries in the home market. No farmer and no worker can be sure that his own particular product or products will be spared, because each country has something different to sell; and in order to get freer access to foreign markets, we will have to make different concessions to each country until we have exhausted the whole group of our domestic industries.

SECRETARY HULL'S VIEWS ON THE TARIFF

It seems appropriate that some reference should be made to the man who will largely be responsible for carrying on reciprocity negotiations with foreign countries and who is now the chairman of the American delegation to the World Economic Conference, which will deal, among other things, with the tariff question. I refer, of course, to the present Secretary of State, Hon. Cordell Hull, who for a quarter of a century was a Member of this House and until his elevation to the Cabinet was a Senator from his State.

Mr. Hull has in the past taken the position that we should not produce in this country any commodity the production of which is not economically justifiable. Under such a principle many of our basic industries would be destroyed because we would produce only those things which cannot be produced to a considerably greater advantage in other countries. This theory died with Adam Smith, and all attempts to revise it up to this time have failed. However, it is about to be foisted upon the country at the present time, and it is high time that our people awoke to a full realization of its implications. In my own State of Massachusetts there is very little produced which could not be produced cheaper in Japan, or Czechoslovakia, or Germany, or some other country having a much lower wage scale than is paid in this country. Secretary Hull would apparently make us all fishermen.

As a member of the Ways and Means Committee, Secretary Hull said in his minority report on the tariff bill of 1930 that "every tariff rate is an injury to export trade." Therefore the converse of this proposition would be that in order to enlarge our export business to the utmost we should remove all tariff restrictions. He does not consider what would happen to our domestic industries if this were done.

In the same minority report Secretary Hull emphatically stated that the tariff should be "revised downward", and said that the major effect of tariffs is to "transfer wealth from one class to another without affecting the Nation's total."

On May 19, 1932, Secretary Hull said on the floor of the Senate that tariffs only stimulate production and cause artificial prices to topple to the ground. Taking the tariff off, therefore, would rid us of our surplusage. According to this view, our present wheat surplus would disappear if the duty on wheat were removed. What logic! I will admit that the end which he mentions would be accomplished, but it would be done by making it unprofitable for American farmers and American producers to compete in their own market. This policy would destroy our farming and manufacturing industries.

Secretary Hull does not believe in the yardstick of difference in the cost of production of the foreign and domestic article in fixing tariff rates. Thus, he does not feel that the foreign producer should be put on an equal competitive footing with the domestic producer in our own market, but would leave the foreign producer with a cost advantage. This accords with the Democratic theory of competitive tariffs.

Secretary Hull is always talking about exports. Tearing down the tariff does not automatically result in increased exports, but it does automatically result in increased imports. We are to allow freer access to our own markets in the vain hope that perchance we will be able to expand our export trade.

In referring to the Republican principle that Americans have the primary right to their own market, Secretary Hull said on this floor during the debate on the Tariff Act of 1930:

> Who, here or anywhere, has ever thought of questioning the absolute jurisdiction of every government everywhere over its domestic markets?

My answer to that statement is that he today questions that right by aiding and abetting the movement to commit the United States to a policy of letting foreign nations dictate our tariff rates. Yes, he is even the father of the proposition. If there is any question about this, let anyone who is interested read his public remarks for the past 10 years or so. The resolution which he introduced in the Sixty-ninth Congress calling for a world-trade conference was but the forerunner of the plan sponsored by the Democratic House in the Seventy-second Congress, which was vetoed by President Hoover.

Under the Democratic proposal, we will be asked to place the tariff-making power in the hands of one who is unfriendly to the protective-tariff principle, to place it in the hands of one committed to a downward revision of existing duties. Everyone knows what the result of lowering the tariff will be. I do not need to remind anyone that it will cause a flooding of the domestic market with the products of cheap foreign labor, and make it impossible for domestic producers to compete with such goods; that any slight expansion of our export trade will be more than offset by the damage done to domestic trade and commerce; that workers thrown out of employment in one industry will be forced upon other industries, and a general lowering of wage scales will result; that the vain hope to secure greater world markets cannot be realized without meeting world prices; and that these prices cannot be met without reducing our work-

ers to the status of those in European and Oriental countries. We have the greatest market in the world; let us keep it for our own people.

PAST EXPERIENCES WITH RECIPROCITY

Mr. Speaker, it is true that we have concluded reciprocity treaties in the past, but these treaties have never been successful, nor are they any precedent for such a transfer of power to the Executive as is contemplated in the Democratic proposal. The Canadian reciprocity treaty of 1854 virtually established free trade between that country and the United States. History shows that this treaty was of more benefit to Canada than it was to this country, and it was abrogated by us during the Civil War. The Hawaiian reciprocity treaty of 1875 was concluded for political, rather than economic, purposes. The reciprocity agreements concluded under authority of the Tariff Act of 1890 did not involve any concessions on the part of the United States, since this country only refrained from imposing penalty duties on certain otherwise free imports in return for fair treatment of our agricultural products in foreign markets. These treaties were abrogated by the Democratic Tariff Act of 1894.

The treaties concluded under the Tariff Act of 1897 were limited in their scope, and were concluded by the President under authority given to him to reduce the duties in the case of certain articles, including argols, wines, paintings, and statuary, to a lower rate, which Congress fixed, in return for concessions made to products of this country. The Cuban reciprocity treaty concluded by President Theodore Roosevelt in 1902 is still in effect, and stands, of course, upon a peculiar footing all its own due to our close relationship to that nation.

The 2-schedule set-up of the Tariff Act of 1909 amounted to imposing maximum rates by way of penalty against unequal treatment of American products in foreign markets. The attempt to establish a second reciprocity agreement with Canada in 1910 and 1911 came to naught by reason of the failure of Canada to ratify the treaty drawn up, although the concessions made were mostly on the part of the United States. Finally the provision of the Democratic Tariff Act of 1913 authorizing the President to conclude reciprocity agreements never resulted in a single treaty being made.

In recent years we have abandoned the old method of international negotiation, and have sought to institute in its place a national policy of equal treatment for all nations. To abandon our present policy would, as President Hoover well said in his veto message on the Collier bill in the Seventy-second Congress—

> Start our country upon the road of a system of preferential tariffs between nations with all the trade wars, international entanglements, etc., which we have sought to avoid.

The Democratic platform of 1932 contains the following plank with respect to reciprocity:

> We favor * * * reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

Now it is well known who wrote that plank. It was the same man who is the present economic advisor to the President, Hon. Cordell Hull. For years he has preached the doctrine of competitive tariffs and reciprocity agreements. His views are a matter of record, and I have already commented upon them. But in connection with this plank in the Democratic platform, which he wrote, I want to mention a rather curious incident which occurred just about a month before the Chicago nominating convention. In Collier's Weekly for May 21, 1932, there is an article by our distinguished Speaker upon the subject of reciprocity agreements and most-favored-nation treaties. In this article Mr. RAINEY pointed out that it was "utterly impossible", to use his own phrase, for us to think about reciprocity treaties because of existing "most-favored-nation" treaties and agreements. Yet the Democratic convention, disregarding his counsel, 1 month later adopted a platform favoring reciprocity. Both Mr. Hull and the Speaker are acknowledged leaders of the Democratic Party, and have been its counsellors for a quarter of a century. Yet there seems to be some difference of opinion among them as to the possibilities of reciprocity.

EFFECT OF MOST-FAVORED-NATION AGREEMENTS ON RECIPROCITY

We have, as pointed out by the gentleman from Illinois in his article, some 45 trade treaties and agreements with other nations which contain what are known as "most-favored-nation" clauses. Under the terms of these agreements, we are bound to grant to other contracting countries the same favors granted to the most favored nation, and we are granted the same concessions in return. Now there are two kinds of most-favored-nation clauses—conditional and unconditional. Under the conditional type, the concession granted to any one nation is not allowed to other contracting nations unless the same or an equivalent quid pro quo is given in return.

Thus, where a concession is granted to one country in exchange for an equivalent, a country wishing to take advantage of its most-favored-nation agreement is entitled to the same concession only after making a similar compensation. On the other hand, the unconditional clause requires no quid pro quo, and if this country grants a preferential rate to one country, then any other country with whom it has an unconditional most-favored-nation agreement may claim the same rate without even making a compensation in return. Some of our treaties are conditional, others are unconditional.

Now, what does all this mean? I will let our Speaker answer that question by quoting from his article. He says:

> We are practically stopped from negotiating any reciprocity treaties with other countries because we are bound, hand and foot, by the so-called "most-favored-nation" treaties which we have with other countries.

Perhaps the administration will say, "We must get rid of these treaties." But there is an answer to that, too, for in our Speaker's article he says on that point:

> We cannot correct these reciprocity agreements. We cannot get rid of these treaties.

As bearing out the Speaker in this statement, I may say that the treaty with Austria cannot be terminated until 1938, and then only after 1 year's notice. The treaty with El Salvador must run until 1940. Most all the other treaties have several years to run before they may be terminated. Thus the bill now before us seems to be a rather futile thing unless it has for its purpose a lowering of the rates to all countries. At the conclusion of my remarks, I shall insert in the RECORD a list of the countries with whom we have most-favored-nation treaties or agreements. (See exhibit C.)

In order to carry out the purpose of the administration's proposed reciprocity agreements, this Government would have to abandon its existing treaties and agreements and expose itself to worse discrimination than we have been experiencing. Under our policy of equal treatment for all, no nation can have any cause for complaint on the ground of discrimination. At the same time, under an unconditional most-favored-nation treaty, we are not at present obliged to grant any concessions to any other country to secure any benefits accruing to us thereunder, since no country except Cuba has any preference under our tariff, and on account of our close relationship to that country our concessions to it are always excepted from such agreements. Why abandon our present policy and set up in its stead one that will only breed tariff wars, reprisals, and unfair discrimination against us?

CONSTITUTIONAL PHASES OF DELEGATING TARIFF POWERS TO PRESIDENT

Mr. Speaker, I should like for a few moments to refer to the constitutional phase of the Democratic tariff proposal and to the views of some of our Democratic colleagues upon the subject of delegating tariff-making powers to the President.

Under the Constitution, the power to fix customs duties is laid in the Congress. The reciprocity proposal would give the President authority to change tariff rates without restriction. For this reason, it would constitute an unconstitutional delegation of legislaive power. Of course, I know that

since the 4th day of March the administration has closed its eyes to the Constitution, but it is still the law of the land and stands supreme over any act of Congress.

We are told that the proposed delegation of legislative power to the President would be nothing more than was done under the flexible-tariff provisions of the 1922 and 1930 Tariff Acts. It will be recalled that the President is thereby given the power to increase or decrease duties within a range of 50 percent, based upon the Tariff Commission's finding of the difference in the cost of production of the domestic and foreign article. It is not true that the present proposal can be compared with the powers of the President under the flexible provisions. There is quite a fundamental difference between the two propositions. The flexible tariff was sustained by the Supreme Court on the ground that Congress had laid down a definite rule which the President was to follow in fixing the rates, namely, that the duty on a particular article should be such as would make up the difference between the cost of the domestic and the foreign product. The act of the President in proclaiming the rate therefore became purely an administrative function.

Under the proposal to give the President the power to conclude reciprocal agreements, he would have absolute power to fix rates without reference to any rule laid down by Congress. His act in fixing rates would be a legislative, not an administrative, one. The yardstick of difference of cost of production would be thrown out. Carte-blanche authority to fix new duties would be given.

DEMOCRATIC VIEWS ON FLEXIBLE-TARIFF PROVISIONS OF PRESENT LAW

It may seem strange that when the 1922 and 1930 tariff acts were under consideration, the then Democratic minority opposed with all their might this delegation of administrative power under the flexible-tariff provisions, which the Supreme Court has upheld, yet they now come forward with a bill which goes far beyond the delegation of power contained in those acts. They see nothing wrong in granting to a Democratic Chief Executive one of the legislative powers of Congress, but it is utterly wrong to grant a Republican President a purely administrative function to be carried out under rules laid down by the Congress. Let us see what our Democratic friends had to say about the flexible-tariff provisions.

In his minority report on the tariff bill of 1930, our former colleague, the present Secretary of State, referred to this section of the bill as follows:

> The Republican Party would not only retain section 315, the flexible-tariff provisions, but would considerably enlarge and expand it for purposes of broader tariff legislation by the executive department. The President would thereby be enabled to change the whole objects and purposes of the tariff law enacted by Congress. * * * It is clearly unsound, unwise, impracticable, subversive of the plain functions of Congress, and should be speedily repealed.

On May 9, 1932, Secretary Hull, then a Member of the Senate, quoted with approval his own remarks in the House when the flexible-tariff provisions were enacted. It is interesting to note what he said at that time of giving the President the power to change tariff rates. Following is the excerpt from his former speech which he quoted:

> I am unalterably opposed to section 315 of the tariff act and demand its speedy repeal. I strongly condemn the proposed course of the Republican Party, which contemplates the enlargement and retention of this provision with such additional authority to the President as would practically vest in him the supreme taxing power of the Nation, contrary to the plainest and most fundamental provisions of the Constitution.

The Democrats in those days read the Constitution—

> a vast and uncontrolled power, larger than had been surrendered by one great coordinate department of government to another since the British House of Commons wrenched the taxing power from an autocratic king.

To use another of Senator Hull's statements, I say that the present proposal is an "unprecedented and unusual and wholly unjustifiable arrogance of power and authority to the President."

Let us see what the present Vice President had to say about delegating power to the President. During the debate on the 1930 tariff bill, when he was the ranking minority member of the Ways and Means Committee, Mr. Garner said:

> Remember this, gentleman: When the legislative body surrenders its tariff power and its obligations to the Executive—under our system of government a majority can do that, but you can never recover them except by a two-thirds vote of the House and Senate.
>
> Remember that when you surrender this power of taxation you surrender it for all time to come or until the two bodies, by a two-thirds vote, can take it away from the Executive.

The Vice President was then fearful of giving administrative power to the President, who is elected by the people. How much more, then, should he be afraid of giving legislative power to the President and the representatives of foreign nations who are responsible to no one in this country and who are anxious to secure access to our domestic market?

Listen to the eloquence of our former colleague from Georgia, Mr. Crisp, who thus spoke of the flexible-tariff provisions:

> O gentlemen, you are surrendering your right under the Constitution. Our forefathers fought for that right—the right that the elected members of the people, the representatives of the people, should alone have to levy taxes against them. And here you are surrendering it; and when you have surrendered it, do not expect that you will get it back soon.

I particularly want to call to the attention of the House a speech made by the distinguished Chairman of the Ways and Means Committee [Mr. DOUGHTON] during the consideration of the 1930 tariff bill. In referring to the flexible-tariff provisions, he said:

> The fathers who formed the Constitution wisely, in my opinion, left to Congress the initiating and enacting of laws raising revenue. The flexible-tariff provisions giving the President the power to raise or lower tariff rates to the amount of 50 percent renders nugatory in spirit and practical effect this provision of the Constitution.

Continuing, the gentleman from North Carolina said:

> My friends, this is too dangerous and alarming to contemplate. With all this power vested in the President of the United States, he becomes a colossus. It is too much power and authority to lodge in any man who ever has been or ever will be President of the United States.

At that time, of course, the gentleman did not know that the present Chief Executive would be in the White House.

The gentleman concluded with the following warning:

> It seems that the more power men are given the more they are obsessed with a morbid gluttony for increased power. My friends, it is time to pause and call a halt, to stop, think, look, and listen before we go over the yawning precipice just ahead of us.

Mr. Speaker, I commend this language to the gentleman from North Carolina today and to his Democratic brethren. Yes; I even commend it to my Republican colleagues. It is well put. We should "stop, think, look, and listen."

I say to my Democratic friends today that if you opposed with all your might the flexible-tariff provisions of the present tariff law, then, to be consistent, you should be all the more opposed to the present proposal, which goes far beyond that delegation of power and gives the President absolute authority to fix rates without control by Congress. It is the most complete abdication of power that could be made. It is contrary to both the letter and spirit of the Constitution.

OUR FOREIGN TRADE TODAY

Mr. Speaker, we hear much about how this country has suffered in its foreign trade as a result of the enactment of the Tariff Act of 1930. I would remind the House, however, and I would also remind the country that in spite of all that has been said about the Hawley-Smoot Act we are today the leading export nation of the world. It was said that this law would make it impossible for foreign nations to trade with us and that it would cause reprisals against our goods in foreign countries. Instead, we still rank ahead of all other nations in the value of our exports, just as we did when the Hawley-Smoot Act was written. In the volume of our imports we occupy our usual place next to the United Kingdom. It is natural that the United Kingdom should outrank us in imports because she is dependent upon

the rest of the world for her food supply, whereas we are almost completely a self-contained nation.

It cannot be denied that our foreign trade has declined considerably in the past few years, but so has the foreign trade of the world at large. In 1929 the total international trade of all countries was $68,000,000,000, but in 1932 it was only $26,000,000,000. Our share of the world trade in 1929 was $9,640,000,000; in 1932 it was $2,935,000,000. In both years it was 11 percent of the total trade between all the nations of the world. I shall insert in the RECORD at the end of my remarks a table showing the foreign trade of this country from 1913 to 1932, inclusive. (See exhibit D.)

CAUSE OF INTERNATIONAL TRADE COLLAPSE

What caused this tremendous decline in international trade? The answer is that it resulted in the first instance from reduced purchasing power and the contraction of credit. Take this country as an example. Our foreign trade was on the increase up to the latter part of 1929, when the stock-market crash occurred. It was only after that time that our foreign trade began to decline. Imports and exports for September 1929 showed an increase over September 1928 and the 9-month period ending September 30, 1929, showed an increase over the same period in 1928 in both imports and exports. However, in October 1929 our export trade began to fall, but imports still remained ahead of October 1928. The same situation existed in November, with exports taking a still greater slump. In December both exports and imports dropped off from the 1928 figures. From then on the decline in both exports and imports has been steady. Thus the charge that our tariff caused the depression in this country and was responsible for the economic collapse throughout the world is completely refuted. The Hawley-Smoot Act was not enacted until June 1930, and under the Fordney Act of 1922 our foreign trade continued to grow year by year up to the time our internal trade was disrupted in the latter part of 1929.

Another proof of the fact that the present tariff law has had little or nothing to do with the decline in foreign trade lies in the fact that the value of imported merchandise which is free of duty continues to be two thirds of the total value of all imported merchandise. If the tariff act were operating to prevent the importation of foreign products, the decline in dutiable articles would naturally be greater than the decline in free merchandise. Instead the ratio between dutiable and free goods remains practically constant. I shall insert in the RECORD as exhibit E a comparison of our dutiable and free imports for the years 1927 to 1932, inclusive, and call attention to the fact that our trade with foreign countries is proportionately no less in one class than in the other.

With respect to the cause of the trade collapse, I should like to read the following excerpt from an address delivered by Prof. Wallace B. Donham, of Harvard, Dean of the Graduate School of Business Administration, before the Warton Alumni Institute in Philadelphia. He said:

> In my own opinion the collapse of international trade results mainly from serious overproduction of raw materials stimulated by competition among the industrial nations and followed by the sharp fall of commodity prices. The living habits of vast numbers of people have changed. This overproduction and price collapse is the primary fact and trade restrictions are mainly a result. Insofar as this is true, removal of trade restrictions would not only fail to revive foreign trade but would accentuate our domestic difficulties.

Why are foreign countries selling us less coffee, less tea, less rubber, less raw silk, less bananas? These articles are all on the free list. There is no restriction on their importation. Certainly the tariff has nothing to do with the decrease in the volume of the imports of these commodities. The reason is, as I have already stated, that we have less purchasing power. When our purchasing power increases we will buy more of these products again. But buying agricultural products from abroad and manufactured products from abroad is not going to increase our purchasing power. Selling a little more merchandise abroad is not going to offset this loss in our domestic market. My friends, consider the fact that in 1929 our domestic trade produced an income to our people of over $90,000,000,000, while the total international trade of the whole world was only $68,000,000,000.

As purchasing power declines at home it is natural that there should follow a decline in imports. This is just as true of other countries as it is of the United States. To say that foreign trade is responsible for the prosperity of domestic trade is to say that the tail wags the dog. Such is not the case. Of course, there is no question but what tariffs and trade restrictions have tended to hinder international exchange, but they have grown up to a great extent since the depression began. Quotas and direct prohibitions have been imposed by many countries. Depreciation of foreign currencies has made it difficult for gold-standard countries to market their goods and has intensified competition for world markets. Nationalistic movements, such as the "Buy British" campaign, have discouraged foreign purchases. The British policy of giving preference to Empire products has affected the trade of the British Empire with other nations. Thus we cannot lay the blame for all the economic ills of the world on the Hawley-Smoot tariff.

As a matter of fact, the United States Chamber of Commerce suggests that perhaps our domestic trade has declined to a greater extent than our foreign trade. In its publication Our World Trade in 1932, this organization states that by taking carloadings as an indicator of the volume of our domestic trade, it will be found that they declined 25.3 percent in 1932 over 1931 whereas the decline in the quantity of exports was only 22.4 percent and that of imports only 19.4 percent.

OUR CHIEF CUSTOMERS AND SOURCES OF SUPPLY

In order to acquaint the Members of the House and the people at large with the extent of our trade with the respective nations of the world, I shall place in the RECORD two tables, one showing the sources of our imports, the other the destination of our exports. (See exhibit F.)

It will be observed from glancing at these tables that whereas the United Kingdom is our best customer, taking nearly 18 percent of our exports in 1932, it ranks fifth in the value of merchandise sold to us by other countries. On the other hand Brazil is third in the value of merchandise sold to us and fourteenth in the value of its purchases. Thus, we have favorable balances of trade with some countries and unfavorable balances with others. The same situation exists throughout the world. This illustrates the fact that goods are not necessarily exchanged in two directions, but that rather trade tends to run in circles. Our unfavorable balance of trade with Brazil is turned into a favorable balance with the United Kingdom, and the unfavorable balance of the United Kingdom with us is turned into a favorable balance with some other nation.

It is noteworthy that in this interchange of commodities among nations, we have had the balance of trade in our favor continuously since 1894. Immediately prior to that time our imports often exceeded our exports, and in the early period of our history the balance of trade was almost always against us.

Unmanufactured cotton retains its place as our chief export product, amounting to narly 22 percent of the total value of exportations in 1932. Automobiles, which formerly ranked second in value, have been forced into third place by gasoline and related products. Coffee, which formerly ranked second in value of imports to silk, now occupies first place. Cane sugar is third. I shall insert in the RECORD as exhibit G a list of our chief exports and imports in 1932.

Regardless of economic conditions, we will always be forced to import certain articles which we do not produce in this country. On the other hand, foreign countries will find it necessary or advantageous to buy certain articles from us. But if we produce merchandise in this country sufficient to meet our needs, there is no reason why we should buy the same merchandise from some other country. The more different kinds of goods we produce, and the more we diversify our industries, the more we expand our home mar-

ket, because every time a thousand workers are put to work in one industry, they at once become potential purchasers of products manufactured or produced by those engaged in other industries, and at the same time they reduce the number of workers available to the other industries.

Each of the countries of the world has its chief export item. Brazil has its coffee, Cuba its sugar, Japan its raw silk, and so on. International trade in these chief export articles will continue to a certain extent regardless of the state of domestic business in the various countries of the world, and as domestic business increases foreign trade in these articles will increase.

DEMOCRATIC CRITICS OF PRESENT TARIFF RATES

Before concluding, I should like for a few moments to refer to the rates of our present tariff law. Our Democratic friends have referred to the Hawley-Smoot Act as having exorbitant rates. They never say that a particular rate is too high, but the charge is always in general terms. No mention is made of the rates that they think should be reduced. Now, what does all this mean? Simply this, that the allegations which are made against the law are purely for political effect. In the Democratic platform of 1924 the Fordney-McCumber law was denounced as the most "unjust, unscientific, and dishonest tariff tax measure ever enacted in our history"; yet in the Seventy-first Congress, following the enactment of the Hawley-Smoot Act, a Democratic member of the Ways and Means Committee introduced in the House his idea of a tariff bill and stated that it contained the industrial rates of the Fordney-McCumber law and the higher agricultural rates of the Hawley-Smoot Act.

Under existing law the President may raise or lower tariff duties within 50 percent of the rate fixed in the law. Thus, if any duties are too high, the Executive has the machinery at hand to lower them.

This machinery may be put in motion by the President himself, by resolution of either House of Congress, or by the Tariff Commission upon its own motion or upon the application of any interested party. If rates have not been lowered, it is either because no one has requested such action or because a decrease has not been deemed justified.

The Republican yardstick for the determination of proper tariff duties is the difference in the production cost at home and abroad. This differential enables domestic producers to compete upon equal terms with foreign goods in our own market. As President Hoover pointed out in his veto of the Collier bill in the Seventy-second Congress, if the other nations of the world would adopt this principle instead of fixing arbitrary and retaliatory rates, it would automatically remove excessive duties and unequal treatment throughout the world.

Reference is often made to the effect that we have some duties running to 100 percent and more. They are called embargo rates by some critics of the law. But, my friends, if the cost of production of an article in Japan is 1 cent and in this country it is 2 cents, due to higher wage standards, then a duty of 100 percent is necessary in order to place the foreign article on an equal competitive footing with the domestic article. While a duty of 100 percent may sound shocking, it is thus evident that it is not necessarily an embargo rate. If a tariff rate does not at least equal the difference in the cost of production of the domestic and foreign article, there is no benefit to the domestic producer. A Democratic tariff, which disregards the cost of production in fixing the rate, can only mean unfair and ruinous competition for American producers and American workers in the home market.

EFFECT OF DEPRECIATED CURRENCY UPON FOREIGN TRADE

Now, a few words about the depreciated-currency situation. I think every Member realizes the effect of depreciated foreign currencies upon international trade. It is a subject too complicated to give much attention to in a general tariff discussion, and I shall only briefly refer to it in order that we may have the whole picture before us.

With the currency of many leading foreign nations on a depreciated basis, our export trade has been curtailed because our prices are quoted in terms of United States dollars, and the dollar, of course, became dearer in proportion to the depreciation of the foreign currency. Conversely, goods imported into this country are quoted in terms of the currency of the country of exportation. When that currency is debased, the invoice price, translated into United States dollars, becomes less in proportion to the amount of depreciation of the currency of the export nation. The result is that our export trade is hurt because of the artificial increase in our prices when converted into the currency of the foreign nation, and our domestic trade is hurt by the destructive competition of imported merchandise which results from the lowered foreign cost when translated into United States dollars.

Usually, when a currency is depreciated prices rise to offset the effect of the depreciation. However, such has not been the case in the experience of most countries which went off the gold standard. Thus, if a foreign currency depreciates 40 percent, as has the Japanese yen, it follows that the cost of Japanese goods in the United States market has fallen to the same extent. It is quite apparent, therefore, what this means to American industry. Instead of a lowered tariff, it appears that what we really need is a special duty to compensate for the depreciation in foreign currencies, such as France levies against countries which have gone off the gold standard.

Our own recent action in abandoning the gold standard has resulted in a slight depreciation of the United States dollar in foreign countries. However, our prices have shown a tendency to rise as a result of this step, and any depreciation of our currency will probably be offset by higher prices. Thus, the depreciation of our own currency will not aid us much in competing with other depreciated-currency countries whose prices have not risen.

CONCLUSION

In conclusion, I wish to summarize my objections to the Democratic reciprocity tariff proposal as follows:

First. It contemplates an unconstitutional delegation of the power of Congress to lay and collect duties and imposts and to regulate commerce with foreign countries.

Second. It would destroy the principle of the protective tariff and substitute a competitive tariff, or tariff for revenue, which can only result in a flooding of the domestic market with cheap foreign goods with which domestic producers cannot compete.

Third. The granting of reciprocal concessions to foreign countries would result in destroying one domestic industry in an attempt to benefit another.

Fourth. The reduction of our own tariff rates would not insure greater foreign purchases from us because foreign countries will buy in the cheapest market, no matter how much of their goods we import.

Fifth. In order to obtain greater foreign markets, we must meet world prices. To do this we would have to reduce production costs to world levels, which would involve lower wages to labor and longer hours of employment.

Sixth. The purpose of the bill is inconsistent with the present policy to increase wage levels, because without tariff protection our higher standard of living cannot be maintained in competition with the cheap labor of Europe and the Orient.

Seventh. Buying more goods abroad will not help to reopen our own factories producing the same merchandise.

Eighth. The importance of our foreign trade has been overemphasized, since our exports even in normal times only amount to about one tenth the value of our domestic production.

Ninth. What this country needs is more purchasing power, and this cannot be brought about by denying American workmen and producers the right to produce the goods consumed in the home market.

Tenth. To abandon our present policy of equal treatment to all nations would only breed more bitter tariff wars and result in retaliation and unfair discrimination against our goods in foreign markets.

EXHIBIT A

Approximate wages paid in some of the principal industries of the United States and certain foreign countries

Industry	United States	England	Sweden	Germany	France	Belgium	Japan	Hungary	China
Leather and shoes	$21.12	$8.36	$10.59	$8.23	$7.00	$6.00	$8.88	$5.15	$1.35
Chemicals	26.72	11.82	10.20	9.53	[1] 6.27	6.72	5.58	4.89	.92
Ceramics and pottery	[1] 26.68	8.38	11.82	9.31	7.20	6.72	4.74	3.99	1.45
Iron and steel	31.05	16.08	9.24	10.83	[1] 8.11	6.30	6.08	5.54	1.68
Papermaking	25.39	11.35	9.54	10.03	[1] 7.38	5.88	4.38	5.67	1.09
Printing	38.40	11.65	10.32	9.62	8.35	6.72	5.22	7.14	1.79
Silk mills	22.65	8.78	8.64	6.92	[1] 6.09	3.84	2.70	3.61	1.62
Cotton	19.15	8.31	7.78	6.87	[1] 6.09	3.84	2.49	4.14	1.04
Cement	[1] 26.68	13.45	12.48	8.83	[1] 7.62	6.72	5.76	5.29	[1] 1.08
Glass	[1] 25.72	11.26	10.50	9.29	7.68	7.95	7.50	5.80	1.08
Woodworking	25.82	15.62	11.16	9.81	7.96	7.68	5.79	4.71	1.35
General average	26.30	11.37	10.20	9.02	7.25	6.21	5.37	5.08	1.31

[1] Estimates from wages in kindred industries.

NOTE.—The above figures were compiled from Department of Labor and National Industrial Conference Board reports for 1931 and cover a 48-hour week. Since late 1931 most of the above foreign countries have gone off the gold basis, bringing a still further reduction in wage scales, as much as 51 percent.

Source: National Association of Manufacturers, Tariff Facts.

EXHIBIT B

Principal exports of certain foreign countries

[Source: Monthly Bulletin, American Tariff League, December 1932, January 1933]

EXPORTS (EXCLUSIVE OF REEXPORTS) FROM THE UNITED KINGDOM OF ARTICLES WHOLLY OR MAINLY MANUFACTURED, 1931

Coke and manufactured fuel		£2,965,000
Pottery, glass, abrasives, etc.		8,381,000
Pottery	£3,462,000	
Glass and glassware	1,367,000	
Iron and steel and manufactures		30,410,000
Steel	1,447,000	
Plates and sheets	5,531,000	
Tinplate, etc.	6,777,000	
Pipes and tubes	3,741,000	
Railway, etc., material	2,323,000	
Wire and manufactures	1,744,000	
Nonferrous metals and manufactures		6,935,000
Cutlery, hardware, etc.		5,334,000
Cutlery	642,000	
Hardware (except hollow ware)	799,000	
Implements and tools	1,594,000	
Scientific instruments	2,062,000	
Electrical goods and apparatus		7,438,000
Machinery		32,839,000
Agricultural	967,000	
Electrical	4,359,000	
Machine tools	2,062,000	
Prime movers (except electrical)	2,893,000	
Textile	5,281,000	
Manufactures of wood		1,427,000
Manufactures of cotton		56,593,000
Yarns	10,895,000	
Piece goods, unbleached	4,423,000	
Piece goods, bleached	10,727,000	
Piece goods, colored, dyed, etc.	22,173,000	
Thread	4,047,000	
Manufactures of wool		25,150,000
Tops	2,022,000	
Worsted yarns	3,609,000	
Woolen tissues	10,192,000	
Worsted tissues	5,101,000	
Manufactures of silk		1,038,000
Manufactures of other textiles		12,889,000
Artificial silk	3,363,000	
Cordage, ropes of hemp, etc.	1,000,000	
Linen manufactures	5,432,000	
Jute manufactures (except cordage, etc.)	1,980,000	
Wearing apparel		14,015,000
Chemicals, drugs, dyes and colors		17,043,000
Drugs, medicines, etc.	2,659,000	
Dyes, colors, etc.	3,471,000	
Sodium compounds	2,851,000	
Oils, fats, and resins, manufactured		5,306,000
Leather and manufactures		3,314,000
Paper and cardboard		6,323,000
Vehicles		28,418,000
Railway vehicles and parts	4,164,000	
Motor cars, etc., and parts	6,412,000	
Motorcycles, bicycles, and parts	3,187,000	
Rubber tires and tubes	3,237,000	
Ships and boats (new)	9,283,000	
Rubber manufactures (except tires)		2,137,000
Miscellaneous articles		22,618,000
Arms, ammunition, stores, etc.	3,281,000	
Books	3,619,000	
Linoleum and cork carpet	1,048,000	
Musical instruments	1,397,000	
Stationery, other than paper	1,110,000	

PRINCIPAL EXPORTS (EXCLUSIVE OF REEXPORTS) FROM CANADA, YEAR ENDING MAR. 31, 1932

Agricultural and vegetable products		$204,398,000
Fruits	$7,507,000	
Vegetables	5,554,000	
Wheat	115,739,000	
Other grain	17,191,000	
Milled products	22,882,000	
Whisky	11,622,000	
Rubber products	10,988,000	
Seeds	1,992,000	
Tobacco	2,621,000	
Animal and animal products		68,799,000
Living animals	4,367,000	
Fishery products	24,437,000	
Furs	12,218,000	
Leather	3,203,000	
Meats	4,961,000	
Butter	2,363,000	
Cheese	10,594,000	
Fibers, textiles, and products		5,512,000
Binding twine	1,499,000	
Wood, unmanufactured and manufactured		68,255,000
Paper		107,485,000
Newsprint	103,003,000	
Iron and its products		15,463,000
Farm implements and machinery	2,485,000	
Vehicles	4,385,000	
Nonferrous metals and products		69,073,000
Aluminum and its products	3,766,000	
Copper and its products	19,803,000	
Lead and its products	4,441,000	
Nickel and its products	12,109,000	
Zinc and its products	5,262,000	
Precious metals	20,446,000	
Electrical apparatus	1,297,000	
Nonmetallic minerals and products		13,457,000
Asbestos and its products	4,734,000	
Coal and its products	2,422,000	
Stone and its products	3,254,000	
Chemical and allied products		10,535,000
Fertilizer	1,946,000	
Acids	2,093,000	
Inorganic chemicals	3,860,000	
Miscellaneous commodities		13,367,000
Films	4,012,000	

PRINCIPAL EXPORTS (EXCLUSIVE OF REEXPORTS) FROM FRANCE, 1930

	Francs
Cotton fabrics	2,146,000,000
Silk fabrics	1,873,000,000
Rayon fabrics	994,000,000
Wool fabrics	1,572,000,000
Cotton yarns	453,000,000
Rayon yarns	328,000,000
Wool yarns	1,010,000,000
Raw wool, all sorts	1,200,000,000
Clothing and lingerie	1,662,000,000
Millinery, artificial flowers	86,000,000
Iron ore	437,000,000
Iron and steel:	
Heavy	2,433,000,000
Construction	250,000,000
Tools	111,000,000
Copper, crude or rolled	382,000,000
Metal manufactures, n.e.s.	1,372,000,000
Machinery	2,168,000,000
Automobiles	959,000,000
Ships	134,000,000
Aircraft	212,000,000
Rubber tires	368,000,000
Chemicals, dyes, etc.	2,073,000,000
Vegetable oils, fixed	341,000,000
Medicines, prepared	410,000,000
Perfumery and soaps	787,000,000
Coal	550,000,000
Earthenware and china	173,000,000
Glass and glassware	408,000,000
Cement and other building materials	339,000,000
Pearls and other precious stones	858,000,000
Rags, waste paper	122,000,000
Paper and cardboard	622,000,000
Books	253,000,000
Furniture of wood	218,000,000
Hides, skins, furs	959,000,000
Leather	776,000,000
Leather manufactures	434,000,000
Vegetables and fruits	922,000,000
Butter, cheese, and eggs	440,000,000
Wines and spirits	1,419,000,000

PRINCIPAL EXPORTS (EXCLUSIVE OF REEXPORTS, BUT INCLUSIVE OF REPARATIONS) FROM GERMANY, 1931

	Reichsmarks	*Reichsmarks*
Products of lands and forests		834,596,000
Farm products	210,284,000	
Animals and animal products	251,402,000	
By-products of farm industry	216,974,000	
Cultivated forest products	89,668,000	
Mineral and fossil raw materials; mineral oils		786,976,000
Earth and stone	78,535,000	
Ores	20,364,000	
Fossil fuels (coal, coke, etc.)	608,715,000	
Mineral oils and other raw materials	46,719,000	
Coal tar, coal-tar oils and materials	32,643,000	

PRINCIPAL EXPORTS (EXCLUSIVE OF REEXPORTS, BUT INCLUSIVE OF REPARATIONS) FROM GERMANY, 1931—continued

	Reichsmarks	*Reichsmarks*
Chemical and pharmaceutical products		974,446,000
Basic chemical materials	426,048,000	
Dyes and dye materials	259,378,000	
Varnishes, shellacs, cement	17,019,000	
Perfumery and materials, etc	45,170,000	
Artificial fertilizers	48,800,000	
Textiles		1,330,183,000
Silk and rayon manufactures	302,058,000	
Wool and manufactures	375,933,000	
Cotton and manufactures	314,984,000	
Tracing cloth, prepared woven goods, etc	34,163,000	
Clothing	191,588,000	
Leather, furs, and products		465,311,000
Leather	179,547,000	
Leather products	108,996,000	
Furs	174,029,000	
Rubber products		93,076,000
Products of white rubber	84,251,000	
Hard-rubber products	8,825,000	
Wood and cork products		93,077,000
Paper and manufactures		387,087,000
Books, etc		84,190,000
Pottery		129,445,000
Glass and glass products		189,487,000
Nonprecious metals and products		1,919,846,000
Iron and steel products	1,374,753,000	
Aluminum and products	52,209,000	
Lead and products	23,897,000	
Copper and products	290,859,000	
Machinery, electrical products, and vehicles		1,791,962,000
Machines	1,057,199,000	
Electrical products	488,323,000	
Vehicles	246,440,000	
Firearms, watches, and toys		135,435,000
Watches	47,435,000	
Toys	81,503,000	

PRINCIPAL EXPORTS (EXCLUSIVE OF REEXPORTS) FROM ITALY, 1930

	Lire
Eggs	66,880,000
Cheese	368,391,000
Rice	276,165,000
Potatoes	94,088,000
Tomatoes, preserved	195,016,000
Other vegetables	234,764,000
Oranges	152,627,000
Lemons	287,717,000
Almonds	221,787,000
Other fruits and nuts	499,890,000
Oil cake	43,415,000
Wine	155,344,000
Cattle hides	122,968,000
Other hides and skins	95,228,000
Leather gloves	96,729,000
Hemp and tow	261,611,000
Silk, raw	993,263,000
Schappe silk	73,606,000
Rayon, raw or dyed	466,393,000
Cotton yarn	332,538,000
Cotton fabrics	1,041,504,000
Wool fabrics	453,321,000
Silk and rayon fabrics	669,598,000
Hats of felt, men's	190,893,000
Hats, other	68,248,000
Pneumatic tires	147,288,000
Marble	206,226,000
Sulphur	114,817,000
Precious stones	280,972,000
Zinc ore	45,999,000
Machinery	240,730,000
Automobiles	193,895,000
Olive oil	351,823,000
Essential oils of citrus fruits	76,589,000
Chemicals, medicines, colors	345,249,000

EXHIBIT C

List of treaties and agreements containing the most-favored-nation clause

[Source: Department of State, Treaty Information Bulletin No. 43]

TREATIES IN FORCE CONTAINING UNCONDITIONAL MOST-FAVORED-NATION CLAUSE

Country	Date in force	When and how terminable
Austria	May 27, 1931	1 year after notice by either party, but not before Feb. 11, 1935.
China	June 20, 1929	Contains no provision regarding termination.
Estonia	May 22, 1926	1 year after notice by either party, but not before May 22, 1936.
Germany	Oct. 14, 1925	1 year after notice by either party, but not before Oct. 14, 1935.
Honduras	July 19, 1928	1 year after notice by either party, but not before July 19, 1938.
Hungary	Oct. 4, 1926	1 year after notice by either party, but not before Oct. 4, 1936.
Latvia	July 25, 1928	1 year after notice by either party, but not before July 25, 1938.
Morocco	Jan. 28, 1837[1]	12 months after notice by either party.

[1] Date of ratification by the President of the United States; no date is specified in treaty for its going into force and no ratification by Morocco was necessary.

TREATIES IN FORCE CONTAINING UNCONDITIONAL MOST-FAVORED-NATION CLAUSE—continued

Country	Date in force	When and how terminable
Muscat (in force also with Zanzibar).[3]	Sept. 30, 1835[2]	Contains no provision regarding termination.
Norway	Sept. 13, 1932	1 year after notice by either party, but not before Sept. 13, 1935.
El Salvador	Sept. 5, 1930	1 year after notice by either party, but not before Sept. 5, 1940.
Siam	Sept. 1, 1921	1 year after notice by either party.
Turkey	Apr. 22, 1930	1 year after notice by either party, but not before Apr. 22, 1933.
Yugoslavia	Nov. 15, 1882	1 year after notice by either party.
Zanzibar (see Muscat)		

[2] Date of exchange of ratifications; the treaty does not specify the date of its going into force.

[3] Accepted by Zanzibar after separation from Muscat, Oct. 20, 1879.

EXECUTIVE AGREEMENTS IN FORCE CONTAINING UNCONDITIONAL MOST-FAVORED-NATION CLAUSE

Country	Date in force	When and how terminable
Albania	July 28, 1922[1]	Contains no provision regarding termination.
Brazil	Oct. 18, 1923	Do.
Bulgaria	Aug. 18, 1932	3 months' notice by either party or by legislative action of either party.
Chile	Sept. 28, 1931[2]	15 days after notice by either party.
Czechoslovakia[3]	Nov. 5, 1923	30 days after notice by either party.
Danzig, Free City of (See Poland).		
Dominican Republic	Sept. 25, 1924	30 days after notice by either party or by legislative action of either party.
Egypt	May 24, 1930	90 days after notice by either party or by legislative action of either party.
Finland	May 17, 1925	30 days after notice by either party or by legislative action of either party.
Greece	Dec. 9, 1924	Do.
Guatemala	Aug. 14, 1924	Do.
Haiti	Oct. 1, 1926	Do.
Lithuania	July 10, 1926	Do.
Nicaragua	July 11, 1924	Do.
Persia	May 10, 1928[4]	Do.
Poland (in force also with the Free City of Danzig).	Feb. 10, 1925	Do.
Rumania	Sept. 1, 1930	Do.
Spain[5]	Nov. 27, 1927	3 months' notice by either party.

[1] Date of official recognition of Albania by the United States.

[2] Also retroactively, from May 22, 1931, in respect of certain tariff reductions extended to France.

[3] The original agreement was to expire on Jan. 1, 1925, but was continued in force by agreement of Dec. 5, 1924.

[4] Retroactively.

[5] Extending previous regime.

TREATIES IN FORCE CONTAINING CONDITIONAL MOST-FAVORED-NATION CLAUSE

Country	Date in force	When and how terminable
Argentina	Dec. 20, 1854[1]	Contains no provision regarding termination.
Belgium	June 11, 1875	12 months after notice by either party.
Bolivia	Nov. 9, 1862	1 year after notice by either party.
Borneo	July 11, 1853[1]	Contains no provision regarding termination.
Colombia	June 10, 1848[1]	12 months after notice by either party.
Costa Rica	May 26, 1852[1]	Contains no provision regarding termination of covering most-favored-nation clause; 12 months after notice by either party, vis-a-vis other equality-of-treatment provisions.
Denmark[2]	Apr. 26, 1826[3]	1 year after notice by either party.
Ethiopia	Sept. 19, 1914	1 year after notice by either party, but no before Sept. 19, 1938.
Great Britain[4] (In force also with Irish Free State.)	July 3, 1815[5]	12 months after notice by either party
Irish Free State (see Great Britain).		
Italy	Nov. 18, 1871	Do.
Japan	July 17, 1911	6 months after notice by either party.
Liberia	Feb. 17, 1863[6]	Contains no provision regarding termination.
Paraguay	Mar. 7, 1860	12 months after notice by either party.

[1] Date of exchange of ratifications.

[2] Abrogated by notice, 1856; renewed by convention of which ratifications were exchanged Jan. 12, 1858.

[3] The date given is that of signature. Though subject to ratification, the treaty provides that it shall be in force from its date.

[4] Extended by the conventions of Oct. 18, 1818, and Aug. 6, 1927.

[5] The date given is that of signature. Though subject to ratification, the treaty provides that it shall be in force from its date.

[6] Date of exchange of ratifications.

EXECUTIVE AGREEMENT IN FORCE CONTAINING CONDITIONAL MOST-FAVORED-NATION CLAUSE

Country	Date in force	When and how terminable
Portugal	June 28, 1910	Contains no provision regarding termination.

EXHIBIT D

Foreign trade of the United States, 1913–32

[Source: U.S. Chamber of Commerce, Foreign Commerce Department, Our World Trade in 1932]

Year	Exports	Imports	Total trade	Excess of exports
1913	$2,484,018,292	$1,792,596,480	$4,276,614,772	$691,421,812
1914	2,113,624,050	1,789,276,001	3,902,900,051	324,348,049
1915	3,554,670,847	1,778,596,695	5,333,267,542	1,776,074,152
1916	5,482,641,101	2,391,635,335	7,874,276,436	3,091,005,766
1917	6,223,512,597	2,952,467,955	9,185,980,552	3,281,044,642
1918	6,149,087,545	3,031,212,710	9,180,300,255	3,117,874,835
1919	7,920,425,990	3,904,364,932	11,824,790,922	4,016,061,058
1920	8,228,016,307	5,278,481,490	13,506,497,797	2,949,534,817
1921	4,485,031,356	2,509,147,570	6,994,178,926	1,975,883,786
1922	3,831,777,469	3,112,746,833	6,944,524,302	719,030,636
1923	4,167,493,080	3,792,065,963	7,959,559,043	375,427,117
1924	4,590,983,845	3,609,962,579	8,200,946,424	981,021,266
1925	4,909,847,511	4,226,589,263	9,136,436,774	683,258,248
1926	4,808,660,235	4,430,888,366	9,239,548,601	377,771,869
1927	4,865,375,325	4,184,742,416	9,050,117,741	680,632,909
1928	5,128,356,434	4,091,444,394	9,219,800,828	1,036,912,040
1929	5,240,995,202	4,399,361,066	9,640,356,268	841,634,136
1930	3,843,181,282	3,060,908,489	6,904,089,771	782,272,793
1931	2,424,288,588	2,090,634,725	4,514,923,313	333,653,863
1932	1,612,305,818	1,322,745,439	2,935,051,257	289,560,379

EXHIBIT E

Ratio of dutiable and free imports, 1927–32

[Imports for consumption]

Year	Percent free	Percent dutiable
1927	64.4	35.6
1928	65.7	34.3
1929	66.4	33.6
1930	66.8	33.2
1931	66.6	33.4
1932	66.9	33.1

Source: Computed from foreign trade statistics of Bureau of Foreign and Domestic Commerce, U.S. Department of Commerce.

EXHIBIT F

TABLE 1.—*Chief foreign markets for United States exports in 1932*

Rank	Country[1]	Value of United States exports
1	United Kingdom (17.9 percent)	$288,463,000
2	Canada (15 percent)	241,425,000
3	Japan (8.3 percent)	134,537,000
4	Germany (8.3 percent)	133,472,000
5	France (6.9 percent)	111,562,000
6	China (3.5 percent)	56,171,000
7	Italy (3 percent)	49,135,000
8	Netherlands (2.8 percent)	45,407,000
9	Philippine Islands (2.8 percent)	44,987,000
10	Belgium (2.5 percent)	40,350,000
11	Mexico (2 percent)	32,575,000
12	Argentina (2 percent)	31,670,000
13	Cuba (1.8 percent)	28,775,000
14	Brazil (1.8 percent)	28,600,000
15	Australia (1.7 percent)	26,818,000
16	Spain (1.7 percent)	26,688,000
17	British India (1.5 percent)	24,915,000
18	Sweden (1.1 percent)	17,457,000
19	British South Africa (1 percent)	15,979,000
20	Panama (1 percent)	15,609,000
21	Soviet Russia	12,648,000
22	Denmark	11,981,000
23	Colombia	10,670,000
24	Venezuela	10,235,000
25	Hong Kong	9,695,000
26	New Zealand	9,233,000
27	Greece	7,942,000
28	Dutch East Indies	7,816,000
29	Switzerland	7,300,000
30	Poland and Danzig	7,108,000
31	Norway	6,916,000
32	Dutch West Indies	6,476,000
33	Dominican Republic	4,630,000
34	Portugal	4,614,000
35	Irish Free State	4,487,000
36	Honduras	4,474,000
37	Newfoundland-Labrador	4,174,000
38	Haiti	4,005,000
39	Peru	$3,965,000
40	British West Africa	3,810,000
41	Chile	3,568,000
42	Uruguay	3,217,000
43	Guatemala	2,820,000
44	Jamaica	2,815,000
45	Finland	2,775,000
46	Bermudas	2,753,000
47	Algeria and Tunisia	2,720,000
48	Egypt	2,707,000
49	British Malaya	2,497,000
50	Costa Rica	2,435,000
51	French West Indies	2,334,000
52	Salvador	2,289,000
53	Mozambique	2,182,000
54	Bolivia	2,160,000
55	Morocco	2,142,000
56	Nicaragua	1,993,000
57	Czechoslovakia	1,872,000
58	Ecuador	1,754,000
59	Palestine	1,673,000
60	Trinidad and Tobago	1,651,000
61	Turkey in Europe and Asia	1,540,000
62	French Indo-China	1,484,000
63	Syria	1,460,000
64	Rumania	1,262,000
65	Kwantung	1,186,000
66	Canary Islands	1,179,000
67	British East Africa	1,148,000
68	Iraq	1,139,000
69	Persia	1,082,000
	All others	15,695,000
	Total exports	1,612,306,000

[1] Figures in parentheses following name of a country indicate percentage of total exports taken by that country.

TABLE 1.—*Chief foreign markets for United States exports in 1932*—Continued

TABLE 2.—*Chief source of United States imports in 1932*

Rank	Country[1]	Value of United States imports
1	Canada (13.2 percent)	$174,101,000
2	Japan (10.1 percent)	134,011,000
3	Brazil (6.2 percent)	82,263,000
4	Philippine Islands (6.1 percent)	80,877,000
5	United Kingdom (5.6 percent)	74,639,000
6	Germany (5.6 percent)	73,521,000
7	Colombia (4.6 percent)	60,846,000
8	Cuba (4.4 percent)	58,330,000
9	France (3.2 percent)	44,736,000
10	Italy (3.2 percent)	42,433,000
11	Mexico (2.8 percent)	37,423,000
12	British Malaya (2.6 percent)	34,806,000
13	British India (2.5 percent)	33,204,000
14	Dutch East Indies (2.3 percent)	29,825,000
15	China (2 percent)	26,176,000
16	Sweden (1.9 percent)	24,480,000
17	Dutch West Indies (1.8 percent)	24,182,000
18	Netherlands (1.7 percent)	22,448,000
19	Belgium (1.7 percent)	21,927,000
20	Venezuela (1.5 percent)	20,294,000
21	Argentina (1.2 percent)	15,654,000
22	Czechoslovakia (1 percent)	13,020,000
23	Switzerland (1 percent)	12,492,000
24	Chile	12,278,000
25	Spain	11,406,000
26	Norway	10,439,000
27	Soviet Russia	9,704,000
28	Honduras	9,004,000
29	British West Africa	8,932,000
30	Finland	8,179,000
31	Greece	7,550,000
32	Newfoundland-Labrador	7,133,000
33	Ceylon	5,915,000
34	Turkey in Europe and Asia	5,390,000
35	Egypt	4,849,000
36	Australia	4,643,000
37	Guatemala	4,501,000
38	Hong Kong	4,277,000
39	Costa Rica	3,687,000
40	Peru	3,685,000
41	Panama	3,530,000
42	Trinidad and Tobago	3,390,000
43	Dominican Republic	3,380,000
44	Jamaica	3,234,000
45	Portugal	2,798,000
46	Persia	2,764,000
47	Austria	2,616,000
48	Ecuador	2,386,000
49	British South Africa	2,350,000
50	New Zealand	2,158,000
51	Uruguay	2,104,000
52	Nicaragua	1,964,000
53	Iraq	1,905,000
54	British East Africa	1,814,000
55	Denmark	1,328,000
56	Mozambique	1,317,000
57	Poland and Danzig	1,255,000

[1] Figures in parentheses following name of a country indicate percentage of our total imports supplied by that country.

TABLE 2.—*Chief source of United States imports in 1932*—Continued

Rank	Country	Value of United States imports
58	Algeria and Tunisia	$1,211,000
59	Belgian Congo	1,204,000
60	Salvador	1,143,000
	All others	15,584,000
	Total imports	1,322,745,000

Source: U.S. Chamber of Commerce, Foreign Trade Department, Our World Trade in 1932.

EXHIBIT G

CHIEF EXPORTS AND IMPORTS OF THE UNITED STATES IN 1932

TABLE 1.—*Chief exports*

Rank	Commodity	Value	Percent of total exports
1	Unmanufactured cotton	$345,165,000	21.9
2	Gasoline, naphtha, etc	79,081,000	5.0
3	Automobiles, parts, etc	76,274,000	4.8
4	Leaf tobacco	64,983,000	4.1
5	Lubricating oil	48,279,000	3.1
6	Coal and coke	44,543,000	2.8
7	Electrical machinery, etc	43,382,000	2.8
8	Wheat	32,684,000	2.1
9	Lard	31,883,000	2.0
10	Cotton cloth	27,357,000	1.7
11	Crude petroleum	27,106,000	1.7
12	Illuminating oil	23,732,000	1.5
13	Fresh apples	22,417,000	1.4
14	Boards, planks, and scantlings	21,874,000	1.4
15	Wheat flour	18,468,000	1.2
16	Canned fruit	17,526,000	1.1
17	Gas and fuel oil	16,173,000	1.0
18	Refined copper	13,550,000	.9
19	Photographic and projection goods	13,538,000	.9
20	Leather	13,150,000	.8
21	Books, maps, etc	12,441,000	.8
22	Furs	12,119,000	.8
23	Metal-working machinery	12,023,000	.8
24	Iron and steel plates, sheets, etc	10,840,000	.7
25	Agricultural machinery, etc	10,548,000	.7

TABLE 2.—*Chief imports*

Rank	Commodity	Value	Percent of total imports
1	Coffee	$136,812,000	10.3
2	Raw silk	113,882,000	8.6
3	Cane sugar	96,701,000	7.3
4	Standard newsprint paper	84,676,000	6.4
5	Wood pulp	46,838,000	3.5
6	Crude rubber	32,538,000	2.5
7	Crude petroleum	30,424,000	2.3
8	Furs	27,385,000	2.1
9	Bananas	24,701,000	1.9
10	Unmanufactured tobacco	23,026,000	1.7
11	Raw hides and skins	22,492,000	1.7
12	Fish	21,396,000	1.6
13	Cocoa beans	19,676,000	1.5
14	Art works	18,479,000	1.4
15	Gasoline, naphtha, etc	17,286,000	1.3
16	Burlaps	16,908,000	1.3
17	Tin bars, blocks, pigs, etc	16,474,000	1.2
18	Fertilizers, excluding nitrate of soda	16,386,000	1.2
19	Industrial chemicals	14,441,000	1.1
20	Cheese	12,494,000	1.0
21	Tea	12,455,000	1.0
22	Topped petroleum, including fuel oil	11,401,000	.9
23	Refined copper	10,974,000	.8
24	Diamonds	10,401,000	.8
25	Nuts	9,921,000	.8

Source: U.S. Chamber of Commerce, Foreign Commerce Department, Our World Trade in 1932.

FINANCIAL LEGISLATION

Mr. LUCE. Mr. Speaker, the work of the Committee on Banking and Currency in this session has been of high importance. The main issues and the principles involved should have record.

The tradition of this committee is that it should eschew partisanship. Finance is not largely nor often a matter of party opinion. Accepting that view and also wishing to give the President whole-hearted support in his program for renewing confidence and reviving activity, the minority members of the committee have tried to help everything their judgments approved, have acquiesced where they were in doubt, and have opposed only in those particulars where they were convinced that policies were unsound. Such particulars were few, but they involved principles of vital importance to our future and they should be understood.

They did not appear in the first bill to be considered, that which was made imperative by the closing of all the banks in the crisis coincident with the taking over of the Government by the new administration. Before a week had passed what became Public Law No. 1 was reported from the committee, approved by both Houses, and signed. The need of haste was so great that the bill was not even laid before the committee, but presented directly to the House. Members of the committee, while regretting this, gave it their support, and are glad that no ill result seems to have followed. This was the measure that revived the war powers of the President in view of the peace-time emergency, allowed him to prevent hoarding, put banking operations under more strict control, created conservators to aid in the reopening of banks in distress, provided for preferred stock of such banks, and authorized the issue of Federal Reserve bank notes upon United States obligations and commercial paper as security.

Next came the bill to permit direct loans by Federal Reserve banks to State banks and trust companies, which also received unanimous support.

The next banking measure the House considered did not come from the Banking and Currency Committee, but was part of a bill that had been referred to the Committee on Agriculture. The House itself decided, and in our judgment unwisely, that the whole matter of agricultural credits should be taken away from the Committee on Banking and Currency, which had handled it through all the years since the Farm loan system was created. We had lived with its problems, we knew their history. Among them was that of the joint-stock land banks. Perhaps if their interests had been continued in our charge we would not have been as inconsiderate as was the Committee on Agriculture of the bond and stock holders, who had been allowed to believe that their investments in these banks declared to be "instrumentalities of the Government", would have the protection of the Government. Maybe these banks should have been put out of business, but there are those who think it ought not to have been done in so ruthless a way.

That same bill also escaped orderly treatment by the committee supposed to know something about such things, by adding to the powers of the Federal Reserve System, by authorizing the Secretary of the Treasury to issue currency, United States notes, to the maximum of $3,000,000,000, and by authorizing the President to alter the weight of gold and silver dollars, to accept silver in the payment of foreign debts, and to issue certificates against such silver which can be used in payment of any obligations of the United States. The Committee on Banking and Currency may disclaim any responsibility for this legislation.

The currency question did come before the committee in another form, that of the request of the President for unprecedented control over the coinage. On the ground that provisions of public and private obligations purporting to give the obligee a right to require payment in gold, obstruct the power of Congress to regulate the value of money and are therefore contrary to public policy, the resolution declared that such obligations might be discharged in any coin or currency at the time legal tender for public and private debts. This raised the moral issue of the sanctity of contracts and the Republican members of the committee fought as stoutly as they could on the side of national and individual honor.

They recalled the words of the enactment of 1869:

The faith of the United States is solemnly pledged to the payment in coin or its equivalent of all the obligations of the United States not bearing interest, known as United States notes, and of all the interest-bearing obligations of the United States, except in cases where the law authorizing the issue of any such obligations has expressly provided that the same may be paid in lawful money or other currency than gold or silver.

They quoted the words of the Liberty Loan Acts:

The principal and interest thereof shall be payable in United States gold coin of the present standard of value.

In the drives to sell these bonds that made it possible for us to help win the World War, hundreds of speakers and the Government itself dwelt on the promise to pay in gold. Millions of our people bought these bonds with this pledge. Whether all gave equal weight to it is irrelevant where honor is involved. The pledge alone counts, though, no more than one man gave it heed.

As a matter of fact, this pledge had been a vital consideration not alone with public securities but also with a great number of corporate borrowings. Their total has been estimated at a hundred billions in par value. Importance has been attached to the gold promise by countless treasurers of universities, colleges, other educational and philanthropic institutions, by all sorts of men who are intrusted with investing the resources that support work for humanity. This includes the officers of our mutual savings banks with their nine billion and more of deposits, the life-insurance companies with more than 120,000,000 policies outstanding, and all other officials who must think of safety first when exercising their trusts. Should the solemn pledge to them be broken?

The good faith of a nation is its greatest asset. We have boasted that in this no nation is our superior. Upon it we have relied in our international relations. On the very eve of a conference that bids fair to be of supreme consequence to the welfare of the world we were asked to replace good faith with bad faith, to tell those with whom we confer that whatever agreements we make may be repudiated next day or next year. If we broke solemn pledges to our own, what might be expected of those to others?

We are asking sundry nations to pay us what they owe. Would they be more likely to make good their promises if we set them the example of repudiation?

That is the right name for it—repudiation—and that bill ought to be known throughout history as "the repudiation bill of 1933."

It was true that legal casuistry in England and in one of our own subordinate courts had recently perverted the plain meaning of language in order to give a color of defense to repudiation. Not all the subtleties of all the lawyers in the world can change the fact that both parties to these contracts understood the words to mean what they said, what it has been hitherto accepted that they meant.

Our Constitution forbade the States to impair the obligations of contracts. For some unknown reason the fathers did not impose the same prohibition on the Nation. But the moral principle involved is the same. The sanctity of contracts is the cornerstone of our civilization. To violate that sanctity is to invite ruin.

The argument fell on deaf ears. Almost to a man the Democrats voted for repudiation; almost to a man the Republicans voted against repudiation.

The pity of it is that the sacrifice of honor was needless. Had the resolution been for a suspension of gold payments for 2 years or the extent of the emergency as the President might decide, it is probable there would have been no opposition whatever. Furthermore, nobody would have importantly objected to prohibiting gold clauses in future issues of securities, public or private, or in any other kind of obligations. Why, without shadow of excuse, this breach of faith should have been made retroactive and permanent is something that those who voted for the bill will doubtless have opportunity to try to explain to the millions of sufferers who relied on what the law said:

The faith of the United States is solemnly pledged.

Another proposal to which the minority took exception was that to give $500,000,000 to the States for relief purposes. The issue was over whether the money should be given or lent. Should the Nation as a whole give to each of its parts? The Nation was to give $1 for every $3 expended for relief purposes. Against this were urged the unwisdom of creating any more Federal bureaus, the administrative difficulties in determining needs, and particularly the danger in clothing charity with a national interest. The House added to the reasons for criticism by an amendment taking the staff of the new bureau out from under the Civil Service laws, therein flouting the President, who has from the start had the authority to determine what Government employees shall and what shall not be chosen by the merit system rather than by the spoils system. By an overwhelming vote the Democratic majority declared their President should have no say in the matter.

Two of the great fiscal measures of the session had the hearty support of the Republicans of the committee and in the House—the home mortgage bill and the bank reform bill, known generally as the "Glass bill" by reason of the long labors of the Senator from Virginia in its preparation.

The home mortgage bill carried further the idea behind the home loan bank bill that President Hoover had fathered. The home loan bank bill was intended to allow building-and-loan associations, savings banks, and insurance companies to rediscount mortgages and thus raise funds with which to meet the needs of depositors having occasion to withdraw their money, and also to provide additional funds for borrowers wishing to build homes. An unfortunate amendment, accepted reluctantly and perforce, had provided for direct loans. It did great harm by leading many citizens in distress to think they could borrow. As most of them could not in any case give the security required, bitter disappointment was inevitable, even if in point of machinery the proposal had proved unworkable.

The end desired by those who a year ago advocated direct loans will be in some measure reached by the home mortgage law. The Home Loan Board, acting as a corporation, will exchange its bonds for existing mortgages up to 80 percent of the value of the property, and will make new mortgages to be amortized—that is, paid up by installments—through 15 years. Where the mortgagee will not take the bonds, the corporation may lend cash up to 50 percent of the value. Dwellings for not more than four families up to $20,000 in value come under the law, and the maximum for exchange of bonds for mortgages is $14,000. No payment on the principal is to be required for 3 years, and the time for payment of interest on any installment of the principal may be extended if deemed by the corporation to be justifiable. The corporation is to use $150,000 for encouraging the formation of thrift and home-financing institutions where they do not now exist. All told, it is a well-framed plan for helping home owners and home building. Fortunately it will not only meet emergency needs but be a permanent addition to our agencies for social betterment.

Likewise the bank reform bill is much more than a measure of temporary advantage. There will be permanent gain through putting an end, after a year, to the affiliated companies that with such injury to the public were used in the flush times to unload securities now of little or no value. Holding companies will be closely regulated. Bank funds will not be so readily diverted from legitimate enterprise to speculation. Banking and stock broking will be kept farther apart.

The three problems over which there was the most controversy were those of deposit insurance, branch banking, and enlargement of the Federal Reserve System. Unhappy experience in States that have tried the guaranty of deposits, with the fear of mulcting well-conducted banks to protect depositors in weak banks, would justify doubt as to national insurance of deposits; but the experiment may be justified by the certainty that it will help to restore the confidence in our banking institutions which is at the moment so sorely needed. If those who are to administer the law will appreciate the need of more thorough examinations and more stringent requirements, the new system may prove a permanent benefit.

Greater safety for depositors is also one of the ends to be accomplished by the extension of branch banking in States where it is already permitted to State banks, now about a fifth of the whole, with the probability that the new law will rapidly lead others to fall in line. This means not only stronger central banks but also safe banks in the smaller communities, with better adjustment of the supply of capital to local and seasonal needs.

It also means progress toward a unified banking system, which the best authorities hold to be essential to our financial welfare. That progress will be helped, too, by the requirement that 3 years from now all State banks not members of the Federal Reserve System, of which there are now perhaps 8,000, must become members if they wish to continue to enjoy the benefits of deposit insurance. Every bank in the country now shares to some degree in the advantages brought by the Federal Reserve System, and it is but fair that sooner or later every bank shall share in its obligations. This may or may not mean the ultimate disappearance of State banks as much but it does mean uniform and strict supervision.

The country should be thankful that in this bill was at last carried out the assurance given to President Hoover on the night of October 6, 1931, that there should be legislation to lessen the cost of receiverships for closed banks and to return more promptly to depositors therein such of their money as could be salvaged. Although this was in part accomplished by the Reconstruction Finance Corporation Act, the full measure of help that might have been given more than a year and a half ago is only now at last provided. Why the party in control of Congress throughout all this time has not earlier made good the pledge of its leaders, they may explain.

Of course, there are some things in the bank reform bill that do not please everybody. No great law can meet that test. But taken as a whole it met the approval of nearly all the Members of the House and already appears to commend itself to the public at large.

One of the wisest of our financial authorities, giving figures to show that business recovery, now beginning to make progress here, has been in progress for about a year in most of the other important industrial countries, points out that our industries joined in the upturn last summer, and carried the gains forward to the close of the year. Then, he says, political dissensions and banking troubles combined to cause a new decline. The records of the other nations suggest to him that an adequate remedy might have been found if the prompt and vigorous actions taken had been directed to restoring full confidence in our banking system, and had refrained from altering our monetary system. In that even our present business upturn and speculation would probably have been less violent, but possibly our genuine recovery more durable.

If that view is right, we may be thankful that the bank reform bill was at last allowed to have a chance, and though escaping further prolonged delay by but a hair's breadth, survived the conference committee in time for a vote at this session. It is the most important achievement of the banking committees of House and Senate in the score of years since the Federal Reserve System was created. It should help the country.

UNIFORM SYSTEM OF BANKRUPTCY

Mr. BANKHEAD. Mr. Speaker, I call up House Resolution 180.

The Clerk read as follows:

House Resolution 180

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5950, a bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Mr. Speaker, I understand that the gentleman from Pennsylvania does not ask for any time.

Mr. RANSLEY. While there is considerable opposition to the bill there is no opposition to the rule, it being an open rule.

Mr. BANKHEAD. With that statement, Mr. Speaker, the rule having been read for information of the House, I do not deem it necessary to make any explanation. I yield 10 minutes to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Speaker, there is no objection to the resolution, since under its provisions the rule provides for amendments to the proposed bill when it is considered under the 5-minute rule.

I want to say this in frankness and candor, while there is a division in the committee on the advisability of enacting this bill into law, I do not think there is any division in the committee as far as the mechanics of the bill are concerned. That is to say, if a bill of this kind is to be enacted into law, it is the belief of members of the committee that the bill is in about as good form as can be written.

The general nature of the bill and the thing that we seek to correct is this: All over this country there are many municipalities, including not only cities, but including taxing districts, improvement districts of every kind and character, that are unable to meet their debts as they mature, their bonded indebtedness, their other indebtedness, and it has become necessary to provide some vehicle whereby those municipalities may go into court and be afforded an opportunity of sitting around the table with their creditors for the purpose of reaching a plan of readjustment. The bill does not provide that any creditor may throw any municipality into bankruptcy at all. Only can the municipality itself go into bankruptcy or go into court with a concrete proposition of settlement, and the bill does not hamper the municipality. It does not hamper the majority of the creditors. The whole theory of the bill is based upon the proposition that such action as is taken must be predicated upon an agreement reached between the municipality and two thirds of the creditors. It deals only with the unwilling minority, with the unwilling 33⅓ percent of the creditors.

That is the only effect that the bill has on the creditors outside of the agreement, but as the law now is, a levee district, an irrigation district, or any other taxing district has no vehicle, no way of coercing or dealing with that unwilling minority, and the result is all over this land today that municipalities are being faced with suits in Federal courts of one nature and another, compelling the levying of taxes and the diversion of funds that ought to be used for other purposes, to the payment of the demands of the minority recalcitrant creditors. The purpose of this is not to hamper the municipality in the discharge of its duty at all, and it only reaches that recalcitrant minority. That is all the bill does.

The bill has been objected to on the ground that this right should not be extended to a taxing district, upon the theory that the bonds or obligations of the taxing district were issued in good faith. The same argument might be made with equal force, that the power of bankruptcy should not be given to an individual or a corporation. I am one of those who believe that all debts are contracted in good faith. In municipalities debts are contracted in good faith, but there are changes brought about by the passage of time, due to the fluctuations in property values which might make it necessary to give to that municipality and to the people within its boundaries the same right that the individual himself may have; but in this case that right does not go that far. The right extends only to giving the municipality the right to go into conference with its creditors and sit around the table. If they can work out a plan, all right; if they cannot work out a plan, no harm is done, and the matter remains just as it is.

How do you get into court? The bill provides that the consent of 30 percent of the creditors must be obtained before a petition may be filed. Then the petition is filed, and the plan is submitted to the court upon a hearing in which any creditor and all creditors are entitled to participate, and upon that hearing the principal question is whether or

not the allegations contained in the petition are true. In other words, whether or not the petition is filed in good faith, whether or not the taxing district is actually in condition and position where it is unable to meet its debts as they mature.

Then, if those facts are found and the plan is approved, not by 30 percent but by 66⅔ percent of the creditors of any particular class, the court has a right to and does enter an order approving the term of readjustment, approving the equities of the parties as set forth in the plan. That decree of the court must be based upon the provisions of the plan. Then, when the plan of readjustment has been agreed on and has been approved by the court, the jurisdiction of the court ends, and the governmental power of the taxing district passes back to its commissioners or to its constituted authority and the district proceeds to function the same as if this procedure had never occurred.

One of the principal contentions against the bill is that the bankruptcy power should not be extended to any municipality that might exercise or that does exercise governmental power. There are two classes of municipalities dealt with here. One class, I admit, may exercise governmental power, such as cities, but the other class exercises only proprietary power; and before any plan is approved or can be approved by the court, the court must find first that the municipality is authorized under the existing law—and that means under its charter or under the State law—to enter into or carry out the agreement. Then, on the last page of the bill, page 16, we have sought to cover that objection to the bill by providing that in those municipalities where their powers depend upon the authority from the State, the State may give that authority, and that the plan of readjustment must be approved by that governmental agency or by that branch of the State government that exercises the powers over the various municipalities.

So that there can be no conflict, there can be no such thing under this bill as interference with governmental powers. If this bill is passed as written, the taxing districts of this country will have a means to readjust their debts in accordance with the ability of the taxpayers to pay and upon the agreement of two thirds of its creditors. The recalcitrant minority can be effectively and honestly dealt with upon a policy of "live and let live." The power cannot and will not be abused. It will afford necessary machinery for these municipalities to readjust their obligations and pay their honest debts. [Applause.]

The SPEAKER. The time of the gentleman from Arkansas [Mr. MILLER] has expired.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The resolution was agreed to.

EXTENSION OF GASOLINE TAX, ETC.

Mr. DOUGHTON. Mr. Speaker, I present a conference report on the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, and I ask unanimous consent for its present consideration.

The Clerk read the title of the bill.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same.

The committee of conference have come to no agreement on amendment numbered 3.

R. L. DOUGHTON,
HEARTSILL RAGON,
SAM B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
DAVID A. REED,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 1: This amendment strikes out the phrase "for experimental purposes" in the provisions relating to the elimination on July 1, 1933, of the additional rate on first-class matter mailed for local delivery. The House recedes.

On amendment no. 2: This amendment strikes out the provision of the House bill which transfers the electrical-energy tax from the producer to the consumer and substitutes in lieu thereof a provision which exempts from taxation, under the manufacturers' excise tax title of the Revenue Act of 1932 articles sold for use as fuel supplies, ships' stores, sea stores, or legitimate equipment on vessels of war, fishing or whaling vessels, or vessels engaged in foreign trade, trade between the Atlantic or Pacific ports of the United States, or between the United States and its possessions. The amendment also provides that articles manufactured or produced with the use of articles upon which the tax, under the manufacturers' excise tax title has been paid upon importation, if laden as supplies on such vessel, shall be held to be exported for the purposes of allowance of drawback on such articles. The House recedes.

On amendment no. 3: The committee of conference have come to no agreement on this amendment.

R. L. DOUGHTON,
HEARTSILL RAGON,
SAM B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

The SPEAKER pro tempore (Mr. CANNON of Missouri). Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

The SPEAKER pro tempore. Without objection, the Clerk will read the statement in lieu of the report.

The Clerk read the statement.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment no. 3: Page 5, after line 13, insert section 6 (a), as follows:

"SEC. 6. (a) The Revenue Act of 1932 is amended by inserting after section 615 a new section, to read as follows:

"'SEC. 615 1-2. TAX ON ELECTRICAL ENERGY FOR DOMESTIC OR COMMERCIAL CONSUMPTION

"'(a) There is hereby imposed upon electrical energy sold on or after September 1, 1933, for domestic or commercial consumption and not for resale a tax equivalent to 2 percent of the price for

which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe.

"'(b) The provisions of sections 619, 622, and 625 shall not be applicable with respect to the tax imposed by this section.

"'(c) No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may by regulation prescribe.'

"(b) Section 616 (a) of the Revenue Act of 1932 is amended to read as follows:

"'(a) There is hereby imposed a tax equivalent to 1 percent of the amount paid for electrical energy for consumption other than domestic or commercial and not for resale furnished on or after September 1, 1933, and before July 1, 1934, to be paid by the person paying for such electrical energy and to be collected by the vendor. If any person manufactures, produces, or imports such electrical energy and uses it to the extent of more than 500 kilowatt-hours per month, he shall be liable for the tax under this subsection in the same manner as if such electrical energy were purchased by him, and the tax shall be computed on the price at which such electrical energy is sold, in the ordinary course of trade, as determined by the Commissioner. No tax shall be imposed under this section upon any payment made for electrical energy used (1) in the production of agricultural products or (2) by any religious, charitable, or educational organization, no part of the net earnings of which inures to the benefit of any private shareholder or individual. The right to such exemption under this section shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may by regulation prescribe.' None of the provisions of this section or of section 615½ shall apply to publicly owned electric and power plants.

"(c) The title of section 616 of the Revenue Act of 1932 is amended by striking out 'tax on electrical energy' and inserting in lieu thereof 'tax on electrical energy for consumption other than domestic or commercial.'

"(d) Despite the provisions of this section the tax imposed under section 616 of the Revenue Act of 1932 before its amendment by this section on electrical energy furnished before September 1, 1933, shall be imposed, collected, and paid in the same manner and shall be subject to the same provisions of law (including penalties) as if this section had not been enacted."

Mr. DOUGHTON. Mr. Speaker, I offer a motion, which I send to the desk.

The Clerk read as follows:

Mr. DOUGHTON moves to recede and concur in Senate amendment no. 3 with the following amendment: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 6. (a) Effective September 1, 1933, section 616 of the Revenue Act of 1932 is amended to read as follows:

"'SEC. 616. Tax on electrical energy for domestic or commercial consumption: (a) There is hereby imposed upon electrical energy sold for domestic or commercial consumption and not for resale a tax equivalent to 3 percent of the price for which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe. The sale of electrical energy to an owner or lessee of a building who purchases such electrical energy for resale to the tenants therein shall for the purposes of this section be considered as a sale for consumption and not for resale, but the resale to the tenant shall not be considered a sale for consumption.

"'(b) The provisions of sections 619, 622, and 625 shall not be applicable with respect to the tax imposed by this section.

"'(c) No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may by regulation prescribe.'

"(b) Despite the provisions of this section, the tax imposed under section 616 of the Revenue Act of 1932 before its amendment by this section on electrical energy furnished before September 1, 1933, shall be imposed, collected, and paid in the same manner and shall be subject to the same provisions of law (including penalties) as if this section had not been enacted."

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, this is a conference report presented for the second time. This matter of the charge for electrical energy has been in dispute between the two branches for some weeks. Included in the main bill in conference was the so-called "gasoline tax", and a change of rate in postage. Those two items were not in dispute between the conferees, but there was a marked dispute in relation to the charge for electric energy.

The House conferees took the distinct position that no favor should be shown the different types of manufacturers of electric energy. In other words, the difference of opinion between the two branches is this: The House takes the position that the charge for electric energy should be laid against any corporation selling for domestic consumption. There are two types of corporations which supply electric energy. One, the private corporation; the other, the municipal corporation. The Senate adopted, at the instance of the Senator from California [Mr. JOHNSON], an amendment exempting from this tax municipally controlled electric energy supply corporations, granting a very distinct favor and a preferred method of treatment of the municipal corporation over the private corporation.

The House conferees are distinctly opposed to that attitude, and the Senate conferees agreed with us in the matter. The Senate conferees went back to the Senate and were defeated on the Senate floor. An amendment exempting from taxation the municipal corporations passed the Senate, we are informed, by a vote of 31 to 21. Therefore, the measure is back in conference, and today we have conferred again with the Senate and have reached the conclusion that this branch should vote whether or not it desires to show favor to and exempt from taxation the municipally owned plants.

Mr. Speaker, I repeat, it is very important that this conference should be settled promptly between the two branches. One reason is that the present gasoline tax will expire the 1st of July, and therefore the extension of it must be put into effect very promptly. Also the postal authorities are anxious for the authority conferred by this bill to change, if they so desire, postal rates. Therefore we are asking that the conferees of the House be supported, and that no favor in the form of an exemption of a particular kind of electrical-energy plant should be shown by the House.

We ask that the motion made by the gentleman from North Carolina, the Chairman of the Committee on Ways and Means, receive the support of the House.

Mr. Speaker, if I have not made plain the difference between the two branches of Congress, I would be very glad, if any gentleman desires, to see if I can answer an inquiry.

Mr. DOUGHTON. I believe the gentleman has made a very clear statement.

Mr. GILCHRIST. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. GILCHRIST. Is there a difference about the time when this bill should go into effect?

Mr. TREADWAY. No. That was agreed upon in conference. The only thing in disagreement between the two branches is whether or not a municipal plant supplying domestic needs should be exempt from taxation. Understand, this is for domestic consumption and not for consumption by the municipality.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman from Massachusetts 1 additional minute.

Mr. WHITTINGTON. Is there not this further difference between the bill as adopted by the House and the proposal adopted by the Senate—that in the other body 1 percent of this tax was transferred to industrial energy, and the amendment adopted in the other body distinctly provides that the tax is to be paid by the consumer?

Mr. TREADWAY. The gentleman is correct. That is one of the differences between the two bodies. Under the House provision the tax is only on the vendor, the producer of the energy.

Mr. WHITTINGTON. The utility company.

Mr. TREADWAY. The only place where the actual producer of the energy is not to pay the tax is when it is sold for resale purposes; for instance, in an apartment house.

Mr. WHITTINGTON. In other words, by adopting this amendment proposed by the chairman of the committee, the provision adopted in the Senate which requires a 1-percent

tax to be paid by the consumer of industrial energy will be eliminated.

Mr. TREADWAY. It will be eliminated; yes.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Mr. Speaker, I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. Mr. Speaker, I offer an amendment to the amendment offered by the gentleman from South Carolina.

The Clerk read as follows:

Amendment offered by Mr. SAMUEL B. HILL: Mr. HILL moves to amend the amendment offered by Mr. DOUGHTON by inserting after the first sentence of subsection (c) the following: "None of the provisions of this section shall apply to publicly-owned electric and power plants."

The SPEAKER pro tempore. How much time does the gentleman from North Carolina yield to the gentleman from Washington?

Mr. DOUGHTON. Ten minutes.

Mr. SAMUEL B. HILL. Mr. Speaker, in passing the bill (H.R. 5040), the House amended the existing law as to the tax on electrical energy by transferring the 3-percent tax from the consumer to the producer—from the consumer to the power companies.

This provision of the House bill was amended in the Senate by levying a 2-percent tax to be paid by the power company or producer upon electrical energy for domestic and commercial use. It was further amended, by levying a 1-percent tax on energy to be used in industry to be paid by the consumer; and further than that, the Senate amended the House provision by exempting from the operation of the tax publicly owned electric and power plants.

The motion of the gentleman from North Carolina is to concur in the Senate amendment with an amendment. If adopted the effect would be that the 3-percent tax would be restored to its original status in the House bill to be paid by the power companies on energy for domestic and commercial use with no tax at all on energy to be used for industrial purposes. In other words, it would restore the provisions of the House bill.

Now, since the Senate adopted the further amendment exempting from taxation electrical energy produced by publicly owned electric and power plants, we are bringing this proposition back here under my amendment to the motion of the gentleman from North Carolina that the House may have the opportunity of voting upon this one proposition first. It segregates this one proposition of the exemption of publicly owned electric power plants from taxation so that the House may vote exclusively upon it before voting on the motion of the gentleman from North Carolina.

In other words, the question presented by my amendment is whether this House shall instruct the conferees on the part of the House to recede and concur in the Senate amendment exempting from taxation publicly owned electric and power plants. That is all there is in my amendment.

Mr. BACHARACH. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. BACHARACH. Under the provisions of this bill a private corporation which has received authority from a State and is operating under public-utility or public service laws under the sanction of the governing authority which regulates the rates they may charge for the power they produce must pay a 3-percent tax, whereas a municipality competing against them does not pay a dollar toward this tax. Does not the gentleman think this is eminently unfair? In other words, in my judgment, it would absolutely drive the corporation out of business and the bondholders and stockholders would receive very little for their original investment which they made in good faith. I wish the gentleman would answer this question.

Mr. SAMUEL B. HILL. I may say to the gentleman from New Jersey that the question he asks is, to say the least, a debatable one. I would put it on a different ground, however, or, rather, an additional ground if I were making the argument he presents here, and that is that the people themselves, the consumers who buy their electrical energy from a publicly owned and operated electric and power plant are favored as against people who buy their electrical energy from a privately owned electric and power plant, because ultimately the consumers pay this tax.

No one will deny that the private power companies will pass this tax on to the consumer, if they can do so under the authority of the regulatory bodies of the several States; and if they do this, the consumer will pay the tax just the same. In such case the consumer would be paying the tax to the Federal Government, whereas in the case of the consumer who is getting his electrical energy from a public-owned plant would not pay such tax to the Federal Government.

Mr. BACHARACH. Will the gentleman yield further?

Mr. SAMUEL B. HILL. I yield.

Mr. BACHARACH. It seems to me the gentleman is making an argument in support of my contention, because, if the consumer pays the tax, why should not the municipality charge the additional 3 percent as long as the consumer is the one who is going to pay it?

Mr. SAMUEL B. HILL. Let me say to the gentleman from New Jersey that my purpose in offering the amendment is to bring this question to the House for a vote, so that it may instruct the conferees what its will is and what it would have them do, whether they should recede and concur in this amendment or whether they should insist on their disagreement. This is my purpose in offering the amendment, and it is for you Members of the House to say what your judgment is on the question. The conferees on the part of the House are here asking your instructions upon this matter, and that is why I am bringing the question before you.

Mr. CASTELLOW. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. CASTELLOW. I want to know whether or not the gentleman's amendment would apply to a plant owned by a county, the same as it would apply to one owned by a municipality?

Mr. SAMUEL B. HILL. Unquestionably it would. Any municipal organization or district or any part of a State such as a county, city, or a district organized for the purpose of owning and operating a plant without profit and for the benefit of the users within such district, would come within the provisions of this exemption.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. WHITTINGTON. I should like to have the gentleman's view on this proposition. If the energy that is produced and sold by municipal plants be exempt, would that be an argument to aid the utility companies in asking public-service commissions to increase rates, and thus pass the tax to the consumers? In other words, if we exempt municipally owned plants would that be an argument for the utility companies to go before the utility commissions and get permission to pass the tax of 3 percent on to the consumer?

Mr. SAMUEL B. HILL. I think it would have the opposite effect. They will have to cut down their rates, especially if they are in competition with a publicly owned plant, in order to meet the competition; and if they do that they would have to absorb all or part of the tax in order to meet the competition of the publicly owned plant, where there is such competition between a private plant and a public plant.

Mr. WHITTINGTON. It occurred to me that it might be used as an argument to equalize the returns from the rates. I should like to have the gentleman's views about the matter, because I am interested in this tax being paid by the producer, whether that producer is a municipally owned plant or whether it is a privately owned plant. I am opposed to its being paid by the consumer, and I do not want to take any action that would likely transfer this tax from the producer to the consumer.

Mr. SAMUEL B. HILL. It would probably make little difference whether you exempted the publicly owned plant, so far as the efforts on the part of the privately owned plant to transfer the tax to the consumer are concerned. I think they will try to do this anyway, and if they can they will do it. That is why I said that ultimately the consumer will have to pay the tax, and hence it is a discrimination in favor of one set of consumers as against another set of consumers.

Mr. MURDOCK. Will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. MURDOCK. Is not exempting the municipally owned plant the only way you can keep the private utility corporations from passing it on to the consumer?

Mr. SAMUEL B. HILL. That is probably true; at least, it would tend in that direction.

Mr. MURDOCK. As the gentleman says, they would have to absorb it and in that way save it for the consumer.

Mr. SAMUEL B. HILL. Mr. Speaker, my effort here is simply to present the question to you, because we want the House to tell the conferees upon this question whether we shall recede and concur in this Senate amendment to exempt publicly owned and operated electric light and power plants or whether we shall continue to disagree to that amendment.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. WHITTINGTON. As I understand the proposition pending before the House now, there is a motion by the gentleman from North Carolina to insist upon the amendment as adopted by the House, to wit, to transfer the tax of 3 percent from the consumer to the producer.

Mr. SAMUEL B. HILL. The gentleman is correct.

Mr. WHITTINGTON. If the gentleman's amendment is adopted, it simply exempts municipally owned plants from the operation of the amendment offered by the gentleman from North Carolina, which is substantially the amendment I originally proposed.

Mr. SAMUEL B. HILL. That is right. It does not disturb the situation presented by the motion of the gentleman from North Carolina so far as it applies to private companies.

Mr. WHITTINGTON. In other words, the 3 percent would still be paid by the power companies.

Mr. SAMUEL B. HILL. The 3 percent would still be paid by the private power companies and would be confined to domestic and commercial use.

Mr. DOUGHTON. If my friend will yield, it leaves the House bill intact so far as commercial and domestic energy is concerned, but the Johnson amendment proposes to relieve municipally owned plants from the payment of the tax.

Mr. SAMUEL B. HILL. The gentleman is correct about that; and that is the question we are now presenting to you, so you can vote upon that question first and have a clean-cut vote on that one proposition.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. COCHRAN of Missouri. Will the gentleman explain why the conferees have placed paragraph (c) in this amendment, providing that—

> No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia.

Mr. SAMUEL B. HILL. Simply because you would not have the constitutional authority to levy such a tax.

Mr. COCHRAN of Missouri. You say we do not have power to levy a tax upon electrical energy sold to the Government, States, or subdivisions thereof.

Mr. SAMUEL B. HILL. You would not have the power to tax electrical energy used for governmental purposes by the States or any subdivision of the State, such as counties or cities. The Congress might exempt or impose a tax upon power used by the Federal Government in its activities, but you could not impose a tax on power used for governmental purposes by a State or the subdivisions of a State.

Mr. COCHRAN of Missouri. I understand that; but if the Government purchases electrical energy for lighting its Capitol from a private corporation you mean to say it cannot be taxed?

Mr. SAMUEL B. HILL. The Congress might tax electrical energy furnished to the Federal Government but not electrical energy furnished to the States or subdivisions thereof.

Mr. COCHRAN of Missouri. That has been decided by the committee.

Mr. SAMUEL B. HILL. That is the present law.

Mr. COCHRAN of Missouri. Cannot the present law be changed?

Mr. SAMUEL B. HILL. No. You have not the constitutional authority to do it.

Mr. COCHRAN of Missouri. I am talking about taxing the corporation that sells to the Government.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. MARTIN of Colorado. I want to ask the gentleman a question. As I understand, the adoption of the gentleman's amendment will exempt municipally owned corporations from the payment of the tax.

Mr. SAMUEL B. HILL. The gentleman is correct.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Washington.

Mr. ZIONCHECK. Mr. Speaker, I was to have some time on this conference report.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Washington [Mr. ZIONCHECK].

Mr. ZIONCHECK. Mr. Speaker and Members of the House, I sent a letter to every Member of this body last night in which I embodied what I considered the fundamental and basic arguments for the exemption of publicly owned light and power utilities from the 3 percent gross revenue tax.

Apparently my hurried and somewhat clumsy effort was justified, for today we are confronted with the necessity of voting upon this all-important question.

An affirmative vote upon Mr. HILL's amendment in effect means that you are voting to actually put a 3-percent tax upon the producer of power. If you do not exempt the municipally owned utilities and thus create an effective yardstick to prevent an increase of rates, you will merely allow the power companies until September 1 to go to their regulatory commissions and increase their power rates by 3 percent, or more, and thus retransfer this tax upon the consumer. As I stated in my letter today, this would be merely to perform a vicious piece of political jugglery.

In the West we effectively regulate the private power companies in the only real manner in which they can be regulated, that is, by the competition of publicly owned and operated light and power plants. Degree by degree we are dragging the power companies out of politics, out of churches, out of clubs, and out of our schools. Until recently more than 75 percent of our community clubs were under the domination and control of power-company employees and propagandists. In order to break this domination the real sincere and conscientious public-spirited citizens had to start a new group of community organizations known as the North End Federated Clubs. The Puget Sound Power & Light Co. bought some 27 memberships for their employees in the Washington Athletic Club at one time, and all this, among other things, was done in order to manufacture public opinion, or, more accurately stated, to spread their propaganda and lies on the unsuspecting public through these ostensibly respectable organizations.

During the Muscle Shoals fight I detailed the record of Seattle's effective competition against the private power company. In brief it amounted to this: Before our City Light was started Seattle residents were paying 20 cents a kilowatt-hour for their electricity. Three months before our own plant started to sell its current the private company, of its own accord, reduced their rates by 8 cents per kilowatt-hour. Step by step we have forced the rates down to a point where now the average domestic rate for Seattle residents is 2.83 cents per kilowatt-hour, which is 48.21 per-

cent of the Nation's average of the domestic current used in the United States, which was 5.87 cents per kilowatt-hour in 1930, according to the Electrical World, January 3, 1932. If the domestic electric power and light consumers of the city of Seattle paid the average domestic rate paid throughout the Nation, they would pay approximately $11,000,000 more per year than they now pay, and that is more than our total yearly taxes.

Until recently we could not sell beyond our city limits, and you could certainly notice the difference as soon as you crossed the boundary line. The amount of current which would cost one $10 in the city of Seattle cost the consumer just outside the city $15.

I want to emphatically point out that the only effective manner in which we can prevent the private power companies from increasing their present rates and shifting the tax upon the consumer is to exempt our municipally owned power companies from this tax. The private power companies will have to sell at a rate equal to that of the publicly owned organizations, for otherwise their customers will immediately demand that their municipality start a publicly owned and operated light and power system; and there is nothing that they dislike more than that.

Mr. HOLLISTER. Will the gentleman yield?

Mr. ZIONCHECK. Yes.

Mr. HOLLISTER. Is it the purpose of the gentleman to put the private companies out of business?

Mr. ZIONCHECK. It is not a question of putting the companies out of business, but it is a question of actually transferring the 3-percent tax from the consumer to the producer.

Mr. HOLLISTER. The gentleman feels it would be better not to allow the private companies to go out of business?

Mr. ZIONCHECK. I think it would be a blessing to the people if all the private power companies were driven out of the country.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. ZIONCHECK. Yes.

Mr. BOILEAU. In many parts of the country municipalities buy electrical energy from private utilities and then resell it to the consumer.

Mr. ZIONCHECK. That is right.

Mr. BOILEAU. Could there be any tax imposed if this amendment is adopted?

Mr. ZIONCHECK. There would be no tax on the power sold by the municipality to the consumer.

Mr. BOILEAU. Would there be any tax on the original power sold by the utility corporation to the municipality?

Mr. ZIONCHECK. It is my understanding that there would not, but I am not sure on that point.

Mr. Speaker, the letter I sent to every Member of Congress last night was prepared and sent out in a very hurried manner. However, it embodies the arguments, and I ask unanimous consent to insert it as a part of my remarks.

The SPEAKER pro tempore (Mr. CANNON of Missouri). Is there objection?

There was no objection.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 8, 1933.

DEAR COLLEAGUE: Allow me to call your attention to conference report on H.R. 5040, extending the gasoline tax, etc.

On page 3 of that report, under the statement of the managers on the part of the House, you will find the following language:

"The House recedes with an amendment imposing a tax on the vendor of 3 percent of the price for which electrical energy is sold for domestic or commercial consumption, effective September 1, 1933, rather than the fifteenth day after the enactment of the act as proposed by the House. The amendment continues the present tax on the consumer until September 1. * * * The section as agreed to in conference also omits the Senate amendment exempting publicly owned electric and power plants."

We will be called upon to vote on the conference report in the near future, which will somewhat differ from this report, due to the fact that the Senate rejected and recommitted to their conferees this whole matter upon the question of exempting publicly owned electric and power plants.

I hope that you will not feel that I am presumptuous in giving you my views on this matter. I come from a district which has one of the outstanding municipally owned and operated light and power plants in the United States, i.e., Seattle, Wash., and this is a vital question with us.

I construe the extension of time from the fifteenth day after enactment until the 1st day of September as nothing more or less than a deliberate grant of time in which the privately owned power companies can make application to their regulatory bodies of their respective States for an increased rate of at least 3 percent, together with a profit thereon, thereby transferring this tax onto the consumer, together with additional burdens.

If my interpretation is correct, and I believe it is, we will be committing the worst kind of legislative trickery if we allow this.

The only effective manner in which to prevent this vicious jugglery is the absolute exemption of publicly owned and operated light and power plants. They will create an effective yardstick which will prevent any increase after the imposition of the 3 percent tax upon the producer. The privately owned power companies know that if they increase their rates, with no corresponding increase in the rates of the publicly owned plants, there will be the greatest wave of effective public sentiment for public ownership, together with its inherent benefits, ever known in the United States.

There is a serious constitutional question whether the Federal Government can tax a governmentally owned and operated light and power plant which does not sell beyond the confines of the State boundaries. Regardless of this constitutional question, it is inherently wrong to tax a publicly owned plant which does not operate for profit. It would be just as logical to tax the municipally owned and operated water systems on the ground that they are not necessarily a governmental function. To carry this argument to its logical conclusion, it would be just as fair to tax the States, counties, and cities for every yard of cement which they put into their roads and highways on the ground that roads and highways are not necessarily a governmental funtion, due to the fact that not many years back one had to pay tollgate keepers for the use thereof.

Whether you have a publicly owned and operated light and power system in your congressional district or not, this question should be of the most vital importance to you and your constituents because of the basic and fundamental principle involved. It is my belief that we cannot afford in these times to further fool the people by transferring this tax upon the producer only to have it in turn retransferred back upon the consumer with an additional penalty.

Sincerely yours,

M. A. ZIONCHECK.

P.S.—Senators JOHNSON, NORRIS, and BONE led the fight for this principle in the Senate. Their pertinent and highly informed remarks appear in the CONGRESSIONAL RECORD of June 6, pages 5085 to 5096. The Senate moved to recommit by a vote of 41 to 31.

Mr. ZIONCHECK. I cannot agree with the viewpoint of many who claim that this exemption would be unfair to the private power companies. In the first place, the private power companies never have been fair, nor do they ever want to be. Further, the private power companies have taken unfair advantage of the American people in the manner in which they have watered their stock on mythical investments.

Our Senator BONE, of Washington, states, and he has never been challenged upon this statement, that the Northwestern Electric Co., in the southern end of our State, filed on the water power of a river in southern Washington known as the White Salmon River. They constructed a dam and plant which cost them $1,230,000, or about $82 per horsepower. Then against the bare water rights, which cost them nothing, they issued more than $10,000,000 in securities, and since that time a recent hearing has divulged that they have been paying from 10 percent to 12 percent a year on the $10,000,000, and have used that highly inflated sum as their basis for rate structure. All this was allowed and sanctioned in a State where we claim to have one of the most foolproof regulatory laws in existence.

Many of the State laws do not allow municipalities or political subdivisions to refund their bond issues when they become due. They must pay the interest and the principal or default. What do the private power companies do? Whenever the interest becomes due, or a principal payment necessary, they merely print some more stocks and bonds and unload them upon the gullible public who had been reading their road signs, newspaper advertisements, and radio announcements that such-and-such a power company's bonds and stocks are a safe investment. Is there any Member of the House who does not readily see that the private power companies have an unfair advantage over the municipally owned and operated plants? Why, then, is it unfair to exempt our public plants as provided in this amendment? Again I want to reiterate, if you actually in-

tend to transfer the 3-percent tax from the consumer to the producer vote for this amendment, for otherwise you will be merely fooling your constituents. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 1 minute to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, I have been active in trying to get this tax placed where it really belongs, on the producer. I rise to call attention to the statement of the gentleman from Washington, Mr. SAMUEL B. HILL, a moment ago, in reply to my question in regard to paragraph C. The gentleman said that Congress did not have the power to tax the private corporations that sold power to the Government, State, or political subdivisions thereof. I should like to have Mr. HILL, or any Member of this House, regardless of how great a constitutional lawyer he may be, point out where the Constitution or any Supreme Court decision in any way would prohibit the Congress from placing a tax upon electrical energy sold to the Government of the United States. I cannot agree that paragraph C is anything but a little loophole where you are letting the power companies out, insofar as paying the tax for what they are selling to the Government. I admit there is a question as to whether you can tax electrical energy sold to a State or a subdivision thereof, but as to power sold to the Federal Government the Congress has the power to tax.

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. ELTSE].

Mr. ELTSE of California. Mr. Speaker, the purpose of the amendment of the gentleman from Mississippi [Mr. WHITTINGTON] was stated to be a transfer of the tax from the consumer to the producer. Is not that correct?

Mr. WHITTINGTON. Yes.

Mr. ELTSE of California. Unless you exempt the publicly owned public utilities, which are producers of electrical energy, you are going to make the consumer pay the tax, just as sure as the sun rises. If you want to accept the spirit of the amendment of the gentleman from Mississippi, you will vote for the amendment that has been offered and which is now before you. It seems to me that is as clear as the nose on a person's face. If you want to transfer the tax from the consumer to the producer, you will vote for this amendment, because if you do not the publicly owned public utility has to collect that 3-percent tax from the consumer in the public-utility district. That is all I care to say.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Speaker, to levy a tax of 3 percent on publicly owned power-producing units is, in my judgment, absolutely unfair to the people of the city on which it is levied, and is, I believe, unconstitutional. If we can do that the Congress can pass an act and go into the city of Los Angeles and say to that city that it is going to collect a 3-percent tax on every tax bill that it collects. The power bill that the city of Los Angeles collects from its own people is only another form of taxation. The people of that city built their own power plant. They sold bonds for that purpose. If the revenues of the plant are insufficient, a tax would be levied to make up the deficiency. You would not dare to put a tax on their water bills because everybody says that the water is a natural resource, but we are coming to a point in this country where the cities are producing their own power and where power is recognized as a natural resource. We in Los Angeles are producing today much of our power from our water system, because there is a drop of 3,500 feet from Owens Valley to Los Angeles, and we utilize that and produce 250,000 horsepower of electrical energy. That plant was built by the citizens of Los Angeles. They issued the bonds and paid the principal and the interest on those bonds. It is a purely city enterprise, and to put a 3-percent tax on its production is, in my judgment, violating every form of good, sane governmental practice, and I think it is unconstitutional.

Mr. RANKIN. Would not this all go to the extent of taxing everybody who owns property in a city or town that had a municipally owned plant?

Mr. FORD. It would.

Mr. RANKIN. This would place a burden on the man who owned a little property, even if he might not be able to use electric lights?

Mr. FORD. Yes.

Mr. RANKIN. Whereas the private company could only pass the burden on to the people who used electricity?

Mr. FORD. That is correct. Let me give you some facts. The city of Los Angeles has just made an agreement to borrow from the Reconstruction Finance Corporation $22,800,000 for the purpose of building a power line from Boulder Dam to the city of Los Angeles, and it is this power that is to pass over that line to be marketed in the city of Los Angeles that will ultimately pay back to the Government the $165,000,000 for the building of Boulder Dam. Now, I wish you would get that into your consciousness. If you put another $450,000 or $500,000 on that plant in the form of a tax, it will hamper it in making its payments to the Government of that loan. We have sold bonds. We have paid interest on those bonds. If the Department cannot do it, the city must do it, because it is a city-owned enterprise.

But it is not only Los Angeles that will be adversely affected. Every struggling little municipally owned plant in the country will suffer. The big power companies will go to their State commissions and get the authority to raise their rates to meet this tax, so that in the end the consumer will pay this tax in higher rates. This is unfortunate, but alas! it is true.

Mr. DINGELL. Will the gentleman yield?

Mr. FORD. I yield.

Mr. DINGELL. The gentleman would not say that the city of Los Angeles is getting the short end of the deal on the Boulder Dam proposition, would he?

Mr. FORD. I do not quite understand what the gentleman is referring to.

Mr. DINGELL. We will be glad to take that power in Detroit any time and pay the $165,000,000.

Mr. FORD. But it cannot be transmitted that far.

Mr. DINGELL. I realize that.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. FORD. I yield.

Mr. ZIONCHECK. If this amendment is adopted, it will act favorably for all the Southern States that come within the confines of Muscle Shoals, will it not?

Mr. FORD. Certainly. You are laying up trouble for Muscle Shoals if you do not pass this amendment.

Mr. RANKIN. Will the gentleman yield further?

Mr. FORD. I yield.

Mr. RANKIN. If this amendment is defeated then, as I understand it, all the power generated by any governmental agency in the Tennessee Valley would then have to pay this 3-percent tax?

Mr. FORD. I cannot see any other way out of it.

Mr. RANKIN. I am asking for information.

Mr. DOUGHTON. If it is sold to municipalities, it is exempt. If it is sold for private purposes or commercial purposes, of course it would be subject to taxation.

Mr. RANKIN. But the majority of the power then that would be distributed from the power plants developed in the Tennessee Valley would be subject to this tax?

Mr. DOUGHTON. No; because the majority of it will be sold for industrial use, and that is exempt.

Mr. RANKIN. Then you are putting a burden on the little fellow who is able only to use electric lights or a sewing machine or an electric refrigerator, or something like that.

The SPEAKER pro tempore. The time of the gentleman from California [Mr. FORD] has expired.

Mr. DOUGHTON. Mr. Speaker, the conferees of the Senate and House reached an agreement on all the provisions in the bill save and except the one relating to electric energy. We have had 2 or 3 meetings and have failed to reach an agreement with respect to that tax. The question for the House to determine is one that is easily understood. The Senate has agreed to all of the provisions of the House bill with respect to electric energy except what is

known as the "Johnson amendment." The Johnson amendment provides that electric energy produced by municipally owned plants shall be exempt from the provisions of the tax. In other words, the tax will not apply; whereas my amendment provides that electric energy produced for domestic or commercial purposes, not used for governmental functions, shall stand upon the same footing and be subject to the same tax as electric energy produced by private companies. Now, that is easily understood.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. WHITTINGTON. It was stated a few moments ago, as I recall, that in the event a utility company sold power to a municipality and the municipality in turn sold the power for domestic and commercial use, it would be exempt. That is erroneous. The amendment distinctly provides that if the electric energy is to be resold for domestic or commercial purposes the tax imposed is to be paid by the vendor.

Mr. DOUGHTON. That is correct.

Mr. COLDEN. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COLDEN. If I understood the gentleman's statement correctly, the Muscle Shoals plant can sell to a municipality and be exempt from that tax?

Mr. DOUGHTON. Yes.

Mr. COLDEN. If that is correct, then why could not a municipality construct a plant and sell to its own citizens at cost? What is the difference in principle involved there?

Mr. DOUGHTON. In one case the sale is to a municipality and in the other case it is a sale by a municipality. The gentleman can differentiate between a sale to a municipality and a sale by a municipality. It is a purely governmental function.

Mr. COLDEN. But the municipality is constructing a plant and selling it to its own citizens.

Mr. DOUGHTON. Mr. Speaker, it is not my purpose to get into a discussion of that question.

Mr. MAY. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. MAY. Has the gentleman thought about the proposition that all persons who are taxpayers in a municipality must necessarily contribute by the payment of taxes to the cost of construction or maintenance of any municipal plant, and yet a large number of those same taxpayers may not be consumers of electricity. Does the gentleman not think that is the reason why municipal plants ought to be exempted from the provisions of the bill?

Mr. DOUGHTON. It is always regrettable, of course, to have to impose new, burdensome, and onerous taxes, but it was found necessary at the last Congress in order to meet the emergency and to balance the Budget to impose this tax on electrical energy, a tax upon bank checks, increase the rates of postage, and levy a tax on gasoline.

Mr. DOBBINS. Mr. Speaker, will the gentleman yield for a question?

Mr. DOUGHTON. I yield.

Mr. DOBBINS. Has any computation been made of the tax that would be lost to the Government through the adoption of this amendment?

Mr. DOUGHTON. Two million dollars.

Mr. DOBBINS. To that extent the Budget would be thrown out of balance.

Mr. DOUGHTON. By just that much.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. WHITTINGTON. I am just wondering if the estimate of $2,000,000 is correct, and, if the gentleman will permit me to interrupt, let me say less than 5 percent of the electrical energy of the United States is produced by municipal plants. If this be true, then the loss to the Government would be about 5 percent of $33,000,000, or $1,500,000. The total revenue at 3 percent is estimated at $33,000,000 for the next current year on energy for domestic and commercial purposes.

Mr. RAGON. Mr. Speaker, if the gentleman will permit, let me say I misunderstood the gentleman's question. It would be about $2,000,000.

Mr. WHITTINGTON. That is more nearly correct. As I understand, it would mean about $1,500,000 loss in revenue by the adoption of the Hill amendment. The fact of the matter is, less than 5 percent of the tax would be received from this particular source—that is, from municipally or publicly owned plants.

Mr. DOUGHTON. So far as I know that is true.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. KELLER. I notice that the conferees from the Senate and the House have failed to agree on this for several days. Is this correct?

Mr. DOUGHTON. That is correct.

Mr. KELLER. If the Senate committee has refused to agree, what is the use of sending it back again? Why not accept this amendment which is included in the Senate bill?

Mr. DOUGHTON. The Senate conferees not only refused to agree but the Senate, by a roll-call vote, adopted the Johnson amendment. What will transpire if it goes back again I do not know. It is a case for the House to determine what it thinks is the proper and right thing to do.

If a municipally owned plant goes on the market and sells power in competition with privately owned plants, it has not occurred to some of us that preference should be shown the municipally owned plant. If the House thinks a preference should be shown the municipally owned plant, we are but the servants of this House and intend to carry out whatever instructions the House gives us.

Mr. KVALE. Mr. Speaker, will the gentleman yield to me and permit me to make a statement in his time?

Mr. DOUGHTON. I yield.

Mr. KVALE. The House conferees and the Senate conferees met at least six times, according to a statement made in the Senate, and the House conferees did not accept the proposal embodied in the Johnson amendment. The Senate conferees were of the same mind; but when they went back to the Senate, it was adopted by a record vote, and the Senate conferees, therefore, insist upon the retention of the Johnson amendment, and that is substantially what is embodied in the amendment offered by the gentleman from Washington [Mr. SAMUEL B. HILL].

Mr. DOUGHTON. There is nothing sacred about that. We have the same right to refuse to recede from our position. We are in the same situation they are in.

Mr. TREADWAY. Is it not true also that the Senate conferees agreed with the House on this bill?

Mr. DOUGHTON. They did.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. ZIONCHECK. Is it not also true that the Senate conferees voted against the Johnson amendment when it came in there?

Mr. DOUGHTON. If they had kept on voting that way, we never would have reached an agreement. Perhaps the gentleman knows more about it than the rest of us do.

Mr. ZIONCHECK. They were very weak-hearted.

Mr. TREADWAY. Mr. Speaker, it is not proper to question the fairness of those who sit on a conference committee?

Mr. DOUGHTON. I think that is entirely improper. The young gentleman did not mean anything wrong by it.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. RANKIN. As I understand this amendment, if the Hill amendment is adopted that ends the controversy.

Mr. DOUGHTON. If the Hill amendment is adopted; yes.

Mr. RANKIN. That will settle the controversy?

Mr. DOUGHTON. Exactly so. We will then be in agreement, and the bill as amended will be ready for the signature of the President.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Arkansas [Mr. RAGON].

Mr. RAGON. Mr. Speaker, the House conferees have tried to follow what they thought was the will of the House.

We had a great deal of trouble in imposing what we thought was the will of the House upon the Senate conferees.

Now, I want to talk to you gentlemen about this as a practical question, and I want to appeal to you to meet this question as practical men.

The question was finally won by the House conferees sustaining the Whittington amendment putting a 3-percent tax upon the producers of electrical energy. The Senate had amended the bill to provide a 2-percent tax on electrical energy and 1-percent tax on industrial power, or power dedicated to industrial uses. We thought this was far outside the purview of the action of the House. We struggled for two or three meetings upon that question. Finally, in an effort to compromise, there was suggested that we make the tax on electrical power 2½ percent, with the tax upon industrial power one half of 1 percent. After much debate and long-extended meetings we failed to agree upon that. The House conferees trying to follow what this House wanted, we found ourselves in a lot of trouble. We found it had involvements of which the House did not dream or that we did not dream of. But notwithstanding what we thought were some of the inequities, the House conferees stayed by what we thought the House wanted.

Now, let us look into the real facts for a moment. I remember one of the Senators from the West—I do not know whether under the parliamentary procedure I am permitted to call his name or not—a Senator from a small western State, whose name carries respect as that of a fair-minded, liberal-thinking man, who in contending for the provisions of the Senate amendment said that if we put this tax of 3 percent upon the power companies of his State, it would kill the little power plants there owned by one man in little towns that cannot provide their own power plants, and into which the big companies will not come.

I mention this merely as an involvement. Then the question came up of the Johnson amendment. I am sorry I was not here at the beginning of this debate, and I may go over some of the things that have already been brought out. If I do, I beg your pardon; but here is the situation: There is not much involvement to any State of this Union save and except upon the Pacific coast, and let us be frank about that. I have forgotten the exact figures, but perhaps one of the conferees can tell me.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. RAGON. Yes.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman 10 additional minutes.

Mr. ZIONCHECK. Are there not more communities throughout the United States like Chanut, Kans.——

Mr. RAGON. Please ask me your question and do not make a speech.

Mr. ZIONCHECK. Are there not municipally owned plants that not only operate their plants, but with the profits they make, pay all the taxes of the community?

Mr. RAGON. I am just approaching that question, and if the gentleman will forbear his question a moment, I think I will save him the trouble of asking me any further questions. I am glad the gentleman has brought that up.

We find on the Pacific coast the greatest percentage of municipally owned plants, and this question is very acute in southern California and I believe in northern California as well. It seems to be particularly related to that State, due to a fight that has been made there upon the big power companies.

Mr. COLDEN. Just turn that around.

Mr. RAGON. Did I say a fight upon the big power companies?

Mr. COLDEN. Yes.

Mr. RAGON. I meant a fight by the big power companies on the municipally owned plants. The gentlemen from California are much more familiar with that than I.

I think about 14 percent of the municipally owned plants of the entire Union are to be found in California.

Now, in my own State, as a common illustration of what obtains in the South and the East, we have not to exceed 10 municipally owned power plants. We have not to exceed 25 privately owned power plants; that is, plants owned in the little towns and cities. The other plants are owned by the large power companies.

Now, what is the principle involved here? I live in a small town, and I gave this illustration to the conferees, and I think it perhaps furnished the best illustration you could get. I suppose my town is one of 3,500 population. In that town we have a municipally owned plant. This plant was formed and exists by reason of the formation of an improvement district. This improvement district erected this plant. It sent out its lines beyond the city limits and furnished this cotton gin and that coal mine and this creamery out here with power. There is a little plant at Fort Smith, Ark. How large it is I do not know, but it happens to run a line to my town, 60 miles away, and then 10 miles beyond the town. This plant also furnishes power to the coal mines and the cotton gins, because our municipally owned plant there is not large enough to do all the work. There was a conflict between the two companies and the result is that they formed an agreement whereby they both operate in their own respective zones. The people who own the Fort Smith power plant, as I understand it, are people of very small capital. Our power plant there in Clarksville, the last I knew of it, had an accumulated surplus over a period of several years of about $41,000, which was lying in the bank there not drawing a cent.

Now, what are you doing? You are saying to the power plant there that is going out and furnishing this cotton gin with power, the plant that has money in the bank vaults, "You shall not pay any of this tax." Now, here is a private citizen, an American citizen, just as good as you or I, who has put his fortune into the construction of a power plant that would not have been started if it had not been for him. The people in my little city would be suffering from a lack of power if it had not been for this man or for this small group of business men. They have come there and now you say to them, "If you sell power to this cotton gin that is in competition with this other cotton gin over here, you are taxed 3 percent." Then you have the citizen who buys from the tax-free municipal plant paying one rate and the citizen right by his side who buys power from the private plant, who has had this tax passed on, paying without fault upon his part a higher rate.

Mr. Speaker, this brings it down in a nutshell to the point involved here. It is a question, as I see it, that, perhaps, does not amount to so much in the long run except the principle involved. I believe the gentleman from Mississippi [Mr. WHITTINGTON] brought out here a little while ago that it amounted to about $2,000,000, but as a matter of honor and principle and integrity, I say to you that that little man who owns his plant in this little town at the forks of the creek down in North Carolina is entitled to just as much exemption from taxation as the big municipally owned plant out in California.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. RAGON. I yield to the gentleman from Washington.

Mr. ZIONCHECK. Speaking of little power companies, we have one that filed on a river and put up a million dollar dam and power site, and then for the filing, which did not cost them a dime, they put in the water site at $10,000,000 and they have been earning on that valuation 10 and 12 percent ever since, and to show you the difference between municipally owned plants and privately owned plants——

Mr. RAGON. I know them both. I have spent my life among them both.

Mr. ZIONCHECK. When a municipal power company's bonds come due, they have not an opportunity to refund, under State law; but when a private company's bonds become due, they always come out with an armful of soap wrappers and sell them to the public.

Mr. RAGON. Here is the situation: There has grown up in this country the idea that power companies have been abusing the public. Everybody knows that; it is just like the railroad situation used to do. Now, shall we go out here and impose upon these 25 little towns, these 25 little

plants that are owned by private individuals in my State—shall we punish them because perhaps some big power companies have in my State, like yours, abused the public in the past?

Mr. COLDEN. I should like to ask the gentleman a question. Do you think it is fair to compare the little plants in his town with the big plant, say in Los Angeles, that does not sell except to its own investors and own supporters?

Mr. RAGON. That is true—perhaps your plant does not do that. You may not go out beyond the boundaries of your own cities. Your city can own its own plant, but in my State you cannot do that. The only way they get around it is by establishing improvement districts. That brings up a serious question. I have forgotten whether under the Supreme Court decision improvement districts have been considered units of government.

Mr. RANKIN. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. RANKIN. The gentleman speaks of municipal plants making money. I want to say that a great many are losing money. This only throws an added burden on the owners of property in those municipalities.

Mr. RAGON. But when you put the 3-percent tax on the little private power plant what are you going to do?

Mr. RANKIN. I can tell the gentleman what they will do in his State—if his people will wake up, they can get connected with Muscle Shoals within 18 months.

[Here the gavel fell.]

The SPEAKER. The question is on the amendment offered by the gentleman from Washington to the amendment proposed by the gentleman from North Carolina.

Mr. SAMUEL B. HILL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 196, nays 181, not voting 53, as follows:

[Roll No. 60]

YEAS—196

Allen	Doxey	Jones	Rayburn
Allgood	Drewry	Kee	Richards
Arens	Driver	Keller	Robertson
Beam	Dunn	Kelly, Ill.	Robinson
Beiter	Ellzey, Miss.	Kelly, Pa.	Rogers, Okla.
Berlin	Eltse, Calif.	Kemp	Romjue
Biermann	Englebright	Kloeb	Sabath
Boileau	Evans	Kniffin	Sadowski
Brennan	Farley	Kramer	Sanders
Brown, Ky.	Fitzgibbons	Kvale	Sandlin
Browning	Flannagan	Lambertson	Scrugham
Buck	Fletcher	Larrabee	Sears
Burch	Ford	Lea, Calif.	Secrest
Busby	Foulkes	Lee, Mo.	Shallenberger
Byrns	Frear	Lehr	Shannon
Cady	Fulmer	Lemke	Shoemaker
Cannon, Mo.	Gasque	Lesinski	Sinclair
Cannon, Wis.	Gibson	Ludlow	Smith, Va.
Carpenter, Kans.	Gilchrist	Lundeen	Smith, Wash.
Carpenter, Nebr.	Gillespie	McClintic	Spence
Carter, Calif.	Gillette	McFarlane	Stalker
Cartwright	Glover	McGrath	Strong, Tex.
Cary	Goldsborough	McGugin	Stubbs
Castellow	Gray	McKeown	Sutphin
Chapman	Green	McLeod	Swank
Church	Greenwood	McMillan	Tarver
Cochran, Mo.	Griswold	McSwain	Taylor, Tenn.
Coffin	Guyer	Mapes	Terrell
Colden	Hancock, N.C.	Martin, Colo.	Thomason, Tex.
Collins, Calif.	Hart	Martin, Mass.	Thurston
Collins, Miss.	Hastings	Martin, Oreg.	Traeger
Colmer	Healey	May	Truax
Connery	Henney	Mead	Turner
Cooper, Tenn.	Hildebrandt	Miller	Underwood
Cox	Hill, Ala.	Milligan	Vinson, Ky.
Cravens	Hill, Knute	Mitchell	Wallgren
Crowe	Hill, Samuel B.	Monaghan	Wearin
Crump	Hooper	Moran	Weideman
Culkin	Hope	Morehead	Welch
Cummings	Howard	Mott	Werner
Dear	Hughes	Murdock	West, Ohio
DeRouen	Imhoff	Owen	Whittington
Dickinson	James	Parks	Wilcox
Dirksen	Jeffers	Patman	Wilson
Disney	Jenckes	Peavey	Withrow
Dobbins	Johnson, Minn.	Pierce	Wolcott
Dockweiler	Johnson, Okla.	Polk	Wood, Mo.
Dondero	Johnson, Tex.	Ramsay	Woodruff
Dowell	Johnson, W.Va.	Rankin	Zioncheck

NAYS—181

Adair	Andrew, Mass.	Arnold	Bailey
Adams	Andrews, N.Y.	Bacharach	Bakewell
Bankhead	Dingell	Lehlbach	Rogers, N.H.
Black	Ditter	Lewis, Colo.	Rudd
Blanchard	Doughton	Lindsay	Ruffin
Bland	Duffey	Lozier	Schaefer
Blanton	Duncan, Mo.	Luce	Schuetz
Bloom	Durgan, Ind.	McCarthy	Seger
Boehne	Eaton	McCormack	Simpson
Bolton	Edmonds	McFadden	Sirovich
Boylan	Eicher	McLean	Sisson
Britten	Faddis	Major	Smith, W.Va.
Brown, Mich.	Fiesinger	Maloney, Conn.	Snell
Brumm	Fish	Maloney, La.	Snyder
Brunner	Fitzpatrick	Marshall	Somers, N.Y.
Buchanan	Focht	Meeks	Stokes
Bulwinkle	Foss	Merritt	Strong, Pa.
Burke, Nebr.	Fuller	Millard	Studley
Burnham	Gambrill	Muldowney	Sullivan
Caldwell	Goodwin	Musselwhite	Swick
Carden	Goss	Nesbit	Taber
Carley	Granfield	Norton	Taylor, S.C.
Cavicchia	Gregory	O'Brien	Thom
Celler	Griffin	O'Connell	Thompson, Ill.
Chase	Haines	O'Connor	Tinkham
Chavez	Hancock, N.Y.	Oliver, Ala.	Tobey
Christianson	Harlan	Oliver, N.Y.	Treadway
Claiborne	Harter	Palmisano	Turpin
Clark, N.C.	Hess	Parker, Ga.	Umstead
Clarke, N.Y.	Higgins	Parker, N.Y.	Vinson, Ga.
Cochran, Pa.	Hoidale	Parsons	Wadsworth
Cole	Hollister	Perkins	Waldron
Condon	Holmes	Peterson	Walter
Connolly	Huddleston	Pettengill	Watson
Cooper, Ohio	Jacobsen	Peyser	Weaver
Crosby	Jenkins	Pou	West, Tex.
Cross	Kenney	Powers	Whitley
Crowther	Kerr	Prall	Wigglesworth
Cullen	Kinzer	Ragon	Williams
Darden	Knutson	Ramspeck	Wolfenden
Darrow	Kocialkowski	Randolph	Wolverton
Deen	Kurtz	Ransley	Wood, Ga.
Delaney	Lambeth	Reece	Woodrum
De Priest	Lamneck	Reilly	
Dickstein	Lanham	Richardson	
Dies	Lanzetta	Rogers, Mass.	

NOT VOTING—53

Abernethy	Crosser	Kleberg	Rich
Almon	Douglass	Kopplemann	Schulte
Auf der Heide	Doutrich	Lewis, Md.	Steagall
Ayers, Mont.	Eagle	Lloyd	Sumners, Tex.
Ayres, Kans.	Fernandez	McDuffie	Sweeney
Bacon	Gavagan	McReynolds	Taylor, Colo.
Beck	Gifford	Mansfield	Utterback
Beedy	Hamilton	Marland	Warren
Boland	Hartley	Montague	White
Brooks	Hoeppel	Montet	Williford
Buckbee	Hornor	Moynihan	Young
Burke, Calif.	Kahn	O'Malley	
Carter, Wyo.	Kennedy, Md.	Reed, N.Y.	
Corning	Kennedy, N.Y.	Reid, Ill.	

So the amendment to the amendment was agreed to.

The following pairs were announced:

On the vote:

Mr. Warren (for) with Mr. Hartley (against).
Mr. Young (for) with Mr. Corning (against).

Until further notice:

Mr. Abernethy with Mr. Bacon.
Mr. Steagall with Mr. Doutrich.
Mr. Taylor of Colorado with Mr. Gifford.
Mr. Ayres of Kansas with Mr. Beck.
Mr. Crosser with Mr. Carter of Wyoming.
Mr. Douglass with Mr. Rich.
Mr. McReynolds with Mr. Beedy.
Mr. McDuffie with Mr. Reed of New York.
Mr. Auf der Heide with Mr. Moynihan.
Mr. Montague with Mrs. Kahn.
Mr. Almon with Mr. Reid of Illinois.
Mr. Sumners of Texas with Mr. Burke of California.
Mr. Kennedy of New York with Mr. Marland.
Mr. White with Mr. O'Malley.
Mr. Lewis of Indiana with Mr. Ayers of Montana.
Mr. Kleberg with Mr. Schulte.
Mr. Sweeney with Mr. Utterback.
Mr. Boland with Mr. Williford.
Mr. Eagle with Mr. Brooks.
Mr. Montet with Mr. Lloyd.
Mr. Gavagan with Mr. Hamilton.
Mr. Fernandez with Mr. Kennedy of Maryland.

Mr. ABERNETHY. Mr. Speaker, I did not get into the Hall until after my name was called.

Mr. DOUGHTON. Mr. Speaker, my colleague, Mr. WARREN is absent, on account of illness. If present, he would have voted "aye."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question now is on the amendment as amended.

The amendment as amended was agreed to.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

Mr. SUMNERS of Texas. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. SUMNERS of Texas. Mr. Speaker, I desire to ask the Chair if, under the present legislative status, it is not in order to call up the bill H.R. 5950?

The SPEAKER pro tempore. Under the rule just adopted, a motion to go into the Committee of the Whole House on the state of the Union is in order.

Mr. SUMNERS of Texas. Mr. Speaker, I am willing to consent to the present request for 5 minutes, but I desire to give notice that hereafter I shall object to any more unanimous-consent requests.

Mr. SNELL. If the gentleman is going to object hereafter, why not object to them all alike?

Mr. HOWARD. Reserving the right to object, may I ask the gentleman from Texas if I clearly understand that he is going to object to any unanimous-consent request for the passage of other measures today?

Mr. SUMNERS of Texas. I feel, Mr. Speaker, that I must object to this unanimous-consent request.

The SPEAKER pro tempore. Objection is heard.

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 5950, the Bankruptcy Act, with Mr. GLOVER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. WILCOX].

Mr. WILCOX. Mr. Chairman, during the first part of the time which has been allotted to me, I hope to explain very briefly the necessity for this legislation and the contents of the bill. During the latter part of the time allotted to me I shall be glad to answer any questions which the Membership may desire to propound. I hope the Membership will withhold questions until the latter half of the time which has been allotted to me.

Mr. Chairman, on Monday of this week this House passed a bill extending the power of the bankruptcy court to corporations. Previously similar provisions had been made for railroads, for the farmers, individuals, and others. That relief was very necessary in order that the country might readjust itself and get itself out of this terrible depression.

The relief afforded by those bills, however, has not been sufficient. There is a more serious problem, a more serious situation confronting the people in many sections of the United States than that which grows out of the troubles of the railroads or the troubles of the corporations or of any other class or group of our citizens.

Since 1920 the bonded indebtedness of our municipalities, counties, and special tax districts has increased at the rate of more than $1,300,000,000 a year. From 1920 to 1931 this enormous increase in the bonded indebtedness of these tax units increased to such enormous proportion that it is now estimated there are outstanding and in the hands of investors more than $18,000,000,000 of municipal, county, and district bonds. In order to meet the annual maturities on this enormous indebtedness it has been necessary to levy taxes at such high rates that the taxpayers in many sections have been unable to meet their tax payments, with the result that there are now in the United States between 1,000 and 1,500 communities which are in default in the payment of their public obligations.

When I give that number I refer only to those communities of 10,000 or more population and only to those communities whose defaults have been actually verified. It is conservatively estimated that when we take into consideration the great number of special tax districts and villages and small towns, that there are today between three and four thousand governmental units in the United States which are in default in the payment of their obligations. This condition is not limited to any one section of the country or to any one class of municipalities. It has extended into 41 States and includes such great and populous centers as the city of Detroit, the fourth largest city in the United States; the cities of Akron, Lorain, and Marion, Ohio; the cities of Miami, St. Petersburg, and West Palm Beach, in my own State; Raleigh, Greensboro, and Asheville, in North Carolina; and so on throughout the United States.

The great problem which grows out of this trouble and the great problem which we have to settle here is that unless some means can be found by which those municipalities, counties, and districts may adjust this indebtedness on the basis of their ability to pay, the local governments in these more than 3,000 communities will collapse and the people will find themselves without local government. After all, Mr. Chairman, we look to the local municipal government for the performance of those functions of government which have to do with the preservation and protection not only of the peace and health of our citizens but the very lives of the people themselves. Unless some means, unless some fair and equitable plan may be evolved by which those debts may be adjusted, we will soon find that in more than 3,000 communities in 41 States in the United States our people will be without the protection of local municipal government, and we will thereby endanger not only the peace of the country but the health and often the very lives of millions of American citizens.

This bill does not do violence to any of our ideas of honesty. It does no violence to any of our preconceived notions of the right thing. This bill, when boiled down into simple terms, when stripped of all unnecessary verbiage and put into the layman's language, does simply this and nothing more: It simply provides that when a governmental unit finds itself with an indebtedness that it cannot carry it may adjust that debt on the basis of its capacity to pay, if it is able to work out a plan which is acceptable to two thirds of its creditors. In other words, the sole purpose of this bill is to give the court jurisdiction to force the recalcitrant minority to come in and accept that which is for their own best interest, and which has been agreed to and accepted by two thirds, in amount, of the outstanding indebtedness.

I am going to give you one example. I think this bill had its inception and grew out of a situation which occurred in my own little city, a city of 25,000 people, and I cited it to you as an example of the necessity of this law. For 3 years my city undertook to work out a plan of adjustment of its debt. It finally secured the consent of more than 90 percent of its creditors to an adjustment plan which was agreeable to the city and to 90 percent of the creditors. One man, holding 2 percent in amount of the indebtedness, brought a mandamus, interrupted, and interfered with, and set aside the agreement which had been entered into by more than 90 percent of the creditors. The result of it was that other creditors joined with him; the mandamus was issued by the court, and a tax levy was put on sufficient to meet the requirement of the bond issue, and that little town today has a tax levy for 1 year's taxes of 425 mills on the dollar, or $425 on the $1,000 of valuation.

A man who had a $1,000 house in that little town finds himself today with a tax rate of $425 for 1 year's municipal taxes. That is the result of being unable, through not having legal machinery, to prevent this one man holding 2 percent in amount of indebtedness being brought into court and forced to accept the provisions of an agreement which had been accepted as fair and equitable by more than 90 percent of the outstanding creditors.

Mr. TERRELL. Mr. Chairman, will the gentleman yield?

Mr. WILCOX. I yield.

Mr. TERRELL. This Government has stood nearly 150 years without the Federal Government going into the States to perform this kind of service. Does not the gentleman think the States could pass laws to remedy this situation without the Federal Government having to do it?

Mr. WILCOX. Not at all, for this reason: Under the Federal Constitution no State may pass any law which impairs the obligation of contracts.

This bill does not permit the Federal Government to interfere in any degree with any of the governmental or political subdivisions of the local municipalities.

Mr. TERRELL. It proposes to scale down debts to a point where they can pay them, does it not?

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. WILCOX. This bill does not permit the bankruptcy court to interfere at all in the governmental functions of a municipality. It does not permit it to take over any of the property of the municipality. No creditor can force a municipality into the court. It must come in voluntarily, freely, of its own accord, and then only for the purpose of submitting to the court a plan of adjustment acceptable to two thirds in amount of the outstanding liabilities.

Mr. BEAM. Mr. Chairman, will the gentleman yield?

Mr. WILCOX. I yield.

Mr. BEAM. Will not the gentleman explain how a municipality will be affected by this bill? Suppose its bonds have sold Nation-wide. How would that affect the matter?

Mr. WILCOX. That is a question that has been asked often by a great many people. I think I can answer it better by stating that by far the greater percentage of the holders of municipal bonds in the United States are anxious that this bill shall be enacted in order when a situation arises where a municipality cannot meet its debts that the holders of the greater amount of the bonds can get together and work out a settlement and make the recalcitrant fellow come in and accept what is for his own best interest. In other words, it prevents the scalper from going out into the market when he finds that a municipality is about to work out an agreement and buying up these bonds at 10 cents, 15 cents, and sometimes as low as 5 cents on the dollar and then holding out and insisting on settlement at 100 cents on the dollar, even though the real creditors are willing to accept some scaling down. It will prevent the Shylocks from demanding their pound of flesh from taxpayers who cannot pay.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. WILCOX. I yield.

Mr. BLANCHARD. Is there any debt limitation on the cities in the gentleman's State?

Mr. WILCOX. No.

Mr. PETTENGILL. Does the gentleman think a municipality can go through this process and then hope to sell any of its bonds within the next 20 years?

Mr. WILCOX. I do not think it will make any difference at all, because the municipality is not doing anything that has not been consented to by the vast majority of its bondholders and approved by everybody as fair and equitable. I do not know. That is a matter of conjecture.

The mayor of Boston and the mayor of Milwaukee, the two outstanding solvent municipalities of the United States, appeared before the Judiciary Committee and made the statement that unless this bill is adopted, giving a means whereby these bankrupt and wrecked municipalities may work out some plan of adjustment acceptable to the creditors and put themselves in a solvent condition, they will soon wreck Boston and Milwaukee and every solvent municipality in the country, for the reason that there is now outstanding in the hands of the investors more than $1,200,000,000 of these bonds that are in default, on which no interest is being paid.

The result of that situation is they have destroyed the value of all municipal securities, and even the great city of Boston and the great city of Milwaukee, which is known all over the world as the most solvent municipality in the country, cannot borrow money on short-term paper in anticipation of the collection of taxes because of the enormous amount of bonds upon which no interest and no principal is being paid, and upon which no interest and principal can be paid. [Applause.]

[Here the gavel fell.]

Mr. KURTZ. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, unquestionably we are confronted by a very serious situation in America today. Men are thinking of going into bankruptcy and are compelled to go into bankruptcy who have never considered such action before. The same thing is true of corporations. But never in the history of this Nation has any person even dreamed, until within the last few months, of a municipality going into the hands of a receiver, or going into bankruptcy, for the purpose of avoiding or scaling down its indebtedness.

There have been bankruptcy laws for the last 2,000 years, but none of them ever provided for the discharge of any person from bankruptcy and from his debts until 1705, when a law of that kind was passed in England. We find that the original purpose of the bankruptcy laws of the world heretofore have been for the purpose of gathering together the assets of the debtor and dividing them fairly and equitably among his creditors. This was the first and primary object of bankruptcy. This was, in fact, the only motive of bankruptcy. No law provided for the discharge of a debtor until 1705, when such a law was passed in England.

However, at the present time we are having a departure from these old and established rules of bankruptcy, never heretofore tried in any country so far as we have been able to learn. When you find a municipality that went out to sell its bonds, telling investors that back of their bonds was every piece of tangible property within its confines; when you find this municipality saying that every piece of real estate was subject to the payment of these bonds; and that the honor of every person within that community was back of them, it is a strange procedure, Mr. Chairman, to find this same municipality coming here and attempting to get rid of its obligations. Therefore, insofar as I am concerned, I am going to vote against this radical departure from the old and well-established custom of honesty and fair dealing by municipalities heretofore, insofar as debts are concerned.

Let us see what the result is going to be. First of all, you will not be able to sell any bonds in the future. You will find no persons willing to invest in municipal bonds, because they will recall that you promised in the past that all your property would be subject to their claims and now you say that you cannot pay them and neither you or anyone else will know what is going to happen to the validity of the bonds or the value represented by them.

Mr. HEALEY. Will the gentleman yield for a question?

Mr. KURTZ. Yes; for a question.

Mr. HEALEY. What is the situation now with reference to the market for municipal bonds?

Mr. KURTZ. The situation is very serious, but it will be much more serious in the event municipalities can go into bankruptcy and thus get rid of the bonds they have at the present time; furthermore, if they are able to market any bonds in the future, which I doubt very much, the likelihood is they will try to go into a court of bankruptcy again, as they are desiring to do at the present time, and get rid of the obligations which they may make in the future.

Mr. HEALEY. Is it a fact now that the cities are paying an exorbitant rate of interest for short-term loans, where they are able to obtain any loans at all?

Mr. KURTZ. I think they are paying 6 percent for them. I know of none paying more than that, although there may be some, and that is not an exorbitant rate of interest in most of the States of the Union.

Mr. PETTENGILL. Will the gentleman yield?

Mr. KURTZ. Yes.

Mr. PETTENGILL. Will the gentleman agree that the pendency of this legislation has tended to hurt the market for municipal bonds?

Mr. KURTZ. I feel there is no question about it.

Mr. LOZIER. Will the gentleman yield?

Mr. KURTZ. I yield to the gentleman from Missouri.

Mr. LOZIER. The gentleman stated that when these bonds were sold it was represented that all the property of the municipality was behind them. The gentleman well knows that that is not quite accurate, because there are constitutional limits to the amount of indebtedness that municipalities may incur, and there are also constitutional limitations as to the rate of taxation; and when the men buy these bonds, of course, they examine the constitution and the statutes of the State to ascertain whether or not the bonds are issued within constitutional limits.

Mr. KURTZ. Yes.

Mr. LOZIER. And it is an inaccurate statement to say that all the property of the city is behind these bonds because these tax-supported obligations can only be enforced to the extent of the constitutional taxing limits, and the bond buyer buys in the open market with knowledge of that fact.

Mr. KURTZ. Yes; but if under the constitution of a particular State a municipality is permitted to borrow, say, 7 percent on its assessed value, the whole assessed value is bound for that 7 percent; but if you take a State such as Florida, according to what the gentleman from Florida stated just a moment ago, you will find that the municipalities there have no limits upon their indebtedness and there is no constitutional prohibition at all. They can borrow to the very limit of their caprice or desire.

Mr. LOZIER. That is true, perhaps, in some States, but it is almost universal that the State constitutions place limitations upon the amount of indebtedness that a municipality may incur.

Mr. KURTZ. Yes; and in answer to that I wish to say further that any bonds issued in excess of that particular power are invalid. They are not of any account at all, but the principle that I want to invoke here is that in this country all the property embraced within the limits of a municipality has been back of any bond that was legally issued by that municipality and handed out to the public at large. That was the reason for the ability of the municipality to sell the bonds.

Mr. SHANNON. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. SHANNON. If this will apply to municipalities, then the next move will be to apply it to States and then to the Nation as well?

Mr. KURTZ. Certainly.

Mr. SHANNON. This is a general step in the direction of repudiation. I will ask the gentleman if the passage of this bill does not mean that dozens of cities that are now struggling to pay their debts and making an honest effort to do so, after this bill passes will see an easy way of avoiding the payment of their debts.

Mr. KURTZ. There is no question about that. Many solvent cities will no longer be able to collect taxes, and as a consequence will take advantage of this law if passed.

Mr. SHANNON. And this involves not only those municipalities that are involved at the moment but is an invitation to others to likewise become involved.

Mr. KURTZ. Certainly. There is no question about that being the result in the end.

Mr. HASTINGS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. HASTINGS. I wonder if the committee considered including States as well as municipalities?

Mr. KURTZ. They did not. They did, however, consider other subdivisions like drainage districts, irrigation districts, and so forth, and they are embraced in this bill.

Mr. HASTINGS. Why should not States be included?

Mr. KURTZ. There is no reason why they should not. This is the first step in repudiation.

Mr. SHALLENBERGER. Are counties included?

Mr. KURTZ. Only municipalities, including drainage and minor districts.

Mr. GOSS. Can the gentleman inform us whether this bill is an administration measure or not?

Mr. KURTZ. I am not in touch with the administration and would suggest the gentlemen consult the majority chairman.

Mr. FOSS. Cannot the gentleman find out from the chairman of the committee?

Mr. KURTZ. The gentleman might interrogate the chairman.

Mr. FOSS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. FOSS. A great many of these bonds are held by State banks and insurance companies. What will happen to the policyholders if these bonds were defaulted?

Mr. KURTZ. It means that every insurance policy in the United States is going to be impaired in value.

Mr. COCHRAN of Pennsylvania. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. COCHRAN of Pennsylvania. Will not the passage of this bill promote default in municipal bonds?

Mr. KURTZ. Undoubtedly.

Mr. KENNEY. Can the gentleman state whether or not these municipalities are paying current expenses?

Mr. KURTZ. I imagine that most of them are, but I do not know definitely.

Mr. BEAM. During the hearings before the committee, was the fact disclosed as to the amount of these municipal bonds in the country?

Mr. KURTZ. As I understand, there are in the neighborhood of $20,000,000,000 of municipal bonds issued in the United States and less than a billion and a half of them are in default.

Mr. BEAM. Then there will be practically $18,500,000,000 repudiated?

Mr. KURTZ. I do not know about the repudiation, but a scaling down of value to a point that may reach repudiation.

Mr. BEAM. The gentleman asked the question as to the amount of bonds which are pledged as collateral—was it brought out in the hearings before the committee as to the amount of bonds that were put up as collateral in banks and insurance companies?

Mr. KURTZ. That was not brought out in full. But there is this about it.

The banking department of the United States Government said to the banks all over the land that they should be sure to have what is known as a "secondary reserve" and that secondary reserve consisted of bonds, largely municipal, which were considered the finest kind of security they could have. These bonds have, however, depreciated very largely and many banks have been compelled to go into the hands of a receiver by reason of the fact that this secondary reserve has become impaired. If you proceed to impair the secondary reserve further than it is at present, no one knows what the result is going to be to insurance companies and banks.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. KURTZ. Yes. Certainly.

Mr. WEIDEMAN. The gentleman stated that the banks went into the hands of a receiver—they went into the receiver's hands because the Federal Reserve did not fulfill its function.

Mr. KURTZ. That was one of the reasons, but the gentleman knows there were many banks that did not belong to the Federal Reserve and they followed the direction of the banking department and built up what is known as this "secondary reserve", which we all considered good and a most wise policy to pursue.

Mr. WEIDEMAN. These banks that did not belong to the Federal Reserve depended upon the Federal Reserve for the money that they should have had on demand but could not get it, so the Federal Reserve was directly responsible.

Mr. KURTZ. Many banks that did not belong to the Federal Reserve had to get money or credit elsewhere, usually from their city correspondents.

Mr. LAMNECK. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. LAMNECK. Does the gentleman believe that this bill, if enacted, will not only impair the credit of the municipalities in distress but write a question mark across the credit of every other municipality in the United States?

Mr. KURTZ. I think that is unquestionably true. All municipalities will necessarily suffer in loss of credit.

Mr. FOSS. Will the gentleman yield further?

Mr. KURTZ. I yield.

Mr. FOSS. The passage of this act would affect every trust fund held by every church, every fraternal society, and everyone else that holds bonds as investments?

Mr. KURTZ. Every organization that holds municipal bonds for an investment, in my opinion, will have its investment largely impaired by the passage of this bill.

Mr. KENNEY. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. KENNEY. Does the gentleman favor loans to municipalities on tax-anticipation warrants?

Mr. KURTZ. I would be much more favorable to that than to this bill.

Mr. KENNEY. If we had a permissive law along those lines, does the gentleman not think that all municipalities would then be eligible for a loan, and even though they never get a cent it would tend to have them reduce their expenses and do away with extravagances such as we have known in the past?

Mr. KURTZ. Unquestionably. On that point I desire to say that when the mayor of Boston and the mayor of Milwaukee were before our committee, as I recall their testimony, they did not favor, necessarily, a bill of this kind. What they did favor was permission to borrow from the Reconstruction Finance Corporation or some other governmental agency on anticipated taxes or upon tax warrants that existed at the time and were unpaid. That was the theory on which they came before our committee, as I recall.

Mr. KENNEY. The gentleman means on tax-anticipation warrants where the credit of the community was good?

Mr. KURTZ. Exactly.

Mr. WILCOX. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. WILCOX. With reference to what the mayors of Boston and Milwaukee said to the committee, the gentleman recalls that those gentlemen filed with the committee a written statement of their positions?

Mr. KURTZ. I did not see that. I only heard their statements.

Mr. WILCOX. The gentleman has examined the transcript of the proceedings?

Mr. KURTZ. I have not examined the transcript.

Mr. WILCOX. On page 141 of the proceedings the gentleman will find a copy of the statement of those gentlemen, giving endorsement to this measure, in which they used this language:

> The enactment of the Fletcher-Wilcox bill is necessary for the relief of many cities that today are hopelessly insolvent and, in the opinion of the members of the executive committee of the United States Conference of Mayors, presents a method not only of relief but of adjustment of one of the most critical problems today confronting American municipalities.

That is what the mayor of Boston and the mayor of Milwaukee said.

Mr. KURTZ. Right there I want to ask the gentleman whether they did not say in their testimony that they favored the privilege of borrowing money on their tax warrants.

Mr. WILCOX. Will the gentleman permit me to answer that?

Mr. KURTZ. Certainly.

Mr. WILCOX. They said they favored two measures. One was the power to borrow money on behalf of solvent cities like Boston and Milwaukee, and they favored this bill in order that the "bankrupt wrecks", as the mayor of Boston termed them, might be cleaned up and gotten out of the way. If the gentleman will recall, he used this statement. He said that these bankrupt municipalities are like a rotten apple in a barrel; it will soon rot the whole barrel if it is not taken out; and he used the further illustration that they are like a row of bricks, and if you take one out of the middle, the whole wall will fall.

Mr. KURTZ. Well, I do not know what they put in their written statements. I only heard their testimony before the committee, which was as I have stated.

Mr. DOBBINS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. DOBBINS. Is it not true that this bill simply provides that any city which has been prodigal in its expenditure, with the consent of two thirds of its creditors, can repudiate its obligations to the other one third?

Mr. KURTZ. That is unquestionably true.

Mr. DOBBINS. And keep on issuing obligations while it is doing it?

Mr. KURTZ. There is also no question about that.

Mr. DOBBINS. In other words, this differs from the ordinary bankrupt in that a city which is getting the advantages of bankruptcy has none of the disadvantages, but continues to incur debts?

Mr. KURTZ. Exactly. I desire to say that in bankruptcy proceedings heretofore the bankrupt was always compelled to give up all the property which the bankrupt possessed. In this case the city gives up nothing at all, and tries to get out of its indebtedness.

Mr. EVANS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. EVANS. What percentage of municipalities are now in default on their obligations?

Mr. KURTZ. There are 189 municipalities of over 50,000 population that were notified, I believe, of this pending legislation or questioned concerning it, or asked whether they were in default in their indebtedness, and only 12 of them answered.

Mr. EVANS. Only 12 States in the United States are in default?

Mr. KURTZ. I think the gentleman will find the exact number in the report of the minority. Only 12 replied, as I recall.

Mr. EVANS. In the minority report?

Mr. KURTZ. I think the gentleman will find the exact amount there.

Mr. SUMNERS of Texas. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. SUMNERS of Texas. May I ask the gentleman if there is anything in the hearings or anywhere connected with this bill that would indicate that two thirds of the people who had claims against the corporation would consent to a repudiation of their two thirds in order to see to it that one third were repudiated?

Mr. KURTZ. Not whole repudiation, but they could agree and coerce the objecting one third without limit excepting the court decree.

Mr. SUMNERS of Texas. Does not the gentleman, as a matter of practical common sense, believe that the requirement of the consent of two thirds of the creditors of any corporation is pretty fair security that a good deal will be entered into?

Mr. KURTZ. That may be true if the municipality is absolutely bankrupt, but what I fear is that solvent cities that have been issuing bonds within the law will go into the bankruptcy courts, if this bill is passed, just the same as these other insolvent cities, if such exist. Politicians who are anxious to get into office on any issue will have as their slogan repudiation of municipal debts and a consequent lowering of taxes. It is the opening wedge which may finally admit wholesale repudiation. It is highly dangerous in my opinion. It seems to me it will be a football of politics before we get through with it, from one end of the United States to the other.

Mr. SUMNERS of Texas. Will the gentleman yield further?

Mr. KURTZ. I yield.

Mr. SUMNERS of Texas. My friend is a man of sound judgment. I will ask him as a matter of direct horse sense if he does not know that the provision in this bill which

requires the consent of two thirds of the creditors to any agreement itself protects the agreement?

Mr. KURTZ. This bill provides that 30 percent of the creditors of a particular class and 30 percent of the whole may give their consent to the municipality to exercise its right to go into bankruptcy or to go into a court for adjudication at any time.

[Here the gavel fell.]

Mr. KURTZ. Mr. Chairman, I yield myself 10 additional minutes.

Two thirds of the creditors of a municipality, then, can agree to repudiate the rights of the other one third. In other words, they can coerce the other one third into doing what the two thirds wants them to do if the municipality can control them.

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. KURTZ. I yield.

Mr. HOLMES. I just want to make an observation with respect to the rates of interest. The gentleman stated that 6 percent was the average rate of interest for municipalities.

Mr. KURTZ. Yes.

Mr. HOLMES. May I state that the treasurer of the Commonwealth of Massachusetts just sold $2,000,000 worth of bonds at par, maturing May 15, 1934, which bear interest at the rate of $1.38 with a premium of $13. He also sold another issue of $175,000 of bonds at par with an interest rate of 84 cents.

Mr. KURTZ. That is a splendid state of affairs. We would not like to see any municipality of that kind go into bankruptcy, and we were somewhat alarmed by the statement of the mayor of Boston.

Mr. HOLMES. That was the Commonwealth of Massachusetts, not a municipality.

Mr. KURTZ. I beg the gentleman's pardon. I am mistaken. I thought it was the city of Boston to which he was referring.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. KURTZ. I yield.

Mr. HEALEY. Does the gentleman know of any law that would prevent a municipality from settling with its creditors now, providing it could get its creditors around the table to make an equitable composition between themselves? Does the gentleman know whether or not there is any law that would intervene to prevent this sort of settlement being made?

Mr. KURTZ. If the debts were due, I do not think there would be any consideration. If the debts were not due, anticipation of payment, I think, might constitute a consideration in some cases, but there would always have to be a consideration.

Mr. HEALEY. Does the gentleman think it would be fair to force these creditors to accept a composition or settlement made in accordance with the ability of the municipality to pay?

Mr. KURTZ. I think that when there is only a little over $1,000,000,000 out of $20,000,000,000 of bonded indebtedness of American cities that is in default we are anticipating things we ought not to anticipate in this bill.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. KURTZ. I yield.

Mr. McKEOWN. While the minority creditors are bound to the plan, as I understand the gentleman, the majority can make the minority take the same amount.

Mr. KURTZ. Certainly.

Mr. McKEOWN. Does the gentleman understand this to be the provision of the bill?

Mr. KURTZ. Two thirds can control the entire creditor class.

Mr. McKEOWN. That is as to the terms and the plan?

Mr. KURTZ. Certainly.

Mr. McKEOWN. The bill requires that the plan must provide for the option of the dissenting creditors to accept.

Mr. KURTZ. But two thirds of them can coerce the remaining one third.

Mr. McKEOWN. To the plan.

Mr. KURTZ. Yes.

Mr. CASTELLOW. Mr. Chairman, will the gentleman yield?

Mr. KURTZ. I yield.

Mr. CASTELLOW. Is the two thirds calculated on the face value of the securities held? In other words, if a municipality had $300,000 obligations and a certain individual should buy $200,000 of them for $150,000, he would only have invested 50 percent of the face value of the total obligation. Would the two thirds be estimated on the face value of the securities or the actual investment in the securities?

Mr. KURTZ. On the face value of the indebtedness of the city.

Mr. CASTELLOW. If that be true, then he could buy $200,000 for $100,000?

Mr. KURTZ. For $100 perhaps.

Mr. CASTELLOW. Then he could force those who held the other third to accept this plan. In other words, having but 50 percent in the investment, he can force this composition on those who have 25 percent of the investment?

Mr. KURTZ. There is no question about that being the case.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. KURTZ. I yield.

Mr. MILLER. In reference to the confirmation of the plan, after two-thirds majority have agreed to the plan, calling the gentleman's attention to section (f) of the bill, on page 13, which prescribes the things the court must find exist in reference to the plan before it can be confirmed. Among other things, the court must find that the plan as agreed upon by the two thirds of the creditors is fair and equitable and to the best interests of all the creditors and does not discriminate unfairly in favor of any class of creditors.

Mr. KURTZ. Oh, there must always be equality in all bankruptcy matters. Every person who has no preferred claim would share equally or pro rata in every bankruptcy proceeding.

Mr. MILLER. In other words, under this provision can the gentleman suggest anything that is any fairer to the minority creditors than this bill?

Mr. KURTZ. I suggest at the present time this legislation be held up until we see whether or not America is going to come out of the terrible depression in which she now finds herself. We are now seemingly on the upward grade; and being seemingly on the upward grade, why should municipalities perfectly solvent in themselves, who never dreamed of taking advantage of a law of this kind, be invited or tempted to go into bankruptcy or settle with their creditors below the amount of the indebtedness which they have contracted to pay?

Mr. MILLER. In that connection, does the gentleman think it is possible for a municipality to go into bankruptcy or to obtain, in other words, the consent of two thirds of its creditors, if there is not a serious financial problem confronting not only the municipality but the creditors?

Mr. KURTZ. There are cases where a serious financial problem is confronting the municipalities, where they issued bonds and got good money from people who bought them honestly and with the best intentions. These same municipalities will in the future, if they get rid of these particular bonds by bankruptcy, perhaps do the same thing and be just as reckless in speculation as they have been in the past. They will probably be limited only by the disinclination to invest by persons who have money in the future. Investors will shy at a municipal bankrupt.

Mr. MILLER. The gentleman overlooks the fact that this bill, by its specific terms, only operates for 2 years. It gives us 2 years in which to clear up these financial wrecks.

Mr. KURTZ. You can clean up a good deal in 2 years. It seems to me a 2-year breathing spell would clean up a good many municipal derelicts along the line of indebtedness.

Mr. STUDLEY. Does the gentleman think these cities that go through such bankruptcy proceedings will be able to borrow any more money?

Mr. KURTZ. Well, if I had any money I would not lend it to them.

Mr. STUDLEY. Neither would I.

Mr. THOMASON. Will the gentleman tell us what is the status now of the pending legislation to enable cities to borrow from the Reconstruction Finance Corporation on tax delinquent warrants and anticipated tax warrants?

Mr. KURTZ. Thus far, there has been no such legislation passed. I am told there is a bill providing for that, but it has not come before us, and I do not think it is going to be presented to us at this session; I think, however, that would be a solution of the problems confronting certain American cities today that are solvent.

Mr. THOMASON. My information is that the distinguished Senator from New York [Mr. WAGNER] has such a bill pending, and I was anxious to know its present status.

Mr. KURTZ. I do not know about that, but I favor such a bill.

Mr. THOMASON. I agree with the gentleman in what he states.

Mr. FOCHT. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. FOCHT. I think the ranking minority member of this committee has quite well covered the whole situation in one brief sentence when he said that ordinarily, when an individual goes through bankruptcy, he surrenders everything he has, whereas a municipality merely cancels its debts.

[Here the gavel fell.]

Mr. KURTZ. Mr. Chairman, I yield myself 5 more minutes.

Mr. FOCHT. Now, let me ask the gentleman a question. I have been voting here right along in support of the general proposition that we are going to have inflation, and I should imagine that the difference between the dollar of 1914 or 1920 and the inflated dollar that we are to get would make up the difference in these debts; and looking forward hopefully, as I am, and with the prospects I have held out to everyone about being able to pull out of this depression, this is the most cheerless bill I have known to be presented to the Congress in the 20 years I have been a Member of this body, and I think, for the credit of the administration and for the credit of the municipalities, it ought to be withdrawn. [Applause.]

Mr. KURTZ. It is a cheerless bill to the investor and the holder of bonds. It may be a very cheerful bill to some of these communities that wish to give up no property with which to pay their debts.

Mr. EVANS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. EVANS. What is the source of the demand for this legislation? Does it come from the cities or from the holders of obligations of the cities?

Mr. KURTZ. I have known of no holder of such obligations that has appeared before our committee clamoring for this bill. [Laughter.]

Mr. EVANS. Where does the demand for this legislation come from?

Mr. KURTZ. It comes largely from Florida and from Detroit.

Mr. EVANS. From what organizations or what body of citizens in Florida or in Michigan?

Mr. KURTZ. Well, the mayor of Detroit was here and advocated it. He is now, I believe, in the Philippines as Governor General of those islands.

Mr. EVANS. The mayor of one city appeared.

Mr. KURTZ. He appeared and also the mayors of two other cities, but they did not say they were in any great financial trouble at that time.

Mr. EVANS. There are organizations all over the country representing a large number of cities on the Pacific coast and in the Middle West known as "municipal executives organization." What is the attitude of this organization toward this legislation?

Mr. KURTZ. None of them is clamoring for it, so far as I know.

Mr. EVANS. What is their attitude; are they for or against it?

Mr. KURTZ. I do not know any of them that are for this legislation except some few who appeared before the committee and said that if we had to have legislation at all they would rather have this than the McLeod bill, which was before the committee, and which, in my opinion, is a very dangerous measure.

Mr. HANCOCK of New York. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. HANCOCK of New York. The gentleman undoubtedly has received communications, just as I have, from the American Bankers Association and the American Bar Association and the United States Chamber of Commerce strongly opposing this legislation.

Mr. KURTZ. There is no question about that, but I understood the gentleman was asking about persons representing municipalities and bondholders. There is no question about the fact that the American Bankers Association and the other organizations just mentioned by the gentleman from New York are against this measure.

Mr. EVANS. Then, so far as the gentleman knows, no representative organization in the United States has asked for this legislation?

Mr. KURTZ. I cannot recall any at this time. There may be some, but I know of none.

Mr. WILCOX. The gentleman has made the statement that nobody appeared for the investors that appeared to be enthusiastically for it. Does not the gentleman recollect that the association of life-insurance-company presidents unqualifiedly endorse it; that the association of life-insurance companies unqualifiedly endorsed it, and is not it true that you received unqualified endorsement from the American Municipal League, representing all of the municipalities in the United States, and is it not also true that the chairmen of the great trust companies endorsed it, and did not your committee receive endorsements unqualifiedly from Los Angeles, Kansas City, Philadelphia, New York, Boston, and other large centers, also from several large banks in the United States endorsing the bill unqualifiedly? And also, did not the Prudential Life Insurance Co. endorse it?

Mr. KURTZ. I want to say that they objected to the McLeod bill most strenuously, and when they came to the pending bill they said that if they had to have anything they would prefer this to the McLeod bill.

Mr. WEARIN. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. WEARIN. Do I understand it to be the case that the municipalities that go through bankruptcy will continue to issue bonds?

Mr. KURTZ. That was not a question before the committee. I do not know what the local situation would be, but I imagine that they would not have much standing in the financial market.

Mr. WEARIN. I would not think so.

Mr. KURTZ. I want to say that this bill provides for 30 percent of the creditors to agree with the city or municipality in a petition to scaling down its indebtedness. It requires two thirds of the holders of the securities in amount to carry out any plan, be it a postponement or scaling down of debts. That is very serious because many of these bonds can be bought for a song down South. I know myself that there are drainage bonds that can be bought for 10 cents on the dollar. A man will buy these bonds, get a controlling interest, and then go to the municipality and frequently work a great hardship upon other investors. There will also, in my opinion, be much harm done to the municipalities of America by the passage of this bill. I ask for its defeat. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, this bill has been before the Judiciary Committee almost since the special session of Congress came in. The gentleman from Florida [Mr. WILCOX], who presented such an able argument for the passage of this bill, has labored incessantly for this legislation, and

has finally convinced a majority of the members of the Judiciary Committee of the necessity for this legislation.

In order to give this bill proper consideration we must consider the plight that many municipalities are in today.

Municipal governments have to furnish police protection for safety of life and limb, for the protection of property, to furnish education for the children, and care for the sick and indigent. Many municipalities are in default of municipal bonds, as the gentleman from Florida has stated. There are many solvent municipalities that have not had the money to pay their policemen or the firemen or the school teachers, because the market for municipal bonds has been so dried up that the municipal authorities have been unable to borrow money for their current expenses, unquestionably due in large measure to the fact that confidence in municipal securities has been shaken because of the defaulting cities and taxing districts.

Practically every city in this country has to exist for about a period of 8 or 9 months on borrowed money. Taxes are assessed in April of each year, and before the tax bills go out it is September or October, and the taxes do not begin to come in until the month of October. So from the period of January, when the municipal budgets are made up, until some time in the tenth month—October—the city has to exist on borrowed money. There was always a very free market for municipal bonds, and the cities were in the habit of borrowing this money at an average rate of 2½ percent interest. There are many cities that are absolutely solvent that find it almost impossible to borrow money on their tax-anticipation warrants and have to go out on the market and pay as high as 6 and 7 percent for that money, providing they are able to borrow these funds at all.

A great social problem has been thrust on the cities as a consequence of wide-spread unemployment everywhere, and the municipalities have been required to maintain and care for thousands on their public-welfare lists. In my own State the amount of welfare payments jumped from $5,000,000 to about $30,000,000 in a period of 2 years, and the cities and their taxpayers have been sorely tried in caring for this great problem.

In the State of Florida cities sprang up overnight, mushroom growths, and many of them built large sanitary systems, roads, and other improvements in anticipation of an unnatural growth. Roads were built out into the wilderness, and all that sort of thing. They are now confronted with a situation where they are absolutely bankrupt, and if a writ of mandamus were secured in order to levy taxes to take care of their bonded indebtedness the property of everybody who had the misfortune of living in those municipalities would be confiscated. Something has to be done for the taxpayers and the home owners. The mayors of several of our large cities came before the committee and said if something were done to take care of those cities that were hopelessly bankrupt it would ease the situation for the cities that are solvent and they would find a market in which to borrow money which they need to actually exist.

Any city that desires to take advantage of this legislation will eventually have to secure the approval of the State legislature. I do not think the legislature of any of our States is going to approve of this sort of an arrangement unless the legislators are absolutely convinced that the situation warrants it. I am satisfied that this provision will act as a safeguard requiring that the petition of any municipality will have to have the final approval of the legislature, and the legislature will probably have a hearing, and before its approval is given it will have to be convinced of the absolute necessity for the application of the city for this relief. [Applause.]

Mr. KURTZ. Mr. Chairman, I yield 10 minutes to the gentleman from Rhode Island [Mr. CONDON].

Mr. CONDON. Mr. Chairman, the gentleman from Florida [Mr. WILCOX], the author of this bill, made a most appealing and attractive argument in its behalf, and I assure the Members of this House that if the minority members of the committee could have seen their way clear to do it, they would have gladly accorded unanimous approval to the gentleman's bill, because they appreciate most sincerely the serious predicament in which the communities of Florida find themselves. But, Mr. Chairman, that is not the question. You cannot consider this legislation only upon the humanitarian side, as it affects the taxpayers in the cities of Florida, because as against that picture which was painted by the distinguished gentleman from Florida, I can paint the picture equally appealing of the thousands and hundreds of thousands of men and women in this country whose incomes depend absolutely and entirely on municipal bonds. Every college, every hospital, every charitable and benevolent institution which you can recall largely depends for its financial support upon this character of security.

If we could do it, it would not be well that we should do it, because looked at from another point of view this legislation cannot but be an invitation to those cities of the country that are not striving to meet their just obligations to avoid them in the way provided in this bill. It has been said on this floor that the municipal corporations are now being accorded the same character of relief that we accorded a few days ago to private corporations. Every lawyer in this body knows that that is not so. Private corporations have been the subject of bankruptcy legislation from almost the very beginning of that legislation. What we did the other day was to provide a new system of adjustment and relief, but under that act there was no such carte blanche power given to the debtor to ask his creditors to give up everything they had in order to accept the plan that the city proposed. Can you imagine any other plan but the plan of the city will be accepted under this bill? Of course, it is an invitation to the taxpayers in the cities not to do their full duty, and it has not been conclusively proven, it has not been demonstrated, even by the experience of this depression, that the people of the cities now in difficulty have done all they can and should do. Bear in mind, my friends, that back of every municipal bond is a promise to pay, and that promise was given when the obligation was entered into by the city on only one security to the man or woman who loaned his or her money, and that was the security of the city as a governmental body to tax its citizens until they were able to raise the necessary revenues to pay their bonded obligations.

Have they done that in every instance? It is true that in the State of Florida they might have done it, but bear in mind, Mr. Chairman, that the situation in Florida is a very special situation. As someone on the floor has said, it is the result of boom conditions in Florida. Are we now in the Congress of the United States, in this hour, going to put our stamp of approval upon the financial manipulations and upon extensions of municipal areas and territory that was done in Florida in boom days, which even the people of Florida do not now desire to recall? If you pass this bill you will, in my humble judgment, put the stamp of approval upon the widest kind of expansion and extension of municipalities without any regard to the ultimate ability of those communities to pay their obligations.

Mr. BEAM. Will the gentleman yield?

Mr. CONDON. I yield.

Mr. BEAM. Is it not a fact that practically every orphanage, every infirmary, every charitable almshouse in the metropolitan areas of the large cities is floated absolutely upon these municipal bonds?

Mr. CONDON. Of course that is true.

Mr. BEAM. And would not the enactment of this measure absolutely repudiate and invalidate the bonded indebtedness and contractual obligations of the purchasers of those bonds in anticipation of this agreement?

Mr. CONDON. There is no question about it.

The passage of this bill will have a very serious effect, in my opinion, upon the bond market. Some of the proponents of this bill have said that the bond market now is in a bad condition, but can you imagine medicine of this kind curing that condition?

It is true the mayors of Boston and Milwaukee came before our committee and gave a sort of tacit approval to this

bill. It is true that representatives of insurance companies came before our committee and gave approval to this bill, but as the distinguished gentleman from Pennsylvania [Mr. KURTZ] said a few moments ago, they gave their approval in the nature of an acceptance of an alternative. They said, "Do not give us the McLeod bill, but if you are going to pass bankruptcy legislation, this is better than the McLeod banking bill."

I want to say to my good friend from Massachusetts we did have this bill with us from the very outset of this session. Beyond that, in the Seventy-second Congress, we had it in the form of the McLeod bill, and the Committee on the Judiciary on that occasion, in a moment of little deliberation, and upon the appeal of the mayor of Detroit, reported out the McLeod bill, but on sober second thought and more deliberate judgment the chairman of the committee did not call up that bill because he realized, and the leaders of this House must have realized, that we were embarking upon legislation that had no precedent in the history of this country; that we were embarking upon legislation that had no precedent in all the reported cases of the Federal courts, including the Supreme Court of our country; that it had no precedent in all the debates that have been carried on in this great Chamber whenever a bankruptcy bill was in course of consideration.

Mr. Chairman, we are pioneering today, and I fear we are not pioneering in a way that we will look back upon with credit to ourselves and to the country. I wish I could have gone along with the majority of my committee. I am not in a pleasant position arguing against this bill today, but I am arguing against it because I firmly and sincerely believe it is a wrong step; that it is a step that every man and woman who votes for it will rue, because it can be but an unfortunate condition into which we will plunge the country when these $20,000,000,000 of municipal obligations will be at the mercy of those who seek to use this bankruptcy law to get out of their just debts and obligations.

Mr. PETTENGILL. Will the gentleman yield?

Mr. CONDON. I yield.

Mr. PETTENGILL. Would it not be possible for a group of men to buy the defaulted bonds of a municipality at 10 cents on the dollar, make a corrupt agreement with the city officials at 50 cents on the dollar, and force the owners of one third to take a 50 percent loss while they made a 400 percent gain?

Mr. CONDON. Of course. The question answers itself. It is a simple question of arithmetic. Any person in this House will understand that can be done; and if we remember the financial depredations of men who deal in this kind of thing, it will be done, and cities and towns that are in difficulties now will find that this bill has been used as an engine of fraud and skullduggery rather than as a weapon of relief on behalf of its citizens.

Mr. CANNON of Wisconsin. Will the gentleman yield?

Mr. CONDON. I yield.

Mr. CANNON of Wisconsin. What is the gentleman's opinion as to the effect of the passage of this bill upon approximately 60,000,000 policyholders?

Mr. CONDON. It is a serious question.

Mr. CANNON of Wisconsin. Hundreds of millions of dollars have been invested in municipal bonds by insurance companies.

Mr. CONDON. I will say that it is a serious question; and when Mr. Brigham, of the National Life Insurance Co. of Vermont, appeared before our committee, representing his insurance company, he was asked the question whether or not insurance companies in the future would have the same carte blanche right and authority to invest in these bonds as they have had in the past, and if it would be necessary to have the express approval of the insurance commissioners of the various States, and he said, "Very likely." Of course that is true. No longer will it be possible to accept these bonds as we have accepted them in the past, because you will have made possible a repudiation of these bonds through the door of bankruptcy.

Mr. SNELL. Will the gentleman yield for a question?

Mr. CONDON. Gladly.

Mr. SNELL. What was the definite information before the Committee on the Judiciary that led the majority to report out this legislation?

Mr. CONDON. I think the information that was before the committee was no different in the last few weeks than it has been from the very beginning, but I think the majority of the committee were persuaded that this legislation ought to be tried at this time. I think that it is a policy of trial and error that the majority is following in this matter.

The CHAIRMAN. The time of the gentleman from Rhode Island [Mr. CONDON] has expired.

Mr. KURTZ. I yield the gentleman 2 additional minutes.

Mr. CONDON. I do not want to take up any more time. I do want to call to the attention of every lawyer in this House the opinion of the Attorney General, which appears in the hearings, wherein the Attorney General expressly says that there is no authority in law, in his opinion, for the passage of this kind of a bill, except insofar as it relates to municipal corporations, and that solely with regard to their proprietary functions, and on condition that the municipal corporation should obtain the prior consent of the legislature of its State.

There is no prior consent required here. If the gentleman from Massachusetts will read the last section to which he referred, he will find that in the first place consent there is not antecedent; it is not a condition precedent but is something that may take place after the city has attempted to go into bankruptcy. There is not anything in this bill that supports the limited opinion that the Attorney General gave in favor of municipal corporations, insofar as their proprietary functions were concerned, going into bankruptcy.

Mr. Chairman, in conclusion may I say that while I know this bill is going to pass, while I know it has got great power and influence behind it, I cannot for one moment believe that it ought to pass as a matter of constitutional law and wise governmental policy. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. OLIVER].

Mr. OLIVER of New York. Mr. Chairman, I listened to the argument of my very eloquent friend the gentleman from Rhode Island [Mr. CONDON] with a great deal of attention. I think his eloquent apprehensions on this occasion could be answered very well by a speech that was even better that he made at the time of the pendency of the railroad-reorganization bill. At that time he said to the House:

> Why, it was argued when the bankruptcy bills were originally introduced that this would destroy business in the country, men would not invest in corporations that could go into bankruptcy, they would not deal with them. But those apprehensions have been proven by history to be false, and it has been shown that when we have wiped out the wrecks through bankruptcy we have given greater power and confidence to the credit of those that remain.

Therefore, the gentleman concluded, the passage of the bankruptcy bill for railroads was an assurance to the country. So I say to him now that his eloquent apprehensions in this speech are answered by his still more eloquent assurances delivered on that occasion.

This bill is modeled on the railroad-reorganization bill. The bill now before us was shaped and framed on that.

I listened to my distinguished and able friend from Pennsylvania. He is apprehensive. We do not know why municipal bonds cannot be sold now. Banks are filled up with Peruvian bonds, German bonds, and all kinds of foreign bonds. They are loaded up and nobody in the banks will buy any kind of bonds, and, of course, we have an apprehension about the general condition of the country, and the banks would not loan money on a $10 bill. Everybody knows that if you go into a bank to buy a mortgage, you are looked upon as somebody who is trying to rob the depositors of their money. We cannot tell all of the reasons right here and now for that state of mind, but we know one sure thing, that in over a thousand cities bonds have been defaulted on in their interest. Is not this destructive of municipal credit?

Mayor after mayor in the mayors' conference pleaded for this bill.

Oh, they say the cities will rush to the bankruptcy courts. God forbid! The cities cannot rush into any bankruptcy court under this bill. I differ with my good friend the gentleman from Rhode Island. This bill requires the consent of the sovereign State, if that consent be necessary, before any city can go into this bankruptcy court. What does this mean? The mayor must go before his legislature, before his Governor, and give an account of the financial standing of his city. Oh, what a humiliation that is. Let some demagogic mayor run around and tell the taxpayers, "I am going to take the city into the bankruptcy court and you won't have to pay taxes any more."

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of New York. I yield.

Mr. FISH. Is this measure on the emergency program of the President?

Mr. OLIVER of New York. I do not know.

Mr. SUMNERS of Texas. I may say that it is.

Mr. OLIVER of New York. I do not know. I do not care about that; we are arguing it out here. I agree with the gentleman from Pennsylvania [Mr. COCHRAN] that really this is not a whoopee bill, this is not something to gloat about, this is something to weep about. But I am not going to throw into it any partisanship as he has done. I am not even going to make any reference to the fact that these are wrecks and disasters that are the inheritance of the present administration that we want to cure. He wants to insinuate that this administration brought this calamity upon the entire country. But let us turn right back to history and see the fallacy of that.

Let us see what will happen when a demagogic mayor pleads with his taxpayers, "Let us run into the bankruptcy court." First, the demagogue has got to go up to his Governor and to his legislature and get permission to go into the bankruptcy court. That is a hard thing to do. Then he has got to get the consent of 30 percent of the bondholders—did you ever know a more cold-hearted set of people in the world than bondholders? The demagogue has got to get 30 percent of the bondholders before he can go into the doors of the courthouse. Then, when he gets in there, he has to get up a plan satisfactory to two thirds of the bondholders. Bondholders are not the class of people with which a demagogue can plead. They are not the taxpayers. They are the creditors. He must get two thirds of them. Then there is a judge on the bench. He hears the protesting creditors, and every one of them has got the right to come in and say that this city is extravagant, this city could pay; this plan is inequitable, unfair, and confiscatory of our rights.

I think the gentleman from Indiana suggested that some corrupt group could get hold of two thirds of the bonds and go to court with the mayor and a delegation with a petition to be signed. If their corruption is discovered, they should be adjudged in contempt of court for daring to put before an honorable judge an iniquitous and corrupt bargain unworthy of the prestige and dignity of any municipality in America.

I am not worried about its constitutionality. The gentleman from Rhode Island, in his eloquent and effective way, is worried about that. There is not any way to decide it now. No lawyers can agree as to whether a municipality has the right to come into a bankruptcy court or not. All we can do is to say, "Let us go in and put the question up and argue it out and have it decided and let us be informed." At any rate, the bill says that the sovereign power of a State be respected and protected and the State must give its consent. There is no State in this Union that is going to humble and shame itself by consenting that a municipality that can pay shall be allowed to repudiate even under the auspices of a court, or will consent to a corrupt bargain or yield to a demagogue's plea that defeats bondholders and shames taxpayers and degrades government.

But I say to you, Mr. Chairman, we have got to defend municipal government. We cannot let it go on the rocks. You cannot turn it over to bondholders. We have got to maintain it intact, and this bill has such fine balance that it gives municipal government a chance for its life. It gives bondholders their day in court. It gives the Federal Government no power of coercion over local municipal government. It merely gives the power that is necessary as a function of the bankruptcy court, a power to say to a minority that does not consent, "You are now in a bankruptcy court and as the United States Government we are clothed with full power of bankruptcy and, therefore, your consent is not necessary; but the public interest requires that this composition be carried out in accordance with the terms of fair and honorable play."

Mr. DOBBINS. Will the gentleman yield?

Mr. OLIVER of New York. Yes; I yield.

Mr. DOBBINS. The gentleman does not mean to insist upon his claim that this act provides that before any municipality can avail itself of the benefits of the act it must first secure the consent of the legislature?

Mr. OLIVER of New York. I made no such claim. If consent is necessary it must be obtained under the bill; if it is not needed, of course, only the State, by law, can make it necessary.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, at the beginning of the discussion of this bill I was inclined to be opposed to it; but we must be realists, we must be practical, and when some 1,000 communities and municipalities are in default on their bonds and are having the greatest amount of difficulty in meeting their obligations, we must be sufficient realists to come to their aid and assistance. If we do not, we may get into a sort of state of anarchy in these municipalities. The holders of the obligations of these units have the right, and it is so denominated in the bond, as it were, to go into these communities and compel, on mandamus, the officials to increase taxation on their various forms of real and personal estates, and thus to further increase the overwhelming burdens of the taxpayers or the denizens of these communities.

We cannot increase taxation to any appreciable degree in these cities now in default. Most of them have all they can do to take care of the ordinary government functions in operating their fire departments, their police departments, and taking care of their schools. They cannot oppress their taxpayers any further. They have been bled white. Nothing more can be squeezed out of these cities.

Suppose the bondholders avail themselves of the right to mandamus and compel the officials of the city to levy more taxes or seize property of the city and hold it for the benefit of the holders of the securities. There would be riots and mob rule. The citizens would not sit idly by and see their property taken from them. Considering the temper of the people and these perilous times, they would rebel.

It is charged that these defaulting cities should retrench and balance their budgets. Mayor and mayor came before us, from large cities like Boston, Detroit, and New Orleans, and from many small cities, and pleaded that they had come to the end of the rope. They had cut expenses to the bone, were giving starvation wages to firemen and policemen, had failed to pay school teachers, had allowed their streets to go into utter disrepair, had cut to next to nothing appropriations for relief of the poor—in fact, they had done everything in their power to prune expenses and balance their budgets, but they had all they could do to get enough money from taxes to pay interest on their bonds. They could do nothing more. They held the passage of this bill to be imperative. I want to help them.

[Here the gavel fell.]

Mr. KURTZ. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. CANNON].

Mr. CANNON of Wisconsin. Mr. Chairman, I understand there was a statement made here to the effect that the insurance companies are in favor of the passage of this bill.

In my home State we have probably the greatest insurance company in the world, the Northwestern Mutual Life Insurance Co., and I have just received a letter from one of its

counsel, and I think the Members of the House should hear it. It is dated May 18, 1933:

In connection with the Wilcox municipal insolvency measure I have heretofore sent you some material which I trust may prove helpful. It occurs to me that all of that material considered the matter from the standpoint of the municipality rather than from the standpoint of the insurance company and other investors. For this reason I take the liberty of writing you once more on the subject.

As you know, an insurance company is required by law to invest its assets at a specified rate of interest. Moreover, an insurance company such as this one naturally seeks rather long-term investments and looks more to the safety of the investment than to the large interest rate. Municipal bonds have been purchased with this idea in mind. An insurance company is not a bank and cannot convert its long-term investments into cash as readily as banks. Moreover, the interest yield is depended upon to build up the reserves which insurance companies are required by statute to maintain.

If the interest rate upon investments of insurance companies are to be cut off through farm-mortgage moratoria, railroad bankruptcies, and municipal bankruptcies, it makes it increasingly difficult to obtain the revenue with which to comply with our policy contracts. In connection with various moratoria and bankruptcy suggestions too little consideration has been given to the situation confronting the mortgage holder and bondholder.

Last January I prepared for the company a pamphlet upon the subject of moratoria in connection with real-estate mortgages. While the pamphlet was prepared with the real-estate mortgage situation in mind, nevertheless, the principles discussed therein are also present in many ways in connection with municipal insolvencies.

I have also a letter here dated May 16 that I consider of some interest, and I think the Members of the House should hear it.

Following up my letter of a few days ago, I am sending you herewith some material which will be of interest to you.

Assuming, however, that the proposed measure would have some constitutional basis, then there are many objections to extending the provisions of the Bankruptcy Act to municipalities.

In the first place, it is a misnomer to refer to the bill as a bankruptcy measure. In the bankruptcy courts the assets of a bankrupt are turned over to a trustee and disposed of for the benefit of the creditors. Under the Wilcox bill and other bills of the same character this is not done. The bill merely amounts to a moratorium permitting the municipality to avoid payment upon its bonds and to divert the revenue to other purposes.

The proposal is a wide-open invitation to city officials to suspend payment of the debts. The whole purpose back of the scheme is to divert the revenue from debt service. A municipality obtaining relief from debt-service charges is not even required to accept a program of economy. The door is open to wholesale deferments. Political groups bent upon default might even campaign upon a platform favoring default.

Repudiation by municipalities via the bankruptcy court would remove its bonds from the list of legal investments of most savings banks, life-insurance companies, and other investors. This closes to the municipality one of the best markets for bonds in the future. The credit of the municipality is ruined.

The bill does not authorize the court, or its "comptroller", to place any limitation upon the expenditures of the municipality while in the bankruptcy court. If an era of extravagance is to be restrained power must rest somewhere outside of the municipality to curtail expenditures.

The whole scheme overlooks the fact that the State and Federal Constitutions place limits beyond which debts may not be incurred, and a court of bankruptcy is powerless to modify constitutional limitations. Any court purporting to readjust municipal finances must work within such limitations, and any plan for the issuance of new securities may be enjoined if such issue exceeds the constitutional limitations. This restriction must be recognized in connection with any refunding operation.

The bill does not sufficiently recognize the rights and priorities of bondholders of different classes. Moreover, certain specific revenues are usually pledged to take care of certain bonds, and the taxing authorities may be compelled by the bondholders to levy the necessary taxes to secure such pledged revenue.

The distinction between classes of bondholders is not sufficiently recognized in the general direction to apply remainder after payment of expenses to the claims of creditors.

Impairment of the municipal bond market is bound to result in the increased rates of interest and thus impose additional burdens upon well-managed municipalities.

Many other objections to the measure will readily suggest themselves to you. The foregoing are merely mentioned as an indication of the tremendous possibilities for evils that lie back of the Wilcox measure.

If municipalities must have assistance from governmental authority in the handling of municipal debts, that assistance could come with far more propriety from the State government of which the municipality is a constituent part. In Massachusetts and other States, plans have been worked out whereby the State steps in through its own courts and supervises the reorganization of municipalities without permitting a repudiation of the debts. A plan might be evolved whereby the State might obtain from the Federal Government funds with which to purchase municipality bonds to be amortized over a long period of time and possibly at a reduced rate of interest. Necessary assistance could thus be rendered the city under strict laws and regulations which the State is in a position to administer much better than the Federal Government or the Federal bankruptcy court.

This letter is from the chief counsel of the Northwestern Mutual Life Insurance Co.

Mr. KURTZ. Mr. Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, a few moments ago when I asked the ranking minority member of this committee some questions concerning the bill I was not aware of its import insofar as its geographical relationship is concerned, otherwise, out of respect for my association and fond memory of my dear old friend Frank Clark, possibly, I should not have been so drastic in my remarks. However, Mr. Chairman, in the few minutes I have I may say that I have seen many communities in the far West helped during my service here, when we furnished them with seed to plant their fields through appropriations by the National Government, and I think this matter should have been brought up in some other way, and if, instead of this bill applying to every community in practically the whole of North America, it had applied only to Florida, I am sure every Member on the floor of this House would be willing to vote a gratuity, as we have in many instances this session, of $50,000,000 if necessary, to rehabilitate your cities down there where the people from Pennsylvania go in the wintertime to visit this great pleasure ground and to revive fond memories of the romance woven around Ponce de Leon and our grand old statesman, Andrew Jackson.

However, we are called here in extraordinary session for one purpose, and that is to try to pull the country out of a depression and rehabilitate the entire country and divide the dollar so it will go around.

Here you are looking into the dark chasm of despair, instead of recognizing the sunlight of the future. Let me tell you gentlemen to turn your faces the other way, follow the guidance of your leader, look to the future instead of looking into the hole of despair which you are doing by a bill of this kind, contemplating repudiation, which is a word we are trying to abolish at this session. If a corporation can pay it ought to pay; it ought to pay all it has the same as an individual does.

But the thing that strikes me most forcibly is that we ought to be looking in another direction, and I, as a Republican, come here and vote with the Democratic President to get out of the hole, and you want to turn my face around in another direction, and I refuse to go. [Applause.]

Mr. KURTZ. Mr. Chairman, I yield the balance of my time to the gentleman from Connecticut [Mr. MALONEY].

Mr. MALONEY of Connecticut. Mr. Chairman and members of the Committee, I have the same unpleasant feeling expressed by the gentleman from Rhode Island when he said that he felt badly about being in opposition to the majority of his committee. I also have the same feeling of apprehension that he has as I see the probable passage of this bill. For the past several weeks we have been devoting considerable time to the protection of banks and insurance companies and similar institutions in this country, and now with the passage of this bill we will bring about the very thing that we have endeavored to avoid, a weakening of the assets of those institutions. I think this bill will be harmful to the humble taxpayers. I think this bill, if it passes—and I assume it will pass—will protect the people who are well provided with funds with which to pay.

Someone has stated here that the insurance companies and other financial institutions appeared before the committee and announced that they favored this kind of legislation. I think they felt that they were threatened with either chickenpox or smallpox and they elected to take chickenpox.

That leads me to the further thought that because one small portion of the country, the communities of one or two States, are threatened with a serious situation as a result of overexpenditure and overexpansion we have no right to

jeopardize the welfare and interest of the taxpayers in States that have been well administered.

Mr. Chairman, I hope Members will try to understand that in passing this bill they are further threatening those whose money is in the savings banks and those who are the policyholders of insurance companies. They are not helping the unemployed of this country, because much of the means for relieving unemployment is provided through the sale and purchase of municipal bonds. If the insurance companies and banks are unable to buy municipal bonds, and if the municipalities cannot sell their bonds, the unemployed may be denied relief.

Mr. SUMNERS of Texas. Mr. Chairman, I have no interest in this bill other than the interest which every legislator has who is conscious of the fact that he has come to responsibility in a very serious time in the history of this country and is compelled to deal with new and difficult problems. I want the attention of everybody, because, if we make a mistake on either side of this proposition, it will be a serious mistake under the conditions which exist in the country.

The railroads were in bad condition financially, and the creditors and owners of the railroads had the common sense—and I mean just common sense—to come in and get permission from Congress to sit around a table and adjust their differences and make their adjustment effective against a minority of highbinders who were holding out for 100 cents on the dollar, regardless of the assets and regardless of what anybody else got. This Congress gave that permit, and by the giving endorsed that sort of arrangement. Many corporations found themselves in a similar situation. They wanted the same privilege. The creditors of these corporations, in the main, favored this arrangement. Congress—this House—amended the bankruptcy law for each of these groups of debtors and creditors. You know that when you have found one of your debtors in a bad condition, as a practical person the most helpful thing was to sit around the table and talk things over with him, give him courage, and if you found him honest and what he owed beyond his ability to pay, make concessions, give him time, and help him along, and, if possible, keep him with the pride of not getting into the class of defaulters. There is not a man here who has practiced commercial law that business concerns follow this as a practical procedure, but the chief difficulty has come from a greedy minority of creditors, who want to take advantage of the situation and play the role of highjackers. That fact was recognized in the railroad amendment and also in the corporation amendment to the bankruptcy law, and these minorities were shorn of the ability to coerce the rest of the creditors.

There is another large group of creditors who have been borrowing money and buying things. They are the municipalities, improvement districts, and so forth. There are some thousands of them that cannot pay their debts now, just as the railroads could not, just as these corporations could not, according to their terms. You say that your city is all right, and I think that my city is all right. We have had confidential reports from some of the biggest cities in the United States that they do not know whether they are all right or not. They do not want their names in the RECORD. My friends of the minority will not controvert that statement. What would good, old-fashioned common-sense people do? They would do as the insurance companies did, which came before the Committee on the Judiciary in favor of this bill; they would do as the holders of these municipal bonds have done, in support of this bill; they would do as the holders of securities for women and children and orphans did, who came before us in support of this bill, asking only that the Federal Government do in this situation what the States would evidently do but for the denial to them of the right to insure contracts and the inclusion in the Federal Constitution of the character on bankruptcy provision which we have. That is the finest sort of sense. It has the right to sit at the head of every conference table. Many of these subdivisions are not now paying a cent on their indebtedness, and there is danger of many others falling into that class. There is not a man who has practiced commercial law who does not know that the thing most to be desired is to keep the debtor from quitting.

One of my friends of the opposition got up here and said somebody might go around and buy up a hundred thousand dollars' worth of bonds for so much under this bill, come in with a crooked administration, arrange for their payment at a higher figure, and then get a crooked Federal judge to pass favorably on the equity of that sort of an arrangement. Remember, under this bill two thirds of the creditors would also have to agree to this. What these holders of these securities want to do is to stop just that sort of transaction and to make ineffective the attitude, not only of this minority, but of any other minority that has not sense enough to know they are crowding these people to the quitting point, these cities and other such debtors. They want to keep these cities this side of repudiation, this side of default. They are trying to put courage into these concerns by exactly the plan approved by this House to keep railroads and corporations this side of default. These cities that are absolutely unable to pay their obligations according to their full value, back into the effort to do the best they can and to keep those on the verge this side of actual default. That is what our clients used to do when we practiced commercial law. That is what every wholesale man wants to do if he has any common sense. When he had what he called a "lame duck", we got the creditors together and they sat around the table and talked things over with the debtor and arrived at a plan. If the debtor could not pay his debts when they were due, then they extended the debt. If he could not pay in full, we scaled down until we brought him within the stimulating influence of hope. That is all this bill proposes to do. Our greatest difficulties in working out a fair, workable plan were the Shylocks. That is exactly the difficulty of these situations with regard to which these cities and their creditors have to deal. The big things of life are only little things multiplied. The same natural laws, the same human nature, the same necessities are not changed in the multiplying.

Mr. McKEOWN. Is it the moving purpose of this bill to grant extension and not to scale down?

Mr. SUMNERS of Texas. Of course it is, and to give people who have an interest as debtors and creditors a chance to sit around the table and figure it out; and when they do that, then they want the power of the court to make that arrangement effective and to prevent, if I may say so to my friends who are talking about somebody going around and buying up bonds, highbinders who get these securities, from coming in and saying, "I won't come in on that basis; you have got to give me 100 cents on the dollar." That is all there is to it. There is a lot of talk about the Federal Government's extending powers over governmental subdivisions of States. That is not true at all. It is the duty of the Federal Government to provide for these subdivisions the permissive agency which this bill provides and which the Federal Constitution denies to the States the power to provide. Besides, under existing law Federal courts, at the instance of a nonresident bondholder, may send to jail an officer of these State subdivisions. From what you hear from some of my friends in opposition to this bill you would think that the Government would by this bill underwrite a scheme for repudiation. The Government by this bill would simply do what you did with reference to railroads and with reference to corporations, and for exactly the same reason. They were passed not to destroy but to reestablish railroad and corporate credit. These cities owe debts, just as the railroad companies did, and they cannot pay them according to their terms.

I hold in my hand telegrams from insurance companies, investment houses, and fraternal associations, the investments of widows and orphans, and from eleemosynary institutions. Some of them have every cent invested in these bonds. They ask for this bill. They want a chance now to come in and sit around a table with these corporations and say to them, "Now, don't quit. We will give you a little extension. We will work with you."

Mr. ELTSE of California. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. ELTSE of California. The question was asked if the sole purpose of this bill was not to grant an extension. I should like to ask the gentleman to refer to this language in section 80:

> May file a petition stating that the taxing district is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan of readjustment of its debts upon the basis of its capacity to pay.

Mr. SUMNERS of Texas. That is right.

Mr. ELTSE of California. It is a tearing down?

Mr. SUMNERS of Texas. Well, of course. Any creditor who has got half sense, who sees that his debtor cannot pay 100 cents on the dollar and is liable to quit and leave the country, would be willing to tear down a part of his debt; but he does not have to. This just gives the debtor and creditor the right to do what the situation requires. It does not force them to agree, but it gives them a chance to make an effective agreement. I thank the gentleman for asking the question. In the first place, under this bill, a municipality would have to go to the courthouse door with the consent of one third of its creditors. It could not get started without that. Do you think that one third of the creditors of the average municipality are blank fools? Now, let us use common sense about it. Do you not think they know as much about it as you do? That is not all. Before that agreement can be effected, two thirds of those creditors must agree to it. Are you going to sit up here with your superior judgment and knowledge and say that two thirds of those creditors need a guardian and do not have sense enough to know what is for the best interest of the creditors of the municipality that is threatened with bankruptcy?

Mr. DEEN. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman.

Mr. DEEN. The gentleman made the statement that any creditor who realized the debtor could not pay, if he had half sense or good sense, would be willing to yield to a scaling down?

Mr. SUMNERS of Texas. That is right.

Mr. DEEN. Does the gentleman mean that the United States Government, the officials in charge of the crop-production loans——

Mr. SUMNERS of Texas. I cannot yield for the gentleman to make an argument about crops.

Mr. DEEN. Does the gentleman mean——

Mr. SUMNERS of Texas. I mean exactly what I said; 100 percent what I said. I have had a little business experience, and so has the gentleman. If the gentleman had a debtor that could not pay 100 cents on the dollar, and he knew it and was afraid he was about to become discouraged and quit, he would like a chance to sit around the table and talk it over with him, and if he could pay 75 cents on the dollar instead of 100 cents on the dollar, I think the gentleman would be glad to take that.

Mr. DEEN. I have not asked the question yet. Why does not the Government scale down the debts of the farmers all over the United States?

Mr. SUMNERS of Texas. Does the gentleman think I should take my 20 minutes on this bill in discussing the farm proposition now?

Mr. COX. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. COX. If I understand the purpose of the bill, as stated by the gentleman, it is merely to accommodate a situation that presents any emergency?

Mr. SUMNERS of Texas. That is right.

Mr. COX. That is the inability of a municipality or some subdivision of government to pay its obligations, and the inability of its creditors to collect. The gentleman, however, would not favor, I take it, the laying down of this principle as a fixed policy?

Mr. SUMNERS of Texas. It is for 2 years. Two years to get rid of these wrecks that lay across this country. Let the debtors and creditors get together and get them out of the way; get the rotten apples out of the barrel. That is what we want a chance to do.

Mr. MOTT. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. MOTT. I think this is a very good bill, but I should like the gentleman's reaction a little further to the objection raised by the gentleman from Pennsylvania [Mr. KURTZ], and I will give a specific instance, so that the gentleman can explain it, if he will. I know of a municipality that has outstanding about four or five million dollars of bonds. Many people paid 100 cents on the dollar for those bonds. Many others bought them for 10 cents on the dollar. Is there anything that will prevent those who bought municipal bonds at 10 cents on the dollar coming in——

Mr. SUMNERS of Texas. Nothing at all.

Mr. MOTT. Nothing to prevent that?

Mr. SUMNERS of Texas. Nothing at all. Now, the gentleman from Pennsylvania, whom I love, made the statement that if you do pass this bill that gives the creditors and the municipality the privilege of talking over their affairs, two thirds of the creditors and the municipality agreeing, the gentleman said that would prevent your being able to sell any more bonds. On that theory, the passage of the bankruptcy law would have destroyed all credit except that of railroads and corporations, and the two acts of this Congress which included railroads and corporations destroyed their credit. We know, however, no such result happened.

Mr. McKEOWN. Will the gentleman yield to me that I may answer the gentleman from Oregon?

Mr. SUMNERS of Texas. I yield.

Mr. McKEOWN. The court examines into all questions, and, of course, the court would examine into the question as to what the man had paid and what the amount was. They could not get by the court.

Mr. SUMNERS of Texas. But I stand by my answer; you could come in and talk it over, but the court has to decide as to the equities.

Mr. KURTZ. Will the gentleman yield?

Mr. SUMNERS of Texas. I gladly yield to my friend.

Mr. KURTZ. I want to ask the gentleman whether or not it is possible for any person, after he has gone through bankruptcy, to borrow much money?

Mr. SUMNERS of Texas. No. It is impossible to do it also if he is lying around and paying nobobdy anything, whether he has gone through bankruptcy or not. Is that not right?

Mr. KURTZ. That is true.

Mr. SUMNERS of Texas. But is he not in better shape to borrow money if he has gone through bankruptcy and cleaned up than if he is hopelessly insolvent and everybody knows it?

Mr. KURTZ. That may be true in certain instances.

Mr. SUMNERS of Texas. Every one of them, too.

Mr. GOSS. Mr. Chairman, will the distinguished chairman of the Committee on the Judiciary yield?

Mr. SUMNERS of Texas. I yield.

Mr. GOSS. Will the gentleman inform the Committee as to whether or not this bill has the support of the administration?

Mr. SUMNERS of Texas. It has.

Mr. GOSS. It has?

Mr. SUMNERS of Texas. Yes. May I say this, the attitude of the administration, so far as I can understand its mind, is that we need to clean up the wreckage, get rid of situations such as the Railroad Bankruptcy Act took care of, the Corporation Act took care of, and now the Municipal Act will take care of.

Mr. GOSS. The administration really is in support of this bill and favors it?

Mr. SUMNERS of Texas. That is true; yes. It believes it is necessary to follow up with this bill, and I say it is necessary to follow up with this bill if I may venture my own opinion. Rearrange our matters and get rid of stagnation. Get people where they can see their way out, if with energy and economy they apply good judgment to their efforts.

Nobody gets anything from a bankrupt creditor who has quit. It is better to get 25 cents on the dollar than to get nothing and leave a derelict to give discouragement when courage is needed.

Mr. McLEOD. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McLEOD. There was one point I wanted to clear up. It is not the opinion of the gentleman that municipal bonds in the hands of insurance companies and banking houses will be in a more healthy condition with the passage of this legislation than without it?

Mr. SUMNERS of Texas. Of course. For instance, there are many situations in which a municipality has been unable to pay on its bonds for 3, 4, or 5 years. If a way can be found to extend the time within which those bonds can be paid and get them in shape to keep on struggling with their indebtedness, the value of their bonds will increase.

Let me make a prediction of what may happen in this country and it will disclose the reason for these innumerable telegrams which have come in to the Committee on the Judiciary from insurance companies, from the holders of these bonds. The National Chamber of Commerce originally was opposed to this measure, but just day before yesterday the Assistant Secretary of the National Chamber of Commerce told me they were in favor of the bill. Here is what they are afraid of, I surmise: One of these days one of the Federal courts by its mandamus is going to put in jail some of these officers of a municipality; that matter is coming to the Supreme Court of the United States.

It is going to be shown that the municipality has got to choose between paying interest on bonds and taking care of a necessary fire department, necessary police protection, necessary sanitary protection, the necessity of taking care of people thrown upon cities now by reason of this depression, people who must be fed or starve. In the case of these cities that are in this situation, with these innumerable people that have to be fed by the cities or allowed to die, and the necessity to educate the children, and so forth, the Supreme Court is going to hold that their duty as officers of a governmental agency is to spend that money in giving people police protection, fire protection, sanitary protection, and so forth. And, if I may be permitted to express a judgment, the most sensible of the people who hold these defaulting bonds do not want that test. They want a chance to cure this situation. They want to sit around a table and adjust matters and have the benefit of the Court to coerce the minority, whose greed will not permit their consideration of the judgment of the majority of the creditors, the ability to pay, or the necessities of the public interest.

Let me give you this in a nutshell. The only coercive power in this bill is upon an unwilling minority. Do not forget that. I want to repeat that you cannot compel a municipality to come in. It can come in of its own free will, but you cannot compel a municipality to come in, and then 30 percent of the creditors have got to come in right along with the municipality. Then, if there is any agency of the State government which exercises control over the fiduciary or financial affairs of the municipal corporation, the municipality has got to get the consent of that agency of the State; and then before anything is effected, two thirds of the creditors must agree, and further, the Court must find the new plan agreed upon is equitable to all, including the minority, of course. Do you want to tell me that you want to put your judgment up against the judgment of two thirds of the people who hold those debts and deny them the privilege of coming in and effecting an adjustment which they feel is necessary for them to have in order to take care of the money of the widows and the orphans of people whose lives are insured?

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McKEOWN. Apropos of what the gentleman had to say in regard to what the Supreme Court of the United States would hold in one of these emergencies, is it not true that we are all alarmed and afraid that blood will be shed?

Mr. SUMNERS of Texas. I am not scared of blood.

Mr. McKEOWN. Does not the gentleman know that in these——

Mr. SUMNERS of Texas. Never mind; I am not afraid of blood being shed. Maybe I ought to be afraid of it, but I am not scared a bit.

Mr. McKEOWN. I want to tell the gentleman what the condition is. Does not the gentleman think police protection and fire protection are necessary, and that there is danger if these protective agencies have to be curtailed?

Mr. SUMNERS of Texas. Yes; I do.

I believe as certainly as I believe anything that the Supreme Court is not going to force the cities to the point where they cannot maintain the police protection necessary to protect the lives of their people, and for this reason these sensible bondholders want this chance provided by this bill. And you tell me that in a free government, where there is no other agency except that which the Federal Government can afford, this Congress will sit up here with its superior wisdom and deny two thirds of the creditors of a municipality the right to sit around the table with them and do that which will, in their judgment, help them to protect the investments of widows and orphans for which they are trustees. [Applause.]

Mr. McLEOD. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McLEOD. Is it not a fact that the insurance companies, in accordance with State laws, are compelled when they own and hold defaulted municipal bonds to drop them from their portfolios of trust funds?

Mr. SUMNERS of Texas. Yes; that is what is putting these insurance companies in the shape they are. They would much rather have such a bond, even though they have to make some adjustments or give them some more time, than to have a bond in the shape that these municipalities are putting them in when they quit paying.

It is human nature when you face a proposition that is insurmountable, when you have an indebtedness you know you cannot pay, when you owe money at a time you know you cannot meet it, to lay down on the job; and these municipalities that are proud of their credit, if you make them default once, then they are across the line. They have defaulted and they no longer have the pride of not having defaulted. When you keep them struggling to the limit of their ability, it is still this side of the point of default, and everybody that has any sense knows it, and this bill proposes to give them a chance.

Why there is any argument against this bill I cannot understand. I may be dumb, but I cannot understand how intelligent people can take any other position, and I know I have some of the most intelligent ones on my committee, but I just think they lapse sometimes.

Mr. DONDERO. Will the gentleman yield for a short question?

Mr. SUMNERS of Texas. Yes.

Mr. DONDERO. Is it not true that the municipal bondholders of this country have got to go along and absorb a part of the shock with the rest of the country, and take less than 100 cents on the dollar?

Mr. SUMNERS of Texas. Yes; and if they have got to cut, they would rather cut to 75 percent than to nothing. They have as much sense as anybody else. This is why they have been fighting for this bill. This is why the municipalities have been fighting for this bill, and this is the reason the administration wants this bill.

Mr. BEAM. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. BEAM. I should like to direct the chairman's attention to page 5 of the bill.

The term "securities" shall include evidences of indebtedness, either secured or unsecured, and certificates of beneficial interests in property.

Mr. SUMNERS of Texas. It gives them the privilege of a clean-up.

Mr. BEAM. What I am interested in is this: In several municipalities throughout the country there are millions of dollars in condemnation in street-widening cases and street elevations and eminent-domain cases——

Mr. SUMNERS of Texas. I have got your point; what is the question?

Mr. BEAM. I want to know whether this indebtedness or these certificates of judgments are to be included and limited by your bill in this instance?

Mr. SUMNERS of Texas. In my time I cannot go into detail, but I would say this: This bill contemplates that the indebtedness of the city may be brought in under this plan. This is as far, I believe, as I can go. It contemplates that the creditors of the cities may come in, and I cannot repeat this too often, because it is all there in the bill: The only coercion in this bill is against the one third who are not willing to come in. You can read the bill from cover to cover. We do not try to force the cities in, and there is no extension of Federal power. Why, under existing Federal power today a nonresident holder of a bond can go into a sovereign State and by the mandamus of a Federal court send to jail an agent of a municipality that cannot wring out of its people enough blood to satisfy its indebtedness.

Mr. MOTT. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. MOTT. That has never been done, has it?

Mr. SUMNERS of Texas. Yes; they have undertaken to exercise that power, and, as I said a moment ago, they hold that over the heads of these people, but these holders of bonds do not believe in the year 1933 they can keep them in jail, and if they cannot make them go to jail, what can they do to force settlement with them?

Mr. MOTT. When I asked the question I meant whether the court of last resort has held that.

Mr. SUMNERS of Texas. I have not examined that, but I do not want to go too far into a legal discussion.

Mr. MOTT. I had understood the reason that such a mandamus had not been carried to the court of last resort is the opinion of the insurance companies that the Supreme Court would hold against them.

Mr. SUMNERS of Texas. Maybe so, but I know this: They are getting " scareder and scareder " of the power.

You gentlemen understand this. Here are these cities that cannot pay their present debts, and here are these holders of municipal indebtedness; they come to this Congress. We know the States cannot grant the relief because of the Federal Constitutional provision referred to. Only the Federal Government can provide the forum. The Federal Constitution denies that power to the States, and I repeat the statement in conclusion. Everybody knows, in dealing with a large number of creditors, there is a little handful of bloodsuckers that will stand out for more than they are entitled to. This bill is leveled against them and against them only, and at the same time protects them by imposing upon the judge to give them equitable protection. I yield for anybody to point to any provision in the bill to the contrary. Then why will you not grant this right to the creditors and to the cities, and so forth, to try to work out this matter by mutual agreement, get rid of these derelicts, keep others from defaulting, just as this session of Congress has given this power and this privilege to railroads and to corporations and to their creditors? [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as approved July 1, 1898, and acts amendatory thereof and supplementary thereto be, and they are hereby, amended by adding thereto a new chapter to read as follows:

" CHAPTER IX

" PROVISIONS FOR THE EMERGENCY TEMPORARY AID OF INSOLVENT PUBLIC DEBTORS AND TO PRESERVE THE ASSETS THEREOF AND FOR OTHER RELATED PURPOSES

" SEC. 78. Declaration of policy: There is hereby found, determined, and declared to exist a national emergency caused by increasing financial difficulties of many local governmental units, which renders imperative the further exercise of the bankruptcy powers of the Congress of the United States.

" SEC. 79. Additional jurisdiction: Until the expiration of 2 years from the date this chapter takes effect, in addition to the jurisdiction exercised in voluntary and involuntary proceedings to adjudge persons bankrupt, courts of bankruptcy shall exercise original jurisdiction in proceedings for the relief of debtors, as provided in this chapter of this act.

" SEC. 80. Municipal-debt readjustments: (a) Any municipality or other political subdivision of any State, including (but not hereby limiting the generality of the foregoing) any county, city, borough, village, parish, town, or township, unincorporated tax or special assessment district, and any school, drainage, irrigation, levee, sewer, or paving, sanitary, port, improvement or other districts (hereinafter referred to as a 'taxing district'), may file a petition stating that the taxing district is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan of readjustment of its debts upon the basis of its capacity to pay. The petition shall be filed with the court in whose territorial jurisdiction the taxing district or the major part thereof is located. The petition shall be accompanied by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other chapters of this act. The petition shall state either (a) that creditors of the taxing district holding not less than 30 percent in amount of its bonds, notes, or certificates of indebtedness, excluding bonds, notes, or certificates of indebtedness owned, held, or controlled by the taxing district in a fund or otherwise, have consented in writing to the filing of the petition, signifying their willingness to have a plan of readjustment prepared and submitted to the court for confirmation; or (b) that a plan of readjustment has been prepared, is filed and submitted with the petition, and that creditors of the taxing district owning not less than 30 percent in amount of the bonds, notes, or certificates of indebtedness of the taxing district affected by the plan, excluding bonds, notes, or certificates of indebtedness owned, held, or controlled by the taxing district in a fund or otherwise, have accepted it in writing. In either case the petition shall be accompanied with such written consent or acceptance and with a list of all known creditors of the taxing district, together with their addresses so far as known to the taxing district, and description of their respective claims showing separately those who have either consented to the filing of the petition, together with their separate addresses, if no plan is submitted, or have accepted the plan of readjustment, together with their separate addresses, if one is submitted with the petition, the contents of which list shall not constitute admissions by the taxing districts in a proceeding under this chapter or otherwise. Upon the filing of such a petition the judge shall enter an order either approving it as properly filed under this chapter, if satisfied that such petition complies with this chapter and has been filed in good faith, or dismissing it. If creditors holding 5 percent in amount of the bonds, notes, or certificates of indebtedness shall, within 90 days after the first publication of the notice provided for in subdivision (c), clause (1), of this chapter, appear and controvert the facts alleged in the petition, the judge shall determine as soon as may be the issues presented by the pleadings, without the intervention of a jury, and unless the material allegations of the petition are sustained by the proofs, shall dismiss the petition.

"(b) A plan of readjustment within the meaning of this chapter (1) shall include provisions modifying or altering the rights of creditors generally, or of any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise; and (2) may contain such other provisions and agreements, not inconsistent with this chapter, as the parties may desire.

" No creditor shall be deemed to be affected by any plan of readjustment unless the same shall affect his interests materially and adversely, and in case any controversy shall arise as to whether any creditor or class thereof shall or shall not be affected, the issue shall be determined by the judge after hearing upon notice to the parties interested.

" The term 'securities' shall include evidences of indebtedness, either secured or unsecured, and certificates of beneficial interests in property. The term 'creditors' shall include for all purposes of this chapter and of the readjustment plan, its acceptance and confirmation, all holders of claims of whatever character against the taxing district or its property or revenues, including claims under executory contracts and for future rent, whether or not such claims would otherwise constitute provable claims under this act, but excepting claims for salaries and wages of officers and employees of the taxing district. The term 'claims' includes debts, securities, liens, or other interests of whatever character, but excepting claims for salaries and wages of officers and employees of the taxing district.

" In case any executory contract shall be rejected, the same shall be deemed to have been breached, and the holder shall be entitled to file, in the proceeding taken and pending under this chapter, a

claim for damages for such breach, and such claim may be allowed, provided such contract shall not have been terminated by forfeiture, reentry, or otherwise. In the case of secured claims, the value of the security shall be determined in the manner provided in section 57, clause (h) of this act, and if the amount of such value shall be less than the amount of the claim, the excess shall be classified as an unsecured claim.

"For all purposes of this chapter any creditor may act in person or by a duly authorized agent or committee. Where any committee, organization, group, or individual shall assume to act for or on behalf of creditors, such committee, organization, group, or individual shall first file with the court in which the proceeding is pending a list of the creditors represented by such committee, organization, group, or individual, together with a statement of the amount, class, and character of the indebtedness held by each such creditor, and shall accompany the same with a copy of the contract or agreement entered into between such committee, organization, group, or individual and the creditors represented by it or them, which contracts shall disclose all compensation to be received directly or indirectly by such agent or committee.

"(c) Upon approving the petition or at any time thereafter the judge (1) shall require the taxing district to give such notice as the order may direct to creditors, and to cause publication, to be made at least once a week for 3 successive weeks, of a hearing, to be held within 90 days after the approval of the petition, for the purpose of considering the plan of readjustment, if any, filed with the petition or which may be thereafter proposed, and of any changes therein or modifications thereof which may be proposed; (2) if a plan of readjustment is not accepted and approved within such reasonable period as the judge may fix, or, if accepted and approved, is not confirmed, the judge may, after hearing, either extend such period or dismiss the proceedings as the interests of the creditors may equitably require: *Provided, however*, That if no plan is submitted with the petition and no plan is proposed, in the manner provided in subdivision (d) of this chapter, within 6 months after the date of the filing of the petition, the proceedings shall be dismissed, and if a plan shall not be accepted and approved within 1 year from the date of the filing of the petition, the judge, in his discretion, after hearing, may continue the proceeding for not exceeding 2 years from the date of the filing of the petition, with the written consent, filed in the proceeding, of creditors of the taxing district holding more than one half in amount of all claims affected by the plan; (3) shall require the taxing district at such time or times as the judge may direct, and in lieu of the schedules required by section 7 of this act, to file such schedules and submit such other information as may be necessary to disclose the conduct of the affairs of the taxing district and the fairness of any proposed plan; (4) shall determine a reasonable time within which the claims and interests of creditors may be filed or evidenced, the manner in which such claims and interests may be filed or evidenced and allowed, and, for the purposes of the plan and its acceptance, the division of creditors into classes according to the nature of their respective claims and interests; and may, for the purposes of such classification classify as an unsecured claim the amount of any secured claim in excess of the value of the security thereof, such value to be determined in accordance with the provisions of chapter 57, clause (h), of this act; (5) may, with the authorized written approval of the taxing district, direct the rejection of contracts of the taxing district executory in whole or in part; (6) shall cause reasonable notice of such determination and of all hearings for the consideration of any proposed plan, or the dismissal of the proceedings, or the allowances of fees or expenses, to be given creditors by publication or otherwise; (7) may require the taxing district to open its books, records, and files to the inspection of any creditor of the taxing district during reasonable business hours, upon application to the taxing district; (8) may allow a reasonable compensation for the services rendered and reimbursement for the actual and necessary expenses incurred in connection with the proceeding and the payment of special masters, readjustment managers, and committees or other representatives of creditors of the taxing district and the attorneys or agents of any of the foregoing; and appeals may be taken from the orders making such allowances to the circuit court of appeals for the circuit in which the proceeding under this chapter is pending, independently of other appeals which may be taken in the proceedings, and such appeals shall be heard summarily: *Provided, however*, That no fees, compensation, reimbursement, or other allowances for attorneys, agents, committees, or other representatives of creditors shall be assessed against the taxing district or paid from any revenues, property, or funds except in the manner and in such sums, if any, as may be provided for in the plan of readjustment; (9) in addition to the provisions of chapter II of this act for the staying of pending suits against the taxing district the court may enjoin or stay the commencement or continuation of suits against the taxing district, or any officer or inhabitant of the taxing district, on account of the indebtedness of such taxing district, until after final decree; and may, upon notice, and for cause shown, enjoin or stay, until after final decree, the commencement or continuance of any judicial proceeding to enforce any lien or to enforce any levy of taxes for the payment of any of the indebtedness of said taxing district: *Provided, however*, That in case a plan has been accepted, in writing, by the holders of not less than 30 percent in amount of the total outstanding bonds, notes, and certificates of indebtedness of the taxing district, affected by the plan, and has been accepted and approved in writing by the taxing district, and such plan, together with such acceptances and approvals, has been filed in the proceeding under this chapter, the judge may enter an interlocutory decree providing that such plan shall be temporarily operative with respect to all indebtedness affected thereby, and that the payment of the principal or interest, or both, of such indebtedness shall be temporarily postponed or extended or otherwise readjusted in the same manner and upon the same terms as if such plan had been finally confirmed and put into effect, and upon the entry of such decree the principal or interest, or both, of such indebtedness which has otherwise become due, or which would otherwise become due, shall not be or become due or payable, and the payment of all such indebtedness shall be postponed during the period in which such decree shall remain in force; and such decree shall remain in force until either the proceeding under this chapter shall be dismissed, or, in case a plan is confirmed and put into effect, until the entry of the final decree, unless such decree shall be earlier terminated, after hearing, by the judge: *Provided, however*, That if the taxing district shall have adopted, or shall thereafter, during the period in which such decree shall remain in force, adopt, its budget for its current or succeeding fiscal year, in accordance with the plan as accepted, as above provided in this paragraph, the proceeding shall not be dismissed, nor shall said decree be terminated until the expiration of the year for which said budget shall have been adopted; and (10) may refer any matters to a special master, for consideration and report upon specified issues; but (11) shall not, by any order or decree, in the proceeding or otherwise, interfere with (a) any of the political or governmental powers of the taxing district, or (b) any of the property or revenues of the taxing district necessary for essential governmental purposes, or (c) any income-producing property, unless the plan of readjustment so provides. The taxing district shall be heard on all questions. Any creditor shall be heard on the question of the proposed confirmation of any plan, and, upon filing a petition for leave to intervene, on such other questions arising in the proceeding as the judge shall determine.

"(d) A plan of readjustment which has been approved by creditors of the taxing district, whose claims would be affected by the plan, being not less than 10 percent in amount of any class of creditors, and not less than 10 percent in amount of all the creditors of the taxing district, may be proposed by any creditor, or without such approval of creditors by the taxing district, at a hearing duly noticed for its consideration or for the consideration of the plan of readjustment, if any, filed with the petition in the proceeding, or for the consideration of any other plan of readjustment similarly proposed.

"(e) A plan of readjustment shall not be confirmed until it has been accepted in writing, filed in the proceeding, by or on behalf of creditors holding two thirds in amount of the claims of each class whose claims have been allowed and would be affected by the plan, but excluding claims owned, held, or controlled by a taxing district, in a fund or otherwise, and has been accepted and approved by the taxing district in a writing filed in the proceeding, signed in its name by an authorized authority: *Provided, however*, That such acceptance shall not be requisite to the confirmation of the plan by any creditor or class of creditors (a) whose claims are not affected by the plan, or (b) if the plan makes provision for the payment of their clams in cash in full, or (c) if provision is made in the plan for the protection of the interests, claims, or liens of such creditors or class of creditors.

"(f) After hearing such objections as may be made to the plan, the judge shall confirm the plan if satisfied that (1) it is fair, equitable, and for the best interests of the creditors, and does not discriminate unfairly in favor of any class of creditors, and is fairly based upon the reasonable capacity of the taxing district to pay, and is feasible; (2) complies with the provisions of subdivision (b) of this chapter; (3) has been accepted and approved as required by the provisions of subdivision (e) of this chapter; (4) all amounts to be paid by the taxing district for services or expenses incident to the readjustment have been fully disclosed and are reasonable; (5) the offer of the plan and its acceptance are in good faith; and (6) the taxing district is authorized by law, upon confirmation of the plan, to take all action necessary to carry out the plan. Before a plan is confirmed, changes and modifications may be made therein by any party, with the approval of the judge after hearing upon notice to creditors, subject to the right of any creditor who shall previously have accepted the plan to withdraw his acceptance, within a period to be fixed by the judge and after such notice as the judge may direct, if, in the opinion of the judge, the change or modification will be materially adverse to the interest of such creditor, and if any creditor having such right of withdrawal shall not withdraw within such period, he shall be deemed to have accepted the plan as changed or modified: *Provided, however*, That the plan as changed or modified shall comply with the provisions of subdivision (b) of this chapter and shall have been or shall thereafter be accepted and approved as required by the provisions of subdivision (e) of this chapter, and the provisions of this subdivision (f) shall have been complied with in respect thereof.

"(g) Upon such confirmation the provisions of the plan and of the order of confirmation shall be binding upon (1) the taxing district, and (2) all creditors, secured or unsecured, whether or not affected by the plan, and whether or not their claims shall have been filed or evidenced, and if filed or evidenced, whether or

not allowed, including creditors who have not, as well as those who have, accepted it.

"(h) In the event the judge shall disapprove the plan he shall file an opinion stating his reasons for such disapproval. If he approve the plan, the final decree shall discharge the taxing district from those debts and liabilities dealt with in the plan except as provided in the plan; and upon the entry of such decree the jurisdiction of the court in such proceeding shall cease.

"(i) A certified copy of the final decree or of an order confirming a plan of readjustment, or of any other decree or order entered in a proceeding under this chapter, shall be evidence of the jurisdiction of the court, the regularity of the proceedings, and the fact that the decree or order was made. A certified copy of an order directing the transfer of any property dealt with by the plan, shall be evidence of the transfer of title accordingly, and if recorded as conveyances are recorded shall impart the same notice that a deed, if recorded, would impart.

"(j) In proceedings under this chapter and consistent with the provisions thereof, the jurisdiction and powers of the court, the duties of the taxing district and the rights and liabilities of creditors, and of all persons with respect to the taxing district and its property, shall be the same as if a voluntary petition for adjudication had been filed and a decree of adjudication had been entered on the day when the petition of the taxing district was approved.

"(k) This chapter shall take effect and be in force from and after the date of the approval of this amendatory act and shall apply as fully to taxing districts and their creditors, whose interests or debts have been acquired or incurred prior to such date, as to taxing districts and their creditors, whose interests or debts are acquired or incurred after such date.

"(l) Nothing contained in this chapter shall be construed to limit or impair the power of any State to control, by legislation or otherwise, any political subdivision thereof in the exercise of its political or governmental powers, including expenditures therefor, and including the power to require the approval by any governmental agency of the State of the filing of any petition hereunder and of any plan of readjustment, and whenever there shall exist or shall hereafter be created under the law of any State any agency of such State authorized to exercise supervision or control over the fiscal affairs of all or any political subdivisions thereof, and whenever such agency has assumed such supervision or control over any political subdivision, then no petition of such political subdivision may be received hereunder unless accompanied by the written approval of such agency, and no plan of readjustment shall be put into temporary effect or finally confirmed without the written approval of such agency of such plans.

"(m) If any provision of this chapter, or the application thereof to any person or circumstances, is held invalid, the remainder of the chapter, or the application of such provision to other persons or circumstances, shall not be affected thereby."

During the reading of the bill the following occurred:

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with and the bill be printed in the RECORD.

The CHAIRMAN (Mr. GLOVER). Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. MALONEY of Connecticut. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Mr. MALONEY of Connecticut moves that the Committee now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. MALONEY of Connecticut. Mr. Chairman and members of the Committee, a few moments ago I asked the minority leader of the committee for time to address the House on this bill. The scarcity of time only permitted me to talk for 3 minutes, and I was denied the opportunity to make one point that I would bring to the attention of the Members of the House before they are called upon to vote on this important measure. I hope you will treat this very seriously, for in my opinion it is going to come before you seriously within the next month or two.

As the gentleman from Massachusetts pointed out, municipalities are compelled during part of each year to finance the municipalities by borrowing money in anticipation of the payment of taxes. I wonder what is going to happen to those municipalities which go out into the market after the passage of this bill, if it becomes a law, in an attempt to borrow money to finance municipal projects. I wonder how many Members of this House would put their money in any such speculative venture as that would prove to be.

I cannot believe that you are going to put the municipalities you represent into the unfortunate plight of such a position to save perhaps one twentieth of the population.

I appreciate the seriousness of the situation in which some of the towns find themselves, and something should be done about that particular condition, but I do not think it is any business of the House of Representatives to say to the entire country that it shall operate under a bankruptcy law in order to protect these few stricken places.

I know the first thing that is done when a person is bitten by a mad dog is to apply a cure for rabies, but we do not inoculate the whole community because one or several persons are bitten.

I would like to point out that when a municipality finds it difficult to collect taxes they have the opportunity of foreclosing properties, but in times such as this they do not foreclose on the property of poor people, and instead, in many instances, very properly issue refunding bonds.

Refunding bonds would permit the taxpayer to pay taxes at some future time, but if you pass this law, and these municipalities endeavor to sell refunding bonds to aid the unfortunate taxpayers, they may find that there is no market for them. I am hopeful that you will take into consideration the fact that the large part of the success that we have enjoyed through the seriousness of these times has been due to the patriotism of these people in the small towns. They have carried the burden and many of us have sometimes wondered how and why. In an attempt to continue taking care of the unemployed through relief projects of the municipalities bonds must be issued. Destroy the bond market by the passage of this bill and by the enactment of this law and you are going to see a situation in thousands of well-managed communities in this country that you have not dreamed of up to the present time. I think before legislation such as this is enacted we should take into consideration the entire subject. I have the same feeling of sympathy for these southern cities and towns as their own Representatives have, but I do not choose to vote for a measure that would make uncertain the proper operation of every municipality in this country.

Much has been said about charitable institutions and benevolent societies, savings banks, and insurance companies, which would suffer as a result of this law. Much has been said about the countless policyholders whose protection would be threatened; the very life savings of people who have created their estates, or endeavored to do so, by buying life insurance down through the years.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. McKEOWN. Mr. Chairman, before this committee ever took a step in this kind of legislation, it was advised by the secretaries of the municipal associations in the country that the legislation is very much needed. My distinguished friend refers to the cities in the southern part of the country. That is not where the trouble is that we are trying to meet. There is some of it in Florida of course, but some of the larger municipalities through the other parts of the country are involved in this proposition. They talk about the insurance companies and how they are shaking and quaking in their shoes about this bill. The insurance companies endorse this bill, and, besides that, we, the Congress of the United States, gave the insurance companies the right to borrow money from the Reconstruction Finance Corporation, and yet you want to deny the taxpayer, who is about to lose his home, the small privilege of an extension on his taxes.

Mr. CONDON. Does the gentleman happen to know whether or not the insurance companies have put up any of their municipal bonds as collateral for these loans?

Mr. McKEOWN. I suppose they have, and if they have not they will, because they are trying to get some money. All this talk about what we are going to do to the bond market is just a lot of "boloney." There is nothing to it. This bill is not going to hurt the bond market. If a town cannot pay, they know it in the bond market now. The fellows who buy bonds know more about these towns and cities than anybody else. If this was a bad bill, you would have a lot of protests. Not a one of you, I dare say, in the last 10 days has received any protest. This bill will permit

the people who pay the taxes in the cities to have a little more postponement of the onerous burden of taxation, and thus save their homes.

That is what this is proposing to do by agreement. We are agreeing to postpone it, and they can postpone the sinking fund that is bearing down so hard. If you do not pass this bill, what is going to happen? The Federal judges all over this country will be putting mandamus proceedings on the officials of the cities and making them levy enough taxes to break every man in town. That is what will happen. We do not want that to happen. This is a law fashioned after the English law. For 50 years in England all creditors and debtors have a forum, and they come into the forum and try to compose their differences and settle their troubles, sign up, and go their way, and so we provide in this bill, not as a permanent law, but only for 2 years, and we say, come into this forum and agree with your creditors for an extension of time and an adjustment of your debts, and then go your way and pay it out under this new plan. They say that the bond market is going to be hurt. We had the opinion of one of the best financiers of the country, who went into the heart of the financial districts in this country to ascertain if this bill would hurt it. I advised that this would not impair the market.

Mr. HASTINGS. Will my colleague permit me to ask him a question?

Mr. McKEOWN. Yes.

Mr. HASTINGS. Would my colleague favorably consider the purchase of any municipal bonds in the State of Oklahome if this bill passes?

Mr. McKEOWN. I certainly would. I would rather have them with this bill in force than not, because if a city cannot meet its obligations now, how will this bill hurt? It will help, in my judgment.

Mr. HASTINGS. What effect would it have upon the gentleman bidding on bonds?

Mr. McKEOWN. It would not have any, because I know that if they cannot pay it I would lose my money. If they would default and could not pay it, I would know that.

Mr. HASTINGS. Most municipal bonds in the State of Oklahoma draw 5 percent, and they are not taxable. They have been selling around par. Would my colleague now, for the average municipal bond in the State of Oklahoma, bid par, if this bill passes?

Mr. McKEOWN. I would absolutely bid par, if they are worth par to me. They are just as good after this bill passes as they are now.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. McKEOWN] has expired.

The question is on the motion offered by the gentleman from Connecticut [Mr. MALONEY] to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. MALONEY) there were—ayes 92, noes 106.

Mr. MALONEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. SUMNERS of Texas and Mr. MALONEY to act as tellers.

The Committee again divided; and the tellers reported there were ayes 117 and noes 117.

The CHAIRMAN. The Chair votes "no."

So the motion was rejected.

Mr. SHOEMAKER. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. SHOEMAKER: Page 16, line 25, after the word "thereby", strike out the period, insert a colon, and add the following: "*Provided further*, That such provisions as apply to bankruptcy in this section may be available for the use of the United States Government."

Mr. McKEOWN. Mr. Chairman, I make a point of order against the amendment that it is not germane. In the first place, the National Government is not being dealt with in this bill.

The CHAIRMAN (Mr. GLOVER). The Chair is ready to rule. The amendment is evidently subject to a point of order, and the Chair sustains the point of order.

Mr. HASTINGS. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. HASTINGS: Page 2, line 20, after the word "any" where it appears the first time in the line, insert the word "State" and a comma.

Mr. McKEOWN. Mr. Chairman, I make a point of order that the amendment is not germane on this section of the bill, because the State is not included. It applies only to municipalities. The States are not included in the class included in the bill.

Mr. SNELL. Mr. Chairman, may the amendment be again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There being no objection, the Clerk again reported the amendment offered by Mr. HASTINGS.

Mr. McKEOWN. Mr. Chairman, I make the point of order that the amendment is not germane for the reason that we do not deal with the States in any manner in this bill. We deal only with municipalities and units of the State, but we are not in any way dealing with States, and it is not in order on this bill.

Mr. SNELL. Mr. Chairman, I desire to be heard. As long as this pertains to any municipality or any political subdivision of the State it pertains to general subjects and general localities, and I cannot see any objection, as far as the parliamentary situation is concerned, to including the whole State. It certainly is germane.

Mr. HASTINGS. Mr. Chairman, I desire to be heard on the point of order. Section 80 provides that—

Any municipality or other political subdivision of any State, including any county, city, borough, village, parish, town, or township, unincorporated tax or special assessment district, and any school, drainage, irrigation, levee, sewer or paving, sanitary port, improvement or other district——

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. SNELL. As I understand the gentleman's proposition it is that whereas the legislation presented includes practically every subdivision of a State, all the subdivisions together making the entire State, he believes it should apply also to the agency including all of them; that there being a dozen different kinds of subdivisions provided for in the bill he would not be out of order to add another including them all.

Mr. HASTINGS. The gentleman is exactly right. It could include every county of a State.

The CHAIRMAN. The Chair is ready to rule. The bill covers every division of a State. The Chair holds that the amendment is germane and overrules the point of order.

Mr. HASTINGS. Mr. Chairman, I want to earnestly direct the attention of the Members of the House to this bill (H.R. 5950) to amend the Bankruptcy Act through an invitation to municipalities or other political subdivisions of any State, any county, city, borough, village, parish, town, or township, unincorporated tax or special assessment district, and any school, drainage, irrigation, levee, sewer or paving, sanitary, port, improvement, or other districts to take advantage of it.

The amendment which I offered included the word "State." Of course, if all political subdivisions are to be accorded the privileges of the bill, I do not see why it should not be extended, first, to the State, and, second, to the United States.

If a county, municipality, or other political subdivision may have its financial obligations adjusted, why, on principle, should not the State or the United States do this?

In my judgment, if this bill is enacted, it will destroy the credit of every county, municipality, or other political subdivision referred to in the bill.

Most of the municipalities and counties in my State of Oklahoma and a very large number of school districts have outstanding obligations evidenced by bonds or warrants which have been sold to the investing public.

In offering these bonds for sale, representations were made as to the financial strength of the county, municipality, or other political subdivision, and upon these representations individuals, banks, insurance companies, and other institutions were induced to purchase the obligations. Other bonds will be offered from time to time, either as new issues or to refund existing obligations. Let me say to you it is my firm conviction that if this bill is enacted no county, municipality, or other political subdivision mentioned in this bill may successfully induce anyone to invest money in this class of bonds or other obligations.

It is generally known that most of these bonds bearing a rate of interest from around 4½ to 5 percent sold at or near par. The investing public has heretofore regarded them as safe. Those purchasing the bonds investigated the financial strength of the county, municipality, or other political subdivision and invested in long-time securities.

This bill is an invitation to the people of these respective political subdivisions to discontinue the payment of taxes, which will result in the holders of the bonds petitioning the court and stating that the political subdivision is insolvent and unable to meet its obligations. It is said, by way of apology for the bill, that it is to run for only 2 years. Everyone knows that if the bill is enacted that before the expiration of the 2-year period an effort will be made to make it permanent law. If it is to be passed, why not make it permanent law at this time? It is acknowledged that this bill is an experiment. I am not in favor of destroying the credit of every political subdivision throughout the country, and for this reason cannot support this bill.

It is urged that the petition may further state that the taxing district is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan of readjustment of its debts upon the basis of its capacity to pay.

This is the same argument that was made on behalf of the foreign governments a few years ago and which is being used now to scale down the indebtedness of the foreign governments to us. These foreign governments owed the United States the sum of $11,522,354,000, and in our settlements with these foreign countries the taxpayers of our own country lost, principal and interest, the sum of $10,705,618,006.

This same argument will be continued to be used by these foreign countries. If a county, municipality, or other political subdivision is permitted to scale down its indebtedness in accordance with its capacity to pay, why not, on principle, extend the same privilege to the several States of the Union, and to the United States. If the argument be sound as to them, why would it not be sound as to the foreign governments? I voted against every one of these foreign-debt settlements. Every dollar remitted to these foreign governments must be borne by the taxpayers of our own country.

In my State, and I am sure this applies to many of the other States throughout the Union, taxes are not being collected in sufficient amount to pay school warrants during the last half of the school term, and the teachers are compelled to sell their warrants to individuals, merchants, banks, and others. Unfortunately, many of them are being disposed of at a discount. If this bill is enacted it will seriously affect the market for these warrants. In fact, I do not believe that any of them could be sold except at an enormous discount.

In my judgment, this legislation is not justified and would not be in the interest of the political subdivisions mentioned in the bill, but would destroy their credit. [Applause.]

Let me repeat that it is an invitation to every such political subdivision not to meet the payment of its obligations, but to default, and then take advantage of the provisions of the bill. If such a political subdivision induces the investing public to purchase its obligations, I do not believe we are justified in the enactment of legislation which would result in an invitation to all such political subdivisions to repudiate their indebtedness.

It is urged that no readjustment shall be confirmed by the court until it has been accepted by creditors holding two thirds in amount of the claims against the particular political subdivision. This is true, but if the political subdivision declines to levy and collect taxes, it will result in a very short time in those holding the obligations discounting and selling them upon any terms. Then the credit of the political subdivision will have been destroyed and no future obligation issued by it will find any market with the investing public. Being of the opinion that this legislation is unsound and not in the interest of the county, municipality, or other political subdivision, I deeply regret that I am not able to give it my support. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, whatever may be the opinion of Members of Congress with regard to this bill, I want to say to you that no member of the Committee on the Judiciary advanced any such proposition as proposed by the gentleman from Oklahoma, and I suggest, with all deference to my friend from Oklahoma, that it is not proposed as a thing he favors. The gentleman from Oklahoma will understand I do not mean to be offensive and I think he will agree with me that his amendment is not proposed as something he favors. I am sure he does not want a bill enacted with this provision in it. I yield the gentleman from Oklahoma sufficient time to tell me if this is not true.

Mr. HASTINGS. I did not hear the gentleman's question.

Mr. SUMNERS of Texas. I say the gentleman from Oklahoma does not want this bill enacted with this provision in it.

Mr. HASTINGS. Why?

Mr. SUMNERS of Texas. Let me answer the gentleman's question by asking him if he would vote for the bill with this provision in it.

Mr. HASTINGS. I am not going to vote for the bill one way or the other.

Mr. SUMNERS of Texas. Of course the gentleman is not.

Mr. HASTINGS. I think as a matter of principle, if you are going to extend the benefits of this bill to counties and municipalities, they should also be given to States.

Mr. SUMNERS of Texas. Mr. Chairman, I cannot yield further. Now, I think it is agreed by the members of the committee, by my friend from Pennsylvania, my friend CONDON, by every member of the committee, that if we are going to pass a bill we ought to pass one that reflects some credit upon the American House of Representatives.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. SNELL. Does the gentleman think it reflects credit upon the American House of Representatives to pass a repudiation bill?

Mr. SUMNERS of Texas. No; and this is not a repudiation bill either.

Mr. SNELL. I should like to know what it is, if it does not recognize the right to repudiate debts.

Mr. SUMNERS of Texas. It does not. It recognizes the right of two thirds of the creditors, who have a debtor who cannot pay its debt, to sit around the table and try to work out a solution. That is what it does. It is a bill to prevent widows and orphans, whose savings are held by these trust companies and insurance companies, from losing everything they have got and give these people a chance to sit around a table and work out a solution. That is what it does. [Applause.]

I may say to my friend, the gentleman from Oklahoma, that if we do not stop this increasing bankruptcy of municipalities, he will have to be legislating with reference to some such proposition as he has now offered with regard to this bill. You have got to give these people a chance to work out new plans to work out their difficulties and make them effective. Why, the idea of the statement being solemnly made that if we pass a bill of this kind you could not sell a municipal bond. You might just as well say that because of the passage of the bankruptcy bill dealing with corporations you cannot sell the obligations of corporations.

Now, in all seriousness, Mr. Chairman, I believe with all earnestness that this bill must be passed or we are going to

have municipality after municipality going into bankruptcy, and I think the record before the Committee on the Judiciary shows this.

It may be a pretty good thing to twit the administration. I did not say anything about the administration wanting this bill until somebody asked me to do it. I did not bring this bill in here as an administration bill, but the administration, charged with the responsibility by the American people of trying to deal with the greatest crisis the Nation ever had, has asked for the privilege of passing this sort of law and the mayors have asked for it——

Mr. GOSS. Will the gentleman yield?

Mr. SUMNERS of Texas. No; I cannot.

Bondholders have asked it. Investors in these securities have asked it, and why should we not give it to them? [Applause.]

[Here the gavel fell.]

Mr. McKEOWN. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. HASTINGS].

Mr. SHOEMAKER. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. SHOEMAKER: Page 2, line 19, after the word "municipal", strike out the hyphen and insert the words "and Federal"; line 21, after the word "including", add "the Federal Government"; line 22, after the word "any", add the word "State."

Mr. HASTINGS. Mr. Chairman, I make the point of order that that is not a substitute. That is an additional amendment to the provision rather than a substitute.

The CHAIRMAN. The point of order is sustained.

Mr. SHOEMAKER. Then, Mr. Chairman, I offer it as an amendment to the amendment.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry. The gentleman from Minnesota has stated that he is now offering the amendment as an amendment to the amendment, and in my opinion the amendment would be in order.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. SHOEMAKER to the amendment offered by Mr. HASTINGS: Page 2, line 19, after the word "municipal", strike out the hyphen and insert the words "and Federal"; line 21, after the word "including", add "the Federal Government"; line 22, after the word "any", add "State."

Mr. HASTINGS. Mr. Chairman, I make the point of order that that is not an amendment to the amendment which I offered.

The CHAIRMAN. The point of order is sustained.

Mr. GOSS. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair has ruled.

The question is on the amendment offered by the gentleman from Oklahoma [Mr. HASTINGS].

Mr. GOSS. Mr. Chairman, I appeal from the decision of the Chair.

The CHAIRMAN. The question is, Shall the decision of the Chair stand as the judgment of the Committee?

The question was taken; and on a division (demanded by Mr. Goss) there were—ayes 184, noes 49.

So the decision of the Chair stood as the judgment of the Committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. HASTINGS].

The amendment was rejected.

The CHAIRMAN. Under the rule the Committee automatically rises.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. CANNON of Missouri] having resumed the chair, Mr. GLOVER, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, pursuant to House Resolution 180, he reported the same back to the House.

The SPEAKER pro tempore. Under the rule the previous question is ordered.

The bill was ordered to be engrossed, read a third time, and was read the third time.

Mr. KURTZ. Mr. Speaker, I move to recommit the bill to the Committee on the Judiciary.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. KURTZ. I am.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. KURTZ moves to recommit the bill to the Committee on the Judiciary.

The question was taken; and the Chair announced that the noes seemed to have it.

Mr. KURTZ. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 172, nays 191, answered "present" 1, not voting 66, as follows:

[Roll No. 61]

YEAS—172

Adair	De Priest	Jenkins	Powers
Allen	DeRouen	Kahn	Ransley
Andrew, Mass.	Dirksen	Kee	Richardson
Andrews, N.Y.	Ditter	Kelly, Ill.	Robertson
Arens	Dobbins	Kelly, Pa.	Rogers, Mass.
Arnold	Dowell	Kinzer	Rogers, N.H.
Bakewell	Drewry	Kocialkowski	Sandlin
Beam	Durgan, Ind.	Kopplemann	Schaefer
Blanchard	Edmonds	Kurtz	Schuetz
Bland	Eicher	Kvale	Schulte
Boehne	Eltse, Calif.	Lambertson	Secrest
Bolton	Englebright	Lamneck	Seger
Britten	Evans	Lanzetta	Shannon
Brumm	Farley	Lehlbach	Shoemaker
Buck	Fiesinger	Lehr	Simpson
Burch	Fish	Lewis, Colo.	Sinclair
Burke, Nebr.	Flannagan	Luce	Smith, Va.
Burnham	Focht	Ludlow	Snell
Cannon, Wis.	Foss	McCarthy	Spence
Carpenter, Kans.	Frear	McCormack	Stalker
Carter, Calif.	Gibson	McFadden	Stokes
Carter, Wyo.	Gilchrist	McGugin	Strong, Pa.
Castellow	Gillespie	McLean	Studley
Cavicchia	Gillette	Maloney, Conn.	Sutphin
Chase	Goodwin	Maloney, La.	Swick
Claiborne	Goss	Mapes	Taber
Clarke, N.Y.	Granfield	Marland	Thompson, Ill.
Cochran, Mo.	Gray	Marshall	Thurston
Cochran, Pa.	Griffin	Martin, Mass.	Traeger
Coffin	Griswold	Martin, Oreg.	Truax
Colden	Guyer	May	Turpin
Cole	Haines	Meeks	Wadsworth
Collins, Calif.	Hancock, N.Y.	Merritt	Waldron
Condon	Hastings	Millard	Walter
Connery	Hess	Mitchell	Watson
Connolly	Higgins	Morehead	Wearin
Cooper, Ohio	Hollister	Muldowney	Whitley
Crowther	Holmes	Musselwhite	Wigglesworth
Culkin	Hooper	O'Brien	Wilson
Darden	Hope	Parker, N.Y.	Withrow
Darrow	Hughes	Parsons	Wolfenden
Dear	Jacobsen	Pettengill	Woodruff
Deen	Jenckes	Peyser	Woodrum

NAYS—191

Adams	Cary	Duncan, Mo.	Huddleston
Allgood	Celler	Dunn	Imhoff
Bacharach	Chapman	Eagle	James
Bailey	Chavez	Ellzey, Miss.	Jeffers
Beiter	Christianson	Faddis	Johnson, Minn.
Berlin	Church	Fitzpatrick	Johnson, Okla.
Biermann	Clark, N.C.	Fletcher	Johnson, Tex.
Black	Colmer	Foulkes	Johnson, W.Va.
Blanton	Cooper, Tenn.	Fuller	Jones
Bloom	Cravens	Fulmer	Keller
Boileau	Crosby	Glover	Kenney
Boylan	Cross	Goldsborough	Kerr
Brennan	Crowe	Green	Kloeb
Brown, Ky.	Cullen	Greenwood	Kniffin
Brown, Mich.	Cummings	Gregory	Knutson
Brunner	Delaney	Hancock, N.C.	Kramer
Buchanan	Dickinson	Hart	Lambeth
Bulwinkle	Dickstein	Harter	Lanham
Busby	Dies	Healey	Larrabee
Byrns	Dingell	Henney	Lea, Calif.
Cady	Dockweiler	Hildebrandt	Lee, Mo.
Caldwell	Dondero	Hill, Ala.	Lemke
Cannon, Mo.	Doughton	Hill, Knute	Lesinski
Carden	Doxey	Hill, Samuel B.	Lindsay
Carley	Driver	Hoidale	Lozier
Carpenter, Nebr.	Duffey	Howard	Lundeen

McClintic	Oliver, N.Y.	Rudd	Thom
McDuffie	Owen	Ruffin	Thomason, Tex.
McFarlane	Palmisano	Sabath	Turner
McGrath	Parker, Ga.	Sadowski	Umstead
McKeown	Parks	Sanders	Underwood
McLeod	Patman	Scrugham	Vinson, Ga.
McSwain	Peavey	Sears	Wallgren
Major	Perkins	Shallenberger	Weaver
Martin, Colo.	Pierce	Sisson	Weideman
Mead	Polk	Smith, Wash.	Werner
Miller	Prall	Smith, W.Va.	West, Ohio
Milligan	Ragon	Snyder	West, Tex.
Monaghan	Ramsey	Somers, N.Y.	White
Montet	Ramspeck	Steagall	Whittington
Moran	Randolph	Strong, Tex.	Wilcox
Mott	Rankin	Stubbs	Williams
Murdock	Rayburn	Sullivan	Wolcott
Nesbit	Reece	Sumners, Tex.	Wolverton
Norton	Richards	Swank	Wood, Ga.
O'Connell	Robinson	Tarver	Wood, Mo.
O'Connor	Rogers, Okla.	Taylor, Colo.	Zioncheck
Oliver, Ala.	Romjue	Terrell	

ANSWERED "PRESENT"—1

Collins, Miss.

NOT VOTING—66

Abernethy	Crosser	Hornor	Reilly
Almon	Crump	Kemp	Rich
Auf der Heide	Disney	Kennedy, Md.	Sirovich
Ayers, Mont.	Douglass	Kennedy, N.Y.	Sweeney
Ayres, Kans.	Doutrich	Kleberg	Taylor, S.C.
Bacon	Eaton	Lewis, Md.	Taylor, Tenn.
Bankhead	Fernandez	Lloyd	Tinkham
Beck	Fitzgibbons	McMillan	Tobey
Beedy	Ford	McReynolds	Treadway
Boland	Gambrill	Mansfield	Utterback
Brooks	Gasque	Montague	Vinson, Ky.
Browning	Gavagan	Moynihan	Warren
Buckbee	Gifford	O'Malley	Welch
Burke, Calif	Hamilton	Peterson	Willford
Cartwright	Harlan	Pou	Young
Corning	Hartley	Reed, N.Y.	
Cox	Hoeppel	Reid, Ill.	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Treadway (for) with Mr. Harlan (against).
Mr. Ayres of Kansas (for) with Mr. Collins of Mississippi (against).
Mr. O'Malley (for) with Mr. Peterson (against).
Mr. Crump (for) with Mr. Bankhead (against).
Mr. Bacon (for) with Mr. Pou (against).
Mr. Tobey (for) with Mr. McReynolds (against).
Mr. Beedy (for) with Mr. Auf der Heide (against).
Mr. Young (for) with Mr. Burke of California (against).
Mr. Doutrich (for) with Mr. Almon (against).
Mr. Rich (for) with Mr. Boland (against).
Mr. Beck (for) with Mr. Gavagan (against).
Mr. Tinkham (for) with Mr. Hornor (against).

Until further notice:

Mr. Mansfield with Mr. Buckbee.
Mr. Abernethy with Mr. Taylor of Tennessee.
Mr. Crosser with Mr. Welch.
Mr. Douglass with Mr. Reed of New York.
Mr. Vinson of Kentucky with Mr. Eaton.
Mr. Warren with Mr. Moynihan.
Mr. Corning with Mr. Gifford.
Mr. Fernandez with Mr. Reid of Illinois.
Mr. Kemp with Mr. Lloyd.
Mr. Cartwright with Mr. Ford.
Mr. McMillan with Mr. Brooks.
Mr. Browning with Mr. Utterback.
Mr. Kennedy of New York with Mr. Willford.
Mr. Cox with Mr. Hoeppel.
Mr. Gambrill with Mr. Ayers of Montana.
Mr. Taylor of Colorado with Mr. Kennedy of Maryland.
Mr. Gasque with Mr. Hamilton.
Mr. Kleberg with Mr. Disney.
Mr. Sweeney with Mr. Fitzgibbons.
Mr. Reilly with Mr. Sirovich.
Mr. Lewis of Maryland with Mr. Montague.

Mr. COLLINS of Mississippi. Mr. Speaker, I withdraw my vote of "no", as I am paired with the gentleman from Kansas, Mr. AYRES.

Mr. COX. Mr. Speaker, I cannot qualify, but if I had been here I would have voted "no."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question now is on the passage of the bill.

The question was taken and the bill was passed.

On motion of Mr. MCKEOWN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

LEAVE FOR JUDICIARY COMMITTEE TO FILE REPORT

Mr. TARVER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight in which to submit a report on H.R. 5153.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. Reserving the right to object, are there any minority views?

Mr. TARVER. No. It is the unanimous report of the committee.

The SPEAKER pro tempore. Is there objection?

There was no objection.

SALES OF TIMBER ON INDIAN LANDS

Mr. HOWARD. Mr. Speaker, I ask unanimous consent for the consideration of the bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian lands.

The Clerk read the bill, as follows:

Be it enacted, etc., That Public Act No. 435 of the Seventy-second Congress entitled "An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on Indian land when it is in the interest of the Indians so to do" is hereby amended by striking from the first section thereof the words "*Provided*, That the prices are not reduced below the basic sale prices:".

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the following committee amendment:

On page 1, line 7, after the word "buy", strike out the language "striking from the first section thereof the words '*Provided*, That'" and insert "adding to the first section thereof the following proviso: '*Provided*, That the restrictions as to reducing prices below the basic sales prices shall not apply to the Klamath Indian Reservation in Oregon; and *Provided further*, That the authority granted herein shall terminate 1 year from the date of enactment of this act.'"

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider by Mr. HOWARD was laid on the table.

PAYMENT TO ENROLLED CHIPPEWA INDIANS

Mr. HOWARD. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1561) providing for payment of $50 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. Do the other members of the committee know that the gentleman was to call this up?

Mr. HOWARD. It has been favorably reported by the House committee.

Mr. GOSS. Is there any reason why it should not come up by unanimous consent?

Mr. HOWARD. That is what I am trying to do now.

Mr. GOSS. I will reserve the right to object.

Mr. HOWARD. I thought this was the quicker way to pass the Senate bill.

Mr. GOSS. How much money is in the fund?

Mr. HOWARD. It is the Indian funds, and they asked for $100 per capita, and it was cut down to $50.

Mr. SNELL. Is this a unanimous report of the committee?

Mr. HOWARD. It is.

Mr. CHRISTIANSON. Mr. Speaker, if the gentleman will permit, I am the author of the bill and a member of the minority of the committee. The minority all agreed to the passage of the bill. Its passage is urgent because those Indians need the money at the present time.

Mr. SNELL. When was the bill reported out of the committee?

Mr. CHRISTIANSON. The Senate bill came over yesterday.

Mr. HOWARD. It was reported out Wednesday morning.

Mr. MOTT. Is that the Klamath Indian bill?

Mr. HOWARD. Yes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to withdraw from the Treasury so much as may be necessary of the principal timber fund on deposit to the credit of the Red Lake Bank of the Chippewa Indians of the State of Minnesota and to make therefrom payment of $50, in two equal installments of $25 each, one as soon as practicable after the passage of this act, and one on or about December 1, 1933, to each enrolled Chippewa Indian of the Red Lake Band of Minnesota, under such regulations as such Secretary shall prescribe. No payment shall be made under this act until the Chippewa Indians of the Red Lake Band of Minnesota shall, in such manner as such Secretary shall prescribe, have accepted such payments and ratified the provisions of this act. The money paid to the Indians under this act shall not be subject to any lien or claim of whatever nature against any of said Indians, except that not to exceed 15 percent of each installment may be deducted to apply toward individual obligations due the United States or the Red Lake Band of Chippewa Indians.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A similar House bill (H.R. 5083) was ordered to lie on the table.

GROSS SALES TAX—RE-REFERENCE

Mr. KOPPLEMANN. Mr. Speaker, I ask unanimous consent that House Resolution 174, which was referred to the Committee on Rules, be re-referred to the Committee on Ways and Means. I have spoken to the chairman of both committees, and this course is agreeable to both of them.

Mr. SNELL. What is the resolution?

Mr. KOPPLEMANN. It is with reference to the matter of the gross sales tax.

The SPEAKER pro tempore. The gentleman from Connecticut asks unanimous consent that the Committee on Rules be discharged from further consideration of House Resolution 174, and that the same be referred to the Committee on Ways and Means. Is there objection?

There was no objection.

BANKRUPTCY ACT—EXTENSION OF REMARKS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their remarks on the bankruptcy bill just passed.

The SPEAKER pro tempore. The gentleman from Texas asks unanimous consent that all Members have five legislative days within which to extend their own remarks upon the bankruptcy bill passed this afternoon. Is there objection?

There was no objection.

Mr. KENNEY. Mr. Speaker, this is a relief measure. It will give aid to the municipalities of the Nation by way of the bankruptcy courts. That our distressed municipalities need help in the existing emergency is indisputable. But a different course would be preferable. It would be better by far if loans could be extended to our cities and towns upon the security of their tax-anticipation warrants, to be repaid upon the collection of the taxes as they are received. I realize that the National Government to extend these loans might be called upon to furnish vast sums, and it is my belief that only because of the fear of a severe drain upon the Treasury has such a measure failed of adoption at this session of Congress. In the place and stead of such a law that would extend emergency relief to municipalities through loans this substitute has been offered, one designed to relieve municipal governments of their embarrassments by permitting them to seek an agreement or compromise with their debtors in the Federal courts.

Now, I am not one of those who believe that the credit of all municipalities will be affected just because a certain city or particular village or town avails itself of the relief offered by the act. Of course, the credit of a municipality seeking aid in the bankruptcy court will undoubtedly be affected, but not all municipalities will go through bankruptcy, and there is no reason why the bankruptcy of one should affect another in its credit any more than the bankruptcy of one corporation affects the credit of another that is solvent and not bankrupt. But all municipalities are under a heavy strain at the moment. Consequently I feel that further thought should be given to a plan to afford relief by way of loans by the National Government as soon as the Nation's finances permit upon the security of tax-anticipation warrants. Meanwhile the problem is one for the States and for the municipalities themselves.

In dealing with the question of loans by the National Government to municipalities, we must consider the adequacy of the security. Ordinarily the security of tax-anticipation warrants is of the first quality. They have behind them the property, whether improved or unimproved. Usually there is, besides the owner to protect them, the mortgagor holding a mortgage subject and subordinate to the lien of the tax warrant and in a large majority of cases a bank or trust company, the holder of the mortgage. With conditions permitting, taxes are regarded and paid as sacred obligations and, when paid, redeem the warrants. In my locality our municipalities have always had until very recently no difficulty whatever in borrowing upon their tax-anticipation warrants at the banks. Ours is a peculiar situation. National banks, where loans were obtained upon this security in the past, were closed at the very beginning of this administration and still remain closed. In some instances balances in six figures to the credit of the municipalities are frozen in these closed banks. And the irony of it is that many taxpayers have their funds deposited in these banks withheld from them, with the result that they are unable to pay current taxes to relieve the extraordinary emergency.

I believe our municipalities are solvent and can pull through, but they are subjected to great distress. Their teachers, firemen, policemen, and other employees cannot be paid. They are made to suffer as a result. Their taxpayers with deposits in the banks are helpless. They may not reach their funds, large in amount, in many instances. And they are on the verge of losing their property and homes, which have become subject to sale for taxes. In a great many cases these home owners, out of employment and their money in the bank withheld from them, have had their gas and electricity cut off for nonpayment of their bills, all the time making pleas to me and to the authorities to act to release their money that they may not lose their all.

More than 3 months have now expired since the closing of the national banks in my district. In my home city the national bank remains closed. In surrounding communities many other banks were closed and are still closed. In all about $15,000,000 in deposits are frozen. I have implored the Treasury Department to take some action for the relief of my people. I have pointed out the distress and suffering they have been compelled to undergo for lack of funds. The aid action would afford our municipalities has also been brought to the attention of the Department. I have referred petitions and resolutions to the Committee on Banking and Currency of this House, with a view to the reopening of the banks or expediting the return to the depositors of whatever moneys remain to their credit. And yet there is no indication of what relief may be expected, although I have been given, and have, hope and encouragement that immediate steps will be taken to remedy the situation and relieve the distress.

I can conceive of no worthier cause demanding help from the Government. And so it is that I submit that consideration should be given to the establishment of an agency, or the use of one of the existing agencies of the Federal Government, to extend relief in the case of municipalities in an emergency such as exists in my congressional district, and the relief to be extended should, I urge, take the form of reasonable loans upon the security of tax-anticipation warrants.

Anticipating the distress that would come to our municipalities and others similarly situated, I introduced H.R. 3082 on March 11 last, 2 days after the convening of Congress, which had for its purpose the extension of authority to the Reconstruction Finance Corporation to make loans to municipalities upon the pledge of their tax-antici-

pation warrants. Since that time other bills along similar lines have been introduced in the House and there is pending in the Senate a bill of like kind.

In the course of the debate on the floor today the genial gentleman from Pennsylvania [Mr. KURTZ] very kindly yielded to me when the following occurred:

Mr. KENNEY. Does the gentleman favor loans to municipalities on tax-anticipation warrants?

Mr. KURTZ. I would be much more favorable to that than to this bill.

Mr. KENNEY. If we had a permissive law along those lines, does the gentleman not think that all municipalities would then be eligible for a loan, and even though they never got a cent, it would tend to have them reduce their expenses and do away with extravagance such as we have known in the past?

Mr. KURTZ. Unquestionably. On that point I desire to say that when the mayor of Boston and the mayor of Milwaukee were before our committee, as I recall their testimony, they did not favor, necessarily, a bill of this kind. What they did favor was permission to borrow from the Reconstruction Finance Corporation or some other governmental agency on anticipated taxes or upon tax warrants that existed at the time and were unpaid. That was the theory on which they came before our committee, as I recall.

Mr. KENNEY. The gentleman means on tax-anticipation warrants where the credit of the community was good?

Mr. KURTZ. Exactly.

The plight of the municipalities heaviest burdened, to which the bill before the House is intended especially to give relief, has undoubtedly been brought about by the extravagant and unbridled expenditure of public moneys for the most part. It is uncontradicted and uncontradictable that too many of our municipalities, large and small, over a long period of years have been accustomed to spend beyond their means and to incur an unwarranted and excessive bonded indebtedness. The mere fact that taxpayers' associations have grown so rapidly all over the country is a telling rebuke that there has been something wrong in municipal officialdom. A believer in home rule, I would brook no interference with the affairs of any municipality. But it is my firm opinion that a law designed to help worthy municipalities in an emergency, coming from national sources, would have a wholesome effect upon all municipalities. While not all municipalities would actually borrow from the Government, a standard would be established for borrowing purposes and, loans being permissive and not mandatory, unquestionably in time all municipalities would be desirous of qualifying for a loan, and for that reason, if for no other, would put their houses in order and keep them in order.

The municipality is the unit, the link in the chain, that goes to make up the great United States, and with the municipality in order, the national house will retain its vigor and its strength.

THE RECORD MADE

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. LAMNECK. Mr. Speaker, upon my return to my home city following the session, I shall render an account of my stewardship here. I will do so with pleasure and a pardonable pride that I had a small part in the great work accomplished to relieve a distressed and long-suffering people. I endeavored to be faithful to my trust, loyal to the President, and sincere in my purpose to serve the best interests of all the people. I think it pardonable, whether pertinent or not, to say that the record made is my record and the record of every other Member of Congress, in House or Senate, be he Democrat or Republican, who stood loyally by the President.

With every promise made in the Democratic Party platform fully redeemed and more thrown in for good measure, we can point with pride as a party and say: "We have kept the faith." That is what the people expected of us, and that is what was done. The special session of Congress was convened to combat and conquer the depression. That, in my opinion, has been done. We may have some distance yet to go but we are on the way and getting somewhere.

President Roosevelt's whole course of action was predicated upon the theory that a depression is worse than war, requiring speedy, drastic action, and a complete departure from the old beaten paths of favoritism and failure. No one was spared in the President's economic and relief program, and no interest injured. Congress promptly and patriotically finished the job. The people were pleased and greatly benefited as a whole.

The program as unfolded from day to day by the President revealed the "new deal" and its purposes. The people stood aghast at the daring of the first move—the declaration of a "bank holiday", and yet their faith was not shaken. Later, followed the decree taking us off the gold standard, which was soon given the force and effect of law by the repeal of the gold clause in an existing statute, making all currency legal tender. The inflation amendment written into the farm bill caused no alarm. In due time followed legislation giving the President control of industry.

These measures were all put through without serious protest, and with very little complaint. At any other time, and under any other leadership, they would have been considered revolutionary in character, drastic in purpose, and socialistic in tendency. While the President and Congress worked in harmony, the people approved and applauded. Their faith in the President and his policies remained firm. The people are to be commended for their intelligence, patience, and patriotism, which were not only an encouragement, but sustained both the President and the Congress through it all.

As a matter of fact, the major credit for what has happened belongs to the people, regardless of party. Their fine sense of discrimination in choosing a man that was to lead us out of the wilderness of despair made possible all of the splendid achievements that have followed. It simply proves the rule once again, that there is a man for every emergency. First, it was Washington, then Lincoln, then Wilson, and now Roosevelt.

Progress under the President's program has been phenomenal. Evidences are everywhere present of industrial and business activity. The bank situation has been clarified and purified. There are no unsound banks in the country today. Those that were found to be unsound were not permitted to reopen. Three thousand or more remain closed. In many of the larger cities of the country, all banks were permitted to reopen. Included in the list, I am proud to say, were all banks in Columbus, Ohio, my home city. In each and every instance, these permits were a testimonial to the character, management, and soundness of these institutions.

Thousands of people have been called back to work under the Roosevelt program. Wage increases are not infrequent. Idle millions will soon be placed under the great public works bill and the Muscle Shoals project. Commodity prices, stocks, and bonds are soaring. Wheat has more than doubled in price. Other products of the farm show relative gains. Shops and factories are expanding, adding new equipment to meet the demands of the brighter and better day. The trend, my friends, is upward and onward. The people are up and doing because they have something to do. This reversal of conditions from what they were was accomplished without doing violence to any interests, or as much as disturbing the social order. Such is the reward of faith, and it still abides. I think it was Whittier who said, "When faith is lost, when honor dies the man is dead!" This is a truth which applies with equal force to nations. Fortunately, our situation as a Nation is the reverse, and, unfortunately, there are many individuals who fit the situation described by Whittier. The faith of the people is still strong, and, with the honor of the Nation preserved, we face the future as a people with confidence. As a matter of fact, the dying men in the United States of America have been rescued through the beneficence of the Nation and the people by the hand of charity. The American people are sympathetic and generous in all emergencies and all communities.

President Roosevelt has escaped serious criticism. There were those, however, who considered him to be impulsive. They did not get the distinction between a man being impulsive and courageous. It may be that Roosevelt was impulsive, but back of every impulse was a thought, and back

of the thought a vision that reached out and grasped the possibilities of today and made them the realities of tomorrow. That was the speed with which Roosevelt worked. Those offering these criticisms had little to do except to criticize the man who was trying to do something and nurse their grief over the one who had not tried to do anything. Dante said: "No greater grief than to remember days of joy when misery is at hand." Critics, as a rule, do not build up, but are always seeking to tear down. Present requirements are for builders, and that is the reason they are out of jobs. The constructive critic usually has a program.

President Roosevelt may have made some mistakes. I do not know of any. However, he is only human and likely to err, but up to this time no errors have developed. He stands faultless and without a blemish. Personally, I have great faith in the application of his relief measures to meet and solve all problems growing out of the depression. If Roosevelt was wrong, I was wrong. If he was right, I was right. I make this statement because I supported his program in its entirety.

I am not only satisfied with the work accomplished and the results manifesting themselves in all sections of the country, but gratified that, in part at least, my judgment as to what should be done, as expressed on the platform and in Congress, has been justified. I was an early advocate of the legalization of beer; repeal of the eighteenth amendment; the guaranty of bank deposits; inflation of the currency; revaluation of the gold dollar; reduction of public expenditures by the elimination of useless boards, commissions, and bureaus; the reduction of letter postage from 3 to 2 cents; the extension of financial aid to crippled railways and repeal of the impossible recapture clause in the Interstate Commerce Act; declaration of a policy of no cancelation of war debts, unless the United States gets something in value in return in the way of trade concessions; refunding of farm and home mortgages; and relief for the farmers in other ways that would help to get them off their backs and put them on their feet.

Just what has happened under the enactment of the laws recommended by the President? This is the answer:

First. Legalization of the manufacture and sale of beer, with 3.2 a reality.

Second. Adoption of a resolution for repeal of the eighteenth amendment, now up to the States for ratification, with a strong urge by the President that the States hastily complete the job.

Third. Guaranty of bank deposits by insurance, as provided in the Glass banking bill.

Fourth. Recognition of silver in our monetary system.

Fifth. Granting authority to the President to reduce the content of the gold dollar, immediately followed by repeal of the gold clause in an existing statute, making all money legal tender.

Sixth. Enactment of a law to reduce public expenditures by elimination of useless departments, with the authority to do so placed in the hands of the President.

Seventh. Extension of financial aid to railroads through the facilities of the Reconstruction Finance Corporation.

Eighth. Statement by the President that there shall be no cancelation of war debts unless the United States Government gets something in the way of trade concessions, or something else of value in return. Some understanding may be reached with the debtor nations at the economic conference now in session in London.

Naturally, I have a personal feeling of satisfaction in the enactment of the measures noted above, because they so nearly conformed in their purposes to my ideas, which were offered simply as suggestions and not as a program. The President and his assistants worked them out in detail in admirable form, and the good effects are already apparent. The President did many other things stupendous in character, involving appropriations totaling billions of dollars, all for relief purposes. First in importance is what is known as "the public works bill", which, it is estimated, will give employment to ten or twelve million people. It carries an appropriation of $3,300,000,000. On the theory that a depression is worse than war, this is not such a stupendous sum, being used as it will be to save human lives, while war involves the sacrifice of human life.

Next in line in importance as a relief measure is the reforestation project, which will give employment to 250,000 people, with thousands already at work. Another measure included in the President's program, which no one else would have dared to undertake, was the administration economy bill, which greatly reduced or entirely eliminated the pensions paid the veterans of all wars. This bill also reduced the salaries of the Members of Congress by $1,500, plus a $700 cut in office expenses. Among other measures were the emergency bank legislation and regulation of the sale of securities, which is designed to protect the public from fraudulent transactions.

Most of the President's measures were of a character as to cause a thrill or a shock. Under ordinary conditions they would have met with serious opposition, but the people were in such a distressing state of mind that they welcomed anything, because they regarded it as an effort, at least, on the part of the administration and the Congress to do something that would improve conditions. Inflation of the currency and departure from the gold standard would have thrown the country into a panic a few years ago, but at this time there was but little protest or complaint. The wisdom of this legislation was shown in the favorable reaction to it in the stock and grain markets of the country, where prices soared, with record sales.

In conclusion I want to pay a tribute to the Members of Congress, Democrats and Republicans alike, who put patriotism above party for the good of the whole people and the welfare of the country.

IN PRESIDENT ROOSEVELT THE AMERICAN PEOPLE HAVE A LEADER WHO CAN BE TRUSTED TO PROTECT THE INTERESTS OF THE MASSES AND NOT DELIVER OUR GOVERNMENT, BOUND HAND AND FOOT, TO THE SPECIAL-PRIVILEGE GROUPS

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. LOZIER. Mr. Speaker, in previous addresses I called attention to the deplorable economic conditions that prevailed in the United States when Franklin D. Roosevelt became President. I pointed out that practically every vocational group was staggering toward insolvency, and that seemingly a Nation-wide, all-embracing bankruptcy was inevitable; that agriculture was wounded unto death; that the railroads were paralyzed, mills and factories idle, banking structures shattered, our commercial activities halted, and 13,000,000 idle men and women were standing with their backs to the wall fighting starvation.

I desire at this time to briefly consider some of the causes that produced these calamitous conditions. This depression did not just happen. It was not sent by Providence to plague and punish the people of a great nation who seemingly were forgetting God and drifting away from their traditional landmarks. This economic plague is not directly traceable to conditions in foreign lands. Our economic illness is not the inevitable aftermath of the World War. Nor can we truthfully say that these economic disorders were similar to those that come in cycles to every nation, as, for instance, the depressions of 1837, 1857, 1873, 1890, and 1907. These earlier economic convulsions furnish no convincing explanation of the abysmal depression through which we have been passing.

It is idle to assume that we have merely reached the point where another cyclical or regularly recurring depression or panic was due. The disastrous conditions that for 4 years have so seriously afflicted us bear no causal relation whatsoever to those that attended previous periods of economic distress. Obviously there is no precedent for the present economic debacle, either as to cause or character. There is a basic and fundamental difference between the present and all previous depressions. The forces that cured similar conditions in the past did not and cannot cure those that for 4 years have paralyzed all business activities.

No legislation, however benevolent and well intended, can automatically check this long-continued economic inertia unless we first remove the underlying causes. Our emergency measures will slow up or for a time, perhaps, halt the sinister forces of fear, timidity, and economic palsy, but unless we remove the basic cause and eliminate the factors that produced these evils our efforts will have been in vain.

Now, our long-protracted depression is not the natural, logical, or inevitable consequence of the World War, but flows from our failure to utilize the financial and economic advantage that came to us as a result of the war. We did not enter the war until nearly 3 years after the European nations came to grips. During those 3 years the United States became the financial mistress of the world. No longer were we a debtor nation. From commerce with the warring nations and with the world the American people tremendously increased their national wealth. Every vocational group shared in this marvelous accumulation of wealth and treasure. We captured many world markets in which we had previously enjoyed but little trade. The American dollar dethroned the English pound sterling and became the undisputed measure of value throughout the civilized world.

We did not lose this financial advantage or economic overlordship when we entered the war, but continued to augment our wealth until its immensity staggered human comprehension. When the Treaty of Versailles was signed our Nation was the recognized financial dictator of the world. In 1912 our national wealth was $187,000,000,000. By 1922 it had grown to $321,000,000,000, an increase of $135,000,000,000 in 10 years. By 1929 it had expanded to $362,000,000,000. In 1931 it had fallen to $280,000,000,000, and it continued to decline until in 1932 it amounted to only $247,000,000,000, a net loss since 1922 of $74,000,000,000, and a shrinkage of $115,000,000,000 since 1929.

Probably the high point in our national wealth was in 1920, when, according to the National Industrial Conference Board, our national wealth was $489,000,000,000. It would seem, therefore, that under the last three Republican administrations our national wealth declined $241,000,000,000, or approximately one half. That is to say, that the American people have only half the wealth they possessed on March 4, 1921, when the Democratic Party turned the Government over to the Republicans.

The national wealth of the United States exceeds the combined wealth of Great Britain, Belgium, France, Germany, Poland, Italy, Czechoslovakia, Spain, and several other European nations thrown in for good measure.

In 1912 our national income was $33,000,000,000. In 1918 the last year of the war, it was $61,000,000,000. In 1923, $71,000,000,000. In 1925, $79,000,000,000. In 1926, $80,000,000,000. In 1927, $79,000,000,000. In 1928, $82,000,000,000. In 1929, $85,000,000,000, and in 1930 $71,000,000,000. You will observe that from the time the war ended our total national income for 12 years, 1919 to 1930, was $879,000,000,000, nearly a thousand billion dollars, or an average annual income of $73,000,000,000. The national income of the American people exceeds the combined national income of the people of Great Britain, Belgium, France, Germany, Italy, Czechoslovakia, Spain, Poland, and several other European states. These statistics furnish conclusive evidence that from a financial and economic standpoint the United States emerged from the World War infinitely stronger than any other nation. We scarcely felt the shocks of that great struggle. Compared with the European nations, our loss of manpower was trivial. The overthrow of kingdoms, empires, and dynasties in Europe, the frightful toll of human lives, and the ruthless destruction of property scarcely created a ripple on the deep and resistless tides of our national life. Our national income grew steadily until 1929 when it amounted to more than $85,000,000,000.

Undeniably the United States quickly recovered from this, the most sanguinary conflict in history, and for 10 years led the world in every department of human activity. Our wealth accumulated by leaps and bounds. Our industries expanded, our commerce flowed in ever-increasing volume, and seemingly the American people were sitting on the top of the world.

But notwithstanding this phenomenal prosperity, something was radically wrong in our economic system. Obviously our agricultural, industrial, financial, commercial, and transportation systems were lacking in something that was necessary to stabilize them and insure their continued well-being. The apple of our economic life began to rot at the core. For the benefit of the manufacturer we were discriminating against the farmer. Our industrial structure especially was on an unsound basis, because it had been unreasonably and artificially stimulated by unconscionable tariff laws. Big business had been the beneficiary of legislative favoritism. Banks, eager for world power and greedy for gain, were indulging in unsound practices that must inevitably impair their capacity for service and destroy public confidence.

As a result of class legislation, certain vocational groups were babied, toadied, and favored at the expense of other occupations. Industry and business were placed upon a highly stimulated artificial basis. By maladministration of a pampered and coddled economic system the new wealth and prosperity that came to the American people was largely monopolized by a few favored classes. As an evitable result there was an increase in the number of millionaires and paupers. May I submit one concrete example?

According to statistics issued by the Treasury Department in 1929, 36 supermillionaires had a net income of $350,000,000, which was $22,000,000 more than all the wages paid to 425,000 workers in the cotton mills in the United States. Who will assert that this was a wholesome situation? It indicated a condition of appalling social injustice and maladministration of the forces that control our economic system. Something was radically wrong when 36 persons had a net income in excess of the total wages paid to 425,000 men. Notwithstanding our tremendous annual increase in national wealth, under our present economic system practically all of this new wealth is monopolized by a few favored groups, while the great mass of our people drift rapidly toward a condition of economic vassalage.

The Republican Party was in complete control of the Federal Government for 12 years, and during that time it signally failed to legislate in the interest of the masses, and permitted a few favored classes to use the agencies and instrumentalities of the Government to accomplish their own selfish purposes. In many instances the Harding, Coolidge, and Hoover administrations pursued unwise and unwholesome policies which stimulated the concentration of our national wealth in the hands of a comparatively few persons, while the masses were sapped of their substance and bent double under unbearable tax burdens. Excessive tariff taxes were imposed on a people who could not balance their budgets or sell their commodities for the cost of production. Offended by our arbitrary and excessive tariffs, 40 nations enacted retaliatory tariff laws which had the effect of practically excluding our farm and factory products from the world markets where they had previously been in demand and sold at a satisfactory profit.

Every thoughtful student of public affairs knows that foreign markets are absolutely essential to the well being of our agricultural and industrial life. By foreign trade, a nation draws wealth and treasure from distant lands and finds a profitable market for its surplus domestic products. Our foreign trade is a prime factor in our national prosperity, especially as to our agricultural and industrial activities. The exchange of commodities in foreign trade is absolutely essential to our normal economic existence. It enables us to reach out and, by sales, barter, and exchange, secure a worthwhile part of the wealth of other nations. Under the Wilson administration we captured many world markets, but under the last three Republican administrations we lost practically all of these gains.

As a result of high tariff laws and special-privilege legislation, we have artificially and tremendously stimulated industrial production, which has resulted in an oversupply or surplus of industrial commodities, for the sale of which

a foreign market is absolutely necessary. By destroying the foreign market for our surplus commodities, we are forced to radically reduce production from our farms, mines, mills, and factories. Without this foreign market it will be necessary to junk at least one third of our industrial plants or equipment, and the American farmers will have to reduce production at least 30 percent, which, in the final analysis, means that agriculture will limp along for years and may never again be a profitable occupation.

This leads me to say that the American people, after having been asleep at the switch for 12 years, awakened in November 1932 and took our Government from the control of a few economic buccaneers, who were exploiting it, and restored it to the people. In President Roosevelt we have a leader who can be trusted to protect the interests of the masses and not deliver our Government bound hand and foot to the special-privilege groups.

In this period of peril, Franklin D. Roosevelt is the hope of the Nation, and under his bold leadership 125,000,000 sorely oppressed people will triumphantly emerge from the wilderness in which they desperately and despairingly wandered for 12 years under the administrations of Presidents Harding, Coolidge, and Hoover.

GIVE HOME INDUSTRIES ADEQUATE PROTECTION

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. KNUTSON. Mr. Speaker, for the past 3 years the Democrats and free-traders have been denouncing the Republican Hawley-Smooth Tariff Law as something monstrous and indefensible. Indeed, all our political and economic ills have been laid at the door of that measure. We have been repeatedly assured by the Democrats that one of the first things that they would do in the event of their being returned to power would be the repeal of the "iniquitous" Hawley-Smoot law. Candidate Roosevelt repeatedly promised during the campaign that this would be done.

For 2 years the Democrats have been in control of the House, and on March 4 they took over full control of Congress as well as of the executive branch of the Government. Naturally those who had voted the Democratic ticket last fall looked for an early fulfillment of that promise, for the Democrats have large majorities in each branch of Congress and can put through any program they see fit; hence their failure to keep faith cannot be charged to their lack of votes in Congress. Rather, I would say that failure to make good on their outstanding promise of the campaign is due to the inescapable fact that they have found it undesirable to make any changes in the tariff rates at this time because of the great unemployment in the country. They realize that a downward revision of tariff rates at the present time would result in greater importations and that in turn would further increase unemployment. Well, that is just what we Republicans have been contending right along. This is the reason that the Republican Party has always stood for a protective tariff system that would keep out all foreign-made products that can be produced here at home, whether from farm or factory.

As a matter of fact, we are on a low-tariff-rate basis right now and have been for the past 3 years because of competing countries having debased their currencies so as to enable them to produce at prices far below the ability of the American producer to meet them. Let us take Japan for an example: In normal times the Japanese yen is worth 50 cents. Today it is worth only 20 cents. The Japanese laborer is paid in that cheap money, and it is my information that wages are down as low as 13 cents gold per day in a number of lines which enter directly into competition with American manufacturers. What has happened as a result of the advantageous situation of the Japanese manufacturer who pays his help in money that is 60 percent below normal? Well, it has enabled her exporters to dump their products onto the American and other markets at prices that barely pay for the raw material in this country as well as in other lands, and they have driven American-made goods off the American market, throwing thousands and thousands of American working men and women out of work.

Congressman CROWTHER has long had a bill before the Ways and Means Committee of the House which would cure that and similar situations by automatically increasing the tariff rates to offset such depreciation. To my way of thinking this should have been done long ago, also should we change the law so as to use American, rather than foreign, production costs in appraising the ad-valorem duty that imports shall pay for the privilege of entering the American market to compete with American-made goods.

I am positive that much of our unemployment can be charged directly to the lack of adequate protection for American producers. For instance, in my own State, Minnesota, our iron mines are shut down because of inability to compete with ores imported from Russia, India, and Brazil. On the Cuyuna range alone, 6,000 men are out of employment. If the tariff rate on manganese ore were increased $20 per ton, we could put a very large part of these men back to work. At this point I desire to insert a letter which shows how grievously we have been hurt through the lack of an adequate protection on manganese ore:

STATE AUDITOR OF MINNESOTA,
THE STATE CAPITOL,
St. Paul, June 5, 1933.

Hon. HAROLD KNUTSON,
House of Representatives, Washington, D.C.

MY DEAR MR. KNUTSON: As per your request of the 1st instant, I give below a statement of collections on occupation tax and royalty tax upon iron ore from 1925 to 1933, inclusive.

You will notice a very great falling off in 1932 and practically exhausted in 1933:

Year	Occupation tax	Royalty tax on iron ore
1925	$2,453,901.21	$288,651.59
1926	2,383,696.06	326,536.61
1927	3,183,324.65	2,406,070.93
1928	2,216,026.03	1,276,443.95
1929	2,448,139.93	951,049.68
1930	3,750,085.15	1,024,874.58
1931	2,836,734.69	903,835.36
1932	1,383,145.36	632,767.09
1933 (estimate)	260,604.00	416,093.00

Very truly yours,

STAFFORD KING.

The above figures indicate the tremendous shrinkage in tax receipts from the iron-ore industry sustained by the State of Minnesota and by our school fund.

At this point I shall insert a telegram that is self-explanatory:

DULUTH, MINN.

Hon. HAROLD KNUTSON,
House of Representatives, Washington, D.C.:

Being an operator of iron, manganese, and copper, I would appreciate your every support to protect mining industry from foreign importation by means of a protective tariff of 1 cent per pound on manganese and sufficient protection for iron and 4 cents on copper. It is imperative for existence.

A. F. GROSS.

Memorial to Congress passed by the Minnesota Legislature, 1933 session:

Resolution 7, memorializing Congress to properly protect the owners of farm wood lots and American workmen in industries facing unfair competition resulting from the depreciation of foreign currencies

Whereas it has come to the attention of the Minnesota Legislature that the products of foreign manufacturers, especially wood pulp, canned vegetables, and manganese ore, are now being shipped into the United States and sold on the American market for much less than it costs American manufacturers to produce these products, even at the present low prices of materials and mill wages; and

Whereas it is apparent that importers of these products are being given an unfair advantage over American industries, in view of the fact that they are paying for these products in depreciated foreign currency and selling them for American dollars; and

Whereas this competition has resulted in hardship not only upon the American manufacturer but also upon all large and small producers of the raw materials used in such industries, including farmers and wood-lot owners and the employees of the same, together with all other persons directly or indirectly engaged in these industries; and

Whereas a continuation of this situation will result in the closing down of such American industries as cannot meet this foreign competition and the throwing out of employment additional thousands of men in the State of Minnesota: Now, therefore, be it

Resolved by the house of representatives (the senate concurring) That the State of Minnesota respectfully memorializes the Congress of the United States to enact remedial legislation to protect domestic producers against this unfair competition, due to depreciated foreign currencies, and so give employment to large numbers of American workmen in such industries; and be it further

Resolved, That properly attested copies of this resolution be submitted to both Houses of the Congress of the United States, the Ways and Means Committee of such Houses, and to all Minnesota Members thereof.

Approved January 26, 1933.

To give an idea of what the American producer is up against in being forced to compete with countries who have debased their currency, I desire to insert a news item which appeared in the Minneapolis Journal of April 7, 1932:

SEES MENACE OF SOVIET ORE—ENGINEER SAYS RUSSIA CAN COMPETE WITH STATE PRODUCT IN UNITED STATES

MINNEAPOLIS, April 7.—Russia is developing the iron mining to such an extent, and can mine and transport its ore at such low cost that it can lay down its products on the American Atlantic seaboard in competition with Minnesota's iron ore industry, in the opinion of Clyde M. Pierce, mining engineer who is visiting relatives in Minneapolis after 2 years spent in Russia.

These low costs are due to the Russian ruble, which has no value, yet with it the miner, the railroad, and the steamship line are paid so the cost of getting ore to America means nothing to Russia, Pierce explained.

"Unless you see it, it is hard to visualize the magnitude of the Russian mining operations", Pierce said. "One plant alone is being developed to produce 32,000 tons of sinter a day, or 12,000,000 tons a year. The output of the entire Lake Superior district this year is not expected to exceed 15,000,000 tons. Eight other Russian plants are being equipped to turn out 7,000 tons of sinter a day."

Let us see how the principle of protection works out. At Cloquet, Minn., they had a small, struggling safety-match factory that employed a comparatively small number of workers. It was having a hard time to exist; but when the Hawley-Smoot law imposed on safety matches a duty of 1 cent per thousand matches, this small, struggling concern got a new lease on life. The owners put up an addition costing $300,000 and put on 300 more help in order to supply the home market, which had been held by foreign match manufacturers prior to the passage of the Hawley-Smoot law. That was back in 1930. Last fall the Cloquet Co. put up another $300,000 addition to its plant and put another 300 American workingmen to work. Contrary to the usual belief, the imposition of a rate of 1 cent per thousand on foreign-made matches has not increased the cost of matches to the consumer. The retail price is yet 1 cent per box. In addition to providing work for the idle the Cloquet factory has also made a market for the thousands of acres of poplar and other softwoods growing in northern Minnesota and given work to hundreds of homesteaders in getting this wood out. That in turn has helped the local merchant, and so it goes. Had I the time I could go on by the hour and cite instance after instance where adequate tariff rates have made for prosperity, happiness, and contentment.

The present Secretary of Agriculture has frequently expressed the opinion that there is scant hope of increasing our agricultural exports to European countries. No longer ago than May 27 the Department of Agriculture issued a statement upon the wheat situation, in which the following opinion was expressed:

The Agricultural Adjustment Administration does not look for a sudden revival of export markets. Although steps are under way to negotiate foreign agreements, it is certain that the European acreage put into production in the last 10 years is not going to be quickly curtailed.

That is the record to date of the attempt to carry out the Democratic policy of securing wider export markets for our agricultural products through the medium of international conferences, involving reciprocal tariff agreements.

Agricultural exporting countries, like Canada and Argentina, demand, as the price of any reciprocal tariff relations with this country, such a lowering of our agricultural tariff rates as would permit them to invade our home markets at the expense of our agricultural producers.

When we attempt to negotiate with Great Britain we find the door shut and doubly bolted against our agricultural products. What with agreements reached at the 1932 Ottawa Conference by the United Kingdom and the British Dominions and the agreements entered into this May between the British Empire and such agricultural countries as the Argentine and such dairy producing countries as Denmark, the British market for agricultural imports is preempted. It has no need to offer any inducement to the American agricultural exporter.

When we attempt to negotiate with other European nations, like Italy and France, we find those nations firm in their determination to keep food imports at a minimum in order that domestic production may be stimulated to the utmost in anticipation of the time they may need every mouthful of food they can produce upon their own soil because they may be at war and find the high seas and their land frontiers blockaded against their imports of food from other nations.

When we attempt to negotiate with agricultural importing countries, like the Argentine and Australia, looking to a reduction of wheat acreage and a better control of wheat imports we meet with a firm refusal, because they must export to live.

EVERY NATION IS TAKING CARE OF ITS OWN BY PROTECTIVE LEGISLATION AND RESTRICTIONS

It is not a happy situation in which the world finds itself at this hour. It is not a situation which the United States desires. But it is most unfair to charge other nations with having adopted their economic policies merely because they desire to pay off a grudge against the United States on account of its tariff policy. That is a charge which has emanated in this country wholly from Democratic and low-tariff sources. It has no foundation in fact. It is a libel on the other nations of the world. Its constant repetition by Democratic leaders within the Halls of Congress and on the public platform, its persistent reiteration by the Democratic low-tariff press, is a gross misrepresentation of the motives and purposes of other nations in the world, and it has contributed more than any other one influence to create and increase bitterness among other peoples against this country.

Canada did not increase her tariff rates in order to "get even" with the United States, despite the insistent charges of the Democratic Party leaders to that effect. Canada increased her tariff rates to protect her own home producers; and if this increase were directed against any nation, it was against her sister Dominions. Proof of this is ample and conclusive. The reasons for Canada's increasing her tariff rates in 1932 were concisely set forth in Canadian newspapers at the time the campaign was on in that country. I quote one such article which appeared in Canadian newspapers, written by Charles Lynch, a Canadian newspaperman, under an Ottawa, Canada, date line, February 18, 1931:

Canada has embarked upon a general revision of the customs tariff, which will make it more difficult for her sister Dominions and even the mother country to market their products in Canada. * * * During the last 3 months Ottawa has been deluged with briefs from almost every industry in the country seeking higher protection, and the Government is committed to a policy of "Canada first" * * *.

The purpose of the tariff overhauling is to safeguard Canadian producers, agricultural and industrial. Canadian dairy producers, who were nearly ruined by the annual importation of 40,000,000 pounds of butter from New Zealand, are now asking for protection on cheese, casein, milk, and milk products, while sheep farmers are seeking protection against imports of lamb and mutton from Australia. Wool growers want the domestic market protected, for Canada imports 10,000,000 pounds of wood annually, duty-free. If duties are imposed on wool, manufacturers of woolen goods will demand an increase in the duties on blankets and other articles.

In the June 2, 1933, issue of the regular weekly bulletin on dairy products issued by the United States Department of Commerce, there is a news item from the United States Trade Commissioner located at Sydney, Australia, giving an

account of a conference held in that city by New Zealand and Australian dairy interests. The conference was called for the purpose of discussing the very serious problem confronting the Dominion's surplus butter. It set forth the fact that the butter market in New Zealand and Australia had collapsed owing to enormous production of butter on the one hand, the production for the year ending March 31 having been the highest on record in New Zealand and Australia, and owing to the loss of foreign markets on the other hand. The following is taken verbatim from that report:

> The recent shipment of 551,000 pounds of New Zealand butter to Canada, which was detained in bond at Vancouver, is now to be released subject to a special dumping duty of 3½ cents a pound, in addition to the regular 5 cents a pound duty. This makes it impossible to sell this shipment without taking a loss and indicates that there is no outlet in Canada for New Zealand butter. The French market has also been shut to New Zealand exports by the decision of the French Government to raise the import duties on New Zealand and Australian butter by 20 percent, or to approximately 30 cents per pound.

From this item two things are perfectly plain. First, Canada's tariffs could not have been written to injure the United States, otherwise some concessions would have been made to the dairy interests of New Zealand and Australia. Second, France does not single out the United States in levying high tariffs on imports of food products.

Taking tariff rates in each country in detail, it could be demonstrated that countries are levying tariff duties and establishing restrictions against imports not out of a spirit of reprisal against the United States because of its tariffs but because they are convinced of the necessity of protecting their domestic producers against destructive foreign competition.

To revert to Canada. The oft-repeated Democratic charge that the moving spirit of the Ottawa Conference of 1932 was animosity toward this country, one has only to cite official statements issued by the officials of that Conference. On August 2, 1932, the Associated Press carried this statement, prepared and given out at Ottawa by the officials of that Conference:

> The United States bought 15 percent more of Canada's exports than did the entire British Empire, 50 percent more than the United Kingdom, and 28 times as much as Australia and New Zealand combined.

An official statement put out by officials of that conference August 8, 1932, and carried by the Associated Press, stated that the United States was the best customer of the British Empire. It cited in detail purchases the United States made from various British Dominions and possessions, and concluded as follows:

> In these purchases the United States supports the economic structure of the British Empire in no small way. As a result of this, America appears before this Conference far less a trade rival than as an indispensable partner in imperial prosperity.

Surely these two statements refute the Democratic argument that our tariff rates prevented either Canada or other British Dominions from trading with us, and thereby invited retaliation at the hands of the Ottawa Conference.

It will contribute nothing to the solution of our agricultural problems, and it will work vast injury to our good will among other nations to falsely impute to other countries a mean spirit simply because they adopt tariff policies protecting their own producers and promoting, insofar as they can, the welfare and prosperity of their people.

While it is regrettable that Australia and Argentina cannot find their way clear at the present international wheat conference to agree to limiting the production and exportation of wheat, it would be most unjust to attribute their position in this matter to some unworthy motive or to a desire upon their part to injure the United States. It must be kept in mind that neither Argentina nor Australia has a large consuming population. They have no far-flung manufacturing interests which have built up great industrial centers of consumers, furnishing a home market for the products of their farms. Their soil is rich, their labor is cheap, and their production of wheat is many times their consumptive power. They must export if they would survive as a nation and prosper as a people.

The British Empire has vast investments in the Argentine. She desires to protect them. She finds the most effective way of doing this is to guarantee to the Argentine agricultural producer a market for his exports, hence she enters into a 3-year trade agreement to accomplish that purpose. The same motive determined her trade agreements with other nations. None of these agreements was entered into by the United Kingdom for the purpose, as the Democrats and low-tariff advocates would have our people believe, of getting even with the United States because of our tariff rates.

Italy imposes her duty of $1.07 a bushel on wheat, not out of a spirit of reprisal against the United States but because she desires to expand as far as possible the production of wheat within her own territory. The same may be said of France and Belgium and Germany and other countries.

Instead of the tariff policies of other nations being formulated in a spirit of reprisal against the United States, they were, in many cases, adopted in a spirit of emulation of our successful system of a protective tariff for domestic producers.

That the United Kingdom, the outstanding free-trade nation of the world, should abandon her low-tariff policy, which had become a tradition, and adopt a protective-tariff system is a tribute of the highest kind to the tariff doctrine and policy for which the Republican Party has always stood and still stands.

The present is certainly no time to abandon that policy. We have no foreign markets, either now or in prospect, for our agricultural products. Only our home market remains. It must be safeguarded from every standpoint. Nothing but a protective tariff will do it. Competition in agricultural products the world around is destined to become more severe rather than less so. A statement issued by the United States Department of Agriculture June 3 this year said in part:

> The fact that artificial barriers, such as tariffs, exchange restrictions, and milling quotas, check our export at present does not necessarily imply that a removal of these handicaps would stimulate the trade. It might, but the point cannot be taken for granted. The restrictions do not stand by themselves. They form a part of a constant effort by the importing countries to become more self-sufficient. It must be remembered, too, that the increased foreign competition represented by the growth of wheat production in Canada, Argentina, and Australia will tend to persist.

A conference of 16 of the leading wheat-growing organizations of the United States, held in Washington on May 18, issued a statement in which they said:

> No foreign market presently exists, or is in prospect, for the surplus at any price not absolutely ruinous to the American wheat producer.

In the face of such a present-day situation and the absolute certainty of its continuance and increasing intensity, to throw away the only weapon which guarantees our agricultural producer his home market, or to dull its edge by lowering the rates, would be the height of economic folly and would mean certain disaster to American agriculture.

World prices of almost every product of American soil are lower today than prices in our own primary markets, so much lower, in fact, that they could be transported from the country of their production and still sold in this country at a profit to the importer, were it not for our tariff. Nothing except our present tariff rates keeps this country from being inundated by a flood of foreign farm products. This situation has existed almost from the day the present tariff became effective. (See accompanying tables, giving world prices in the primary markets, month by month, as compared with prices in the primary markets of the United States.)

International good will has its place in the intercourse of nations, but it will not save the American farmer. International trade agreements may prove beneficial to some

industries, but no international trade agreement, however disguised, that lowers our present agricultural tariff rates by the merest fraction can be anything but calamitous to American agriculture. To prove this assertion I append herewith some comparative market prices that are not alone illuminating but convincing:

Butter: Average price per pound, New York, London, and Copenhagen, by months, calendar years 1930-32, and 5 months of 1933

[Compiled by U.S. Bureau of Agricultural Economics]

Month	1930			1931			1932			1933 [1]		
	New York, 92 score	London, finest New Zealand	Copenhagen, New Zealand	New York, 92 score	London, finest New Zealand	Copenhagen, export price	New York, 92 score	London, finest New Zealand	Copenhagen, export price	New York, 92 score	London, finest New Zealand	Copenhagen, export price
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
January	36.6	33.8	31.9	28.5	25.1	26.7	23.5	14.7	16.7	19.8	12.2	12.2
February	35.7	32.7	35.2	28.4	26.1	29.5	22.4	16.3	19.8	18.6	11.8	12.3
March	37.2	29.9	31.7	28.8	25.5	26.9	22.6	17.7	17.2	18.1	11.4	11.0
April	38.5	27.4	27.3	26.1	23.8	24.3	20.0	17.7	15.6	20.6	10.9	10.7
May	34.8	28.0	26.3	23.7	23.7	23.3	18.8	15.7	13.5	22.5		11.8
June	32.9	28.7	27.6	23.3	23.9	23.2	16.9	15.9	13.2			
July	35.3	29.5	30.2	24.9	24.7	23.1	18.1	16.4	14.7			
August	38.9	28.9	29.1	28.1	24.4	24.4	20.3	16.7	13.9			
September	39.7	27.5	29.8	32.5	22.8	24.5	20.7	17.3	15.6			
October	39.9	25.2	30.0	33.7	20.5	21.1	20.7	16.2	14.6			
November	36.0	22.3	27.2	30.9	18.4	19.9	23.3	13.5	14.5			
December	32.1	24.5	27.2	30.5	15.3	18.7	24.1	12.2	13.7			
Average	36.5	28.2	29.5	28.3	22.8	23.8	21.0	15.9	15.2			

[1] 1933, partial year.

Compiled from following sources:
New York: Reports of Division of Dairy and Poultry Products. Average of daily prices.
London: London Grocer, weekly.
Copenhagen: Smor Tidende (Danish Butter Journal).

Cattle: Average price per 100 pounds, Chicago, Winnipeg, and Buenos Aires, by months, 1930-33

[Compiled by U.S. Bureau of Agricultural Economics]

Month	1930			1931			1932			1933		
	Chicago, medium, all weights	Winnipeg, good and choice, over 1,050 pounds	Buenos Aires beef steers chilled special	Chicago, medium, all weights	Winnipeg, good and choice, over 1,050 pounds	Buenos Aires beef steers chilled special	Chicago, medium, all weights	Winnipeg, good and choice, over 1,050 pounds	Buenos Aires beef steers chilled special	Chicago, medium, all weights	Winnipeg, good and choice, over 1,050 pounds	Buenos Aires beef steers chilled special
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*
January	11.68	9.13	5.72	8.72	6.11	3.50	6.04	4.44	2.20	4.43	3.18	1.49
February	11.96	9.41	5.35	7.91	5.82	3.73	6.00	4.29	2.30	4.66	2.73	1.83
March	11.88	9.42	5.45	7.97	5.78	4.21	6.06	4.54	2.18	4.89	3.10	1.89
April	11.23	10.34	5.71	7.46	5.53	3.97	6.15	4.60	2.18	4.64	3.20	
May	10.78	10.71	5.57	7.05	5.22	3.69	5.59	4.55	2.25	5.21		
June	10.13	9.51	5.43	6.95	5.22	3.68	6.17	4.57	2.28			
July	8.72	7.93	5.24	7.01	5.57	3.58	7.06	4.43	2.29			
August	8.71	5.96	5.27	7.52	5.45	3.59	6.94	4.11	2.27			
September	9.39	5.36	5.16	6.82	4.82	3.22	6.88	3.76	2.13			
October	9.09	5.46	4.84	6.94	4.26	2.52	5.90	3.31	1.80			
November	9.20	5.83	4.38	6.99	4.30	2.76	5.38	3.06	1.69			
December	9.13	5.83	3.67	6.18	4.28	2.34	4.63	2.79	1.58			
Average	10.39	7.91	5.15	7.39	5.20	3.40	5.98	4.04	2.10			

Compiled from following sources:
Chicago: Division of Livestock, Meats, and Wool. Weighted average of daily prices.
Winnipeg: Livestock Market and Meat Trade Review. To August 1931 conversions at par. Beginning September 1931, conversions at current monthly rates of exchange, as quoted in Federal Reserve Bulletins.
Buenos Aires: From Review of the River Plate (weekly).

Corn: Average price per bushel of 56 pounds, Chicago and Buenos Aires, by months, crop years 1929-30 to 1932-33

[Compiled by U.S. Bureau of Agricultural Economics]

Month	1929-30		1930-31		1931-32		1932-33	
	Chicago, No. 3 Yellow	Buenos Aires, Yellow La Plata	Chicago, No. 3 Yellow	Buenos Aires, Yellow La Plata	Chicago, No. 3 Yellow	Buenos Aires, Yellow La Plata	Chicago, No. 3 Yellow	Buenos Aires, Yellow La Plata
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
November	87.6	74.3	70.9	33.8	42.7	31.7	24.9	27.9
December	87.5	78.8	69.5	33.1	37.1	28.2	23.0	26.0
January	85.1	64.8	65.4	29.2	37.0	27.2	23.6	23.4
February	81.8	61.6	60.7	30.6	34.2	28.7	23.1	23.4
March	79.7	61.6	59.8	35.2	33.2	31.9	25.7	26.8
April	82.0	62.2	58.3	30.4	32.5	30.3	34.5	25.6
May	78.6	59.8	56.2	30.4	31.4	29.6	42.2	
June	79.1	56.3	57.7	30.0	30.2	30.2		
July	82.0	53.7	56.8	30.2	31.9	31.6		
August	98.9	56.4	45.7	26.5	31.9	32.2		
September	94.0	50.8	41.8	23.6	30.0	32.0		
October	82.0	42.6	38.1	24.7	25.7	29.6		
Average	83.2	59.5	59.6	29.8	35.6	30.3		

Compiled from following sources: Chicago: Chicago Daily Trade Bulletin; Buenos Aires: Review of the River Platte.

Wool: Average price per pound, specified primary markets, 1931-33
[Compiled by U.S. Bureau of Agricultural Economics]

Month	1931			1932			1933		
	Boston, 64's, 70's, 80's, scoured basis territory strictly combing	London, 70's ordinary scoured basis	Sydney, delivered Bradford, 70's warp, clean basis	Boston, 64's, 70's, 80's, scoured basis territory strictly combing	London, 70's ordinary scoured basis	Sydney, delivered Bradford, 70's warp, clean basis	Boston, 64's, 70's, 80's, scoured basis territory strictly combing	London, 70's ordinary scoured basis	Sydney, delivered Bradford, 70's warp, clean basis
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
January	68	32	46	58	26	30	44	26	29
February	66	36	47	56	26	30	44	26	28
March	66	44	53	54	28	30	46	25	28
April	66	42	53	49	26	30	49	28	30
May	64	41	51	44	24	29	62	33	34
June	62	40	(1)	38	25	(1)			
July	62	38	(2)	37	25	(2)			
August	64	35	(2)	41	26	(1)			
September	62	32	(1)	48	28	31			
October	59	31	35	49	27	29			
November	59	30	36	47	25	28			
December	59	27	29	45	24	27			
Average				47	26	29.5			

[1] Not quoted. [2] No sales held.

Compiled from following sources:
Boston: Division of Livestock, Meats and Wool, average of weekly quotations.
London: Cables from Agricultural Commissioner Foley, averages of quotations of each series of London wool sales.
Sydney: Wool Record and Textile World, Bradford, England, average of weekly quotations of each series of wool sales.

The principle of protection is inborn in most Americans. The average American does not take kindly to the idea of letting foreigners come in and take the cream of our own market. He believes that we should consume and use American products and only import the things we cannot ourselves produce. With that principle the great Republican Party is in full sympathy. Under normal conditions the American people are capable of consuming 94 percent of everything produced in this country. We now know that much of the unemployment is due to importations of things we can and should produce at home.

Why all this concern over the export market, which only consumes 6 percent of our production, especially when that market is bankrupt and can only buy from us as they sell to us? Why should we buy from other lands cattle, meat, dairy products, eggs, corn, grains, iron ore, print paper and pulp, matches, fish, rubber goods, or anything else that we can and should ourselves produce? We are never going to regain prosperity by buying from foreign countries any more than we are going to make everybody prosperous by putting them so heavily in debt that they can never hope to pay out. Let us get away from these half-baked theories and false philosophies and return to the faith of the fathers, who had courage, stamina, and, above all, love for the American people and the fair land that we call home. Let us resolve to give no more heed to the international banker and his siren call of internationalism. He has taken billions of our money and invested it abroad in bonds, factories, steamship lines, water powers, and the good Lord alone knows what all, very little of which will come back to us, and now he wants us to give up the great American market to the industries that he has acquired abroad. If we are so foolish as to permit that to be done, then we will deserve everything evil that comes to us as a result. Fellow Americans, let us wake up before it is too late.

THE TARIFF—REPRISALS

Mr. CROWTHER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. CROWTHER. Mr. Speaker, the theme song of the low-tariff chorus, led by Secretary of State Hull, is to the effect that our tariff rates and our tariff policy have compelled other nations, in self-defense, to retaliate by raising their tariff rates, and has bred a spirit of economic reprisal and retaliation throughout the world, to the injury of international trade.

In his acceptance speech Governor Roosevelt gave utterance to this thought: He stated that our tariff "invited and received the retaliation of other nations." He repeated this charge throughout the campaign in practically every reference he made to the tariff issue.

First. In 1930, before our present tariff was enacted, the average tariff rates of the following countries were then higher than were our old rates: Argentina, Australia, Bolivia, Brazil, British India, Canada, Chile, Colombia, Cuba, Ecuador, Hungary, Italy, Mexico, New Zealand, Paraguay, Poland, Rumania, Spain, Union of South Africa, Uruguay, Venezuela, and Yugoslavia.

Second. A report prepared by the United States Tariff Commission during the consideration of the Hawley-Smoot bill, in response to a resolution by Senator Swanson, of Virginia, showed practically every leading commercial country of the world had made from 2 to 7 increases in their tariff rates between 1920 and 1929. Those increases were made before President Hoover was even inaugurated. Obviously, none of those increases in the tariff rates of other countries could have been made in a spirit of retaliation against our present tariff—for neither it, nor the Congress which wrote it, was in existence.

Third. As a part and parcel of the Democratic charge that tariffs over the world have been greatly increased in retaliation against our present law is the further statement that all this has resulted in a great migration of American industries to other countries in order to escape the retaliatory effects of foreign tariffs. A report of the United States Department of Commerce, tabulation of report attached herewith, up to and including April 1932, shows that of the total number of American industrial plants or branch plants abroad at that time 78 percent were located abroad before the present tariff law was written. Taking Europe alone, it shows that of the total number of American industrial plants located there, 90 percent were located before the present tariff was written. Of the total number in Canada, 70 percent were located before the present tariff was written. It furthermore shows that the peak of the migration of the industrial plants abroad was in 1929, before the present tariff law was written and before it was humanly possible for anyone to know what the rates would be. Enclosed herewith are exhibits A and B, giving a summary of the migration of the two largest motor-car industries in the United States. This is furnished because of the fact those charging our tariff laws have compelled migration of American industries always cite the motor-car industry as an example to prove their argument.

Fourth. At San Francisco, September 23, 1932, Governor Roosevelt became specific in his enumeration of those nations or sections of the world which, because of our high tariffs against them, have been compelled to retaliate by

increasing their tariffs against us. In that enumeration he mentioned Canada, stating:

Our system of constantly raising tariffs has at last reacted against us to the point of closing our Canadian frontier on the north, our European markets on the east, many of our Latin-American markets to the south, and a goodly proportion of our Pacific markets on the west, through retaliatory tariffs of those countries.

It would be difficult to compress more inaccuracy in any one statement.

Take Canada, the first country named in the above statement. In 1932 we imported from Canada goods in the value of $174,101,000. In the 5-year pre-war period 1910–14 our average imports from Canada were $117,213,000. That was the period to which the Democratic Party points with considerable pride as being the era of ideal international economic conditions. It was the period during part of which the Underwood Law was in full force and effect. Yet the plain facts are that last year we purchased 48.5 percent more goods from Canada than we did during the period marked in part by an ideal Democratic tariff.

To continue a little further: Our imports from the entire North American Continent in 1932 were $181,414,000. For the 1910–14 period they were $118,518,000, or an increase in 1932 over the pre-war Democratic tariff period of 53.1 percent.

In the above statement, quoted from Governor Roosevent's San Francisco speech, he claims that our present tariff has closed the doors of a goodly proportion of our Pacific market. In 1932 we imported from Asia goods in the value of $362,454,000. In the pre-war Democratic tariff period our imports were only $258,534,000. In other words, last year our imports from those Pacific markets were 40.2 percent greater than during the period our last Democratic tariff was in operation.

Fifth. The opponents of a protective tariff have long picked Canada as their favorite example of a nation discriminated against by our tariff laws. However, the lamentations of our Democratic tariff critics over the alleged economic brutality of our attitude toward Canada do not conform with the opinions of Canada upon that subject. Certainly they do not conform with cold-blooded statistics.

During July and August 1932 Canada was the hostess to a tariff conference composed of representatives of all the Dominions of the British Empire, as well as those of the United Kingdom. On August 2, 1932, the Associated Press carried a statement out of Ottawa. That statement was prepared and given out by the statisticians of the British Empire in attendance at that Conference. It stated that in 1931—

The United States bought 15 percent more of Canada's exports than did the entire British Empire, 50 percent more than the United Kingdom, and 28 times as much as Australia and New Zealand combined.

Moreover, the same statement carried data furnished by the same British statisticians to the effect that the United States purchased more than one third of all the linen manufactures exported by the United Kingdom, 43.2 percent of all the tin exported from the British Empire, 19 percent of all the British exports of leather and leather goods, 65 percent of all of India's exports of gunny cloth, 43 percent of all the skins from Australia, and 27 percent of all the sheepskins exported from South Africa.

From another statement issued by the Imperial Conference at Ottawa and carried by the Associated Press August 8, 1932, the following is quoted:

For the most part the new trade alinements made here will be considered as revisions of most-favored-nations treaties rather than an attempt to treat the rest of the world, and particularly the United States, as competitors. On the average the United States has bought almost $200,000,000 worth of rubber each of the last 5 years from the British Straits Settlements; $150,000,000 worth of pulpwood and newsprint from Canada, as well as $70,000,000 worth of timber; $80,000,000 worth of jute from India; $55,000,000 worth of tin from Malaya; and $30,000,000 worth of wool, hides, and skins from Australia, New Zealand, and South Africa, respectively. In these purchases it was pointed out that the United States supports the economic structure of the British Empire in no small way. As a result of this, America appears before the Conference far less a trade rival than as an indispensable partner in imperial prosperity.

Sixth. If, as President Roosevelt, Secretary of State Hull, and the rest of the low-tariff advocates insist, the United States has forced other nations to raise their tariff laws and adopt other measures that have obstructed the natural flow of international trade, then the proposal of this administration to the participants in the London Economic Conference to declare a tariff truce not only during the interim before the Conference assembled but until after it had concluded its deliberations, should have been instantly and enthusiastically accepted. To have this Nation, which Democrats have tirelessly pictured as the chief sinner in the erection of trade barriers and "barbed-wire entanglements", the evil genius which has inspired or compelled like action upon the part of other nations, execute a complete reversal of tariff policy under the benign influence of the "new deal", should have brought great rejoicing among those nations which have been dragooned into high tariffs by reason of our policies. If there were anything truthful or logical in the Democratic contention that our tariff policies were responsible for restrictive trade actions by European nations, here was the time and opportunity to have it demonstrated.

What happened? Our invitation for a tariff truce was turned down promptly and with scant ceremony. On April 29, at London, the British, French, German, and Belgian delegates on the organization committee of the forthcoming Economic Conference promptly and flatly refused to accept the American proposal. With enthusiastic unanimity they refused to be led out of economic bondage. There was no secret regarding the motive of their action. All of them, but chiefly Great Britain, were at that very moment fencing off new areas of international trade for themselves in order that they might be able to enter the Economic Conference in possession of as much of the world's international trade as possible. They then would be in a position to negotiate with the United States for the drippings that were left. At that particular moment Great Britain was concluding trade agreements with Denmark, Germany, and Argentina that would give her exports preference and exclusive privileges in those countries, and she was in the process of concluding like treaties with Sweden, Norway, and Poland. Armed with these treaties, plus the Ottawa agreement, Great Britain felt she would be in a position to enter the Economic Conference with the best part of the world's international trade safely in her possession under long-time tariff treaties. She would be willing to negotiate with the United States for what was left in return for our drastically reducing or completely canceling her war debt to this country.

In making his first report to the British House of Commons following his return from his conference with President Roosevelt, Prime Minister MacDonald, on Thursday, May 4, stated that while, as a representative of the British Empire, he welcomed the idea of a tariff truce, "its application would have to be subjected to safeguards."

The Federation of British Industries, represented in the British ministry by such powerful figures as Walter Runciman, have taken a position that Great Britain should not enter into any agreement for a modification of its present high-tariff policies. The action of France was no less antagonistic. It accepted the tariff-truce proposal "in principle", but with reservations that it must be permitted to lay new quotas and set up new restrictions during the period of the truce, "if necessary", and within the week it found it "necessary" to set up such new restrictions, and to set them up against imports from the United States.

Such maneuvers furnish a conclusive refutation of the contentions of the Democratic leaders that the United States is responsible for the spirit of unyielding economic nationalism that is so much in evidence the world around. They should also be a warning of great significance that this Government will obtain little or nothing from Europe by means of economic reciprocity. It is perfectly apparent to students of international trade who approach the subject

without partisan bias or inherited prejudices that the world is entering an era of the most intensive and merciless competition it has ever experienced. We are in the first stages of a period of international economic war of titanic proportions and indefinite duration, in which every nation must consult its own interests first and safeguard the welfare of its own producers and wage earners by whatever weapons it may legitimately use. The nations of Europe simply must export at almost any cost or perish. Their populations have grown beyond the capacity of their resources to support them. Their productive machinery has reached a point where it produces vastly more than their population can consume. The surplus industrial production and the surplus population both must rely upon foreign trade, and to obtain this foreign trade European nations intend to resort to any and every device known. They are at each other's throat economically. They have but one thing in common, and that is a desire to obtain access to the markets of the United States.

EXHIBIT A—GENERAL MOTORS AND ITS FOREIGN PLANTS

The General Motors Co. has conducted a continuous propaganda against the present tariff law. This began when the law was in process of formulation. It is no exaggeration to state that the propaganda conducted by the General Motors Corporation was the most extensive and, perhaps, the most effective of that conducted by any agency, association, or industry in the United States.

One of the favorite arguments presented in this propaganda was that the General Motors Corporation would be compelled to go abroad and establish foreign plants in order to escape the blighting reprisals which our tariff rates would invite.

On June 2, 1930, the New York Tribune carried an article from the bulletin put out by the First National Bank of Detroit, which made the charge that the tariff system was driving our motor industries to establish plants abroad in order to escape the retaliatory effects of such tariffs. It cited the General Motors Corporation as one of such industries, and specified that it had been compelled to go abroad and purchase control of the Vauxhall Motors, Ltd., of England, and the Opel Motor plant in Germany. This is a plain falsehood, which has no defense and cannot be alibied from any angle. The General Motors Corporation closed the deal for the purchase of the Opel works in Germany March 7, 1929, or at least the confirmation of the closing of the deal was made public on that date.

Thus we find that the consummation of the purchase of the Opel works was announced 3 days after President Hoover was inaugurated, before he called an extra session of the Seventy-first Congress, and before any human being could possibly know whether that Congress, when called, would revise the tariff at all; and if so, in what way.

Regarding the purchase by the General Motors of the Vauxhall Motors, Ltd., of England, the following is the record. According to the public press of the United States, President Sloan, of the General Motors Corporation, on September 1, 1925, confirmed the report that the General Motors Corporation was negotiating for the control of the Austin Motors, Ltd., of England, and on September 3 it was announced that the directors of the Austin Motors had agreed to this consolidation. However, opposition developed among a minority of the Austin Motor Co., and on September 12, it was announced that the General Motors had withdrawn their bid for the controlling interest of the Austin Motor Co.

This, however, confirms the fact that even at that early date, 5 years before the present tariff was enacted, the General Motors Corporation was endeavoring to establish a branch plant in England. Moreover, it did establish a branch plant in England a little later, for on October 21, 1925, it was announced that the General Motors were negotiating for the purchase of the Vauxhall Motors, Ltd., of England. On October 31 it was announced that the stockholders of the Vauxhall Motors had approved the consolidation, and on November 21, 1925, it was announced that the General Motors had elected their representatives on the board of directors of the Vauxhall Motors, Ltd., of England.

It might be said while upon this subject that the General Motors Corporation did not establish a branch plant in Canada as the result of this tariff. The proof of this is found in the public press of December 17, 1923, which contained a news article carrying data from a statement made by the General Motors Corporation to the American stockholders, notifying them regarding details of the corporation's manufacturing operations in Canada. This was 7 years before the present tariff was enacted.

EXHIBIT B—FORD MOTOR PLANTS ABROAD

The Ford Motor Co. began production in Europe in 1919. The first account of such a plan appeared on June 29, 1919, with the announcement that the Ford Motor Co. had purchased the former naval aircraft station at Belfast, Ireland, and would immediately begin the production of tractors.

Evidently they had already established a plant in Canada for production. I find no reference as far back as 1918 to the establishment of this plant, but I do find, on September 23, 1920, a reference to a news article of that date to the effect that the Ford Motor Co. of Canada announced price reductions proportionate to those made by the parent plant in the United States; and the next month there is a reference to the annual report of the Ford Motor Co. of Canada.

March 16, 1922, it was announced that the Ford Motor Co. had selected a site in Copenhagen for the erection of a plant at which all cars for the trade in northern Europe would be manufactured.

March 30, 1922, it was announced that the Ford Motor Co. had purchased at site in Southampton, England, for the erection of a factory.

On February 27, 1922, the New York Times carried a story to the effect that the plant of the Ford Tractor Co. at Cork, Ireland, had closed because of differences between the Ford Motor Co. and the local authorities of Cork, and that Mr. Ford announced that he would move all of his machinery and plant to some other locality rather than submit to local interference. On March 11 it was announced that the Cork Council had rescinded its demands and that Mr. Ford would resume production in his Cork plant. This is the first reference I find to this plant and I do not know when it was purchased, or if not purchased, when it was constructed.

September 19, 1922, it was announced that the Ford Motor Co. was erecting a plant in Antwerp, Belgium. October 2, 1922, it was announced in a dispatch from Prague that the report that the Ford Motor Co. was building a factory in that city had been confirmed. On October 4, 1922, it was announced that the Ford Motor Co. was planning to build a factory in Shanghai, China, and to train Chinese to manufacture cars. On December 17, the same year, it was announced that a large number of Chinese mechanics had arrived in Detroit for factory training in order to return to China and operate the Ford plant there.

Returning once more to the Ford Motor Co. of Canada, on November 17, 1922, it was announced that stock in that company was selling at 300 percent above par, and in June 1923 it was announced that the 1922 output of the Ford Motor Co. of Canada had exceeded all previous records. On October 11, 1924, it was announced that the Ford Motor Co. of Canada had organized a subsidiary company to operate in Australia and would begin production in the immediate future.

July 11, 1924, it was announced that an additional factory site had been acquired in England at Dagenham-on-the-Thames, at which place production of cars would begin. Evidently there is still a third plant in England, because, under date of April 18, 1925, it was announced that the Trafford Park Motor Works, near Manchester, celebrated the completion of the production of 250,000 cars.

February 26, 1925, it was announced that the Ford Motor Co. of Japan, Ltd., was being established and that a factory was being erected at Yokohama.

August 24, 1925, it was announced that arrangements had been completed with the Turkish Government for the construction of a Ford factory at Constantinople.

April 22, 1926, it was announced that the Ford Motor Co. of Finland had been incorporated and that production would begin in that country.

The first reference to any Ford factory in Germany was on April 18, 1926, at which time the New York Times carried a story to the effect that the Ford Motor Co. factory had opened at Berlin, and in August of that year there is a story of difficulties between the Ford Motor Co. and the labor organizations of Berlin, due to certain rules announced by the Ford Motor Co. governing personal conduct of its employees.

American branch factories abroad

Calendar year	Europe	Canada	Latin America	Far East	Africa	Total	
						Year	Number
1860		1				1860	1
1873	1					1873	1
1876		1				1876	1
1879	1					1879	1
1880	1	2				1880	3
1885		1				1885	1
1887		1				1887	1
1888	3					1888	3
1889		1				1889	1
1890	2	3				1890	5
1891	1					1891	1
1892	2					1892	2
1893	1					1893	1
1894	1					1894	1
1895		1				1895	1
1896	1			1		1896	2
1897	1	1				1897	2
1898	3		1			1898	4
1899	3	3		1		1899	7
1900	7	3		1		1900	11
1901	4	1				1901	5
1902	7	1		1		1902	9
1903	3	5				1903	8
1904	1	6	1			1904	8
1905	7	7	2	1		1905	17
1906	3	9	1			1906	13
1907	3	11	1	1		1907	16
1908	7	5	2	1		1908	15
1909	7	6				1909	13
1910	6	15	1	1		1910	23
1911	6	16	1			1911	23
1912	8	19		1		1912	28
1913	7	12	2	2		1913	23
1914	10	16	2			1914	28
1915	8	9	2	1		1915	20
1916	5	11		1		1916	17
1917	4	9	3	1		1917	17
1918	2	10	2	4		1918	18
1919	11	15	1			1919	27
1920	21	19	1	1		1920	42
1921	12	15	1	1		1921	29
1922	19	24	1			1922	44
1923	13	19	1	2		1923	35
1924	14	24	5	1		1924	44
1925	21	16	1	4		1925	42
1926	30	15	4	4	2	1926	55
1927	30	14	3	8		1927	55
1928	54	20	9	3		1928	86
1929	53	50	4	7	1	1929	115
1930	21	34	3	13		1930	71
1931	21	50	8	13		1931	92
1932	4	87	1	2		1932	[1] 94
Total	450	588	64	77	3		1,182

[1] To Apr. 30, 1932.

OUR TARIFF DOES NOT ISOLATE US ECONOMICALLY

The tariff has "erected an impregnable barbed-wire entanglement" around the borders of the United States "which has isolated us from all the other human beings in all the rest of the round world."

That statement, originally expressed in Governor Roosevelt's address of acceptance at the Chicago convention July 2, 1932, has been repeated over and over, with variations, not only by him but by all those who are opposed to the policy of a protective tariff. In fact, it has almost become a slogan of those interests and individuals, both here and abroad, who are trying to break down our protective-tariff system and our present tariff rates.

Coupled with that statement has been the charge that our present tariff is "the highest tariff in the history of the world" (the quoted phrase is taken from Governor Roosevelt's Columbus, Ohio, speech Aug. 20, 1932).

Compare those statements with the following facts:

First. Sixty-six and seven-tenths percent of our total imports in the calendar year 1931 were admitted free of duty; 66.9 percent of our total imports in the calendar year 1932 were admitted free of duty. No leading commercial nation in the world admits so great a percentage of its imports free of duty as the United States under the present tariff.

Second. Under our present tariff law, as well as under the Fordney-McCumber Protective Tariff Law enacted in 1922, the United States has, year in and year out, been the leading exporting nation of the world, and is the second largest importing nation in the world, the United Kingdom standing first in that respect, although from 10 percent to 15 percent of the imports of the United Kingdom are immediately reexported, while practically all of our imports are imported for consumption.

Third. During the calendar year 1932, in face of the fact our buying power was curtailed by reason of the depression, we took 10.6 percent of the total of all the world's imports as against 8.4 percent in the pre-war period, when the Underwood tariff was in effect.

Fourth. If our tariff were isolating us, making it impossible for other nations to sell us goods, then the decline in our dutiable imports should be more than the decline in our free imports. That is not true. During the calendar year 1932 our free imports were 69.1 percent less than they were in 1929—the year before the present tariff was enacted—while our dutiable imports were 69.8 percent less than they were in 1929. The fact that both dutiable and free imports declined practically equally in percentage proves that the decline in our foreign trade, like the decline of foreign trade all over the world, has been due to other factors than our tariff rates.

Fifth. Other evidence that our tariff is not isolating us or operating to our special detriment in world trade is furnished by the report of the United States Department of Commerce on international trade in 1932 (Commerce Reports, Apr. 8, 1933). That report shows that world trade, as evidenced by the export and import statistics of 45 leading commercial countries of the world, which account for 90 percent of the entire world trade, showed a decline of approximately 34 percent in value in 1932 as compared with 1931.

The 45 countries listed showed a decline in value of exports of 33.8 percent in 1932 as compared with 1931. The United States showed a decline of 33.5 percent in the value of its exports for the 2 years indicated, or a fraction less than the world average.

The 45 countries listed showed a decline of 33.7 percent in imports in 1932 as compared with 1931. The value of our imports for the corresponding period showed a decline of 36.27 percent.

The 26 countries listed in Europe showed a decline of exports in 1932 as compared with 1931 of 35.2 percent, and a decline in imports of 34 percent.

These figures show that the United States has suffered a decline in its exports and imports in approximately the same proportion as the 44 other exporting and importing nations of the world.

A great deal of this decline in value of world trade is due to decline in commodity prices. Take the foreign trade of the United States as an example. Among the chief articles of export, cotton declined from 8.9 cents a pound in 1931 to 7.2 cents in 1932; lard, from 9 to 5.8 cents; and refined copper, from 9.4 to 6.1 cents a pound. The lower prices of these three commodities reduced their total export value by $105,904,000 as compared with the 1931 prices and accounted for 13 percent of the total decline in our exports.

Among the imported articles raw silk declined from $2.28 to $1.54 a pound, crude rubber from 6.6 to 3.5 cents, Cuban sugar from 1.33 to 1.02 cents, Philippine sugar from 3.05 to 2.70 cents, unrefined copper from 8.5 to 5.7, and refined copper from 8.8 to 6.5 cents a pound. The decline in the prices of silk, rubber, sugar, and copper reduced the total value of the imports of these articles by $117,124,000, as compared with the prices of the preceding year, accounting for 15.2 percent of the total decline in our imports.

Some of the export commodities have declined steadily in price since 1928, many others since 1929, and a few since 1930. Between 1928 and 1932 lard declined from 13 to 5.8

cents a pound, patent upper leather from 37.5 to 15.1 cents a square foot, wheat from $1.25 to 59.6 cents and corn from $1.02 to 35.7 cents a bushel, refined sugar from 3.5 to 1.6 cents a pound, linseed oil cake from $53.54 to $29.23 a ton, rosin from $15 to $4.79 a barrel, spirits of turpentine from 53.4 to 40.3 cents a gallon, leaf tobacco from 26.8 to 16.8 cents a pound, unmanufactured cotton from 20.1 to 7.2 cents a pound, silk hosiery from $10.73 to $6.11 a dozen pairs, gasoline from $4.48 to $2.34 a barrel. Between 1929 and 1932 refined copper went down from 18 to 6.1 cents a pound and lead from 4.9 to 2.2 cents, cottonseed oil from 9.2 to 3.2 cents, and lumber prices declined more than one third.

Most of the import commodities have likewise declined steadily since 1928. Rubber has gone down from 25 to 3.5 cents a pound, tin from 49.8 to 21.1 cents, coffee from 21.3 to 9.1, cacao beans from 12.4 to 4.1, and tea from 30.3 to 13.1 cents a pound. All vegetable fibers have declined largely; cotton from 24.9 to 9.9 cents a pound, jute from $147.43 to $62.27 a ton, hemp from $341.41 to $148.38, manila from $200.74 to $62.91, and sisal from $145.10 to $50.10 a ton. Cuban sugar has gone down from 2.43 to 1.02 cents a pound, and the protected Philippine sugar from 4.08 to 2.70 cents, the margin between the two increasing from 67.9 to 164.7 percent. Cattle hides declined from 23 to 5.6 cents a pound, furs went down from one third to one half in price, bristles declined from $1.36 to 66.4 cents a pound, shellac from 42.4 to 13.3 cents a pound, linseed from $1.78 to 64.1 cents a bushel, wrapper leaf tobacco from $2.06 to $1.33 a pound, clothing and combing wools went down two thirds in price. Between 1929 and 1932 raw silk declined from $4.91 to $1.54 a pound, or more than two thirds.

Sixth. Our present tariff is not the highest in the world. Measured by the only common denominator possible in comparing international tariffs—ad valorem rates—the average ad valorem rates imposed by Belgium, Denmark, Japan, Norway, the Netherlands, Poland, Sweden, and Switzerland are lower than those of this country. All other leading commercial nations have higher tariff walls than the United States.

Herewith is a table showing the comparative heights of the tariff walls of 47 leading commercial nations of the world:

Average ad valorem equivalents of import duties collected in 47 countries calculated on the value of dutiable and duty-free imports for stated periods

Source: U.S. Tariff Commission, June 1933

Country	1928	1929	1930	1931	1932
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Argentina	17.4	17.2	16.7	21.7	[1] 28.5
Australia	20.7	21.2	24.2	30.2	
Austria	8.0	8.6	10.7	[2] 12.4	[2] 15.1
Belgium	3.5	3.8	4.4	5.2	9.5
Bolivia		27.5	27.3		
Brazil	26.3	27.2	32.9		
British India			24.0	26.1	
Canada		16.0	16.0	19.1	19.7
Chile	[4] 21.1	[4] 22.6	[4] 26.0	[4] 31.8	
China	3.9	8.5	10.4		
Colombia	24.9		33.8	44.0	
Costa Rica	30.4	24.9	30.6	[5] 38.3	
Cuba	17.0	17.4	[6] 19.4	[6] 27.5	
Czechoslovakia	7.8		7.6	10.9	
Denmark	5.3	5.2	6.1	[7] 6.2	
Dominican Republic	[8] 24.7			[8] 34.6	
Ecuador	[9] 24.5	[10] 23.5	[10] 25.4	[10] 32.1	
France	7.0	7.8	8.6	13.9	
Germany	8.5	8.4	11.7	17.8	
Guatemala		[11] 30.3	[12] 35.9		

[1] First 6 months, calendar year, based on provisional figures.
[2] Based on provisional figures.
[3] First 4 months, calendar year, based on provisional figures.
[4] Including consular invoice charges.
[5] First 6 months, calendar year.
[6] Based, as to import duties collected, on "customs receipts, excluding taxes and other collections." The average rates given for earlier years are based on import duties alone.
[7] Based on provisional figures.
[8] Including so-called "internal-revenue taxes" on imports, although most commodities thus taxed are not produced in the Dominican Republic.
[9] Including consular invoice charges of 4 percent ad valorem.
[10] Based, as to import duties collected, on the reported collections from this source, without inclusion of consular invoice charges, which nominally are 4 percent ad valorem.
[11] First 6 months, calendar year, including reported consular invoice charges.
[12] Not including consular invoice charges amounting nominally to 2 percent ad valorem (on freight shipments).

Average ad valorem equivalents of import duties collected in 47 countries calculated on the value of dutiable and duty-free imports for stated periods—Continued

Country	1928	1929	1930	1931	1932
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Haiti		[13] 29.3	[13] 29.3	[13] 34.8	
Honduras		[14] 30.8	[14] 29.9		
Hungary	[15] 12.6		[15] 11.7		
Italy	11.6	11.3	15.4	20.7	29.3
Japan	7.1	6.7	7.3	9.1	7.6
Mexico	[16] 29.7	[17] 24.3	27.8	24.6	
Netherlands	2.4	2.4	2.7	3.3	
New Zealand	17.0	17.6	18.2	[18] 26.5	
Nicaragua	26.1	28.0	[19] 22.9		
Norway	11.1	10.7	10.0	12.7	
Panama	23.3		[20] 21.3	[21] 24.3	
Paraguay			21.5	[22] 23.9	
Peru	19.5	20.5			
Poland			12.6	10.2	
Rumania			18.6	16.0	
Russia, Soviet	27.7				
Salvador, El		36.0	40.2		
Spain	15.5	16.7	[23] 14.3	[22] 20.9	
Sweden	9.3	9.0	9.2	[3] 10.4	
Switzerland	9.2	9.6	10.8	[3] 11.7	
Turkey	[24] 14.0	16.2			
Union of South Africa	12.9	12.6	13.4		
United Kingdom	10.9	10.9	[25] 12.9	[26] 18.6	[27] 22.8
United States	13.3	13.5	14.8	18.0	
Uruguay		30.4	30.1	27.9	
Venezuela	[28] 25.2	[28] 21.1	29.7		
Yugoslavia	20.4		[29] 23.1	[29] 24.5	

[13] For fiscal year ended Sept. 30.
[14] For fiscal year ended July 31.
[15] For 1928, approximate average rate calculated on the basis of 3-year averages, calendar years 1926 to 1928 for import values and fiscal years 1926–27 to 1928–29 for total customs revenues. For 1930, approximation calculated on the basis of 2-year averages, 1929 to 1930 (calendar and fiscal, similarly as stated for 1928).
[16] Including ad valorem consular charges.
[17] First 6 months, calendar year, including ad valorem consular invoice charges.
[18] For 9 months ended Dec. 31.
[19] Ad valorem consular invoice charge of 3 percent, effective Sept. 8, 1930.
[20] For 12 months ended June 30, including ad valorem consular invoice charges.
[21] Not including consular invoice charges of 2 percent ad valorem.
[22] For 9 months ended Sept. 30.
[23] Based as to import duties collected on "customs duties" including transportation and tonnage taxes, export duties, and other fiscal charges.
[24] Estimated currently reported when the tariff effective Oct. 1, 1929, was published.
[25] Based on declared value of "retained" imports, and "customs revenue" for 12 months ended Mar. 31, 1931.
[26] Based on declared value of "retained" imports, and "customs revenue" for 12 months ended Mar. 31, 1932.
[27] Based on declared value of "retained" imports, and "customs revenue" for 6 months ended June 30.
[28] For year ended June 30.
[29] Year beginning Apr. 1, based as to import duties on "customs receipts."

"WE CANNOT SELL WHERE WE DO NOT BUY"

Present-day low-tariff advocates have a number of catch phrases with which they attempt to deceive the public. One of these is, "We cannot sell where we do not buy." This phrase is offered as a full and complete explanation of the decline of our export trade in the last 4 years. It is claimed that we are, by reason of our high tariff rates, not buying from the rest of the world, and, as a consequence, the rest of the world, out of a spirit of retaliation, is refusing to buy from us. In other words, we cannot sell our products abroad because we do not buy an equal number of products from abroad.

Of course, that is no explanation as to why export trade of all nations had declined, for, if carried to its logical conclusion as an explanation of the decline in our export trade, it would follow that the export trade of all nations has declined because all nations have refused to buy from other nations. In that event we would have world trade reduced to zero. Thus the phrase falls to the ground under the weight of its own absurdity.

The truth is: We imported this phrase from Europe since the World War. It is intimately connected with the question of Europe's debts to this country. We were never told, prior to the World War, that unless we bought liberally from Europe we could not sell liberally to Europe. Prior to the World War we never heard of the grotesque theory that this country must never have a balance of trade in its favor if it hoped to prosper. Only three times in the last half century has this country bought as much from the world as it sold. Those were the years 1888, 1889, and 1893, 2 of which were wholly under Democratic administration and 1 of which 1889, represented the effect of 4 years of Democratic administration upon American trade.

Of course, in the period following the World War when all the peace-time productive activities and agencies of Europe were still dismantled or dislocated, it purchased from this country an abnormal amount of goods, and, by the same token, sold to the world an abnormally small amount of goods. It would be unfair, probably, to take that period as any basis of comparison. But we do have in the 5-year period prior to the World War normal conditions insofar as international world trade was concerned. During that period, 1910–14, we sold to the world 28 percent more goods than we bought from the world. We sold Europe 60 percent more goods than we bought from Europe. We sold the United Kingdom, which in recent years started the cry "We could not expect to sell abroad unless we bought abroad", 103 percent more goods than we bought from the United Kingdom, and we sold to Canada 168 percent more goods than we bought from Canada.

"We cannot sell where we do not buy" is coined out of the desire of our European debtors to compel us either to cancel the debts they owe us or to permit their being paid in commodities. As a statement purporting to be a fact, it has no standing whatever, based upon the records of international trade covering a period of two generations.

FOREIGN-OWNED FACTORIES LOCATED IN THE UNITED STATES

From low-tariff sources we have heard a great deal about the migration of American-owned factories to foreign countries. The fact that some factories are locating either their main plant or a branch plant in foreign countries is used in support of the low-tariff argument that our high-tariff rates so anger foreign countries that they retaliate by not buying American-made goods and also by putting up tariff walls which make it impossible for our manufacturers to enter their markets. Therefore, it is argued, the only recourse our manufacturers have is to locate abroad where they are free of the embarrassments and handicaps of the American protective tariff system.

However, one never hears from a low-tariff advocate and a critic of our protective tariff system anything about the foreign-owned factories which locate either their main plants or branch plants in this country in order to avail themselves of the largest and richest market in the world, protected from cutthroat competition. It is not generally known that some of our largest industrial institutions are foreign-owned or foreign-controlled, and that they have been located in this country because their owners realize that nowhere else in the world was there such a valuable market.

Herewith is a partial list of foreign-owned or foreign-controlled industrial plants located in the United States:

FOREIGN OWNED OR CONTROLLED INDUSTRIAL CONCERNS IN THE UNITED STATES

British owned or controlled

Dunlop Rubber Co., Ltd.: Company has equity interest of 97½ percent in the Dunlop Tire & Rubber Corporation of America which controls the Dunlop Tire & Rubber Co. and also owns a modern cotton goods manufacturing plant at Utica, N.Y., operated as the Utica Spinning Mills.

Borax Consolidated, Ltd.: In March 1931 the company's subsidiary, Pacific Coast Borax Co., acquired a "substantial" interest in the newly formed United States Potash Co., which started to develop potash deposits in Carlsbad, N.Mex.

British American Oil Co., Ltd.: Holds controlling interest in the British American Producing Co., operating in Oklahoma, Kansas, and Texas, and in the Toronto Pipe Line Co., operating in the same areas. It also includes the British American Oil & Gas Co. (Texas).

R. & J. Dick, Ltd.: British manufacturers of boots, shoes, belting, etc. The company owns all shares of the R. & J. Dick Co., Inc., of Passaic, N.J.

Rolls Royce, Ltd.: Owns majority of the share capital of Rolls-Royce of America, Inc., a Delaware corporation which holds the exclusive right to manufacture cars and airplane engines under Rolls-Royce, Ltd., patents.

St. Louis Breweries, Ltd.: A British concern which controls the St. Louis Brewing Association, an American company incorporated in 1889 whose present capital stock of $1,500,000 is held in trust for stock issued in London by the St. Louis Breweries, Inc. The American concern discontinued the manufacture of beverages in 1928 and is now solely engaged in the ice and cold-storage business.

Triplex Safety Glass Co., Ltd.: A British company which owns 33,500 (182,256 shares outstanding) no par shares of Triplex Safety Glass Co. of North America, with plants located at Clifton and Passaic, N.J.

Crosse & Blackwell: British manufacturers of preserved foodstuffs. Company owns stock of Crosse & Blackwell, Inc., a Maryland corporation, with plant at Baltimore.

Kern River Oil Fields of California, Ltd.: This company owns 3,356 acres freehold and 770 acres leasehold land in California and 1,516 acres leasehold in Texas. Company owns all of share capital of St. Helens Petroleum Co., Ltd.

United Molasses Co., Ltd.: British importers and exporters of molasses. Among subsidiaries are Dunbar Molasses Corporation, New York; Anglo-American Mill Co., Owensborough, N.Y.; and Pacific Molasses Co., San Francisco.

Electric and Musical Industries, Ltd.: British corporation formed to acquire Gramophone Co., Ltd., and Columbia Graphophone Co., Ltd., latter of which, through the Columbia (International) Ltd., controls Columbia Phonograph Co., Inc., which operates two factories at Bridgeport, Conn.

British-American Tobacco Co., Ltd.: British concern controlling several producing concerns in the United States, e.g., Brown Williamson Co., of Louisville, Ky.

Imperial Chemical Industries, Ltd.: In April 1928 it formed, together with the Chase Securities Co. of New York, the Finance Co. of Great Britain and America, the Imperial Chemical holding one half of the capital.

William Cory & Son, Ltd.: British coal contractors and exporters with branches located in the United States.

Lever Bros., Ltd.: Engaged in the manufacture and sale of Lux soap and other soaps, etc. Controls Lever Bros. Co., which owns plants at Cambridge, Mass., and Hammond, Ind.

Debenhams, Ltd. (British): Department store chain, controls Debenhams in the United States.

English Sewing Cotton Co., Ltd.: Holds 1,197,000 common shares of the American Thread Co., operating five plants located in Willimantic and Stonington, Conn., Fall River and Holyoke, Mass., and Milo, Maine. Also has new mill at Dalton, Ga., operated by the American Thread Co. of Georgia.

Courtaulds, Ltd.: Controls the Viscose Co., manufacturers of silk products with plants located at Marcus Hook, Pa.; Roanoke, Va.; Lewiston and Meadville, Pa.; Parkersburg and Nitro, W.Va.

British American Consolidated Properties, Ltd.: A British holding company which, through a subsidiary, the British-American Realty Founders Corporation, has acquired extensive apartment-house and real-estate holdings in Pacific coast territory. Formed Guaranteed Bond Corporation under Washington charter to handle financing of properties. Among other holdings are: British-American Pulp & Paper Corporation, with pulp and paper mills in Washington and Oregon; British American Mines & Smelting Corporation; British-American Plantation Corporation; British-American Corporation; British-American Power & Water Corporation; British-American Realty Corporation; and British-American Pulp & Veneer Corporation.

Firth-Sterling Steel Co., McKeesport, Pa.: Over 50 percent of stock is reported owned or controlled by Lewis J. Firth, of Florence, Italy, a British subject.

Delta Land & Development Co.: Owns large staple cotton-producing land in the Mississippi Delta and is capitalized largely by British interests, including a substantial investment by the Manchester Spinning Co.

Browning Co.: British manufacturers of arms and machine guns; have sales office and warehouse in St. Louis.

Celanese Corporation of America: Manufacturers of artificial silk with plant at Amcelle, Md. Largely under British control.

John Morrell & Co., Inc.: Meat-packing concern with plants at Ottumwa, Iowa, and Sioux Falls, S.Dak. Substantial British holdings are reported. Business was originally British but present company is under Delaware charter.

Jacob N. Decker & Sons, Mason City, Iowa: Packing concern controlled by Adolf Govel, Inc., but with some British capital invested.

"Shell" Transport & Trading Co.: Holding company which combined in 1907 with Royal Dutch and turned assets over to Anglo-Saxon Petroleum Co., Batoafsche Petroleum Co.

Pan American Petroleum & Transport Co.: Reported by Barron's on July 29, 1929, that English interests, represented by Lord Inverforth, joined with Standard Oil of Indiana and two New York banking groups (Chase and Blair) in an arrangement which gave this combination voting control of Pan-American Petroleum.

Fownes Gloves.

Austin Automobile.

J. P. Coates, Inc., Pawtucket, R.I.: Manufacturers of thread.

Clark Thread Co., Bloomfield and Newark, N.J.: Manufacturers of "O.N.T." thread.

Canadian owned or controlled

Woods Manufacturing Co., Ltd.: Canadian corporation, manufacturing jute, cotton, and paper bags, cotton cloth, tarpaulins, etc. Has office, factory, and warehouse at Ogdensburg, N.Y.

International Proprietaries, Ltd.: Incorporated in 1928 to acquire entire capital stock of J. C. Ens, Ltd. Also controls interests in the Thermogene Co., Ltd., of London, and the Genotherm Corporation, of New York.

Massey-Harris Co., Ltd.: Operates plants in Batavia and Racine, Wis. Purchased assets of J. I. Case Plow Works, Racine, Wis., in 1928. Latter is now Massey-Harris Co. (incorporated in Delaware).

F. N. Burt Co., Ltd.: Owns two factories at Buffalo, N.Y. Manufacturers of paper boxes, mailing tubes, etc. Company was incorporated September 1909 to take over business of F. N. Burt Co., Inc., Buffalo, and several Canadian businesses.

Moore Corporation, Ltd.: Canadian holding company, controlling American Sales Book, Ltd., manufacturer of sales books, autographic registers, carbon books and paper, billing-machine forms, etc., with plants at Niagara Falls and Elmira, N.Y. Also controls Gilman Fanfold Corporation, Ltd., operating plants at Niagara Falls, and Pacific-Burt, Ltd., which manufactures counter check books, sales slips, etc., at Emeryville and Los Angeles, Calif., and at Seattle, Wash.

Toronto Carpet Manufacturing Co., Ltd.: Canadian manufacturer of Wilton and Brussels carpets and rugs, Smyrna carpets and rugs, and Axminster squares, etc. Owns entire common stock of Barrymore Seamless Wiltons, Inc., of Philadelphia, which concern in 1930 acquired a new factory in Stamford, Conn.

Orange Crush, Ltd.: Canadian company controlling Honey Dew, Ltd. (also Canadian), which owns entire capital stock of Honey Dew, Inc., operating seven shops in New York and Pennsylvania. Also manufactures and sells Honey Dew drink, sandwiches, etc., in Buffalo, Niagara Falls, Syracuse, Rochester, Scranton, and Seattle.

Reliance Grain Co., Ltd.: Canadian concern engaged in storage, shipment, terminal storage, and export of grain. Owns entire capital stock of Smith-Murphy Co., Inc., of New York.

Page-Hersey Tubes, Ltd.: Canadian concern which owns Cohoes Rolling Mill Co., which operates a skelp and iron plant at Cohoes, N.Y., and the Mohawk Conduit Co., which manufactures steel pipe and conduits at Cohoes, N.Y.

Westminster Paper Co., Ltd.: British Columbian concern manufacturing wrapping tissue, toilet paper, paper napkins and towels, etc. Owns majority of stock and entire $100,000 first 6½'s of Pacific Coast Paper Mills, a Washington corporation with plant at Bellingham.

Service Stations, Ltd.: Canadian holding company having controlling interests in Service Station Equipment Co., of Boston, and in Metalwares Corporation, Conshohocken, Pa., which in turn controls John Wood Manufacturing Co., Conshohocken, Pa., and Chicago & Superior Metal Products Co., Inc., St. Paul, Minn. Also controls Bennett Pumps Corporation at Muskegon, Mich.

Starr Manufacturing Co., Ltd. (Nova Scotia): Manufacturers of roller skates, bolts, nuts, rivets, etc. Has a branch in Boston.

Fraser Companies, Ltd.: Canadian corporation supplying Sears, Roebuck & Co. with catalog paper for 10 years (under contract signed in 1929), owns entire capital stock of Fraser Paper, Ltd., incorporated in New Brunswick to construct and operate a fine paper mill at Madawaska, Me.

Canada Packers, Ltd.: Canadian corporation formed to acquire and hold capital stock of several Canadian companies and of William Davies Co., of Illinois, operating a cutting and curing plant, meat-canning factory, and cold-storage plant at Chicago, and of the John Agar Co., of Illinois, owning beef- and hog-killing plants, refinery, and tank houses in Chicago.

Ventures, Ltd.: Canadian corporation developing and operating mines in which it has controlling interests. Is carrying on explorations in Arizona.

Canada Foundries & Forgings, Ltd.: Owns entire capital stock of the Delaney Forge & Iron Corporation, of Buffalo, N.Y.

International Proprietaries, Ltd.: Incorporated under laws of Canada in 1928 to acquire entire capital of J. C. Eno, Ltd., which was incorporated under English laws in 1920 and whose properties include 6 plants, 1 of which is located at Buffalo, N.Y.

Canadian National Railways Co.: Among lines acquired are the Grand Trunk Western; Detroit, Grand Haven & Milwaukee; Michigan Air Line; Toledo, Saginaw & Muskegon; Central Vermont; and United States and Canada.

Canadian Pacific Railway Co.: Through various subsidiaries this company owns about 5,100 miles of road in the United States.

Shawingan Water & Power Co.: Company has organized, in conjunction with the National Lead Co., the Midwest Carbide Corporation, which manufactures lead and conducts the business formerly handled by the United Lead Co., a subsidiary of National Lead Co.

Weston Biscuit Corporation: Manufacturers of biscuits, with American plants at Watertown, Mass., and Passaic, N.J.

Borden Co.: Canadian interest represented through exchange of shares previous to incorporation in 1930 of Bordens, Ltd., for purpose of consolidating Canadian properties.

E. B. Salyerds & Son, of Preston, Ontario: Manufacturers of hockey sticks and wooden specialties, have plant at Avoca, N.Y.

Netherlands owned and controlled

E. V. "Maekuere" Maatschappyj tot Exploitatie von Kunstzydsfabrieken in het Buitenland (Company for the Exploitation of Artificial Silk Factories Abroad): Controls the American Enke Corporation, which owns and operates an artificial silk-manufacturing plant near Asheville, N.C. (Glanzstoff and Enka are interlocked to a certain extent by a small reciprocal interest in stock ownership).

Royal Dutch Co. (Netherlands): Holds interests in the following American companies: Shell-Union Oil Corporation, Shell Oil Co., Shell Petroleum Corporation, Shell Pipe Line Corporation, Flintkote Co.

Netherlands-American Mortgage Co.: This company has extensive American holdings in apartment houses and other properties in Kansas City and other western cities.

Swedish owned or controlled

A. B. Svenska Kullagenfabriken (S.K.F.) (Swedish Ball Bearing Co.): Among subsidiaries abroad is S.K.F. Industries, Inc., New York, Svenska Tandsticks Aktiegelaget (Swedish Match Co.). Controls International Match Corporation, which owns the entire capital stock of the Vulcan Match Co., Inc., the sales organization in the United States for the Swedish Match Co. and its subsidiaries.

De Laval cream separator.

Electrolux vacuum cleaner.

Italian owned or controlled

"Chatillon" Soc. An. Italiana per la Seta Artificiale (Chatillon Italian Artificial Silk Co.): Has interest in Tubize Chatillon Corporation, manufacturers of artificial silk and rayon yarns, with plants located at Hopewell, Va., and Rome, Ga.

Swiss owned or controlled

Brown, Boveri & Co., Ltd.: Has large and/or controlling interest in a number of companies, including American Brown Bovari Electric Corporation, Camden, N.J. (See Moody's Weekly Industrial Section (sec. 1), June 13, 1931, concerning pending sale of founders' stocks held by Swiss company to Allis-Chalmers Manufacturing Co. in exchange for cash and stock of latter.)

Souchard Societe Anonyme (Neufchatel).

Under terms of reorganization of the Wilbur-Sunbard Chocolate Co., Inc., of Philadelphia, the new company, Brewster-Ideal Chocolate Co. agreed to change its corporate title before December 31, 1932, so as to include the word "Souchard" and to permit the Swiss company to name two directors.

Gruen Watch Co.

Bulova Watch Co.

Belgian owned or controlled

Solvay & Cie (Belgium): A limited-liability trading association engaged in the manufacture of soda ash. Controls Solvay American Investment Corporation, which owns 496,612 shares of Allied Chemical & Die Corporation.

Gevaert Photo Production: Belgian corporation manufacturing photo papers, plates, cinema films, etc., with subsidiary, Gevaert Co. of America, located in New York.

Browning Arms Co. (Liege): Has established branch in St. Louis.

French owned or controlled

Societe Financiere Internationale de la Soie Artificialle (International Financial Artificial Silk Co.): French corporation engaged in artificial silk industry and textiles. Owns interest in J. P. Bemberg A.G., which, with Vereinigte Glanestaff-Fabriken, formed the American Bamberg Corporation. Also owns interest in American Public Utilities.

American Mathis, Inc.: Incorporated in Delaware, 1930, to manufacture and sell in the United States a small automobile known as the "Mathis."

Michelin Tire Co.: Selling agencies in the United States.

Cartier Jewelers: New York City.

Perrine & Co.: Gloves, Gloversville, N.Y.

Coty Houbigant: Perfumes, soaps, and toilet articles.

German owned or controlled

Vereinigte Glanestaff-Fabriken A.G. (United Rayon Factories Corporation): In 1925 this company, in participation with J. P. Bemberg A.G. established the American Bemberg & Co., which in 1927 participated in forming the American Glanestaff Corporation of Elizabethton, Tenn. The company controls Associated Rayon Corporation, which was incorporated in Maryland November 23, 1928, to acquire securities of domestic and foreign companies in the rayon and allied industries.

I.G. Farbenindustrien Aktiengesellschaft: In consideration of an option to buy 1,000,000 shares of American I.G. Chemical Corporation, the company guarantees unconditionally the principal, interest, and premium, if any, of 5½-percent convertible debentures of American I.G. Chemical Corporation. Latter has acquired stocks of certain American chemical companies, including substantial interests in Agfa-Ansco Corporation and General Aniline Works, Inc. (formerly Grosselli Dyestuff Corporation). Also manufacturers of Ansco films and photographic supplies.

J. P. Bemberg A.G.: Together with Vereinigte Glanestaff-fabriken is formed the American Bemberg Corporation, manufacturer of artificial silk.

Goodyear-Zeppelin Corporation, Akron, Ohio: German capital is reported invested.

Dornier Corporation of America.

New Jersey Worsted Co., Passaic, N.J.

Hammermill Paper Co., Erie, Pa.

DEMOCRACTIC POLICY WOULD COMPEL AMERICA'S INDUSTRIAL WAGE EARNERS TO PAY THE ENTIRE EUROPEAN WAR DEBT

The evening of July 30, 1932, Governor Roosevelt in a Nation-wide radio address out of Albany, N.Y., "explained" the Democratic platform plank by plank. He said:

This tariff policy, however, cannot be separated from our other relations with foreign countries; the whole thing ties in together. Our platform is explicit here also.

"We oppose cancellation of the debts owing to the United States by foreign nations."

This problem of the debts is complex. Its solution has, however, been brought measurably nearer by the recent results at Lausanne. Great Britain, France, and Germany have at last agreed among themselves concerning reparations. The danger now is that they may turn a united front against us. This comes, I am convinced, not so much from the debts they owe us as from

our barriers against their trade which make the problem so difficult.

The debts will not be a problem—we shall not have to cancel them—if we are realistic about providing ways in which payment is possible through the profits arising from the rehabilitation of trade.

The Republican platform said nothing at all about this; but their position has been the absurd one of demanding payment and at the same time making payment impossible.

This policy finally forced a moratorium as it was bound to do. Our policy declares for payment, but at the same time for lowered tariffs and resumption of trade which open the way for payment.

The Democratic platform commits the party against the cancellation of foreign debts, and the Democratic candidate interpreted this to mean the foreign debts must be paid, but they must be paid in goods rather than in money. They must be paid by lowering our tariffs, so that our European debtors may so increase their exports to this country that out of the profits they will be able to remit their debt.

All our European debtors are industrial nations. Their exports to this country are industrial products, which come in competition with the industrial wage earner.

The Democratic program, then, as clearly set forth by the Democratic candidate in a carefully prepared address, is to let Europe pay her war debts at the expense of the industrial wage earner in the United States. It would be far more fair and equitable to transfer the entire European war debt to the shoulders of all the American taxpayers by outright cancellation than to confine the burden of meeting that debt to the backs of the workers in American factories.

The recent reversal of attitude upon the part of President Roosevelt, evidenced in his decision not to ask the Congress for autocratic power to negotiate reciprocal tariff treaties, without their being subject to review and ratification by the Congress, clearly indicates he has decided to stand upon his interpretation of the Democratic platform.

CONVEYING CERTAIN LANDS TO HARRISON COUNTY, MISS.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the Committee on Veterans' Legislation be discharged from further consideration of the bill S. 1514, authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss., and for its present consideration, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to convey by quitclaim deed to Harrison County, State of Mississippi, all right, title, and interest of the United States in and to the following-described lands along the north line of the United States Veterans' Administration property at Gulfport, Miss.: Beginning at the northwest corner of said property at the intersection of the western boundary of section 36, township 7 south, range 11 west, St. Stephens meridian, and the southern boundary of the Old Pass Christian Road; thence northeasterly along the existing northern boundary of said property a distance of 990 feet, more or less, to the northeast corner of said property; thence southerly on a line parallel to the aforesaid western line of said section 36 a distance of 15$\frac{4}{10}$ feet, more or less, to a point; thence southwesterly on a line 15 feet from and parallel to the aforesaid northern boundary of said property a distance of 990 feet, more or less, to a point on the western boundary of said section 36; thence northerly along the western boundary of said section 36 to the point of beginning; and containing thirty-four one hundredths acre, more or less.

The SPEAKER pro tempore. Is there objection?

Mr. SNELL. Mr. Speaker, I reserve the right to object. Has the committee reported on this?

Mr. RANKIN. No; it has not reported on this. This comes over from the Senate. I spoke to the gentleman from Vermont [Mr. GIBSON] about this. There is no controversy about it. This is merely a bill to permit the city of Gulfport to widen its streets. It does not cost the Government one penny.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

CONSERVATION OF THE NATION'S WILD-LIFE RESOURCES

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to speak for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. ROBERTSON. Mr. Speaker, on June 3 I introduced House Resolution 173. I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. ROBERTSON. Mr. Speaker, on June 3 I introduced House Resolution No. 173, which provides for the creation of a new House committee to which would be referred House bills pertaining to fish and game. For some years the Senate has had a special committee on conservation of wild-life resources, and all who are familiar with the conservation work being done in the United States know of the splendid services rendered to the cause of conservation by this Senate committee. I have been agreeably surprised to find so many of my colleagues in the House interested in hunting and fishing and the cause of wild-life conservation, and there are many of us who feel that there should be organized in the House either a regular committee or a special committee similar to that in the Senate for the consideration of legislation pertaining to wild-life conservation. At each regular session of the Congress many bills relating to this subject are introduced; in the first session of the Seventy-second Congress, for instance, there being 96 House bills and 78 Senate bills. It is reasonable to anticipate that at the regular session next January of the Seventy-third Congress there will be introduced an even larger number of bills; and while I realize there will be no opportunity at this special session for action on the pending resolution, I feel that a brief discussion of the conservation situation in the country and the need for a committee in the House to deal with these bills is not untimely.

The past 3 years of unparalleled depression and resulting unrest and unhappiness have visibly demonstrated to us the wisdom of Thomas Jefferson in including "the pursuit of happiness" as one of our three inalienable rights. I would say that the first essential for the pursuit of happiness is the opportunity for a man to have honest employment at a living wage. In other words, the opportunity to provide for himself and those dependent upon him the necessities of life.

The second essential is undoubtedly the opportunity to enjoy clean and wholesome recreation. Since the 4th of March we have been laboring, and I believe with some success, to lay the foundation for the economic recovery of our country and for the vindication of our capitalistic system. As I have just said, we must give the people bread, but, having done that, the Government can well give thought to the making of happy and contented citizens by a contribution to their opportunities for recreation.

The love of the chase is inborn in all virile people. Any civilization that crowds out, or attempts to crush that instinct will do so at the expense of those qualities of body, heart, and mind so pronounced in those who founded this Government and so necessary to those who are to maintain it. James Oliver Curwood once said:

The world loves the man who loves to fish. You don't find him in jail. You don't find him in the hospital. You don't find him dying young. He is the man who without flaunting his religion from the housetops sees God forever in the blue skies, in the forests, in the glimmer of the stars, and the rising of the moon—in everything that is a part of his beloved streams and lakes. Fishing is not only a pastime which man has created for himself. It is the greatest character-building activity under the sun for human hearts and souls. It is the man who loves to fish who helps to keep the world at its best, who is the greatest fighter for its beauties, and its ideals, and all because he has come to realize and understand the glorious thrill of that intimate contact with nature which one finds when he has a rod in hand.

The Cavaliers, who settled and developed the Old Dominion, brought with them from the mother country the love for outdoor sports. The Pilgrim Fathers may have esteemed

hunting and fishing as a necessity rather than a virtue, but, judging them by some of their splendid descendents, no one could make me believe that they were so stern and austere as not to find the same joy in the chase that we do today. The early settlers, of course, found that nature had emptied her horn of plenty into the lap of this new country in all matters pertaining to fish, game, and forests. Consequently, at first there was no thought given to wild-life conservation, and no need for organized effort. However, as early as 1813 we find the Fowling and Fishing Association of the Township of Cape May organized in New Jersey; in 1844 a State-wide association in New York known as the "New York Sporting Association", which is still in existence and known as the "New York Association for the Protection of Game." In 1886 the Audubon Society, father of the present Nation-wide organization, was formed. The following year the Boone and Crockett Club came into existence. In 1895 the New York Zoological Society was organized, and 3 years later the League of American Sportsmen. In 1905 we had the American Bison Society, and in 1911 there was organized the American Game Protective Association, which latter association has probably done more for the cause of wild-life conservation in America than any other organization. In 1922 the Izaak Walton League of America was organized, and in 1928 the National Committee on Wild Life Legislation.

None of the foregoing organizations were official in character. They were organized by sportsmen and conservatists for the purpose of improving conditions generally or specifically.

In the meantime many States were taking official action. Virginia was one of the first States to pass game laws, but it fell to the lot of the county sheriffs to enforce them. At that time, for instance, my neighboring county of Augusta extended from the Shenandoah Valley to the Mississippi River, and one can well imagine the difficulties of one county sheriff in enforcing the game laws in that area. Maine has the honor of appointing the first official game protectors in the United States; the Governor of Maine in 1843 appointing wardens to patrol the fishing streams in three counties of that State. Massachusetts and New Hampshire were glad to turn their attention from war to more pleasant things in 1865, when each State created fish commissions for the protection of their commercial fisheries, and 2 years later Connecticut and Vermont followed suit. The sportsmen of Vermont felt that they were entitled to as much consideration as the commercial fishermen, and in 1878 the fish commission in that State was reorganized as the board of fish and game commissioners. During the same year California enacted similar legislation, and in 1887 the State of Minnesota created the office of State game warden for the protection of wild life of that State, and Michigan in the same year provided a game and fish warden for administration of its wild-life resources. At this time every State in the Union has official agencies to deal with fish, game, and forests.

In 1871 the Federal Government took action in behalf of the commercial fisheries by establishing a Bureau of Fisheries, which within recent years has included in its activities the production and distribution of game fish. In 1885 the Biological Survey was created by Congress, but its activities consisted chiefly of scientific investigations until the passage of the Lacey Act in 1900, which was the first step taken by the Federal Government looking toward the conservation of wild game.

It is generally recognized that the sovereign States have jurisdiction over the fish and game in their borders and hold these natural resources in trust for the people, but the Federal Government has the power to regulate traffic in interstate commerce, and likewise has power over migratory birds by virtue of a treaty between the United States and Canada.

Years after the establishment of the first two named Federal agencies the Federal Government created the National Forest Service as a bureau of the Department of Agriculture. While this agency was created primarily to conserve our timber resources, its work is becoming more and more intimately associated with the conservation of fish and game, and I suggest that in future years the greatest progress in forestation will be made when combined with game management, as has notably been done in New York and Pennsylvania. The impetus for the expenditure of millions of dollars of public funds for the purpose of forest lands in Pennsylvania was given by the half million or more of licensed hunters, and every acre of State forests in Pennsylvania is either a game reservation or a public hunting ground. George D. Pratt, of New York, an outstanding authority on the subject of forestry, said at one of the conferences of the American Game Association in New York:

> Commercial forestry is a precarious undertaking from a financial point of view, but the cultivation of land to provide the correct environment for wild life opens up many possibilities in the way of financial enterprise.

President Roosevelt has given great impetus to the forestry movement in the United States, and I gave my whole-hearted support to his reforestation bill. It may well be that some of the one hundred and twenty-eight millions to be immediately invested in this work will be wasted, but we will be making an investment in good citizenship on the one hand in the city boys who will be sent to these forest camps, and on the other we will be laying the foundation for the future conservation of great natural resources which in years past have been abused, wasted, and riotously squandered.

Our scientists tell us that our forests antedate the Eocene age, which they roughly fixed at 30,000,000 years ago. Not being a scientist, I cannot undertake to vouch for the age of our forests, and, in fact, have been willing to accept at face value the statement in Genesis that after God had created land and seas, on the third day he made the face of the dry land to blossom forth with green things, grass, shrubs, fruit trees, and trees of the forest. To me, the important fact has been not how long we have had trees but how much longer will we have them. I understand that each year forest fires destroy an area in the United States equal to a strip from Detroit to New York 10 miles wide. One purpose of the civilian conservation camps is to cut fire lanes and trails and to establish lookout towers, with a view to preventing the annual economic loss of timber that runs into millions of dollars, and of the habitat of fish and game, the losses of which will mean even greater millions of dollars.

Our primary needs are but three—food, clothing, and shelter—and the needs of wild life are the same. Clarence Darrow says there has never in the history of the world been an overproduction of food, clothing, shelter, and joy. There are millions of people in Africa, India, and Asia who have never known an adequate supply of these essentials. Roosevelt in his African Game Trails tells of the horrible existence of the East African Negroes, and how they would frequently fall upon the carcass of some animal he had shot and make a hearty meal of blood and guts. Trader Horn tells of Africans who gladly sold themselves into slavery just for salt. The law of the jungle is a cruel law, and involves a constant struggle for food, clothing, and shelter, the preying of the strong upon the weak, and the survival of the fittest. To these natural difficulties man has added the destruction of modern firearms.

Our forests are the natural habitat of all of our game birds and most of our game fish. Surely the preservation of those areas which mean food, clothing, and shelter to wild life mean much to our sportsmen. Even our bobwhite quail, which is primarily a bird of the cultivated area, is more and more being forced to seek for food and shelter in the forests, and those of us who have studied the game supply of the States realize how our forest game, which include deer, bear, turkeys, grouse, and squirrels, have disappeared from those areas in which undue inroads have been made upon the forests by cuttings and forest fires.

By the same token, some of our finest fishing streams have been ruined, since a denuded area means floods in winter and drought in summer, erosion and turbidity and extremes of temperature, especially high temperatures in the summer

months. China is a splendid illustration of the type of country without forests. I am told that wood is so scarce in China that only the rich can afford it either for heating or cooking purposes, the coolies having their meals cooked at a community kitchen on the street, the rivers are turbid streams, and the farming areas are either drenched with torrential downpours or baked by a torrid sun until there is famine and pestilence. Haiti is another example of the wasteful destruction of forests, a country once rich in forests of mahogany wood, and now living in poverty and squalor through the dissipation of this natural resource. Even in that land of romance and big game, the east coast of Africa, the big game has virtually disappeared except in the preserves established by the British and Belgium Governments, and the cutting of timber in the Kenya Province to provide for agriculture and the planting of coffee trees has produced an acute wood shortage.

Mr. Speaker, when we seek to interpret the conservation of the Nation's wild-life resources in terms of clean and wholesome recreation, and in terms of a contribution to human happiness, let us remember that even in these slim times there were last year approximately 7,000,000 people in the United States who purchased fishing licenses and 6,000,000 who purchased hunting licenses. Making due allowance for the sale of combination licenses there were at least 10,000,000 license holders in the United States, and at least that many more who hunted and fished on their own premises without license, or who ventured forth to field and stream to enjoy the beauties of nature and to commune with nature's God. In other words, we know that not less than one seventh of the total population of the United States is definitely interested in wild-life conservation, and when we win this economic war and the man of average means can once more repose in financial security, it will not be extravagant to say at least one half of the people of the United States will welcome an opportunity to enjoy good hunting and fishing and the invigorating experiences of the out-of-doors.

Herein lies a great opportunity for the Congress to make a definite contribution to the happiness of the American people, and likewise to contribute to their physical well-being. And in this connection I should like to offer for consideration of my colleagues the further suggestion that if we are to lose the bulk of our foreign markets for American farm products, as now seems likely to be the case, we must find some new method of utilization of surplus farm lands, border-line lands, and forests. We may temporarily reduce farm production and support farm prices, by spending $200,000,000 per year or more in withdrawing wheat and cotton lands from production, but every sensible man must realize that such expenditures cannot be kept up indefinitely.

Our farmers are as much entitled to a living wage as the workers in our factories, and when we withdraw from the farmers their temporary subsidies and at the same time tell them that this Nation must learn to be self-contained, what new hope have we to hold out to the two or three million surplus farmers? I frankly know of none unless we can develop for them a new source of income from the conservation of their wild-life resources. There is certainly no overproduction of fish and game and with the return of prosperity there will be thousands of city men willing to exchange their dollars with farmers for good hunting and fishing. Instead of Virginia raising more short-horned cattle, and Iowa more hogs, we might give consideration to raising more deer, wild turkeys, and pheasants. Already our annual kill of game amounts to 50,000 tons annually, or an average of 20 pounds each for 5,000,000 families. Our anglers account for possibly 25,000 tons of game fish. It is estimated that the tourist trade in America involves an expenditure of a billion dollars annually. Of this Michigan claims to get $200,000,000, Wisconsin one hundred and seventy-five million, Maine one hundred million, Minnesota ninety million, and so on. The vast army of 10,000,000 hunters and fishermen annually expend $750,000,000 in the enjoyment of their favorite sport. I am not one who has any great confidence in the ability of the Government to set aside the laws of supply and demand. It has been definitely established that we have been producing in the United States, more wheat, cotton, hogs, tobacco, and apples than can be consumed in our domestic markets. If the farmer cannot buy, the manufacturer cannot sell. In natural resources, in industrial equipment, in creative energy, and in ability and willingness to work, our Nation is as rich as it was at the peak of 1929, but when the farmer lost his foreign markets our economic balance was upset and one of the major problems of the "new deal" is to find a proper basis for readjustment. Of course we must strive to regain our foreign markets and adopt with the other nations of the world a live-and-let-live policy, but at the same time we must not overlook any opportunities for readjustment within our own confines. I am firmly convinced, Mr. Speaker, that the proper conservation and development of our wild-life resources offers such an opportunity, and therefore I have presented to the House a resolution for the creation of a committee to be selected with the sole view of promoting this great undertaking.

PAYMENT OF AWARDS, MIXED CLAIMS COMMISSION

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 183, extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and Tripartite Commission.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

Mr. SNELL. Mr. Speaker, I reserve the right to object. Is that the bill the gentleman spoke to me about this morning?

Mr. DOUGHTON. Yes.

Mr. SNELL. There is a unanimous report?

Mr. DOUGHTON. Yes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the joint resolution, as follows:

House Joint Resolution 183

Resolved, etc., That subsection (g) of section 2 and subsection (f) of section 5 of the Settlement of War Claims Act of 1928, as amended by Public Resolution No. 27, Seventy-second Congress, approved June 14, 1932, are further amended, respectively, by striking out the words "5 years" wherever such words appear therein and inserting in lieu thereof the words "6 years."

The joint resolution was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

MY JUDICIAL CRUCIFIXION—HOW A JUDICIAL OLIGARCHY RAILROADED ME TO A PENITENTIARY

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein several Supreme Court decisions.

Mr. LAMBETH. Reserving the right to object, how long are the decisions?

Mr. SHOEMAKER. They are very short.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SHOEMAKER. Mr. Speaker, ladies and gentlemen of the House, since 1928 I have been the victim of an organized conspiracy composed of representatives of the Power Trust, representatives of the chain-banking institutions of this country, crooked and unscrupulous politicians, as well as a corrupt and conniving racketeer who is today hiding his nefarious machinations under the sanctimonious garb of a Federal judge.

I refer to one disgrace known as "John B. Sanborn", who, in connection with a former Member of this House and the heretofore-mentioned parties, was able to stack a grand jury and cause me to be indicted and sent to a Federal penitentiary charged with committing the serious crime of quoting Holy Writ through the sacred mails of the United States of America, all because I dared to challenge the notorious and corrupt manner in which the wealth and property of the common people were being devoured by this relentless

and heartless group of ravenous fiends. The real crime that I committed was that I dared to uncover those who sit in high places; I dared to expose Herbert Hoover, Andrew Mellon, and their satellites, who have robbed the American people of all that is high and holy, fair and just, and who have wrought destruction and calumny upon this fair land of ours. I tried to be a patriot; I tried to be an American citizen; I tried to do my bit to see to it that American Government could be operated in the manner set forth by the Constitution of the United States. I battled for human rights versus property rights and made the battle effective. Hence I was a dangerous character to the State and Nation in the eyes of those hounds of hell who were being blocked and exposed in their nefarious game in the grabbing of loot for their own personal aggrandizement and at the expense of the common people of this great land of ours.

To begin with, since 1928 I have guarded religiously over the electrical energy that could be produced at the newly constructed dam built by the Federal Government in the Mississippi River at Hastings, Minn. Effort after effort on the part of the Power Trust to grab this power has been thwarted by myself and associates; a further crime that I committed against the Power Trust was to assist in blocking the renewal of franchises in approximately 20 cities where their franchises had expired, and they are still blocked, and it is my aim to assist and aid these cities to the fullest of my ability from once more becoming the servile slaves of this power gang.

For a number of years I committed the serious crime of appearing before several legislatures of several States in support of a bill which would make trust companies responsible for trust funds placed in their hands, and through this action I aroused the animosity not of the little, honest country banker but of the great financial institutions in several States, and gave publicity in the publication of which I was the editor, the Organized Farmer, of the manner in which widows and orphans had been looted by trust companies and the manner in which the victims had no recourse or redress under the laws of the United States.

For my activities along the lines heretofore stated, I was made to suffer at the hands of a conspiracy that so far as I know stands unequaled in the last decade. Our printing plant was entered, and our type was strewn all over the floor, our mailing lists were wrecked, and the printing plant almost ruined. Insurance policy after insurance policy for fire insurance was canceled upon the property. Various insurance agents were informed that my policy must be canceled and that they must return the policy to the companies. Thus I was blacklisted even to the extent of being unable to obtain fire insurance, when, as a matter of fact, I have never in my whole life incurred any loss from fire or otherwise. Within 2 weeks' time, through this conspiracy, there resulted a cancellation of advertising contracts with the Organized Farmer, which amounted to many thousands of dollars. Among those canceling contracts were the General Motors Corporation, Durant Co., and many other nationally known advertisers. One, R. W. Putnam, president of the Minnesota Bankers' Association, called me to his office in Red Wing and assured me that my business would be wrecked unless my paper was operated along lines which would coincide with his views, and told me that he would drive me out of town if I did not desist showing up the graft in which he, himself, was implicated. Through the influence and chicanery of a former Member of this House, August H. Andresen, our publication, our mailing lists, and our books were repeatedly investigated by special investigators of the Post Office Department, who in every way tried to find some technicality or some slight infraction of a rule that might give them cause to deny my publication the rights of the mail.

This persecution I was forced to tolerate consistently for over 3 years, thereby causing a financial loss of many thousands of dollars. Every possible effort to get me in some manner was tried by those whom I was exposing, even to the extent of placing a bomb in my car and connecting it with the self-starter, in the hopes that I might blow myself to kingdom come. Post-office inspectors and secret-service men, at the behests of this contemptible tribe of grafters, even went so far as to go to my wife with deliberate falsehoods and try to break up my family with their lies. They even told my wife that I was registered at hotels in Iowa with another Mrs. Shoemaker, which proved to be correct, but the Mrs. Shoemaker I was registered with happened to be my mother, whom I took to Iowa for cancer treatments. This will show you, ladies and gentlemen, the manner in which these hounds operated their espionage system against a man who dared to fight for the rights of the common people, and fight effectively.

One day I received a letter from R. W. Putnam and the address on the envelope read as follows: "F. H. Shoemaker, Editor of the Organized Farmer, any place in the world but Red Wing, Minn." I was constantly annoyed and threatened by anonymous letters sent to me by the conspirators.

In reply to the above letter, I foolishly fell into their trap by addressing a letter as follows: "R. W. Putnam, 'Robbers of Widows and Orphans,' Red Wing, Minn., in care of Temple of Greed and Chicanery." For this crime I was indicted, not under State laws on a charge of libel or slander where I might be in a position to prove what I said was correct, but with the assistance of every petty Federal official from the local Republican postmaster on up to that arch-grafting thief and political reprobate, who disgraced the high and exalted position of Attorney General of the United States, William D. Mitchell, the man who nolle prossed his own case with the Federal Government, and helped beat the United States Government out of several million dollars of inheritance taxes in the Jim Hill-Great Northern Railway Estate. It was this grafter, along with the notorious and crooked Arch Coleman, who caused me to be indicted with a loaded grand jury, and then railroaded me to a penitentiary, after a corrupt judge and district attorney agreed to give me a 30-day suspended sentence along with a judicial chastisement if I would plead guilty. Having faith in a Federal judge I pleaded guilty on that basis. The judge then deliberately double-crossed me, and sentenced me to 1 year and 1 day, and to pay a fine of $500. He then suspended the sentence of 1 year and 1 day, and in lieu thereof placed me on probation for a period of 5 years. The entire object of the sentence was to hold a club over my head for 5 years and silence my tongue against the grafting corporations and politicians who were formerly officially represented in a legal way by the same judge, who sentenced me.

This sentence was passed upon me on December 22, 1929. I at that time wanted to decline the probation offer, but being just a few days before Christmas, I wanted to spend Christmas with my family, which I did, and on the 27th day of December, in the next issue of my paper, I deliberately violated my probation and was called before the judge, who revoked it and committed me to the penitentiary at Leavenworth, Kans. I took the attitude, ladies and gentlemen of the House, that the nearest and dearest thing I had in this world was my liberty and freedom and my right to express my opinions regarding my principles, whether or not they coincided with the views and ideas of others, and that if I was to be forcibly deprived of my liberty and freedom I would rather be locked up behind prison bars for 1 year and 1 day, and know in my own heart that I was a man, than to be locked up on the outside for 5 years and know in my own heart that I was a mental slave and a moral coward, and with this thought in view I gladly chose the lesser of the two atrocities that were offered me, and delivered myself to the court.

Prior to my conviction there was a constant flow of officials from the various large banks in Minnesota, who called upon the judge and discussed my case, including R. W. Putnam, who was a schoolmate of the judge. It might be interesting to my colleagues to know that R. W. Putnam and his banking institution, through my activities and exposures, were finally taken into court in a case where they had deliberately taken money from the trust fund of one Arvid Larson and re-

placed it with worthless securities that had for several years been in the hands of a receiver. This case was first won by the heirs of Larson in the Goodhue County court, where I live. It was later appealed to the Supreme Court of the State of Minnesota, who upheld the lower court and for the first time in the history of any State a precedent was established in which trust companies were made responsible for trust funds accepted by them, so what we failed to accomplish by legislative act became law by judicial decision. My activities in this case did not make the chain-banking fraternity feel any kindlier toward me. Putnam was required to pay back to the heirs not only the original sum but 6 percent compound interest over a period of 13 years. The decision in this case caused many other cases of like nature, which had not been outlawed, to be reopened in the courts of Minnesota, and I have been reliably informed by a former official of the State Bankers' Association that in 7 months after the decision in this case $200,000,000 was paid back to widows and orphans in the State of Minnesota, and I wish to state here and now that if it were possible for me to return another $200,000,000 to widows and orphans I should gladly spend another year in the penitentiary to do so.

It might further be interesting to know that Mr. Putnam, who was going to drive me out of Red Wing, Minn., has himself been driven out. His bank was wrecked through lack of confidence, caused as a result of his fighting me, and I am informed that he is now holding down a position paying him $20 per week working for a chain-banking institution, traveling over the State of Montana counting sheep in order to check the increase in sheep on the chattel mortgages held by the chain banks.

Congressman Andresen was repudiated by the people of Minnesota and is no longer a Member of this House, and never again will be, for the people have eventually learned to know him for what he is. Mitchell and the Hoover gang elevated this notorious scoundrel of a judge to a position on the circuit court of appeals. H. O. Peterson, of Stillwater, Minn., who formerly edited a farmer-labor paper in that city, and who has long been known as a stool pigeon for the Power Trust, and who had the reputation of putting the paper he managed so far in debt as to bankrupt it just prior to a power and light controversy at Stillwater. Peterson, the stool pigeon, was the spokesman in the grand jury who did the talking that caused my indictment by a vote of 5 to 6 with one not voting. The one not voting was Peterson, who asked to be excused to vote, after he saw the way the vote stood on the grounds that he was a personal friend of mine.

Before the indictment Mr. Peterson appeared in the grand jury room in almost rags and tatters. The next day he blossomed out with a new outfit of clothes, and looked like a walking model for some clothing shop. Since that time a printing press has been established, or located in the basement of his home, where it is reported that he is making a handsome living printing monthly statements covering many cities for the Northern States Power Co., whom I battled so effectively in blocking franchises and in cutting rates in various communities, including the city of Red Wing, where as a result of my fight on this corporation, rates were reduced approximately $100,000 per year.

Not alone were these hounds satisfied to have me in a penitentiary, but they consistently carried on their battle against me while I was locked up. Congressman Andresen notified the warden before my arrival that I would make more trouble in the penitentiary than 300 guards could take care of. Consequently, the guards were called together by the warden at a special meeting and were told to keep their eyes on me every minute. So that the persecution was carried on and continued even after I was locked up; and if you people could only realize the misery, anguish, suffering, and mental pain that one goes through in a penitentiary under normal conditions, you might understand how this would be aggravated by the special attention which was accorded me by the prison officials. Congressman Andresen even went so far as to write letters to the penitentiary in which he accused me of feigning sickness in the penitentiary to avoid work.

The depths to which some men can and will degenerate to I shall show by including the following letters in this speech—a letter written by Andresen to the warden, and the warden's reply. They are self-explanatory and need no further comment.

RED WING, MINN., *April 13, 1931.*

Mr. T. B. WHITE,
Warden United States Penitentiary,
Leavenworth, Kans.

MY DEAR WARDEN WHITE: I wish to write you confidentially in regard to FRANCIS H. SHOEMAKER who is now confined to your institution under sentence for 1 year and 1 day imposed by Judge Sanborn of Minnesota, for violation of the postal laws.

I have been informed by several parties who have heard from SHOEMAKER, to the effect that he has been feigning sickness upon several occasions since he arrived at the institution.

I have investigated as to his past conduct and have learned that he is in the habit of complaining of sickness every time the Government has placed some requirements upon him. I am therefore convinced that he has been feigning sickness at your institution in order to get away from work as required by your regulations.

This matter is being called to your attention at this time as I understand that the prisoner has made application for parole, which will be considered at the next meeting of the board.

When this man is not confined to a prison, he is the most active and vigorous animal, and is on the go day and night preaching his radical doctrines in order to "hoodwink" the ignorant into contributing money and support to his cause.

I would appreciate very much if you will cause an investigation to be made as to the alleged sickness of this man and let me know as to your findings, since I am interested to learn something about this man's record while he is confined at your institution.

With kindest personal regards, I am,

Sincerely yours,

AUGUST H. ANDRESEN,
Congressman, Third District, Minnesota.

Following is the answer that the "honorabull" got back from the warden. It will be noted the manner in which the warden knocked him off his pins in a very diplomatic way:

UNITED STATES PENITENTIARY,
Leavenworth, Kans., April 19, 1931.

Hon. AUGUST H. ANDRESEN,
Red Wing, Minn.

DEAR CONGRESSMAN: I am in receipt of your letter of April 13, 1931, inquiring into the health of our Francis H. Shoemaker, registration no. 38163.

Mr. Shoemaker was received here February 1, 1931, and will be eligible for parole on April 29, 1931.

In a report from our prison assistant physician, Dr. K. E. Conklin, I find this paragraph: "His (SHOEMAKER'S) physical condition is good and is not giving him a bit of trouble; he states himself that he is not sick."

SHOEMAKER'S record since he has been here is good, as I find no reports for violations of rules against him.

Thanking you for the information and your interest in the matter, I am,

Very truly yours,

F. L. MORRISON, *Acting Warden.*

I might comment further by saying, or asking since when has it become the duty of a Congressman to run a Federal penitentiary for the warden?

Shortly after I began serving my sentence at Leavenworth, there was considerable criticism of Judge Sanborn with regard to myself. He then realized that he could not hold a club over me for 5 years, as he had originally intended, and he told friends of mine that he would recommend a parole for me at the expiration of 4 months. His correspondence, through channels I am not permitted to relate, came into my hands, and on March 9, 1931, he wrote the following letter:

Mr. H. C. HECKMAN,
Secretary United States Board of Parole,
Washington, D.C.

DEAR MR. HECKMAN: I wrote you a letter before with reference to FRANCIS H. SHOEMAKER, who was sentenced by me for a period of 1 year and 1 day and given a $500 fine. Mr. SHOEMAKER sent an offensive letter through the mail during the heat of a political campaign. He was the editor of a paper at Red Wing, Minn. I at first suspended his prison sentence and placed him on probation. He thereupon wrote an article in his paper which was offensive, and which resulted in his probation being revoked. He has a rather peculiar mental attitude but is not in any sense a criminal type. If he behaves himself well while in your institution, I am inclined to think that it would be for his interests, and the interests of society, if, when he becomes eligible, he is paroled and kept under rather strict supervision for some time thereafter.

I do not believe that his fine should interfere with his being paroled. I am reliably informed that he has no means, and if the fine is to be paid at all, it might be well to let him pay it in installments during the time he is on parole. I think he is more likely to behave himself well if he is paroled after a reasonable length of time than if he is required to serve his entire sentence. His case is a rather peculiar one, and it is a little difficult to know just what course to pursue.

Very truly yours,

JOHN B. SANBORN.

It will be noted by the above letter wherein the judge states—

He has a rather peculiar mental attitude, but is not in any sense a criminal type.

If, as he would like to infer, that my mentality was warped, why did he not send me to a sanitarium, when, according to his own statements, I was not in any sense a criminal type? I should be more than pleased to let the Judiciary Committee of this House diagnose this judge and give us a report on just how nutty he is; and it might further interest you people to know that when Mr. Andresen learned of this correspondence, he immediately made the trip back to Minnesota, where he personally called upon this judge, along with several others, and we then find this judge reversing his first letter to the parole board, doing a judicial somersault, which read as follows:

Mr. H. C. HECKMAN,

Secretary United States Parole Board, Washington, D.C.

DEAR MR. HECKMAN: I have written you before with reference to FRANCIS H. SHOEMAKER, who is serving a sentence in Leavenworth for sending offensive matter through the mail. At the time I wrote you a letter on March 9 I did not have in mind the fact that, if paroled, he would only be under suspension for the balance of his term. I had a feeling that he could be kept under supervision for a considerable length of time and that might have a salutary effect. I am told that Mr. SHOEMAKER's reputation at Red Wing, Minn., is not good with reference to a good many other things than his writings in the newspaper of which he was editor, and that a large number of the best people there felt that the longer Mr. SHOEMAKER is away the better off the community would be. Mr. SHOEMAKER's home was in Wisconsin, and his wife is now living at New London, Wis. The suggestion was made that if Mr. SHOEMAKER would return to Wisconsin and stay out of Minnesota there might not be much objection to his being paroled on that basis. I think that, in view of the fact that there seems to be no method under which Mr. SHOEMAKER's conduct could be supervised for any considerable length of time, I should prefer to withdraw any recommendation which I have made in the matter and permit your Board to exercise its own judgment based upon such information as it may have.

Very truly yours,

JOHN B. SANBORN.

The manner in which politics and political graft enter into our system of jurisprudence at the hands of such notorious crooks as Judge Sanborn can be readily understood from the above letter, along with the facts, that when the parole board met at Leavenworth and heard my case, I was offered a conditional parole. The conditions were, that I should agree never to edit another newspaper and to move out of Minnesota to Wisconsin, and if I would agree to such conditions I could be paroled. I immediately saw the conspiracy and the manner in which Congressman Andresen, along with the judge and others, were trying to eliminate me from Minnesota, so that I might not be able to terminate my fight in behalf of honest government, and against their corruption. So I again refused to accept my liberty with this kind of string tied to it, and I ask you, in all fairness, what kind of justice is it that would make a man a good citizen in Wisconsin but a bad citizen in Minnesota? I should like to see this judge brought before the Judiciary Committee and given an opportunity to defend such contemptible and asinine decisions. It might also be well to find out from the parole board just what would cause them to become tools of this pack of contemptible cutthroats and conspirators.

It might further interest you people to know that this persecution did not end with the termination of my sentence at Leavenworth, but was immediately renewed upon my release from the penitentiary. I was released from Leavenworth on November 4, 1931. Two days later, on November 6, my newspaper was cited with a notice to appear before the Post Office Department and show cause why the second-class mailing permit of the Organized Farmer should not be revoked. So determined were they to gag me and keep me from battling in the interests of justice that the Post Office Department was brought into the picture. Boards of special investigators, and alley rats called inspectors, not only investigated the books of the Organized Farmer but went from house to house and drove over the rural routes calling upon subscribers individually to ascertain whether or not the subscriber had ordered and paid for the Organized Farmer. To the subscribers who were scattered over several States they mailed out a questionnaire direct from the Post Office Department here in Washington, and after much ado about nothing they finally found a few copies of the Organized Farmer that were not paid for. Among this list was a number of charitable institutions, and it is the custom of practically every newspaper in the United States to dole out a few subscriptions to charity.

Among those on my list were the poor farm, State reformatory, city jail, county jail, Young Men's Christian Association, old people's home, and the Minnesota Historical Society. Then on the grounds that I was sending papers through the mail that were not ordered and paid for, the second-class mailing privileges of the Organized Farmer were revoked. This again caused a great financial handicap, for we were compelled to pay 16 times as much postage as any other publication in the United States of America. With our advertising contracts ruined, and the excess postage, we were forced to appeal to the readers of our publication for financial support. Publishing under these adverse conditions we were able to keep the paper going until July 1932, after having all this time paid the excessive postage to the Post Office Department under protest. The conspirators in collusion with the United States Government had again won against a helpless individual, and the publication was forced to suspend. Thus the persecution continued.

Now this may seem strange to you people, but here are the facts: Three days after the official canvassing board of the State of Minnesota declared me elected to Congress in a State-wide congressional race, the Post Office Department returned to the Organized Farmer, which they had wrecked, and caused to be suspended, the excess postage that had been charged for sending it through the mail for those many months, thereby admitting that they were wrong during the entire procedure. But they accomplished the purpose they had in view, and that was to eliminate the Organized Farmer during the Hoover campaign of 1932.

My election to Congress did not terminate the persecution, for after I was elected I was kidnaped from my hotel room and taken to a hospital, where the intent of the kidnapers was to have me adjudged insane, and it was only through my ability to strip the handcuffs off my wrist and escape from the hospital in a suit of pajamas that foiled their plans.

It might further interest you, as Members of the House, to know that the notorious and contemptible scoundrel, William D. Mitchell, Attorney General of the United States, did, on the 28th day of February 1933, assemble into one envelope all the records in my case that were located in the Department of Justice, and with the Superintendent of Prisons, and caused them to be sealed by a special ruling, which he so graciously rendered for my own personal benefit, and locked them up, with instructions forbidding anyone to open said envelope under penalty of contempt of court. This he deliberately did to cover up and seal forever the records which would prove to the world the contemptible manner in which this unjust persecution and frame-up had been perpetrated upon an American citizen who was patriotic enough to show the world the kind of a cutthroat, hijacker, and thief that he himself was.

I ask the Members of this House, out of fairness, out of justice, out of decency, to demand that I be accorded the same consideration that any other Federal prisoners have in the past, and that the world may know in justice to myself, and out of honesty in an effort to clean up the rotten judicial system in American for all time to come. So that American citizens in the future may be spared the suffering and

anguish that can be brought about through political persecution at the hands of unscrupulous political pettifogging at the hands of a group of public officials compared to whom Judas Iscariot would be a prince and a benefactor. Shall history again repeat itself with regard to the decisions of our judges, for it must be noted that all down through the history of the ages it has been the judges who have caused revolution and bloodshed through their decisions. The human rights of the people have been trampled underfoot and the property rights of the wealthy have been sustained. Their vicious rulings in the past have caused every revolution that has ever made it necessary for the commoner to spill his blood to regain the rights that he has been deprived of through the usurpation of those rights by some fanatical tool sitting on some bench, and responsible to no one. We might cite the Dred Scott decision which caused our own Civil War, and the decision of the Iowa judge several weeks back to cause the revolution among the agriculturists in the State of Iowa.

I might go on for hours from personal experience and cite case after case wherein the rights of the people have been trampled underfoot by unscrupulous and atrocious judges, but time will not permit; and I wish at this juncture to thank you all for your kind and undivided attention to these remarks, and let us hope and pray that our judicial system in this country may be renovated, revised, and sterilized, so that the American people may once more have confidence in their own Government, in which the judicial system should be paramount.

Mr. Speaker, I ask unanimous consent to insert in the RECORD the court decision from the Supreme Court of the State of Minnesota *In re Security Bank & Trust Co.*

Without objection, so ordered.

IN RE SECURITY BANK & TRUST CO. (NO. 26954)

SUPREME COURT OF MINNESOTA,
March 8, 1929.

(Syllabus by the court)

1. Trusts, 231 (1): Trust company cannot transfer and sell securities owned by it to estate for which it was trustee (Gen. St. 1923, 7731, 7738).

A Minnesota trust company cannot lawfully transfer and sell securities owned by it to an estate of which it is the trustee.

2. Banks and banking, 311; Trusts, 217 (3): Laws governing trust companies must be rigidly enforced; beneficiaries were entitled to money rather than real estate in which trust company invested money as trustee (Gen. St. 1923, 7736, 7739).

Laws governing trust companies should be rigidly enforced. The statutory provisions should be strictly complied with. Under the facts of this case, the plaintiffs are entitled to money and are not obliged to accept the real estate tendered.

Appeal from district court, Goodhue County; W. A. Schultz, judge.

Action by Victor C. Larson against the Security Bank & Trust Co., consolidated with a petition by the Security Bank & Trust Co. for an accounting and distribution of property under trust agreement, objected to by Victor C. Larson and others. Judgment for plaintiff and objectors, and from an order denying its motion for a new trial defendant appeals. Affirmed.

Shaw, Safford, Putnam & Shaw, of Minneapolis, and Milton I. Holst, of Red Wing, for appellant.

Thomas Mohn, Horace W. Mohn, and Charles P. Hall, all of Red Wing, for respondent.

Hilton, J. Appeal from an order denying defendant's motion for a new trial.

Andrew Larson died testate in 1913, in Goodhue County, Minn., leaving surviving him his widow, Anna S. Larson, and three sons, the latter being plaintiffs here. By the terms of the will and the final decree (dated May 4, 1914), Mrs. Larson was given and assigned, for her natural life, certain real estate and personal property consisting of cash and securities aggregating about $14,000 in value, she to use the income and profits therefrom for her support and maintenance and also with power to sell and dispose of as much of the corpus of the estate as she might deem fit and necessary for her comfortable and necessary maintenance, care, and support. Subject to her life estate and rights above referred to, the three sons were to share equally in the estate after specific legacies were paid. Mrs. Larson was required by the probate court to give, and did give, a $25,000 bond, properly conditioned, against permitting waste of the estate or the use thereof for any other purposes than in the will provided. On May 19, 1914, she turned over to the Security Loan & Trust Co., now called Security Bank & Trust Co., the defendant here, the personal property referred to for handling on her account, including the reinvestment of principal and interest, less such sums as she might deem necessary for her support; the defendant guaranteeing the payment of principal and interest of all investments made by it.

On December 22, 1926, Mrs. Larson died. In 1927 Victor C. Larson, one of the sons, brought an action against the defendant to recover his one third share of the property, and issue was joined. While this action was pending defendant presented a petition to the same court for an accounting and distribution of the property to the three sons, all of whom filed objections. The action and the accounting proceedings were tried together. A stipulation was made whereby the sons accepted all items of property offered to be turned over excepting two Montana farms. Two Montana land mortgages—one known as the Baker mortgage, for $2,000, and the other as the Barrett mortgage, for $1,500, with items amounting to $1,500 for expenses of foreclosure and taxes paid upon the properties covered by the mortgages—constitute the $5,000 in controversy here. The sons demanded the $5,000 in money and refused to accept the land, claiming that it was no part of the estate; that defendant had no authority as trustee or agent of their mother to purchase the mortgages in question from itself or the lands derived from the foreclosure thereof. The trial court made findings of fact and conclusions of law in favor of the sons, plaintiffs, and ordered judgment for $5,000.

The mortgages in question were acquired by defendant for itself as its own corporated property and not as trustee. In 1923 and 1924, respectively, defendant had the Baker and Barrett mortgages foreclosed (not as trustee), and after the expiration of the year of redemption received in its own name sheriff's deeds and acquired absolute title to the lands. On January 20, 1927, nearly a month after the death of the life tenant widow and when plaintiffs were the owners of the property of the estate in defendant's hands, defendant executed two deeds in blank, neither naming a grantee—one with date of acknowledgment not stated, covering the lands in the Baker mortgage, and the other the lands in the Barrett mortgage. They were placed in the defendant's files for the papers belonging to the estate. Neither mortgage was ever assigned to the estate nor to anyone representing or interested therein, nor was there any assignment of the sheriff's certificates of foreclosure sale or deeds. The trust company did intend that the expenditures were for the benefit of the Larson estate and that the property should belong thereto.

The Baker mortgage as of date March 2, 1917, appeared in an entry made in the books of defendant as "held by Anna S. Larson estate", and also entries as to expenses and taxes paid relative thereto. The same is true as to the Barrett mortgage, except that its date of entry was May 2, 1917. The name of that account was "Mrs. Anna S. Larson, estate of Andrew Larson." Running through the general accounts of the defendant appeared interest items collected on these mortgages. Of date January 18, 1927, appears a charge for taxes and foreclosure expenses on the Barrett mortgage of $506.91, and same date a like charge relative to the Baker mortgage of $993.09. The items making up these totals are of various dates when they were charged to "suspense and tax account."

(1) 1. The question is raised as to whether the defendant had the right to sell and transfer these securities owned by it to the Larson estate. Under the common law this could not be done, nor could it on December 13, 1901, when *St. Paul Trust Co.* v. *Strong* (85 Minn. 1, 88 N.W. 256) was decided. In that decision the court says: "Had the legislature intended to abolish the well-known and well-established rule, it would not have done so by implication, and would not have left the matter to be inferred, but, on the contrary, would have expressly provided that investments might be made by trust companies in securities held and owned by such companies, provided they were of the character prescribed by law."

At the time of this decision, the statute relative to trust companies provided in substance that investments of sums over $100 in the hands of trustees should be invested as soon as practicable (Laws 1899, c. 200, 5). The legislature, knowing of this decision, in 1903 (Laws 1903, c. 70, 2) enacted what now appears as G.S. 1923, 7738. The suggested language found in the opinion—"held and owned"—was not followed, but "held by it or specially procured by it" was used instead. A trust company generally owns securities of its own (as these mortgages originally were). It also holds securities as trustee which were originally turned over to it when it undertook a trust or which it had purchased by the use of trust-fund money. Under the 1903 law the defendant could have specially procured, by purchase, securities on the market with the Larson estate moneys, or could have purchased such securities held by it in some other trust fund. Could it buy, for that purpose, securities owned by itself? We think not. Had the legislature so intended it would have used the language of the St. Paul Trust Co. case. The failure so to do shows a contrary intent. Even if the legislative intent is not manifest, statutes in derogation of the common law are to be strictly construed. (*St. Paul Trust Co.* v. *Strong, supra; Turner* v. *Fryberger*, 94 Minn. 433, 103 N.W. 217, 110 Am. St. Rep. 375; *Arnold* v. *Smith*, 121 Minn. 116, 140 N.W. 748; *Congdon* v. *Congdon*, 160 Minn. 343, 200 N.W. 76; *Bandfield* v. *Bandfield*, 117 Mich. 80, 75 N.W. 287, 40 L.R.A. 757, 72 Am. St. Rep. 550; 39 Cyc. 366; 6 Dunnell, Minn.Dig. (2d. ed.), 8958.)

The word "held" should be construed in the sense in which it is found elsewhere in the trust company laws. (*School Dist.* v. *Con. School Dist.*, 151 Minn. 52, 185 N. 961.) In G.S. 1923, 7731, a trust company is authorized to "hold property in trust." This means, having in possession and under control property (not its own) for others.

(2) 2. The laws governing trust companies call for rigid enforcement. Trust companies perform a most important and needful service; to them are given broad powers and privileges. As between a trust company and the cestui que trust the strictest

accountability is required. (*St. Paul Trust Co.* v. *Strong*, supra.) Anna S. Larson was in effect, at least as far as plaintiffs are concerned, a trustee of the property of the estate. She could use it only for the purposes and in the manner prescribed in the will and the final decree. She gave a $25,000 bond to guarantee this result. To her was given the power of handling all property and the investing of the moneys of the estate within the exercise of sound discretion. To relieve herself of the responsibilities devolving upon her and to make the defendant a lawful trustee, R.L. 1905, 3041, now G.S. 1923, 7736, must be complied with. It provides: "The trustees of any estate or property may surrender and resign such trust in favor of such trust company which will accept the same, and convey and deliver to it all property and assets of such trust. * * * If such original trust was created under a last will, or an order or decree of a court of record, then such transfer shall not be valid except upon the judgment or decree of such court as would have jurisdiction of an action to remove the acting trustee, and full compliance with the terms and conditions of such judgment or decree."

The sons did not consent to the transfer of the estate property to the trust company nor did they know of the Montana mortgage and land transactions, nor was there any decree of court secured therefor. The trust company could not and did not become a trustee de jure, and did not by the procedure here adopted relieve Mrs. Larson of her trust responsibilities, nor could it exercise the discretion vested in her under the final decree. Under the facts in this case, neither the Larson estate nor the plaintiffs ever became the owners of the mortgages in question nor of the land.

R.L. 1905, 3044, now G.S. 1923, 7739, relative to a trust company, provides: "Besides its general books of account, it shall keep separate books for all trust accounts. All funds and property held by it in a trust capacity shall at all times be kept separate from the funds and property of the corporation. * * * Every security in which trust funds or property are invested shall at once, upon receipt thereof, be endorsed and transferred to it as trustee, * * * and not in blank or otherwise, and immediately entered in the proper books as belonging to the particular trust whose funds have been invested therein. Any change in such investment shall be fully specified in and under the account of the particular trust to which it belongs, so that all trust funds and property can be readily identified at any time by any person." There was a failure to comply with the terms of this law.

Defendant is accountable in money for the $5,000 portion of the Larson estate and the plaintiffs are not required to take the land; this without taking into account the trust company's guaranty of all investments made by it. Defendant contends, and there is nothing in the record to the contrary, that the lands secured by the foreclosure are of value in excess of the principal, interest, taxes, and costs of foreclosure. Fortunately for it, there will be no monetary loss. There is, in this case, no intimation of bad faith or lack of integrity on the part of the defendant or its officers. There was, however, a failure to follow the statutory requirements. A trust relationship is one jealously guarded by the law. Courts do, and should, so guard it even in a case such as this where loss in value is not involved and where there is no charge of an attempt to overreach or defraud. The findings of the trial court are amply supported by the evidence, and its conclusions are correct.

Order affirmed.

(Taken from Northwestern Reporter, Iowa, Nebr., Mich., N.D., Minn., S.D., Wis., C2–224, pp. 235–237.)

ANDREW JACKSON, AMERICAN, AND THE FRENCH DEBT—FAILURE OF FRANCE TO PAY AMERICA INSTALLMENTS DUE ON WORLD WAR AND POST WORLD WAR DEBTS RECALLS STERN, SUCCESSFUL MEASURES TAKEN BY HICKORY"

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection the gentleman is recognized for 1 minute.

There was no objection.

Mr. LUNDEEN. Mr. Speaker, there has been a great deal of discussion about how to handle our foreign debts—the French debts and other debts. I ask unanimous consent to revise and extend my remarks to show the wonderful statesmanlike manner in which Andrew Jackson, a real fighting American and a great Democrat, handled a similar situation in his time. [Applause.]

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. LUNDEEN. Mr. Speaker, between the years 1800–1817 a series of unprovoked aggressions upon our commerce was authorized and sanctioned by the Government of France, most of which occurred during the time that Napoleon was conducting his many wars, and particularly his wars against England. There is a striking parallel between the aggressions on our commerce at that time and the aggressions committed on our commerce by the contending parties in 1914, 1915, 1916, and 1917, during the World War; the only difference being a matter of degree, and the fact that lives were lost by reason of the aggressions during this last war.

Our Government during this terrific struggle between the Government of France, headed by Napoleon, and the other European countries, took the attitude that any damage to our commerce or injury that we received by reason of said war could be adjusted after the war was over. As a result, at the conclusion of these wars our Government insisted that the French Government pay for these wrongs perpetrated upon our commerce; and after considerable negotiations a treaty between our Government and the French Government was concluded and signed, on the 4th day of July 1831, by which it was stipulated and set forth as stated in President Jackson's message to Congress, December 1, 1834, that—

The French Government, in order to liberate itself from all reclamations preferred against it by citizens of the United States for unlawful seizures, captures, sequestrations, confiscations, or destruction of their vessels, cargoes, or other property, engages to pay a sum of 25,000,000 francs to the United States, who shall distribute it among those entitled, in the manner and according to the rules it shall determine.

According to this treaty the French Government was to pay this 25,000,000 francs in six annual installments of 4,166,666 francs and 66 centimes each—

The first installment to be paid at the expiration of 1 year next following the exchange of the ratification of this convention, and the others at successive intervals of a year, one after another, till the whole shall be paid. To the amount of each of the said installments shall be added interest at 4 percent thereupon * * *.

This treaty was duly ratified by both parties, and the ratification was exchanged at the city of Washington on February 2, 1832.

Jackson in his message goes on to say:

No legislative provision has been made by France for the execution of this treaty, either as it respects the indemnity to be paid or the commercial benefits to be secured to the United States. * * * Advice of the exchange of ratifications reached Paris prior to April 8, 1832. The French Chambers were then sitting, and continued in session until the 21st of that month, and although one installment of the indemnity was payable on February 2, 1833, 1 year after the exchange of ratifications, no application was made to the Chambers for the required appropriation; and in consequence of no appropriation having then been made, the draft of the United States Government for that installment was dishonored by the Minister of France, and the United States thereby involved in much controversy.

The next session of the Chambers commenced on November 19, 1832, and continued until April 25, 1833. Notwithstanding the omission to pay the first installment had been the subject of earnest remonstrance on our part, the treaty with the United States and a bill making the necessary appropriations to execute it were not laid before the Chamber of Deputies until April 6, nearly 5 months after its meeting, and only 19 days before the close of the session. The bill was read and referred to a committee, but there was no further action upon it.

The next session of the Chambers commenced on April 26, 1833, and continued until June 26 following. A new bill was introduced on June 11, but nothing important was done in relation to it during the session.

In the month of April 1834, nearly 3 years after the signature of the treaty, the final action of the French Chambers upon the bill to carry the treaty into effect was obtained, and resulted in a refusal of the necessary appropriations. * * *

The refusal to vote the appropriation, the news of which was received from our Minister in Paris about the 15th day of May, last (1834), might have been considered the final determination of the French Government not to execute the stipulations of the treaty, and would have justified an immediate communication of the facts to Congress, with a recommendation of such ultimate measures as the interest and honor of the United States might seem to require. But with the news of the refusal of the Chambers to make the appropriation were conveyed the regrets of the King and a declaration that a national vessel should be forthwith sent out with instructions to the French Minister to give the most ample explanations of the past and the strongest assurances for the future. After a long passage the promised dispatch vessel arrived. The pledges given by the French Minister upon receipt of his instructions were that as soon after the election of the new members as the charter would permit the legislative chambers of France should be called together and the proposition for an appropriation laid before them; that all the constitutional powers of the King and his cabinet should be exerted to accomplish the object; and that the result should be made known early enough to be communicated to Congress at the commencement of the present session.

The French Government of 1834 had the decency to apologize for its failure to pay an obligation.

Andrew Jackson, relying upon these pledges, did not communicate the above facts to Congress, relying as he did, upon the assurances of the French Government. In this message of December 1, 1834, Andrew Jackson goes on to say:

I regret to say that the pledges made through the Minister of France have not been redeemed. The new Chambers met on July 31 last, and although the subject of fulfilling treaties was alluded to in the speech from the throne, no attempt was made by the King or his cabinet to procure an appropriation to carry it into execution.

Andrew Jackson then makes this emphatic assertion:

The idea of acquiescing in the refusal to execute the treaty will not, I am confident, be for a moment entertained by any branch of this Government, and further negotiation upon the subject is equally out of question.

And then Andrew Jackson goes on to say:

Our institutions are essentially pacific. Peace and friendly intercourse with all nations are as much the desire of our Government as they are the interest of our people. But these objects are not to be permanently secured by surrendering the rights of our citizens or permitting solemn treaties for their indemnity, in cases of flagrant wrong, to be abrogated or set aside.

Andrew Jackson was not a man who indulged in fine speech, but when he was through speaking no one could doubt the meaning of his words. For example, he goes on to say:

There is but one point in the controversy, and upon that the whole civilized world must pronounce France to be in the wrong. We insist that she shall pay us a sum of money which she has acknowledged to be due, and of the justice of this demand there can be but one opinion among mankind.

And a few sentences later in his message he said:

It is my conviction that the United States ought to insist on a prompt execution of the treaty, and in case it be refused or longer delayed, take redress into their own hands. After the delay on the part of France of a quarter of a century in acknowledging these claims by treaty, it is not to be tolerated that another quarter of a century is to be wasted in negotiating about the payment. The laws of nations provide a remedy for such occasions. It is a well-settled principle of the International Code that where one nation owes another a liquidated debt which it refuses or neglects to pay the aggrieved party may seize on the property belonging to the other, its citizens, or subjects sufficient to pay the debt without giving just cause of war. This remedy has been repeatedly resorted to and recently by France herself toward Portugal, under circumstances less unquestionable.

And, then, listen to the American attitude of a real American when he says:

Since France, in violation of the pledges given through her Minister here, has delayed her final action so long that her decision will not, probably, be known in time to be communicated to this Congress, I recommend that a law be passed authorizing reprisals upon French property in case provision shall not be made for the payment of the debt at the approaching session of the French Chambers. Such a measure ought not to be considered by France as a menace. Her pride and power are too well known to expect anything from her fears and preclude the necessity of a declaration that nothing partaking of the character of intimidation is intended by us. She ought to look upon it as the evidence only of an inflexible determination on the part of the United States to insist on their rights. That Government by doing only what it has itself acknowledged to be just will be able to spare the United States the necessity of taking redress into their own hands and save the property of French citizens from that seizure and sequestration which American citizens so long endured without retaliation or redress. If she should continue to refuse that act of acknowledged justice and, in violation of the law of nations, make reprisals on our part the occasion of hostilities against the United States, she would but add violence to injustice, and could not fail to expose herself to the just censure of civilized nations and to the retributive judgments of Heaven.

Collision with France is the more to be regretted on account of the position she occupies in Europe in relation to liberal institutions, but in maintaining our national rights and honor all governments are alike to us.

The result of this message to Congress was the cause of great excitement in France, and the French Government instead of acknowledging that they were in the wrong and offering to make amends to pay the debt which they had solemnly declared to be due under the treaty dispatched war fleets to the coasts of this country, and bills were introduced in the French Chambers for increased military activity, looking to war with the United States. In other words, France was on the point of going to war with the United States over 25,000,000 francs rather than pay her honest and acknowledged obligation. However, we had in the White House a man who not only was a real American but one who could not be frightened even in the early days of this Republic by the power and majesty of the French Government.

Without going into further details of this controversy, the firm American attitude of Andrew Jackson resulted in the full payment by the French Government of this obligation within a very short time, and without any war, and the net result was a greater respect for the American Republic on the part of the French Government than they had ever entertained before. It might also be added that during the Jackson administration the American Government had money coming from Denmark, from Spain, from The Two Sicilies, and that Jackson in each and every case insisted on the prompt payment of these obligations; and when he left the Presidency, every foreign debt due the United States had been paid in full with the exception of Portugal's, which was paid in 1851.

It might also be added that during the Revolutionary War France loaned the United States $8,000,000, and when the treaty of peace was signed in Paris, September 3, 1783, the French demand for a payment of this debt reached the United States before news of the signing of the treaty of peace reached our Government. Our American forefathers did not in reply plead poverty, did not shout to high heaven that they had just emerged from a 7-year war in defense of human liberty, and ask for "funding" of the debt on ability to pay. They paid in full and with interest.

France must be taught the lesson in 1933 that a debtor who refuses to pay should be treated accordingly. That we Americans refuse to assume any more of her financial obligations to enable her to strut before the world the most militaristic nation on earth, spending over $500,000,000 a year on armaments, while she has the second largest gold reserve in the world. She must be taught that breaking treaties and solemn obligations is just as dishonorable when perpetrated by France as when indulged in by any other nation. That dishonor is dishonor; that repudiation is repudiation. She must be taught that we have too high a regard for France herself to permit her in such a high-handed manner to flaunt the solemn obligation of her Government; and, lastly, she must be taught that we still believe what Jackson so forcibly said, that "in maintaining our national rights and honor all governments are alike to us." [Applause.]

Mr. Speaker, ladies and gentlemen of the House, let me quote again from Jackson's fourth annual message. Speaking of keeping out of the quarrels of Europe, he said:

Nor have we less reason to felicitate ourselves on the position of our political than of our commercial concerns. They remain in the state in which they were when I last addressed you—a state of prosperity and peace, the effect of a wise attention to the parting advice of the revered Father of his Country on this subject, condensed into a maxim for the use of posterity by one of his most distinguished successors—to cultivate free commerce and honest friendship with all nations, but to make entangling alliances with none. A strict adherence to this policy has kept us aloof from the perplexing questions that now agitate the European world and have more than once deluged those countries with blood. Should those scenes unfortunately recur, the parties to the contest may count on a faithful performance of the duties incumbent on us as a neutral nation, and our own citizens may equally rely on the firm assertion of their neutral rights.

Andrew Jackson's two terms as President of the United States covered the period from March 4, 1829, to March 4, 1837, and Europe, always on the brink of war, was in a dangerous frame of mind then, as now.

Having followed in the footsteps of the Washington-Jefferson policy, Andrew Jackson was able to say in his fifth annual message, December 3, 1833:

A large balance will remain in the Treasury after satisfying all the appropriations chargeable on the revenue for the present year.

Jackson, in his sixth annual message, declared the country "free from public debt, at peace with the world."

The foreign policy he followed has been observed by every worthwhile statesman from Washington to April 6, 1917. Permit me to call attention to a changed foreign policy in recent years. I read here an editorial from the Minneapolis Tribune of January 27, 1929:

AMERICA ARMS THE WORLD

Senator TYDINGS, of Maryland, wants the United States to use its money power as a club to force the rest of the world to disarm. He reasons that since the rest of the world is forced to come to America for loans, this country could exert an influence for good by putting an embargo on money against nations that maintain excessive armies and navies. To this end he proposes a resolution directing the Secretary of State to forbid American bankers to make the objectionable loans. This is, perhaps, a sample of the "hard boiled" attitude which former Secretary of War Newton D. Baker was urging this country to adopt the other day toward bellicose governments.

Secretary Kellogg has been doing something like this for the past few years, exercising a veto on loans to governments which refuse to settle their war debts to America, but success of the plan depends on voluntary cooperation of the bankers. Although there is no power in the Government to compel submission of loans to the State Department for approval, the bankers in practice find it advisable not to run counter to the wishes of Secretary Kellogg. Whether they would submit so easily to a general embargo on all loans to half the world is another matter.

Senator TYDINGS' resolution, however, has served the useful purpose of calling attention to the fact that America is lending many countries every year about the full amount of their military expenditures. These loans, of course, are chiefly to private business, but the sums so released abroad thereby become available for use of armies and navies. Viewed in this rather indirect way, the United States is supporting about half the military establishments of Europe.

The United States can hardly embark on any such crusade as Senator TYDINGS wants, but it is a striking commentary on the inability of the world to learn from experience that 10 years after the war to end war Europe has an aggregate standing army of more than 3,000,000 soldiers. Europe is as much an armed camp today as in 1914, and so long as that is true, it is idle to talk of another war as "impossible."

And let me say this to our American people: That misrepresentatives of America have been supporting the military establishments of Europe and the Emperors and empires of Europe ever since the World War. It is time to put a stop to the misleadership of these so-called "gentlemen" who have been busily engaged in destroying American prosperity.

Serving in the Continental Army under George Washington, Andrew Jackson, American soldier lad of 14, flung back the taunts and insults of British officers whose boots he refused to clean, and suffered wounds at their hands.

This American soldier, famous general and statesman supreme, drove the last of the British armies from American soil in a decisive and brilliant victory at New Orleans, and they never returned from that day to this, except as propagandists to propagandize us into the quarrels of Europe.

Can anyone doubt what the stand of Andrew Jackson would have been in 1917, when another Democrat plunged us into the quarrels of Europe after solemnly promising the American people that if they would reelect him he would keep us out of war?

I commend the state papers of Andrew Jackson as real American literature, virile, living today, as they were throbbing with life in his time. The greatness of Jackson resulted very largely from his virile Americanism and his following the precepts and advice of the founders of the Republic.

I want you, my fellow Americans, to know the words of Washington, and I want you to know that they are pertinent today. I read you an editorial dated February 22, 1930, printed on Washington's birthday, in the Minneapolis Tribune:

WASHINGTON'S WORDS ARE PERTINENT TODAY

Less 2 years, it is exactly two centuries today since George Washington was born.

And 3 years before he died he left as a legacy to the American people a farewell address which formulated the main principles of the foreign policy this young Nation was to adopt.

In words forever memorable he spoke as follows:

"Europe has a set of primary interests which to us have none or a very remote relation. Hence she must be engaged in frequent controversies the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate ourselves by artificial ties in the ordinary vicissitudes of her politics or the ordinary combinations and collisions of her friendships or enmities.

"Our detached and distant situation invites and enables us to pursue a different course. If we remain one people, under an efficient government, the period is not far off when we may defy material injury from external annoyance; when we may take such an attitude as will cause the neutrality we may at any time resolve upon to be scrupulously respected; when belligerent nations, under the impossibility of making acquisitions upon us, will not lightly hazard the giving us provocation; when we may choose peace or war, as our interests, guided by justice, shall counsel.

"Why forego the advantages of so peculiar a situation? Why quit our own to stand on foreign ground? Why, by interweaving our destiny with any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice?"

These words are as pertinent as if they were spoken yesterday. They apply directly to two issues now engaging the attention of the American people.

The first issue is the Mediterranean pact which France hopes to see adopted at the London Conference.

The second is the Philippine situation.

As regards the first, France wishes to make as a price for her participancy in the American reduction plan America's promise to aid France, in the event of war, in the Mediterranean. The proposition is not couched in terms quite that bald, but that is its clear meaning. Needless to say, the words of Washington, as quoted above, counsel rejection of any such proposal.

As regards the second, the Philippine Islands, it is clear that had Washington's advice been followed they would never have been taken over. "Why forego the advantages of so peculiar a situation?" asks Washington, "Why quit our own to stand upon foreign ground?"

That is exactly the question the Northwest is asking today about our presence in the Philippines. Why are we over at Asia's doorstep at all? With two ocean frontiers and the best situation in the world for defense why have we loaded ourselves up with a vulnerable possession at the other end of the globe—a possession which would automatically become our theater of war in the event of conflict with an Asiatic power?

We acquired the Philippines in defiance of the advice laid down by the far-seeing founder of the Republic, and we have had nothing but trouble ever since. The agricultural competition from the Philippines is inflicting damaging blows upon an agriculture already in great distress; Minnesota today is paying out more for the Philippines than for running its entire State government. And naturally our whole agricultural population is fuming today about our continued retention of the Philippines.

The foreign policy enunciated by Washington in his Farewell Address represented the final word on the subject. Nobody has ever been able to find a better one. We have never experienced anything but grief when we ignored his message. We have never gone wrong in following his advice.

Those individuals who are today seeking to make up their minds concerning the courses America should pursue in relation to the proposal to sign a Mediterranean pact or to free the Philippines should ponder the words spoken by the Father of this Country 134 years ago.

Jackson Americanism and Jackson democracy can save America today. Jackson was a follower of Jefferson, as Lincoln was a follower of Jefferson, and Jefferson, Jackson, and Lincoln were all followers of the foreign policy of the revered George Washington.

It is not enough to build monuments to the Father of our Country. That alone will not save us in this day and hour of trial. It is not enough to read his Farewell Address in the House and Senate on February 22. It is not enough to print editorials in great dailies. In our foreign policy we must follow the immortal advice given by Washington in his Farewell Address.

I agree with the Minneapolis Tribune that the foreign policy enunciated by Washington in his Farewell Address represented the final word on that subject. I agree that nobody has been able to find a better one. I agree that we have never experienced anything but grief when we ignored his message. I agree that we have never gone wrong in following his advice; but I wish to remind the Minneapolis Tribune and the Minneapolis Journal and the great dailies of America that when Ernest Lundeen followed Washington's advice; when Charles A. Lindbergh followed Washington's advice; when the immortal Robert M. La Follette followed Washington's advice; the great press of America forgot Washington, sneered at Washington, laughed at the disciples of Washington; but "while the lamp holds out to burn, the vilest sinner may return."

UNIFORM SYSTEM OF BANKRUPTCY

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to extend my remarks on the bill, H.R. 5950.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

Mr. McLEOD. Mr. Speaker, in supporting H.R. 5950 I desire to call to the attention of the House that a nation-wide spread of default on municipal debts has increased to the point where it has become a matter of the deepest and gravest concern. Recent hearings before the Judiciary Committee disclosed that as of March 25, 1933, there were scattered among 41 States, 895 cities, counties, taxing districts, and so forth, which were in actual default. This alarming number is now over 1,000, with well-informed authorities predicting default of 2,000 more cities within the next year. Vitally necessary civic functions, such as health, education, police, and fire protection are being dangerously curtailed.

My own city of Detroit has made heroic efforts to meet its obligations in their entirety. Expenses have been cut to an irreducible minimum and budget estimates slashed to the greatest possible degree. Events beyond human control have made it impossible to carry on necessary civic activities and meet maturing obligations. The Michigan State Legislature has just enacted laws providing for the refunding of Detroit's $400,000,000 bonded indebtedness. This plan of refunding, however, can only be successfully carried out by enactment of H.R. 5950. The mounting condition of tax delinquency and other related effects of the depression have made the legislation embodied in this bill the solution to one of the most vital problems confronting the Nation in the present crisis.

The underlying and attributive causes of this grave situation are many and varied. Generally speaking, however, they may be laid principally to the deflated real-estate values, averaging perhaps not more than 50 percent of the former price level. Unemployment, with its consequent staggering burden for emergency relief of the destitute, deflation of commodity prices, and other concomitants, have been considerable factors. In some cities this condition has been much aggravated by overexpansion of municipal debt during the post-war prosperity period. As an example of the welfare burden cities are being compelled to bear because of the depression, I will state that in my own city of Detroit nearly a fifth of the total population, or approximately 300,000 people, are receiving welfare aid. This vital and necessary aid is costing the city $1,250,000 a month.

A drastic reduction in capacity for payment of taxes has taken place throughout the entire country. It has become an impossibility to collect taxes based and assessed on the inflated values of the boom period. In some municipalities tax delinquency has reached the total of nearly 80 percent. Of necessity, actual present values, instead of the former inflated prices, must form the base for purposes of taxation.

Bonded obligations of States, counties, and cities now outstanding total approximately $16,000,000,000, or $1,000,000,000 more than the total outstanding in railroad bonds. Congressional action has been necessitated by the financial collapse of the railroad structure, and immediate action is imperative to forestall a chaotic condition in municipalities throughout the Nation.

Bad as the results of railroad insolvencies are, they can hardly be compared to the disastrous consequences of widespread municipal default. Under existing law nonresidents may sue defaulting cities in Federal courts in the same way that a private person may be sued for debt. Cities unable to meet their bonded debts can be compelled by mandamus to levy increased taxes to meet the demands of their creditors. City officials may be sent to jail for contempt if they decline to levy and collect additional taxes. The situation has reached the point where the principal question involved is whether we shall have either complete collapse and breakdown of municipal government to permit the payment of interest and principal on bonds, which under such conditions could not last, or whether we shall provide legislation that will permit intelligent and reasonable adjustments between municipalities and bondholders.

An extension of maturity dates is needed by some municipalities. Others require merely a temporary reduction of interest rates, while still others require the major remedy of scaling down the principal indebtedness.

Under provisions of the bill we are considering today it will be possible for a municipality, or taxing district, upon its own initiative, to institute proceedings that will lead to a satisfactory adjustment of its debts.

Since initiating legislation for the relief of insolvent municipalities during the last days of the Seventy-second Congress, when I fathered H.R. 14789, which bill was favorably reported to the House on March 1, I have seen a most encouraging growth of support and understanding of the real and vital need for this essential relief.

Enactment of this measure is imperative, not only to rebuild and restore the credit of municipalities now in default but to protect the credit of cities facing default on current maturities. Only by the enactment of such legislation can we avoid further common losses to property owners and bondholders, stabilize values, and check the progressive demoralization of real-estate values throughout the country. It is my sincere conviction that by passing this bill today we will be taking a most urgent and progressive step toward preserving the peace, happiness, health, and safety of citizens, not only in those municipalities which already are in default but in the thousands of other municipalities which are in imminent danger of becoming so.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BROOKS, for 3 days, on account of important business.

To Mr. O'MALLEY, for 5 days, on account of illness in family.

To Mr. PETERSON (at the request of Mr. BYRNS) on account of death of father.

To Mr. LLOYD, for 1 week, commencing June 12, on account of important business.

DEFICIENCY APPROPRIATION BILL

Mr. BYRNS. Mr. Speaker, the Committee on Appropriations is working on the deficiency bill and it may be completed tonight. In that event, I ask unanimous consent that that committee may have until 12 o'clock tonight within which to file its report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I want to remind the House that we meet at 10 o'clock tomorrow, and if the Members are here so as to avoid the necessity of a quorum call we can dispatch a great deal of business and may be able to get away tomorrow night. [Applause.] That, of course, is contingent upon the fact that we do not take up too much time in discussing matters.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BYRNS. I yield.

Mr. SNELL. Is there anything new or more definite in regard to adjournment than when I talked to the gentleman a little while ago?

Mr. BYRNS. No; nothing new.

Mr. LUNDEEN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. LUNDEEN. I would like to ask the majority leader just how we are getting along with the soldier legislation?

Mr. BYRNS. That will come up at 10 o'clock tomorrow morning. I am very happy to say that I believe an understanding has been reached which, when presented to the House tomorrow, will meet with the approval of the House, or at least a great majority of the Members of the House. I think they have agreed upon a proposal which presents some concessions upon the part of the President which I

believe will meet the views of most of the Members of the House.

Mr. LUNDEEN. I would like to see the economy bill repealed; but if it cannot be repealed, I hope you will give us a practical repeal.

Mr. BYRNS. Well, this would not amount to practical repeal, I will say to the gentleman, and I would hate to think that it did; but it does make some modifications which will be apparent tomorrow.

Mr. GOSS. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. GOSS. There is a Democratic-Republican baseball game for charity in the afternoon. I was wondering if the gentleman had made any plans with reference to that schedule, as some of the Members will be required to be there or else disappoint the people who have bought seats for charity.

Mr. BYRNS. I have not; but I thought, if we met at 10 o'clock tomorrow and proceeded with dispatch, it might be possible tomorrow afternoon to take a recess for 2 or 3 hours, because it is fairly possible there will be nothing for us to do anyway, and we can come back later on.

Mr. SNELL. I think that is a good suggestion.

Mr. LUNDEEN. I would like to say to the gentleman that when the Republicans and Democrats are through with their championship game, the Farmer-Labor Party challenges the winner. [Laughter and applause.]

SENATE BILLS AND CONCURRENT RESOLUTION REFERRED

Bills and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 512. An act for the relief of Peter Pierre; to the Committee on Claims.

S. 690. An act for the relief of Charles L. Graves; to the Committee on Claims.

S. 723. An act to amend the act of March 13, 1924 (43 Stat.L. 21), so as to permit the Flathead, Kootenai, and Upper Pend d'Oreille Tribes or Nations of Indians to file suit thereunder; to the Committee on Indian Affairs.

S. 815. An act to provide for the survival of certain actions in favor of the United States; to the Committee on the Judiciary.

S. 1126. An act for relief of M. M. Twichel; to the Committee on Claims.

S. 1742. An act granting consent of Congress to Ernest N. Hutchinson, Otto A. Case, and A. C. Martin to construct, maintain, and operate a bridge across Deception Pass between Whidby Island and Fidalgo Island in the State of Washington; to the Committee on Interstate and Foreign Commerce.

S. 1745. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 1746. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 1747. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Waldport, Lincoln County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 1748. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 1749. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 1774. An act to provide for extension of time for making deferred payments on homestead entries in the abandoned Fort Lowell Military Reservation, Ariz.; to the Committee on the Public Lands.

S. 1780. An act to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia and for the replatting and development of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes; to the Committee on the District of Columbia.

S. 1807. An act to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.; to the Committee on Indian Affairs.

S.Con.Res. 2. Concurrent resolution providing for the printing, with an index, of the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence; to the Committee on Printing.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4220. An act for the protection of Government records;

H.R. 4812. An act to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes; and

H.R. 5793. An act to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1094. To authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on June 8, 1933, present to the President, for his approval, bills of the House of the following titles:

H.R. 1767. An act to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States, and the transfer by the Secretary of the Navy of certain other lands to said city of San Diego;

H.R. 5239. An act to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; and

H.R. 5690. An act to legalize the manufacture, sale, or possession of 3.2 percent beer in the State of Oklahoma when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 19 minutes p.m.), under the order previously entered, the House adjourned until tomorrow, Saturday, June 10, 1933, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

91. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, and the Flood Control Act of May 15, 1928,

a letter from the Chief of Engineers, United States Army, dated May 24, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Mississippi River above Coon Rapids Dam, Minn., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc.No. 66); to the Committee on River and Harbors and ordered to be printed, with illustrations.

92. A letter from the Secretary of War, transmitting pursuant to section 1 of the River and Harbor Act, approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated May 15, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Yadkin-Peedee River, N.C. and S.C., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 68); to the Committee on Rivers and Harbors and ordered to be printed, with 20 illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COCHRAN of Missouri: Committee on Accounts. House Resolution 172. A resolution authorizing the payment of expenses for conducting the investigation authorized by House Resolution 163 (Rept. No. 212). Ordered to be printed.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 5863. A bill to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription. Without amendment (Rept. No. 215). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEWIS of Colorado: Committee on the Judiciary. S. 813. An act to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circut. Without amendment (Rept. No. 216). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 5862. A bill to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction. Without amendment (Rept. No. 217). Referred to the House Calendar.

Mr. BROWNING: Committee on the Judiciary. H.R. 5909. A bill to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district. Without amendment (Rept. No. 218). Referred to the House Calendar.

Mr. CHAVEZ: Committee on the Public Lands. H.R. 5397. A bill to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein; without amendment (Rept. No. 219). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHRISTIANSON: Committee on Indian Affairs. H.R. 5083. A bill providing for payment of $100 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States; with amendment (Rept. No. 227). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Resolution 185. A resolution providing for the consideration of H.R. 5389, an act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, with Senate amendments; without amendment (Rept. No. 228). Referred to the House Calendar.

Mr. KEMP: Committee on the Territories. S. 313. An act to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming; with amendment (Rept. No. 229). Referred to the Committee of the Whole House on the state of the Union.

Mr. DIES: Committee on Coinage, Weights, and Measures. H.R. 5821. A bill to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century; without amendment (Rept. No. 230). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 320. An act to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases, and for other purposes; without amendment (Rept. No. 231). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 1425. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933; with amendment (Rept. No. 232). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 1634. An act to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue; without amendment (Rept. No. 233). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 1648. An act to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building and loan associations; with amendment (Rept. No. 234). Referred to the Committee of the Whole House on the state of the Union.

Mr. TARVER: Committee on the Judiciary. H.R. 5153. A bill to amend an act entitled "An act to equip the United States penitentiary, Atlanta, Ga., for the manufacture of supplies for the use of the Government, for the compensation of prisoners for their labor, and for other purposes", approved July 10, 1918 (U.S.C., title 18, sec. 794); with amendment (Rept. No. 235). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 257. A bill to authorize full settlement for professional services rendered to an officer of the United States Army; without amendment (Rept. No. 220). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 1403. A bill for the relief of David I. Brown; without amendment (Rept. No. 221). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 1413. A bill for the relief of Leonard L. Dilger; without amendment (Rept. No. 222). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 2439. A bill for the relief of William G. Burress; without amendment (Rept. No. 223). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 2509. A bill for the relief of John Newman; without amendment (Rept. No. 224). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 3997. A bill for the relief of Erney S. Blazer; without amendment (Rept. No. 225). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. S. 727. An act for the relief of Francis N. Dominick; without amendment (Rept. No. 226). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PEYSER: A bill (H.R. 5996) to increase the purchasing power of the Nation, to promote trade, and to aid national economic recovery, and for other purposes; to the Committee on Banking and Currency.

By Mr. McFADDEN: A bill (H.R. 5997) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates; to the Committee on Ways and Means.

By Mr. BUCK: A bill (H.R. 5998) to provide for the sale of the old post-office property at Stockton, Calif., to the county of San Joaquin, Calif.; to the Committee on Public Buildings and Grounds.

By Mr. TRUAX: A bill (H.R. 5999) to expedite prosecution of patent applications pending more than 3 years; to the Committee on Patents.

By Mr. DUNN: A bill (H.R. 6000) to prevent fraud, deception, or improper practice in connection with business before the United States Patent Office, and for other purposes; to the Committee on Patents.

By Mr. RICH: A bill (H.R. 6001) permitting single signature in patent applications and validating joint patent for sole invention; to the Committee on Patents.

By Mr. DISNEY: A bill (H.R. 6002) granting a pension to the regularly commissioned United States deputy marshals of the United States court in the Indian Territory or the United States District Court for the Western District of Arkansas, including the Indian Territory, now the State of Oklahoma, and to their widows and dependent children; to the Committee on the Judiciary.

Also, a bill (H.R. 6003) authorizing the Secretary of the Interior to purchase certain lands in Ottawa County, Okla.; to the Committee on Indian Affairs.

By Mr. ROMJUE: A bill (H.R. 6004) authorizing the Chamber of Commerce of the City of Hannibal, Mo., its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the city of Hannibal, Marion County, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. DISNEY: A bill (H.R. 6005) making an appropriation for improving the Arkansas River from Tulsa, Okla., to the point where it flows into the Mississippi River, for purposes of navigation; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 6006) amending the act entitled "An act authorizing the Court of Claims to hear, determine, and render judgment in the civilization-fund claim of the Osage Nation of Indians against the United States", approved February 6, 1921 (41 Stat. 1097); to the Committee on Indian Affairs.

Also, a bill (H.R. 6007) to confer jurisdiction on the Court of Claims to hear and determine certain claims of the Pawnee Indians against the United States, and for other purposes; to the Committee on Indian Affairs.

Also, a bill (H.R. 6008) to facilitate poor plaintiffs having meritorious causes to sue in the courts of the United States without depositing moneys or security for cost and relieving their attorneys of any liability for costs; to the Committee on the Judiciary.

Also, a bill (H.R. 6009) to carry out certain obligations to certain enrolled Indians under tribal agreement; to the Committee on Indian Affairs.

Also, a bill (H.R. 6010) authorizing appropriations for cooperating with States granting old-age and disabled-persons pensions, and for other purposes; to the Committee on the Judiciary.

By Mr. KRAMER: A bill (H.R. 6011) to empower assignee of inventor to file divisional, continuation, renewal, or reissue application; to the Committee on Patents.

By Mr. WEIDEMAN: A bill (H.R. 6012) to limit inventors to priority of 2 years before filing applications for patents; to the Committee on Patents.

By Mr. DIMOND: A bill (H.R. 6013) to authorize the sale of land and houses at Anchorage, Alaska; to the Committee on the Territories.

By Mr. ELLZEY of Mississippi: Resolution (H.Res. 181) authorizing the investigation of the Federal Radio Commission; to the Committee on Rules.

By Mr. COCHRAN of Missouri: Resolution (H.Res. 182) for the relief of Catherine Jane McKee; to the Committee on Accounts.

By Mr. DOUGHTON: Resolution (H.Res. 183) authorizing the Committee on Ways and Means to make an investigation of the internal revenue laws of the United States; to the Committee on Rules.

Also, resolution (H.Res. 184) authorizing the payment of expenses incurred by the Committee on Ways and Means in conducting the investigation authorized by House Resolution 183; to the Committee on Accounts.

By Mr. POU: Resolution (H.Res. 185) providing for the consideration of H.R. 5389, an act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, with Senate amendments; to the Committee on Rules.

By Mr. SMITH of Washington: Resolution (H.Res. 186) calling upon our State Department, provided it be compatible with the public interest, to communicate to the Government of Germany the fact that it views with disfavor and deplores the cruel and inhuman treatment being accorded to the Jews in Germany, and expresses the hope and desire that the same be discontinued forthwith; to the Committee on Foreign Affairs.

By Mr. DISNEY: Joint resolution (H.J.Res. 201) to repeal all acts pertaining to the construction and remodeling of certain Government buildings; to the Committee on Public Buildings and Grounds.

By Mr. IGLESIAS: Joint resolution (H.J.Res. 202) providing for extension of cooperative work of the Geological Survey to Puerto Rico; to the Committee on Insular Affairs.

By Mr. LEMKE: Joint resolution (H.J.Res. 203) to make available a portion of the appropriation for crop-production loans for loans to counties for control of grasshoppers; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AUF DER HEIDE: A bill (H.R. 6014) extending the benefits of the Emergency Officers' Retirement Act to John J. Lettieri; to the Committee on Military Affairs.

By Mr. BROWN of Michigan: A bill (H.R. 6015) for the relief of Cadreau Bros.; to the Committee on Claims.

By Mr. CROWE: A bill (H.R. 6016) for the relief of M. P. Creath; to the Committee on Claims.

By Mr. CROWTHER: A bill (H.R. 6017) to authorize the Secretary of War to donate to the Broderick-Fuller-Nekola Post of the American Legion, Schenectady, N. Y., two bronze cannons; to the Committee on Military Affairs.

By Mr. JOHNSON of West Virginia: A bill (H.R. 6018) granting an increase of pension to Josinah Brown; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6019) granting an increase of pension to Margaret E. Gorrell; to the Committee on Invalid Pensions.

By Mr. KELLY of Pennsylvania: A bill (H.R. 6020) for the relief of G. P. Ponti; to the Committee on Claims.

By Mr. MARSHALL: A bill (H.R. 6021) for the relief of John B. H. Waring; to the Committee on Military Affairs.

By Mr. MERRITT: A bill (H.R. 6022) granting a pension to Thomas J. Barbour; to the Committee on Pensions.

By Mr. PARKER of Georgia: A bill (H.R. 6023) for the relief of John T. Garity; to the Committee on Claims.

By Mr. RAYBURN: A bill (H.R. 6024) granting a pension to Jane Edwards; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6025) granting a pension to Guy H. Stedham; to the Committee on Pensions.

Also, a bill (H.R. 6026) granting a pension to Lon G. Cody; to the Committee on Pensions.

Also, a bill (H.R. 6027) for the relief of the estate of W. Y. Carver, deceased; to the Committee on Claims.

Also, a bill (H.R. 6028) for the relief of Chilton Craddock; to the Committee on Naval Affairs.

By Mr. SNYDER: A bill (H.R. 6029) granting an increase of pension to Sarah J. Hochstetler; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6030) granting an increase of pension to Margaret C. Mills; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6031) granting an increase of pension to Mary E. Wetmiller; to the Committee on Invalid Pensions.

By Mr. TURPIN: A bill (H.R. 6032) granting a pension to Leander Simonson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1347. By Mr. DONDERO: Petition of the Common Council of the Legislative Body of the City of Detroit, urging and requesting the President of the United States of America to transmit a message to Congress urging the passage of the so-called "Sumner bill", H.R. 5885, or legislation to enable the city of Detroit to refund its bonded indebtedness in order to prevent default and to continue and maintain orderly government and to preserve the peace, health, and safety of its citizens; to the Committee on the Judiciary.

1348. By Mr. JOHNSON of Minnesota: Resolution by the Vincent L. Gantvalley Post, No. 234, American Legion, protesting against harshness of veteran reductions under Economy Act; to the Committee on Expenditures in the Executive Departments.

1349. By Mr. LEA of California: Petition of 442 residents of California, to restore to all service-connected disabled veterans their former benefits, privileges, etc., which existed prior to the enactment of the so-called "Economy Act"; to the Committee on Expenditures in the Executive Departments.

1350. By Mr. LINDSAY: Petition of Advertising Topographers of America, New York City, urging Congress and the Senate to approve labor provision amendment to the national industrial recovery bill, S. 1712; to the Committee on Ways and Means.

1351. Also, petition of Rochester Chamber of Commerce, Rochester, N.Y., concerning the National Industrial Recovery Act; to the Committee on Ways and Means.

1352. Also, petition of Joint Committee of Affiliated Substitutes of Brooklyn, favoring House bills 5206, 4017, 3101—the 30-year retirement bill, adoption of 2-cent letter rate, etc.; to the Committee on the Post Office and Post Roads.

1353. Also, petition of Nelson H. Budd, editor, Canning Age, New York City, concerning the national industrial recovery bill; to the Committee on Ways and Means.

1354. By Mr. McCORMACK: Petition of Dorchester Board of Trade, Dorchester, Mass., Patrick J. Connelly, president, representing a district of 200,000 people, urging early passage of the Industrial Recovery Act; to the Committee on Ways and Means.

1355. By Mr. WELCH: Petition of citizens of the State of California, requesting Congress to restore to all service-connected disabled veterans their former benefits, ratings, etc.; to the Committee on Expenditures in the Executive Departments.

1356. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to give serious consideration to allotting for highways a larger proportion of the funds set aside for the public-works program; to the Committee on Banking and Currency.

1357. Also, memorial of the Legislature of the State of Wisconsin, relating to the purchase of additional lands for Federal forest purposes in Wisconsin; to the Committee on the Public Lands.

1358. By the SPEAKER: Petition of the committee on grievances of Supreme Court of the District of Columbia in regard to complaint against Alfred A. Wheat, Chief Justice of Supreme Court of the District of Columbia, for impeachment and removal from office; to the Committee on the Judiciary.

SENATE

SATURDAY, JUNE 10, 1933

(Legislative day of Tuesday, June 6, 1933)

The Senate met at 10 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Copeland	McCarran	Sheppard
Bachman	Cutting	McGill	Smith
Barkley	Frazier	McKellar	Thomas, Okla.
Black	Hale	McNary	Thompson
Bratton	Hatfield	Metcalf	Trammell
Brown	Hayden	Patterson	Vandenberg
Bulow	Kendrick	Pope	Walsh
Byrnes	Keyes	Robinson, Ark.	
Capper	Logan	Robinson, Ind.	
Coolidge	Long	Russell	

Mr. VANDENBERG. I desire to announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is necessarily absent from the Senate in attendance upon the London Economic Conference.

Mr. McNARY. I wish to announce that the senior Senator from South Dakota [Mr. NORBECK] is unavoidably absent from the Senate.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate by reason of his attendance as a delegate representing our Government at the London Economic Conference. I wish this announcement to stand for the day.

The VICE PRESIDENT. Thirty-seven Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. LONERGAN and Mr. WHITE answered to their names when called.

Mr. ADAMS, Mr. ASHURST, Mr. BAILEY, Mr. BANKHEAD, Mr. BARBOUR, Mr. BONE, Mr. BORAH, Mr. BULKLEY, Mr. BYRD, Mrs. CARAWAY, Mr. CAREY, Mr. CLARK, Mr. CONNALLY, Mr. COSTIGAN, Mr. DAVIS, Mr. DICKINSON, Mr. DIETERICH, Mr. DILL, Mr. DUFFY, Mr. ERICKSON, Mr. FESS, Mr. FLETCHER, Mr. GEORGE, Mr. GLASS, Mr. GOLDSBOROUGH, Mr. GORE, Mr. HARRISON, Mr. HASTINGS, Mr. HEBERT, Mr. JOHNSON, Mr. KEAN, Mr. KING, Mr. LA FOLLETTE, Mr. LEWIS, Mr. McADOO, Mr. MURPHY, Mr. NEELY, Mr. NORRIS, Mr. NYE, Mr. OVERTON, Mr. REED, Mr. REYNOLDS, Mr. SCHALL, Mr. SHIPSTEAD, Mr. STEIWER, Mr. STEPHENS, Mr. THOMAS of Utah, Mr. TOWNSEND, Mr. TYDINGS, Mr. VAN NUYS, Mr. WAGNER, Mr. WALCOTT, and Mr. WHEELER entered the Chamber and answered to their names.

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by veterans and ex-service men assembled at the United States Soldiers' Home in Washington, D.C., favoring the prompt repeal of the so-called "Economy Act" and the immediate restoration of the compensations, pensions, disability allowances, and hospital and domiciliary rights of veterans without discrimination as to race, color, creed, or political affiliations, and also favoring the immediate cash payment of the remainder of the adjusted-service certificates (bonus), which were referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by Beckley Chapter, No. 9, Disabled American Veterans of the World War, of Beckley, W.Va., favoring the restoration of

benefits and allowances to veterans of the World War, which were referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by U.S.S. Jacob Jones Post, No. 2, the American Legion, Washington, D.C., protesting against the passage of any law or the issuance of any regulation to deprive honorably discharged veterans of preference of retention in the Civil Service granted to them under previous laws and Executive orders, etc., which was referred to the Committee on Civil Service.

He also laid before the Senate the petition of Samuel Tilden Ansell, Esq., praying for an investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, and of his qualifications to be a Senator, which was referred to the Committee on the Judiciary.

He also laid before the Senate memorials of sundry citizens of Amite and Mansfield, in the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation relative to his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Camden County Central Labor Union of Camden County, N.J., endorsing House bill 5755, the national industrial-recovery bill, which was ordered to lie on the table.

Mr. BARBOUR presented a resolution adopted by Golden Rule Council, No. 148, Sons and Daughters of Liberty, of Williamstown, N.J., favoring the passage of the so-called "Dies bill", fixing a quota pertaining to the admission of aliens to the United States, which was referred to the Committee on Immigration.

REPORTS OF COMMITTEES

Mr. NEELY, from the Committee on the Judiciary, to which was referred the resolution (S.Res. 92) creating a special committee to investigate certain phases of the petroleum industry, reported it without amendment.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which was referred the bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii, reported it without amendment.

Mr. BARKLEY, from the Committee on the Library, to which was referred the bill (S. 1867) authorizing an appropriation to provide for the completion of the George Rogers Clark Memorial at Vincennes, Ind., reported it without amendment.

PRINTING OF HEARINGS ON 30-HOUR WORKWEEK

Mr. HAYDEN. By direction of the Committee on Printing I report back favorably without amendment Senate Resolution 71, and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Is there objection?

There being no objection, Senate Resolution 71, submitted by Mr. BLACK on May 4, 1933, was considered and agreed to, as follows:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on the Judiciary of the Senate be, and is hereby, empowered to have printed for its use 1,000 additional copies of the hearings held before a subcommittee of said committee relative to 30-hour workweek, Seventy-second Congress, second session.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 9, 1933, that committee presented to the President of the United States the enrolled bill (S. 1094) to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HAYDEN:

A bill (S. 1875) to stabilize the coal-mining industry; to provide for a coal operators' code and agreement; to provide for cooperative marketing of coal; to secure prices just to operators and consumers and fair living and working conditions for the miners concerned; to levy a tax on coal and provide for a drawback under certain conditions; to declare the production, distribution, and use of coal to be affected with a public interest; to provide for the general welfare; and for other purposes; to the Committee on Mines and Mining.

A bill (S. 1876) to define the exterior boundaries of the Navajo Indian Reservation in Arizona, and for other purposes; to the Committee on Indian Affairs.

By Mr. DILL:

A bill (S. 1877) for the relief of Leo Yates; to the Committee on Claims.

A bill (S. 1878) for the relief of Vincent Rutherford; to the Committee on Military Affairs.

A bill (S. 1879) extending the provisions of the pension laws relating to Indian war veterans to Capt. H. M. Hodgis' company, and for other purposes; and

A bill (S. 1880) granting a pension to Elmer K. Corbett (with accompanying papers); to the Committee on Pensions.

By Mr. BONE:

A bill (S. 1881) to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes; and

A bill (S. 1882) to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinaielt Indian Reservation, Wash.; to the Committee on Indian Affairs.

By Mr. STEIWER:

A bill (S. 1883) to amend the act of March 3, 1885, entitled "An act providing for allotment of lands in severalty to the Indians residing upon the Umatilla Reservation, in the State of Oregon, and granting patents therefor, and for other purposes"; to the Committee on Indian Affairs.

Mr. STEIWER also introduced Senate bill 1884, which was referred to the Committee on the Judiciary, and appears under a separate heading.

By Mr. McADOO:

A bill (S. 1885) for the relief of Wilson G. Bingham; to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 1886) for the relief of Amy McLaurin; to the Committee on Claims.

By Mr. WHEELER:

A bill (S. 1887) to authorize the change of homestead designations on allotted Indian lands;

A bill (S. 1888) to provide for the protection and conservation of the grazing resources of the undisposed of ceded Indian lands, the tribal title to which remains unextinguished;

A bill (S. 1889) to facilitate a more economical administration of forest and grazing lands on Indian reservations;

A bill (S. 1890) to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agriculture, grazing, or other purposes; and

A bill (S. 1891) to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof; to the Committee on Indian Affairs.

By Mr. LONERGAN:

A bill (S. 1892) making income from United States securities subject to the income-tax laws of the United States; to the Committee on Finance.

By Mr. NYE (for Mr. NORBECK):

A bill (S. 1893) providing old-age pensions for Indian citizens of the United States; to the Committee on Indian Affairs.

A bill (S. 1894) authorizing the Secretary of the Interior to erect a monument to commemorate the heroic sacrifices and the services of Martin Charger and 10 other Indians in the rescue of white women and children held as captives by an unfriendly Indian tribe; to the Committee on the Library.

A bill (S. 1895) for the relief of C. B. Dickinson;

A bill (S. 1896) for the relief of Sam H. Allen;

A bill (S. 1897) conferring upon the Court of Claims jurisdiction of the claims against the United States of Peter D. Mettel and A. B. Fraser;

A bill (S. 1898) for the relief of Sarah Hay;

A bill (S. 1899) for the relief of Hannah Nielson Larsen;

A bill (S. 1900) for the relief of Fred N. Dunham;

A bill (S. 1901) for the relief of William A. Delaney;

A bill (S. 1902) for the relief of George C. Widlon;

A bill (S. 1903) for the relief of Lillie Anderson (with accompanying papers); and

A bill (S. 1904) for the relief of Axel J. Beck (with accompanying papers); to the Committee on Claims.

A bill (S. 1905) granting a pension to Running Grouse;

A bill (S. 1906) granting an increase of pension to Mary C. Booth;

A bill (S. 1907) granting a pension to Daniel Webster;

A bill (S. 1908) granting a pension to William F. Simpkins;

A bill (S. 1909) granting a pension to Jennie Claymore;

A bill (S. 1910) granting a pension to Mattie Gilbertson;

A bill (S. 1911) granting a pension to Lightning;

A bill (S. 1912) granting a pension to Martin Erikson;

A bill (S. 1913) granting a pension to Anthony Penson;

A bill (S. 1914) granting a pension to Emily S. Marlett;

A bill (S. 1915) granting a pension to Richard Payne;

A bill (S. 1916) granting an increase of pension to Louisa J. Rubendall;

A bill (S. 1917) granting a pension to James E. Rush;

A bill (S. 1918) granting a pension to Daniel R. McKay;

A bill (S. 1919) granting a pension to Harriett Warne;

A bill (S. 1920) granting a pension to Amos O. Cox;

A bill (S. 1921) granting a pension to Howard J. Sheehan;

A bill (S. 1922) granting an increase of pension to Anna Olson;

A bill (S. 1923) granting an increase of pension to Lovina Kenyon; and

A bill (S. 1924) granting an increase of pension to Amos Red Owl (with accompanying papers); to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 1925) for the relief of the William Wrigley, Jr., Co., Inc., of New York City, N.Y.; to the Committee on Claims.

By Mr. BULKLEY:

A bill (S. 1926) granting an annuity to Samuel R. Stone; to the Committee on Finance.

By Mr. CAPPER:

A bill (S. 1927) granting a pension to Lydia C. Wark (with accompanying papers); to the Committee on Pensions.

By Mr. LONERGAN:

A joint resolution (S.J.Res. 61) proposing an amendment to the Constitution of the United States relative to taxation of income derived from securities; to the Committee on the Judiciary.

PRINTING OF PROCEEDINGS IN IMPEACHMENT TRIAL OF HAROLD LOUDERBACK

Mr. ASHURST. Mr. President, I submit an order which reads as follows:

Ordered, That the proceedings in the Senate in connection with the trial of Harold Louderback, United States district judge for the northern district of California, upon articles of impeachment exhibited against him by the House of Representatives be printed as a Senate document.

That has been done in all cases heretofore. I ask it now because the matter is in type, and it will save the Government some money if it be printed before the type is thrown in and reset. I ask unanimous consent for the consideration of the order.

The PRESIDING OFFICER (Mr. McGILL in the chair). Is there objection to the present consideration of the order?

Mr. CONNALLY. Mr. President, is it not customary to refer these matters to the Committee on Printing for their approval?

Mr. ASHURST. I am willing that that shall be done. I ask that the order be referred to the Committee on Printing.

The PRESIDING OFFICER. That reference will be made.

WORLD TRADE BARRIERS IN RELATION TO AMERICAN AGRICULTURE (S.DOC. NO. 70)

Mr. SMITH. I present an order and will ask the clerk to read it. It will explain itself. I should like then to have the order adopted.

The VICE PRESIDENT. The clerk will read the proposed order.

The Chief Clerk read as follows:

Ordered, That the report of the Secretary of Agriculture pertaining to restrictions upon international trade in major agricultural products, transmitted to the Senate on the 7th instant in response to Senate Resolution 280, Seventy-second Congress, be printed, with illustrations, as a Senate document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the order is entered.

Mr. McNARY subsequently said: Mr. President, at the request of the senior Senator from South Dakota [Mr. NORBECK] I ask unanimous consent that the letter of the Secretary of Agriculture, in response to Senate Resolution 280, touching world trade barriers in relation to American agriculture, be printed as a Senate document.

The VICE PRESIDENT. The Chair will state that such an order has already been entered on motion of the Senator from South Carolina [Mr. SMITH].

COMMITTEE SERVICE

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, it was

Ordered, That the Senator from Colorado, Mr. ADAMS, be assigned to service on the Committee on Public Lands and Surveys; that the Senator from Ohio, Mr. BULKLEY, be excused from further service on the Committee on Commerce; and that he be assigned to service on the Committee on Foreign Relations; and that the Senator from New Mexico, Mr. BRATTON, be excused from further service on the Special Committee on Investigation of Senatorial Campaign Expenditures.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 804. An act to authorize the Secretary of War to grant a right of way to the Dalles Bridge Co.;

S. 1514. An act authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss.;

S. 1536. An act giving credit for water charges paid on damaged land;

S. 1561. An act providing for payment of $50 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States;

S. 1745. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg.;

S. 1746. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg.;

S. 1747. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Waldport, Lincoln County, Oreg.;

S. 1748. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg.;

S. 1749. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg.;

S. 1783. An act granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe

County, Fla., from Lower Matecumbe Key to No Name Key; and

S. 1808. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century.

The message also announced that the House had passed the bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H.R. 5950. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; and

H.J.Res. 183. Joint resolution extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 4220. An act for the protection of Government records;

H.R. 4589. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes;

H.R. 5012. An act to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy; and

H.R. 5040. An act to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

HOUSE BILL AND JOINT RESOLUTION REFERRED

The following bill and joint resolution were each read twice by their titles and referred as indicated below:

H.R. 5950. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

H.J.Res. 183. Joint resolution extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission; to the Committee on Finance.

THE FOREIGN DEBTS

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the New York Times of Sunday, June 4, relative to the foreign debts.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 4, 1933]

ACTION ON DEBT HELD VITAL FOR ALL OF US—AMICABLE SETTLEMENT OF THIS QUESTION CONSIDERED ESSENTIAL IF WE ARE TO RESTORE PROSPERITY

To the EDITOR OF THE NEW YORK TIMES:

It is obvious that the time for action in settlement of the allied countries' debts is now here. No one in or out of official authority has yet shown how confidence can be restored, industry revived, and the millions suffering from nonemployment or starvation can again be employed so long as these unsettled debts hang like a pall over the whole country.

Should the Roosevelt plan of amicable adjustment of the debts as of the other international divergent questions from any cause not now be brought to fruition, no one can anticipate what the consequences may be.

There is apparently a surprising lack of information on this debt situation. Either the fundamental facts are misunderstood or perhaps unintentionally ignored. When reference is made to the large debt reductions by the Dawes plan, then by the Young plan, and the large reductions agreed upon since, the fact is omitted as officially reported by Secretary Mellon that "in the British settlement, as in every other settlement, not one nickel of the principal amount has been canceled."

MONEY SPENT HERE

These debts were not an indebtedness from the outbreak of the war, July 14, to the armistice for the money sent to the credit of the allied countries, for it was not sent there at all, but all expended right here in the United States. How the billions of dollars thus used overstimulated our factories for war munitions, military uniforms, etc., cotton, wheat, food products—indeed, every sort of product of both industry and farm—is well known, but apparently largely forgotten. For an up-to-date reminder, Mr. Lamont's interesting biographical tribute to his good friend Henry Davison is quite apropos at this time:

"It was inevitable that Britain and France would wish to purchase in the American markets the greater portion of their mounting requirements for wheat, oats, cotton, leather, meats, and copper and other metals.

"It was almost a romantic story—that of the allied purchases in America. How from small beginnings they grew in an orderly way to the great totals that manifestly spelled such high degree of prosperity for American agriculture and industry, and that brought increased wages to the workingman; how the favorable effect of these purchases of all sorts of farm products and of manufactures spread and reached even the remote corners of the country.

"When the demands from the British and French Governments became so all-embracing and so insistent as to exhaust the facilities of existing manufacturing organizations in America, in the line of military supplies, Stettinius set about developing new sources.

"No possible estimate could ever have been made of the enormous tangible benefits flowing to American agriculture and industry from the proceeds of the great Anglo-French loan of $500,000,000 issued in October 1915. Sixty percent of its proceeds was expended in the Mississippi Valley alone.

"A potential factor in the foreign-debt status, also apparently forgotten, is that for 15 months after the outbreak of the war, when the Allies were losing weekly thousands of men and the war carried on by them at a fabulous cost while this country was being made richer by leaps and bounds on those countries' war necessities, without the loss of either men or treasure here, this country was thus protected from German aggression for these 15 months."

WE WERE PROTECTED

Be it remembered also that when the allied loans were authorized by Congress many Members, both in the Senate and House, openly advocated that our advances under the circumstances should be treated as a contribution by this country for the protection and profits we would enjoy for the time.

If this country and the world is to now have peace, recovery and prosperity, besides the prompt and amicable debts settlements must also with equal promptess come relief from the crushing burden of armaments; the imminent danger if disarmaments be not successfully effected, stabilization of currencies, some tariff adjustments—all pressing, burning questions for immediate solution.

FREDERICK W. KELSEY.

NEW YORK, *June 1, 1933.*

FARM CREDIT ADMINISTRATION

The Senate resumed the consideration of the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

Mr. BYRNES. I ask that the formal reading of the bill may be dispensed with, and that the bill be read for amendments, the committee amendments to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none and it is so ordered. The Clerk will state the first amendment.

The first amendment of the Committee on Banking and Currency was, under the subhead "Establishment of production credit corporations and banks for cooperatives, on page 2, line 13, after the word "power", to insert "subject to the approval of the Governor,"; so as to make the section read:

SEC. 2. The Governor of the Farm Credit Administration, hereinafter in this act referred to as the "Governor", is authorized and directed to organize and charter 12 corporations to be known as "Production Credit Corporations and 12 banks to be known as "Banks for Cooperatives." One such corporation and one such bank shall be established in each city in which there is located a Federal land bank. The directors of the several Federal land banks shall be ex officio the directors of the respective produc-

tion credit corporations and banks for cooperatives. Such directors shall have power, subject to the approval of the Governor, to employ and fix the compensation of such officers and employees of such corporations and banks as may be necessary to carry out the powers and duties conferred upon such corporations and banks under this act.

The amendment was agreed to.

The next amendment was, under the subhead "Capital of production credit corporations", on page 3, line 13, after the word "board", to strike out "or" and insert "of", so as to make the section read:

SEC. 4. The capital stock of each production credit corporation shall be in such amount as the Governor determines is required for the purpose of meeting the credit needs of the district to be served by such corporation, and such amount may be increased or decreased from time to time by the Governor in accordance with such credit needs. Such capital stock shall be divided into shares of $100 each. The initial capital stock of each such corporation shall be $7,500,000, which shall be subscribed for by the Governor and held by him on behalf of the United States. Payments on subscriptions to stock by the Governor shall be subject to call in whole or in part by the board of directors of the corporation with the approval of the Governor. The Governor shall make such payments out of the revolving fund created in section 5. The stock ownership of the United States in such corporation shall be evidenced by such means as the Governor shall determine.

The amendment was agreed to.

The next amendment was, under the subhead "Revolving fund and appropriation", on page 5, line 21, after the word "expenditures", to strike out "during the fiscal year 1934", so as to read:

(c) The authority of the Governor of the Farm Credit Administration to allocate and expend out of the funds covered by subsection (a) of this section such amounts as he shall deem necessary for salaries, expenses, and all other administrative expenditures in the execution of the functions for which such funds have hitherto been available shall not be deemed to be restricted by this section.

The amendment was agreed to.

The next amendment was, under the heading "Title II—production credit associations—Establishment of production credit associations", on page 8, line 10, after the words "directed to", to strike out "provide for the establishment of" and insert "organize and charter", so as to read:

SEC. 20. The Governor is authorized and directed to oranize and charter corporations to be known as "production credit associations." Such associations may be organized by 10 or more farmers desiring to borrow money under the provisions of this title. Such individuals shall enter into articles of incorporation which shall specify in general terms the objects for which the association is formed and the powers to be exercised by it in carrying out the functions conferred upon it by this act. Such articles shall be signed by the individuals uniting to form the association and a copy thereof shall be forwarded to the production credit corporation of the district, and such copy shall be filed and preserved in its office. The Governor may, for good cause shown, deny a charter to such individuals. Upon the approval of such articles by the Governor, the association shall become as of the date of such approval a body corporate. The Governor shall have power, under rules and regulations prescribed by him, or by prescribing the terms of the charter of the association, or both, to provide for the organization, management, and conduct of the business of the association; and the power of the Governor shall extend to prescribing the amount of the stock of such association; fixing the territory within which its operations may be carried on; fixing the method of election and appointment of, and the amount and payment of the compensation of, directors, officers, and employees; fixing the maximum amount of individual loans which may be made; prescribing the conditions under which the stock may be retired; and providing for the consolidation of two or more such associations. The Governor may, at any time, direct such changes in the charter of any such association as he finds necessary in accomplishing the purposes of this title. Bylaws of any such association may be adopted by the directors but shall not be valid unless approved by the Governor.

The amendment was agreed to.

The next amendment was, under the heading "Title III—Central bank for cooperatives—Establishment of bank", on page 13, line 11, after the words "directed to", to strike out "provide for the establishment of" and insert "organize and charter", so as to make the section read:

SEC. 30. The Governor is authorized and directed to organize and charter a corporation to be known as the "Central Bank For Cooperatives" with its principal office in the District of Columbia and such other offices as in the opinion of the Governor may be necessary.

The amendment was agreed to.

The next amendment was, under the subhead "Capital stock of central bank", on page 15, line 18, after the word "such", to strike out "payment" and insert "payments", so as to make the section read:

SEC. 33. The capital stock of the central bank shall be in such amount as the Governor determines is required for the purpose of meeting the credit needs of eligible borrowers from the bank under this title, and the Governor may from time to time increase or decrease such amount, subject to the limitations contained in sections 35 and 37, in accordance with such needs. The stock of such bank shall be divided into shares of $100 each. Out of the revolving fund created under section 6 of the Agricultural Marketing Act, as amended, the Governor, on behalf of the United States, shall subscribe for and make payments for stock in the central bank and such payments shall be subject to call in whole or in part by the chairman of the board of the central bank with the approval of the Governor.

The amendment was agreed to.

The next amendment was, under the subhead "Stock subscriptions and earnings and reserves", on page 20, line 18, after the word "the", to insert "same", so as to make the section read:

SEC. 42. The provisions of sections 35 and 36 shall apply in the case of banks for cooperatives in the same maner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the chairman of the boards of the central bank shall be exercised by the boards of directors of the banks for cooperatives, subject to the approval of the Governor.

The amendment was agreed to.

The next amendment was, under the heading "Title VI—Provisions common to corporations created under act—General corporate powers", on page 26, line 11, after the word "cases", to strike out "for winding up such association or corporation" and insert "by or against any receiver of any such corporation or association appointed in accordance with section 65", so as to make the section read:

SEC. 60. The Central Bank for Cooperatives, and the production credit corporation, the production credit association, and the banks for cooperatives, organized under this act, shall have succession, until dissolved in accordance with this or any other act of Congress; shall have power to sue and be sued in any court, to adopt and use a corporate seal, to make contracts, to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of their business, to prescribe fees and charges (which in any case shall be subject to the rules and regulations prescribed by the Governor) for loans and other services; and shall have such other powers necessary and incident to carrying out their powers and duties under this or any other act of Congress as may be provided by the Governor in their charters or in any amendments thereto. Each such bank, association, or corporation shall, for the purposes of jurisdiction, be deemed a citizen of the State or District within which its principal office is located. No district court of the United States shall have jurisdiction of any action or suit by or against any production credit corporation or production credit association upon the ground that it was incorporated under this act or that the United States owns a majority of the stock in it, nor shall any district court of the United States within the land-bank district served by such association or corporation have jurisdiction by removal or otherwise of any suit by or against any such association or corporation except in cases by or against the United States or by or against any officer of the United States and except in cases by or against any receiver of any such corporation or association appointed in accordance with section 65.

The amendment was agreed to.

The next amendment was, under the subhead "Unlawful acts and penalties", on page 28, line 11, after the word "any", to strike out "statement" and insert "material representation"; in line 13, after the word "any", to insert "property or"; in line 14, after the word "the", to strike our "Central Bank for Cooperatives, or a production credit corporation, production credit association, or bank for cooperatives, organized under this act" and insert "Farm Credit Administration or any division, officer, or employee thereof, or of any corporation organized under this act, or in which a production credit corporation organized under this act hold stock, or of any regional agricultural credit corporation established pursuant to subsection (e) of section 201 of the Emergency Relief and Construction Act of 1932,"; in line 25, after the word "any", to strike out "extension thereof" and insert "change or extension of any of the same", so as to read:

SEC. 64. (a) Whoever makes any material representation knowing it to be false, or whoever willfully overvalues any property or security, for the purpose of influencing in any way the action of the Farm Credit Administration or any division, officer, or employee thereof, or of any corporation organized under this act, or in which a production credit corporation organized under this act holds stock, or of any regional agricultural credit corporation established pursuant to subsection (e) of section 201 of the Emergency Relief and Construction Act of 1932, upon any application, advance, discount, purchase or repurchase agreement, or loan, or any change or extension of any of the same, by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

The amendment was agreed to.

The next amendment was, on page 29, line 6, after the word "obligation", to strike out "or"; in line 7, after the word "coupon", to insert "or paper"; in line 8, after the word "obligation", to strike out "or"; in the same line, after the word "coupon", to insert "or paper"; and in line 9, after the word "by", to strike out "any such bank, association, or corporation" and insert "the Farm Credit Administration or by any corporation referred to in subsection (a) of this section", so as to read:

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation coupon, or paper in imitation of, or purporting to be, a note, debenture, bond, or other obligation, coupon, or paper issued by the Farm Credit Administration or by any corporation referred to in subsection (a) of this section; or

The amendment was agreed to.

The next amendment was, on page 29, line 14, after the word "other", to strike out "obligation or coupon" and insert "obligation, coupon, or paper", and in line 15, after the word "by", to strike out "any such bank, association, or corporation" and insert "the Farm Credit Administration or by any such corporation", so as to read:

(2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, coupon, or paper, purporting to have been issued by the Farm Credit Administration or by any such corporation, knowing the same to be false, forged, or counterfeited; or

The amendment was agreed to.

The next amendment was, on page 29, line 19, after the word "obligation", to strike out "or"; in the same line, after the word "coupon", to insert "or paper"; and in line 20, after the word "by", to strike out "any such bank, association, or corporation" and insert "the Farm Credit Administration or by any such corporation", so as to read:

(3) falsely alters any note, debenture, bond, or other obligation, coupon, or paper issued or purporting to have been issued by the Farm Credit Administration or by any such corporation; or

The amendment was agreed to.

The next amendment was, on page 29, line 23, after the word "publish", to insert "any of the same"; in line 24, after the word "true", to strike out "any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by any such bank, association, or corporation"; and on page 30, line 2, after the word "knowing", to strike out "the same" and insert "it", so as to read:

(4) passes, utters, or publishes, or attempts to pass, utter, or publish, any of the same as true, knowing it to be falsely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

The amendment was agreed to.

The next amendment was, on page 30, line 5, after the word "being", to insert "an employee, officer, or agent of the Farm Credit Administration or"; and in line 7, after the word "any", to strike out "such bank, association, or corporation" and insert "corporation referred to in subsection (a) of this section"; so as to read:

(c) Whoever, being an employee, officer, or agent of the Farm Credit Administration or connected in any capacity with any corporation referred to in subsection (a) of this section,

The amendment was agreed to.

The next amendment was, on page 30, line 11, after the word "to", to strike out "it" and insert "the Farm Credit Administration or such corporation"; in line 12, after the word "to", to strike out "it" and insert "the same"; in line 13, after the word "defraud", to insert "the United States, or"; in line 14, after the word "such", to strike out "bank, association, or"; in line 16, after the word "of", to strike out "any such bank, association, or corporation" and insert "the Farm Credit Administration or of any such corporation"; in line 19, after the word "to", to strike out "any such bank, association, or corporation" and insert "the Farm Credit Administration or any such corporation"; and in line 23, after the word "decree", to strike out "thereof," and insert "thereof;", so as to read:

(1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Farm Credit Administration or such corporation or pledged or otherwise intrusted to the same; or (2) with intent to defraud the United States, or any such corporation, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Farm Credit Administration or of any such corporation, makes any false entry in any book, report, or statement of or to the Farm Credit Administration or any such corporation, or draws any order, or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, mortgage, judgment, or decree thereof; or.

The amendment was agreed to.

The next amendment was, on page 30, at the end of line 23, to insert "or (3) with intent to defraud the United States or any corporation referred to in subsection (a) of this section, participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of any such corporation", so as to read:

(3) with intent to defraud the United States or any corporation referred to in subsection (a) of this section, participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of any such corporation, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

The amendment was agreed to.

The next amendment was, on page 31, after line 6, to insert:

(d) Whoever knowingly, with intent to defraud the United States or any corporation referred to in subsection (a) of this section, shall conceal, remove, dispose of, or convert, to his own use or to that of another, any property mortgaged or pledged to, or held by, the Farm Credit Administration, or any such corporation, as security for any obligation, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

The amendment was agreed to.

The next amendment was, on page 31, line 16, before the word "The", to strike out "(d)" and insert "(e)"; in line 20, after the word "agreements", to strike out "of any bank, association, or corporation organized under this act" and insert "made by the Farm Credit Administration, its divisions, officers, and employees, and by the corporations referred to in subsection (a) of this section", so as to read:

(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U.S.C., title 18, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements made by the Farm Credit Administration, its divisions, officers, and employees, and by the corporations referred to in subsection (a) of this section, which, for the purposes hereof, shall be held to include advances, loans, discounts, and purchase and repurchase agreements; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

The amendment was agreed to.

The next amendment was, under the subhead "Liquidation", on page 32, after line 20, to insert the following additional section:

SEC. 66. No director, officer, or employee of the Central Bank for Cooperatives, or of any production credit corporation, production credit association, or bank for cooperatives shall be paid compensation at a rate in excess of $10,000 per annum. No officer or employee of the Farm Credit Administration engaged in carrying out the provisions of titles I to VI, inclusive, of this act shall be paid compensation at a rate in excess of $10,000 per annum.

The amendment was agreed to.

The next amendment was, under the heading "Title VII—Amendments to Federal Farm Loan Act", on page 33, line 6, after the word "effective", to strike out "July 1, 1933," and insert "January 1, 1934," so as to read:

SEC. 70. Effective January 1, 1934, the fourteenth paragraph of section 4 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 683), is amended by adding after the first sentence the following: "Not more than one director of a Federal land bank may serve the bank or the Farm Credit Administration as an officer or employee. Except with the approval of the farm loan commissioner, no director (other than the director who may be an officer or employee) shall receive compensation or allowances for any services rendered any Federal land bank in his capacity as director for more than 30 days in any one calendar year exclusive of the period for which compensation is paid for attendance at directors' meetings."

The amendment was agreed to.

The next amendment was, on page 33, after line 18, to insert:

SEC. 70a. (a) Effective 1 year after the enactment of this act, section 4 of the Federal Farm Loan Act, as amended, is amended as follows:

(1) The ninth paragraph of such section (U.S.C., title 12, sec. 678) is amended to read as follows:

"The board of directors of every Federal land bank shall be selected as hereinafter specified and shall consist of seven members. Three of said directors shall be known as 'local directors', of whom one shall be chosen by and be representative of national farm-loan associations and borrowers through agencies, one shall be chosen by and be representative of production credit associations organized under the Farm Credit Act of 1933, and one shall be chosen by and be representative of borrowers from regional Banks for Cooperatives organized under the Farm Credit Act of 1933. Three of the seven directors shall be known as 'district directors' and shall be appointed by the Governor of the Farm Credit Administration and represent the public interest. The terms of office of local and district directors shall be 3 years."

(2) The tenth paragraph of such section (U.S.C., title 12, sec. 679) is amended to read as follows:

"At least 2 months before an election of a local director the land bank commissioner shall cause notice in writing to be sent to those entitled to nominate candidates for such local director. In the case of an election of a director to represent national farm-loan associations and borrowers through agencies such notice shall be sent to all national farm-loan associations and borrowers through agencies in the district; in the case of an election to represent production credit association, such notice shall be sent to all production credit associations in the district; and in the case of a director to represent borrowers from banks for cooperatives, such notice shall be sent to all cooperatives which are borrowers at the time of sending notice. Within 10 days of receipt of such notice those entitled to nominate the director shall forward nominations of residents of the district to the land bank commissioner. The land bank commissioner shall from such nominations then prepare a list of candidates for such local director consisting of the 10 nominees receiving the highest number of votes."

(3) The eleventh paragraph of such section (U.S.C., title 12, sec. 680) is amended to read as follows:

"At least 1 month before the election of a local director the land bank commissioner shall mail to each person or organization entitled to elect the local director the list of the 10 candidates nominated in accordance with the tenth paragraph of this section. In the case of an election of a director to represent national farm-loan associations and borrowers through agencies, the directors of each farm-loan association shall cast the vote of such association for one of the candidates on the list. In voting under this section each such association shall be entitled to cast a number of votes equal to the voting strength of stockholders in association meetings, and each borrower through agencies shall be entitled to cast one vote for each share of stock held by him in the Federal land bank, not exceeding 20 shares. In voting under this section each production credit association shall be entitled to cast a number of votes equal to the total voting strength of the class B stockholders in association meetings. In voting under this section each cooperative which at the time of voting is a holder of stock in a bank for cooperatives (except the Governor of the Farm Credit Administration) shall be entitled to cast one vote for each share of stock held by it in the bank, not exceeding 20 shares. The votes shall be forwarded to the land bank commissioner, and no vote shall be counted unless forwarded to him within 10 days after the list of candidates is received. In case of a tie the land bank commissioner shall determine the choice. The nominations from which the list of candidates is prepared and the votes of the respective voters, as counted, shall be tabulated and preserved and shall be subject to examination by any candidate for at least 1 year after the result of the election is announced."

(4) The sixth and seventh sentences of the twelfth paragraph of such section (U.S.C., title 12, sec. 681) are amended to read as follows: "The Governor of the Farm Credit Administration shall select a director at large for the district, who shall hold his office during a term of 3 years. Such seventh director may be removed by the Governor of the Farm Credit Administration at any time."

(b) Subsection (a) shall apply only to the appointment or election of the successors of directors of land banks whose regular terms expire after the effective date of such subsection. The successors of the first local director whose regular term so expires shall be elected by and be representative of production credit associations and the successors of the second local director whose regular term so expires shall be elected by and be representative of borrowers from banks for cooperatives. The successors of the third local director whose regular term so expires shall be elected by and be representative of national farm-loan associations and borrowers through agencies.

Mr. CONNALLY. Mr. President, I should like to have some explanation of the amendment before we agree to it.

Mr. BYRNES. Mr. President, before that is done, will the Senator yield to me to enable me to offer an amendment to the committee amendment?

Mr. CONNALLY. Certainly.

Mr. BYRNES. I desire to offer an amendment to the committee amendment on page 35, in line 8.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from South Carolina proposes, on page 35, to strike out beginning in line 20, down through line 8, on page 36, and insert in lieu thereof the following:

the candidates on the list. In voting under this section each such association shall be entitled to cast a number of votes equal to the number of stockholders of such association and each borrower through agencies shall be entitled to cast 1 vote. In voting under this section each production credit association shall be entitled to cast a number of votes equal to the number of class B stockholders of such association. In voting under this section each cooperative which is a holder of stock in a bank for cooperatives (except the Governor of the Farm Credit Administration) shall be entitled to cast 1 vote. The votes.

So as to make the subsection read:

(3) The eleventh paragraph of such section (U.S.C., title 12, sec. 680) is amended to read as follows:

"At least 1 month before the election of a local director the land bank commissioner shall mail to each person or organization entitled to elect the local director the list of the 10 candidates nominated in accordance with the tenth paragraph of this section. In the case of an election of a director to represent national farm-loan associations and borrowers through agencies, the directors of each farm-loan association shall cast the vote of such association for one of the candidates on the list. In voting under this section each such association shall be entitled to cast a number of votes equal to the number of stockholders of such association and each borrower through agencies shall be entitled to cast 1 vote. In voting under this section each production credit association shall be entitled to cast a number of votes equal to the number of class B stockholders of such association. In voting under this section each cooperative which is a holder of stock in a bank for cooperatives (except the Governor of the Farm Credit Administration) shall be entitled to cast 1 vote. The votes shall be forwarded to the land bank commissioner and no vote shall be counted unless forwarded to him within 10 days after the list of candidates is received. In case of a tie the land bank commissioner shall determine the choice. The nominations from which the list of candidates is prepared, and the votes of the respective voters, as counted, shall be tabulated and preserved and shall be subject to examination by any candidate for at least 1 year after the result of the election is announced."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from South Carolina to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. The next amendment of the committee will be stated.

The next amendment of the Committee on Banking and Currency was, on page 38, line 18, after the word "person", to insert "unless"; in line 19, before the word "income", to strike out "whose" and insert "his"; and in the same line, before the word "derive", to strike out "not", so as to read:

SEC. 74. The first sentence of paragraph "Sixth" of section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 771), is amended to read as follows:

"No such loan shall be made to any person who is not at the time, or shortly to become, engaged in farming operations or to any other person unless the principal part of his income is derived from farming operations."

The amendment was agreed to.

The next amendment was, on page 38, after line 23, to insert:

(b) Section 21 of the Federal Farm Loan Act, as amended, is amended by striking out of the fourth and tenth paragraphs thereof (U.S.C., title 12, secs. 874 and 880) the word "indorsed" wherever the same appears in said paragraphs.

The amendment was agreed to.

The next amendment was, on page 39, after line 3, to insert:

SEC. 76. (a) Section 201 (b) of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 1022), is amended to read as follows:

"(b) Such institutions shall be established in the same cities as the 12 Federal land banks. The directors of the several Federal land banks shall be ex-officio directors of the several Federal intermediate credit banks hereby provided for and shall have power, subject to the approval of the Governor of the Farm Credit Administration, to employ and fix the compensation of such officers and employees of such Federal intermediate credit banks as may be necessary to carry on the business authorized by this title."

The amendment was agreed to.

Mr. CONNALLY. Mr. President, what action was taken on the committee amendment on page 33, inserting section 70 (a)? I had the floor and yielded to the Senator from South Carolina [Mr. BYRNES] to offer an amendment to the committee amendment. I intended, when he offered it, to go on and debate the amendment or at least to ask the Senator from Washington [Mr. DILL] for some explanation.

Mr. BYRNES. Mr. President, I did not know the Senator wished an explanation of my amendment, but I shall be glad to explain it.

Mr. CONNALLY. I ask for reconsideration of the vote by which the committee amendment as amended was agreed to.

The VICE PRESIDENT. Without objection the vote is reconsidered.

Mr. CONNALLY. I want an explanation of the so-called "Dill amendment." I had the floor and yielded to the Senator from South Carolina to offer his amendment to the committee amendment, intending to retain the floor and interrogate the Senator from Washington. Mr. President, I make the point of no quorum. Senators ought to be here. This is an important matter.

The VICE PRESIDENT. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reynolds
Ashurst	Costigan	Kendrick	Robinson, Ark.
Austin	Cutting	Keyes	Robinson, Ind.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McAdoo	Stephens
Borah	Fletcher	McCarran	Thomas, Okla.
Bratton	Frazier	McGill	Thomas, Utah
Brown	George	McKellar	Thompson
Bulkley	Glass	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrd	Gore	Murphy	Tydings
Byrnes	Hale	Neely	Vandenberg
Capper	Harrison	Norris	Van Nuys
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Overton	Walcott
Clark	Hayden	Patterson	Walsh
Connally	Hebert	Pope	Wheeler
Coolidge	Johnson	Reed	White

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

Mr. DILL. Mr. President, I believe the Senator from Texas [Mr. CONNALLY] desires an explanation of the amendment on page 31.

Mr. McADOO. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from California?

Mr. McADOO. I desire recognition.

The VICE PRESIDENT. The Senator from Washington has the floor.

Mr. DILL. I had the floor to explain this amendment; but if the Senator wishes, I will yield to him.

Mr. McADOO. I will not ask for the floor at this time, then. I will defer my remarks.

Mr. DILL. Mr. President, in the reorganization provided by this bill, which in effect carries out the Executive order of the President, it is proposed that in each land-bank district there shall not only be a Federal land bank but there shall be an intermediate credit bank, a production credit bank, and a cooperative bank; but all four of the banks will have the same board of directors, and under this measure they will be the Federal land-bank directors. In other words, the land-bank directors will be the directors of the production credit bank and of the cooperatives, the same as they are of the Federal land bank. The purpose of this amendment is to give those who are in the production credit association, and who take stock just as the land-bank associations do, the right to vote on the selection of one of these directors, and to allow the local cooperatives, who also must take stock the same as the land associations now do, to have a vote in the selection of one of these directors.

A protest has been made by representatives of the present land-bank organizations in the district to the effect that this takes away from them their representation on the board of directors; but I desire to call attention to the fact that practically every man who borrows money on his land will also be borrowing money for crop-production purposes, and a great many of them will be members of the cooperatives, so that they will still be voting on the other two directors just the same.

The amendment is not exclusive. It does not provide that because a man is a member of a land-bank association he is prohibited from voting for a director of the production credit association or of the cooperatives. They are not exclusive, but they are inclusive. So that we are not shutting out the land-association men from voting on these other directors if they are active farmers engaged in production and find it necessary to borrow money, as most of them do. So this amendment proposes to give the production credit association and the cooperatives a chance to be recognized in the selection of these directors.

It seems to me it would be highly unjust to say that the production credit bank in each land district and the cooperative bank in each land district should be manned by directors in whose choice the members of the local associations had no right to participate. Unless this amendment is adopted, the production credit banks and the cooperative banks will be run by seven men, and the members of the production credit association and of the cooperative associations who put up 5 percent, just like the land-bank association, would have no voice whatsoever.

It seems to me an organization cannot be justified that places all seven of these directors in charge of the land district production credit bank and cooperative bank, and does not give those men who have stock in it any right to vote for those directors.

It was for that purpose that this amendment was written. It seems to me that instead of an injustice it is doing a great measure of justice to the people who put their money into the stock of the production credit bank and of the cooperatives.

Mr. CONNALLY. Mr. President, the reason for my interest in this matter is that it has been called to my attention by the present organization of the Federal land banks that this committee amendment is an unjust treatment of the organization and the set-up under which they have been functioning.

Mr. President and Senators, the Federal land banks now have seven directors. Three of them are appointed by the board here in Washington, and three by the stockholders in the bank, just like the stockholders in any other bank; and one is elected by the board here from a panel, as I understand, selected by the stockholders.

Now, what is it proposed to do?

It is proposed now to cut down the representation of the owners of the Federal land bank—because the stockholders are the owners of that bank—so that the owners of the bank will have only one director out of seven; and it is proposed

to give the cooperative bank—a bank dealing purely with personal property—one director. It is proposed to give this crop-production loan organization one director. It is proposed to give the borrowers on personal security from year to year short-term loans, just as much representation and more on the board which is to control the destinies of the Federal land-bank system than is given to the stockholders of the Federal land banks who own it.

Let us see if this is just.

The money involved in the Federal land-bank system is many times the money that would be involved in these personal loans for crop-production purposes. Is it fair to cut down the stockholders of the Federal land bank and give them only one director, when their investment is many times the money that these borrowers on personal security will put up?

Mr. President, we have been tinkering quite a little with the Federal land-bank system in this session of Congress. We have passed very generous legislation for it. I do not want to see the system wrecked. Unless we are conservative, unless we give the managing directors of these banks some authority to keep them sound, instead of private owners foreclosing and having a lot of water in their loans the Goverment will wind up here in a few years with a great many loans the security for which will not be worth 50 cents on the dollar. I believe it is unsound, in the case of these personal loans, to turn over the control of the loaning agency to the people who are going to borrow the money.

The Senator from Washington [Mr. DILL] says they put up 5 percent. A man borrows $100 and puts up 5 percent, and it is proposed to let him vote on who shall run the bank!

There is another point I desire to call to the attention of Senators, and that is that a farm loan covers a period of 30 or 40 years. That is a stable proposition. The interest of the borrower is continuous. He is a stockholder in that bank. He wants to see it succeed. Here is a man who secures a personal loan for 6 months or 90 days, and practically all he is interested in is getting that money. Do we want to turn over the control of the bank to that sort of a borrower as against the man who has a permanent interest, a man who has a large amount of money invested in his land and in the loan upon it?

Mr. McKELLAR. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Tennessee?

Mr. CONNALLY. I yield.

Mr. McKELLAR. If changes are going to be made, and these new elements are going to be taken into the equation, why would it not be better to reduce the number of directors located here in Washington and give them to the outside institutions? It seems to me the land-bank representation of three is little enough, and that if there is a change it ought to be in the representation of the Farm Loan Board here.

Mr. CONNALLY. Let me say to the Senator that, of course, he is correct in the statement that three is a small enough number; but, of course, running through the whole scheme is the idea of leaving here in Washington a sufficient number of directors to hold a check on these banks; and I do not know but that that is wise. If borrowers are to run a bank, and their chief object is to borrow money themselves, unless there is some check in Washington or somewhere we shall not have a bank very long.

Let me suggest to the Senator, however, that we have had the intermediate-credit banks for years, have we not? The intermediate-credit banks have made personal loans to banks and corporations, and they have always been under the control of the board of directors of the Federal land banks, have they not? That plan has operated successfully.

Mr. DILL. No.

Mr. CONNALLY. Oh, but they have! The intermediate-credit banks have always been branches of the Federal land banks.

Mr. SMITH. To be sure.

Mr. CONNALLY. The intermediate-credit banks have always been under the control of the board of directors of the Federal land banks.

Mr. SMITH. May I state to the Senator that the president of the intermediate-credit bank is the president of the Federal land bank?

Mr. CONNALLY. I desire here and now to acknowledge the scholarship of the Senator from South Carolina, as evidenced recently by an institution of learning in his own State—something that we knew all the time here, however. The Senator is exactly correct. The president of the intermediate-credit bank has always been the president of the Federal land bank. Has there been any dissatisfaction with the way the intermediate-credit banks have operated? On the contrary, they have been the soundest loaning agency for personal loans this Government has conducted. They have had virtually no losses. Their business has been sound. Why change the set-up now? Why interrupt what has proven to be good and sound?

Mr. President, I do not want to take up the time of the Senate; but I protest against this revolutionary proposal of the Senator from Washington. It was not in the original draft. It was not in the bill when it came to the Senate. It is a committee amendment. No doubt the persuasive powers of the Senator from Washington are more responsible for the amendment being offered here than the wisdom and judgment of the committee.

I hope the Senate will reject this committee amendment. Let us let alone the stockholders of the Federal land banks. Let us leave them in control of their own property and not turn over the destinies of the Federal land bank to borrowers who want to borrow small amounts on personal security for short periods.

Mr. SMITH. Mr. President, perhaps I was not present when it occurred, but I do not know why this bill was sent to the Banking and Currency Committee after it had been considered by the Agricultural Committee of the House. That, however, is neither here nor there. That is water over the wheel.

Following up the suggestion made by the Senator from Texas [Mr. CONNALLY], however, I had hoped that when we came to amend the present law, in reference to farm loans, we might recognize one fact, and that is that commercial banking, as we know it, cannot accommodate itself to agricultural banking.

From time immemorial we have attempted to accommodate agriculture in commercial banking policies, and it has been in a large measure the ruin and destruction of both of them.

A satisfactory agricultural loan cannot be made with a commercial bank. The statement may be startling to some of my colleagues, but an agricultural loan should be for 24 months, not 12 months. It takes 12 months, under the processes of nature, to produce the next 12 months' consumption. Artificial production is so radically different from natural production that the banking system adjusted to one cannot be accommodated to the banking system that ought to be adjusted to the other.

We have set up here a system of Federal land banks which deals entirely with mortgages on real estate; and in the passage of that bill we had hoped that we could have the interest and amortization running over such a period of years that the burden would be comparatively easy. It is distinct; it has nothing to do with crop production, and the immediate necessities of that vast army of agricultural producers throughout the country. What do they have to do? Their lands perhaps are mortgaged for 35 years. They now go to work to make their crops. The land mortgages, by the very nature of the case, cannot provide the annual credit necessary for the production of a crop.

In 1928 the storm which ruined Puerto Rico and desolated the South Atlantic gave rise to what we know as the crop-production loan as a policy of this Government. I got the first bill through, appropriating $6,000,000 to help the farmers who were destroyed by that storm along the South Atlantic to produce a crop.

The history of that was this: We got the money direct from the Treasury, handed it direct to the man between the plow handles, and, be it said to the credit and honor of that diverse, heterogeneous mass of producers, they returned more than 95 percent of the loans. In the face of the crash, in the face of the depression, they borrowed direct on crop production, pledging the crops as collateral security.

Mr. DILL. Mr. President, I want to say to the Senator that personally I think that is a preferable system, because I do not believe the ordinary farmer wants to take stock in a local association.

Mr. SMITH. It is a false principle. He ought not to be asked to do it.

Mr. DILL. But the set-up of this bill compels him to do it.

Mr. SMITH. Yes; I know that.

Mr. DILL. My amendment is designed, under those circumstances, to give the farmer some voice, to the extent of voting for one director in this bank, because he is required to put up his money just the same as the man who borrows on land.

Mr. SMITH. I understand that.

Mr. DILL. That is the reason for the amendment. If we had not put in this farm production crop proposition, and the cooperative provision, under which these men must buy a part of the stock and put their own money in and have an ownership in the bank, I would not ask to give them the right to vote.

Mr. SMITH. Mr. President, in this first blush of a new administration, with an attempt to reorganize and readjust all the processes and businesses of the country, of course, I could not be as effective—and I will not go into that—I could not get my idea across; but I give notice now that when we meet in January I am going to offer a substitute for this whole proposition.

I am taking the time this morning to state to my colleagues that, without any egotism, I do not believe there is a man on this floor who has, both by experience and study, been able to appreciate and to know the problems which confront the individual farmer as I know them. For a quarter of a century I have been battling in this body to try to get my colleagues to recognize the fundamental difference between artificial production and natural production. The artificer, the manufacturer, can set his crop to the inch, to the yard, to the pound, he can determine both quality and quantity at his will. He can increase his crop, decrease his crop, determine the quality and the quantity and the price, while the natural producer has to wait on the elements, stand the ravages of insects, and suffer the losses from storms which come. He is subject to all the caprices of the laws of nature.

Mr. FESS. I am very much impressed with what the Senator is saying as to the difference between making a profit by natural processes, and making one by artificial processes. I have been thinking about the activity on the stock exchange of the last few days, when it is as active as it was in 1929, and yet not one dollar of value is being added.

Mr. SMITH. That is exactly the point. We come to the question of banking. We have already established, through all these years, what we know as commercial banking. The paper issues, the securities, and so forth, are all based upon artificial or industrial paper. I heard a banker in my town boast of the fact that his bank now was in a splendid condition in that it did not have a single piece of farm paper in any shape or form. Here we are, with fourteen to twenty billion dollars of annual production in the form of farm products, and not a single bank or financial institution accommodated to the particular conditions under which those crops are made.

What are we required to do? Before a farmer gets a loan, he must organize a group of farmers, and each become responsible for the other. Then he must take stock, of no par value, in a farm organization. That stock is hypothecated for the purchase of bonds in the land bank and the intermediate credit bank. He has to take 10 percent in stock, then he has to discount his note at 6 percent. There is 16 percent the farmer has to pay the first year in order to start off; then 2 percent for recording the papers, the mortgages, chattel and otherwise. So that every borrowing in the Farm Credit Corporation up to the present time has cost the farmer anywhere from 15 to 20 percent, while under the crop-loan system, which I had the honor of putting through this body for the last 5 years, the farmer has gotten his money at 5½ percent without any stocks or bonds or any commercial banking system, and has repaid the Government.

I had a bill drafted to create in every State an agricultural credit bank, to lend to the farmer direct on his crop, with the crop as collateral, for the production of the crop, and then to give him credit for the next 12 months to enable him to dispose of his crop, not requiring him to take any stock; providing for a board of directors and a bank president, and for a loan direct on the crop, with that as a lien, as we did here 6 years in the case of the crop-production loan.

Why all this machinery? All because we are trained to ignore the farmer and try to force his business into the channel of commercial banking. I charge here today that it cannot be done, and the reason why we are prostrate now, the reason why the small banks throughout the country have failed, is that they were loaded with farm paper which they were privileged to collect without giving the farmer a chance over the succeeding 12 months, after the first 12 months of production, to dispose of his stuff.

Mr. President, I had a bill drafted, and I had hoped that this bill would go to the Committee on Agriculture and Forestry, where those of us who had been selected for the purpose of determining what was necessary for the farmer could deal with it; but it went elsewhere.

What I expected and had hoped was that we might bring out a simple bill, predicated upon the experience of the last 6 years with what is known as the "crop credit loan plan." We loaned direct to the farmer from the Treasury, with no intermediary. He got his money direct, with no collateral necessary except a lien on his crops, and he has paid back the loans. Why all this machinery? I venture to say there will not be one man out of a dozen on this floor who will know what this bill means when it passes.

Mr. CONNALLY. Mr. President, does the Senator think that the crop production loan system, which has been a great success in its administration, would have been possible if the borrowers had been undertaking to run the bank?

Mr. SMITH. Not only would it not have been possible, but if the farmer had had to take out stock and then form aggregations, each becoming security for the other, we would never have given the farmers the relief we have given them. In my State alone this year 69,000 borrowers have borrowed direct at 5 percent $8,000,000—in the little State of South Carolina.

Mr. President, this is not the time, I suppose, but I wanted to make at least this statement, in justice to myself and to those in my part of the country who were expecting me to make a really determined effort to perpetuate, in a systematized way, the crop-production loan through a bank devoted and dedicated to that purpose, so that we would not have to be asking each year for these loans and for a system. In the next 6 years of my occupancy of this place, if God is willing that I shall live that long, I shall fight to establish a system under which there will be a simple agricultural credit bank in each State, designed to finance crop production during the first 12 months, and then to afford credit to the farmer to enable him to dispose of his crop in the succeeding 12 months.

I have read this bill carefully. It is too complicated for agriculture, but I shall support it, for the reason that it is better, perhaps, than none at all.

The Senator from Texas has called attention to the fact that we are asked to join together intermediate credit, the cooperative credit, the direct-loan credit, and to place them as a part and parcel of the land-bank system. The land-bank system has nothing to do with crop production. The cooperatives have to do with crop production. We are

asked to put five systems all under one bill, all of which could be simplified into the crop-production feature, and the feature of land mortgages. The mortgages have nothing to do with annual production of a crop.

We ought to recognize that there is such a thing in the United States as farmers. We do not even recognize them when we go down into the restaurant here in the Capitol. I have heard Senators, while they were sitting at the table eating the things produced by the farmers during these distressed times, talking about how lazy and how indifferent they are to the laws of thrift.

I feel deeply on this subject. I feel that the farmers of this country in this emergency have not been given the chance they should have been given. Two billion dollars were appropriated at the last session for industry, $3,300,000,000 at this session for the recovery of industry, and the farmer has been left to a processing tax on his own commodities for a modicum of relief.

Mr. CONNALLY. I offer an amendment to the committee amendment which I send to the desk.

The VICE PRESIDENT. The Senator from Texas offers an amendment to the committee amendment, which the clerk will state.

The CHIEF CLERK. On page 33, line 19, it is proposed to strike out all of section 70a down to and including subsection 3.

Mr. CONNALLY. Mr. President, the amendment which I offer is to strike out all of the Dill amendment which relates to the methods and manner of electing the directors of the Federal land banks. I have already discussed the matter. I wish to say that I have talked with a former chairman of the Federal land-bank system within the last few minutes, and, while I cannot quote him officially, I know that he is opposed to this change. I want to submit that statement to the Senate for what it may be worth.

Mr. BYRNES. Mr. President, just in a few minutes let me state the purpose of the provision. Under the amendment as it has been reported to the Senate it provides for the election of directors in the following manner: A production-credit bank is established, in which bank the borrowers purchase stock. It was thought——

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BYRNES. I will yield in a moment if the Senator will allow me to complete my statement.

Because the farmers purchase stock in the production-credit bank, it was believed that they should have some power, some voice in the election of at least one director upon the board which was to run this institution. Therefore the production-credit bank is given one director.

The bill provides for the cooperative bank division; and inasmuch as the cooperatives in order to secure loans must purchase stock, it was thought that they, too, as stockholders, ought to have the right to have some say in the selection of a director. The Federal land-bank borrowers also have the right to select a director.

Then, there are four more directors who will control the institution, and they are to be appointed by the Governor, because they represent the public interest. The Government of the United States has a large holding of stock in every land bank, and because of that it is entitled to have the controlling interest. That is provided in this amendment. The Government controls through its 4 out of 7 representatives. The land bank has 1 director, elected solely by the borrowers from the land bank; the production-credit bank borrowers have 1 and the cooperatives have 1.

I hope the amendment of the Senator from Texas will not prevail.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Texas to the committee amendment.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now recurs on the committee amendment as amended.

Mr. CONNALLY. Mr. President, I ask for a division on that question.

The question being put on a division, the committee amendment as amended was agreed to.

The next amendment of the Committee on Banking and Currency was, on page 41, line 10, after the word "said", to strike out "mortgages" and insert "mortgages" and a semicolon, so as to read:

(b) Paragraph (3) of subsection (a) of section 202 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 1031), is amended to read as follows:

"(3) To make loans or advances direct to any cooperative association organized under the laws of any State and composed of persons engaged in producing, or producing and marketing, staple agricultural products, or livestock, if the notes or other such obligations representing such loans are secured by warehouse receipts, and/or shipping documents covering such products, and/or mortgages on livestock, and/or such other collateral as may be approved by the Governor of the Farm Credit Administration: *Provided*, That no such loan or advance, when secured only by warehouse receipts and/or shipping documents, and/or mortgages on livestock, shall exceed 75 percent of the market value of the products covered by said warehouse receipts and/or shipping documents, or of the livestock covered by said mortgages; and to accept drafts or bills of exchange issued or drawn by any such association when secured by warehouse receipts and/or shipping documents covering staple agricultural products as herein provided."

The amendment was agreed to.

The next amendment was, under the heading "Title VIII—Miscellaneous", on page 42, line 14, after the numeral "80", to insert "(a)", and in line 18, after the name "Land Bank Commissioner", to insert the following: The provisions of the third paragraph of section 3 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 653), prescribing a term of office of 8 years shall not apply to incumbents hereafter appointed to the office of Land Bank Commissioner", so as to read:

SEC. 80. (a) After the date of the enactment of this act, the office of Farm Loan Commissioner shall be known as the office of the Land Bank Commissioner and the Farm Loan Commissioner shall be known as the Land Bank Commissioner. The provisions of the third paragraph of section 3 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 653), prescribing a term of office of 8 years shall not apply to incumbents hereafter appointed to the office of Land Bank Commissioner.

The amendment was agreed to.

The next amendment was, on page 42, after line 22, to insert:

(b) There shall be in the Farm Credit Administration three commissioners who shall be known, respectively, as the Production Credit Commissioner, the Cooperative Bank Commissioner, and the Intermediate Credit Commissioner. Such commissioners shall be appointed by the President, by and with the advice and consent of the Senate. They shall receive an annual salary of $10,000, payable monthly, together with actual necessary traveling expenses. Such Commissioners shall perform such duties as may be assigned to them by law or by the Governor of the Farm Credit Administration.

The amendment was agreed to.

The next amendment was, on page 43, after line 16, to insert:

SEC. 83. This act shall not be construed to repeal subsection (e) of section 201 of the Emergency Relief and Construction Act of 1932.

The amendment was agreed to.

The next amendment was, on page 43, after line 19, to insert:

SEC. 84. The Reconstruction Finance Corporation is authorized, with the approval of the Governor of the Farm Credit Administration, to reduce the capital of any regional agricultural credit corporation by such action as may be suitable for the purpose. The funds made available by any such reduction shall constitute a revolving fund, all or any part of which shall be available for use from time to time by the Reconstruction Finance Corporation for the purpose of increasing, with the approval of the Governor of the Farm Credit Administration, the capital of any regional agricultural credit corporation.

The amendment was agreed to.

The VICE PRESIDENT. Without objection the amendments will be ordered to be engrossed——

Mr. CLARK. Mr. President, I desire to offer an amendment.

The VICE PRESIDENT. The Senator from Missouri offers an amendment, which the clerk will state.

The CHIEF CLERK. On page 44, after line 8, it is proposed to insert the following new section:

SEC. —. Subdivision (a) of section 10 of the act entitled "An act to relieve the existing national economic emergency by in-

creasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933, is amended by inserting before the period at the end of the first sentence a colon and the following: "*And provided further*, That the functions of such officers, employees, and experts in each State shall be executed under the supervision of a State administrator for such State, to be appointed by the President, by and with the advice and consent of the Senate."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri.

The amendment was agreed to.

Mr. SMITH. I offer the amendment which I send to the desk and desire to say a word of explanation. This is a provision which, in the opinion of the Secretary of Agriculture and the administrative officers, is very essential, and I am therefore asking that the amendment be incorporated in the bill at the proper place.

The VICE PRESIDENT. The Senator from South Carolina offers an amendment, which will be stated.

The CHIEF CLERK. On page 44, after line 8, after the amendment of Mr. CLARK heretofore agreed to, it is proposed to insert the following:

That the United States Cotton Futures Act, as amended, is amended by adding at the end thereof the following new section: "SEC. 23. In addition to all other taxes imposed by this act, there is hereby levied upon contracts of sale of cotton for future delivery made at, on, or in any exchange, board of trade, or similar institution or place of business, a tax in the nature of an excise of 1 cent for each bale of cotton involved in any such contract. The tax imposed by this section shall be levied, collected, and paid in the manner provided by this act for the collection of taxes imposed thereby, but without regard to the provisions of sections 5, 6A, and 10 of this act. The amount of all taxes collected under this section shall be covered into the Treasury as a special fund to be administered by the Secretary of Agriculture for the raising and distribution of pedigreed cottonseed, which pedigreed cottonseed shall be offered for sale to cotton farmers by such Secretary at the cost of production thereof."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. BRATTON. I offer an amendment to come in on page 12, line 6, after the word "security", to insert "including ranches, leases, and permits."

May I say just a word of explanation——

Mr. BYRNES. Mr. President, I have no objection to the amendment going to conference.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. FRAZIER. Mr. President, yesterday I received a long telegram from the Governor of North Dakota, stating that about 30 counties in the State were infested with grasshoppers, and, owing to the drought of the last 3 years, it will be necessary to have some Government assistance in order to fight the pest. I have offered an amendment to this bill, which I send to the desk. I have conferred with the Senator from South Carolina [Mr. BYRNES], who is in charge of the bill, concerning it.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 6, after line 5, it is proposed to insert the following:

(e) Out of the revolving fund created in subsection (a) of this section the Governor of the Farm Credit Administration is authorized and directed to make loans, subject to such terms and conditions as he may prescribe, to counties for the purpose of aiding in grasshopper eradication and control during the calendar year 1933. The amount which may be loaned under this subsection shall not exceed $500,000.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. BYRNES. Mr. President, I should like to have the Senator explain the amendment.

Mr. FRAZIER. Mr. President, I have received some complaints by letter from various parts of the State, and yesterday the Governor telegraphed me concerning the subject matter of the amendment. I have talked with Dr. Warburton, of the Crop Loan Production Division of the Agricultural Department, who states that he has also had complaints from some localities in South Dakota and Montana. The only way we can see to take care of the situation is to utilize some of the money heretofore appropriated for crop-production purposes, which is to be transferred to this revolving fund. As I understand, some twenty-five or thirty million dollars are left in the crop-production loan fund, and that amount will be transferred to this revolving fund.

The amendment authorizes the use of not to exceed $500,000 of that amount for the control and eradication of grasshoppers, to be used in the discretion and under the direction of the governor of the farm credit administration.

There were a little over $2,000,000 loaned in North Dakota last spring for seed purposes, something over a million dollars in Montana, and $388,000 in South Dakota. It seems to me, Mr. President, that it is necessary to have something of this kind to protect the loans we have made on the crops in these States.

Mr. BYRNES. Mr. President, I have no information on the subject, but I have no objection to the amendment going to conference in order that an opportunity may be afforded to look into it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

ADDITIONAL FUNDS FOR SPECIAL COMMITTEE INVESTIGATING AIR AND OCEAN MAIL CONTRACTS

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent for the immediate consideration of Senate Resolution 94. This is the resolution which was submitted by the Senator from Alabama [Mr. BLACK]. It has been called up by him on other occasions. The Senator from New York [Mr. COPELAND] at one time objected to its consideration. My information is that he does not persist in his objection. I am calling up the resolution at the request of the Senator from Alabama.

The VICE PRESIDENT. The Senator from Arkansas asks unanimous consent for the present consideration of the resolution, which will be read.

The Chief Clerk read the resolution (S.Res. 94) submitted by Mr. BLACK on June 6, 1933, and reported from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment, on line 5, after the word "by", to strike out "$75,000" and insert "$25,000", so as to make the resolution read:

Resolved, That the limit of expenditures under Senate Resolution 349 (72d Cong., 2d sess.), agreed to February 25, 1933, creating a special committee of the Senate to investigate air mail and ocean mail contracts, is hereby increased by $25,000.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. FESS. Mr. President, I should like to know something more about the resolution.

Mr. ROBINSON of Arkansas. The resolution authorizes an expenditure of $25,000 for the purposes of the investigation of the special committee of the Senate having relation to ocean mail and air mail contracts.

Mr. FESS. Is the money to come out of the contingent fund of the Senate?

Mr. ROBINSON of Arkansas. Yes.

Mr. FESS. Has the resolution been reported by the Committee to Audit and Control the Contingent Expenses of the Senate?

Mr. ROBINSON of Arkansas. Yes; the resolution has been reported from that committee.

Mr. FESS. The only thing I wanted to know was what it was. I have no objection to the resolution.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

Mr. STEIWER. Mr. President, may I direct a question to the Senator from Arkansas?

Mr. ROBINSON of Arkansas. Certainly.

Mr. STEIWER. I understood yesterday that the Senator from New York [Mr. COPELAND] desired either to offer an amendment to the resolution or to oppose it; I am not prepared to say which. Does the Senator know whether the Senator from New York still desires to take any action regarding the resolution?

Mr. ROBINSON of Arkansas. I talked with the Senator from New York this morning, and told him that I had been requested to call up the resolution and would do so when the bill which has just been under consideration was passed. The Senator from New York interposed no objection.

Mr. STEIWER. I thank the Senator.

The VICE PRESIDENT. The question is on agreeing to the resolution as amended.

The resolution, as amended, was agreed to.

NINTH PAN AMERICAN SANITARY CONFERENCE

Mr. ROBINSON of Arkansas. Mr. President, at the request of the Senator from New York [Mr. COPELAND] I desire to ask unanimous consent for the present consideration of Senate Joint Resolution 59, to provide for the expenses of delegates from the United States to the Ninth Pan American Sanitary Conference.

The resolution is unanimously reported upon a poll by the Committee on Foreign Relations.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution reported by the Senator from Arkansas from the Committee on Foreign Relations?

There being no objection, the resolution (S.J.Res. 59) to provide for the expenses of delegates of the United States to the Ninth Pan American Sanitary Conference was read, considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $3,000, or so much thereof as may be necessary, for the expenses of three delegates of the United States, to be appointed by the President, to the Ninth Pan American Sanitary Conference to be held in 1933 or 1934, at Buenos Aires, Argentina, or at such time and place as may be determined hereafter. The expenses herein provided for shall include the compensation of employees, travel, subsistence, or per diem in lieu of subsistence (notwithstanding the provisions of any other act), and such miscellaneous and other expenses as the President shall deem proper, to be expended under the direction of the Secretary of State.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

SALES OF TIMBER ON INDIAN LANDS

The VICE PRESIDENT. There is on the desk a message from the House of Representatives in which the senior Senator from Oregon [Mr. MCNARY] is interested. The Chair understands that he desires to have the Senate concur in the amendment of the House. The Chair lays before the Senate the amendment of the House of Representatives, which will be read.

The Chief Clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES, U.S.,
June 9, 1933.

Resolved, That the bill from the Senate (S. 1513) entitled "An act to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land" do pass with the following amendment:

On page 1, line 7, to strike out all after "by", down to and including "prices" in line 9, and insert "adding to the first section thereof the following proviso: '*Provided*, That the restrictions as to reducing prices below the basic sales prices shall not apply to the Klamath Indian Reservation in Oregon: *And provided further*, That the authority granted herein shall terminate 1 year from the date of enactment of this act.

Mr. STEIWER. Mr. President, I will take the responsibility of making a motion on behalf of my colleague [Mr. MCNARY] that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

AMENDMENT OF SECTION 289, CRIMINAL CODE

Mr. BLACK. Mr. President, I desire to submit a report from the Committee on the Judiciary and ask for the immediate consideration of the bill which I shall explain. I am sure there will be no objection from any Member of the Senate when the situation is understood.

I report back favorably from the Committee on the Judiciary with an amendment the bill (H.R. 5091) to amend section 289 of the Criminal Code, and I ask unanimous consent for its immediate consideration.

The bill was sent to the Judiciary Committee at the last session of Congress by the former Attorney General, but by reason of the congestion of the docket of that committee it was not acted upon. A situation has arisen which the Attorney General believes makes it imperative for quick action. The House has passed the bill. It is to amend section 289 of the Criminal Code. Section 289 reads as follows:

SEC. 289. Whoever, within the territorial limits of any State, organized Territory, or District, but within or upon any of the places now existing or hereafter reserved or acquired, described in section 272 of the Criminal Code (U.S.C., title 18, sec. 451), shall do or omit the doing of any act or thing which is not made penal by any laws of Congress, but which if committed or omitted within the jurisdiction of the State, Territory, or District in which such place is situated, by the laws thereof in force—

The old law read "on January 1, 1909." The amendment reads "on January 1, 1933"—

on January 1, 1933, would be penal, shall be deemed guilty of a like offense and be subject to a like punishment; and every such State, Territorial, or District law shall, for the purposes of this section, continue in force, notwithstanding any subsequent repeal or amendment thereof by any such State, Territory, or District.

The committee have adopted two amendments to the measure which were suggested by the Senator from Rhode Island [Mr. HEBERT], who is a member of the subcommittee having the bill under consideration. Instead of fixing the exact date of January 1, 1933, the amendment would add these words:

By the laws thereof in force at the time of the doing of such act or thing.

I can explain very briefly the purport and the intent of the bill. There are certain Government reservations throughout the country. There was enacted in 1909 a law which provided that all of the laws of the State or district in which a reservation was located should be adopted by the Federal Government as laws governing the acts or things committed or done on those reservations, but it made the date of those laws as in effect in 1909.

The result is that today a man may do something on a Government reservation which is not a violation of any State law, which is not a violation of any Federal law, but which would have been a violation of the law of that State in 1909. The man who happens to commit that act on a Government reservation could be punished, although the law of the State had been repealed since 1909. Manifestly, there is no reason for such a law. The total effect and the sole effect of the amendment is to provide a change so that the thing done must be a violation of a law of that State in existence of the doing of the act.

I hope I have made the matter clear to Senators.

Mr. JOHNSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from California?

Mr. BLACK. I yield.

Mr. JOHNSON. I know nothing of the matter at all and I have listened with interest to the explanation of the Senator from Alabama, but it struck me that the Senator was making a shotgun law, by which the laws that were penal in a certain aspect in a State would now be made criminal laws without description whatsoever of the offenses covered thereby.

Mr. BLACK. The Senator is correct in part, but I have not made myself clear on the whole. If I had been there when the original bill was passed, I would have voted against it.

The Supreme Court of my State has held that a municipality cannot adopt a blanket order which makes penal the violation of all the laws of the State. But those who do not favor the adoption of such a blanket law find themselves now in this situation: It is now in force and effect, but in a worse form than it will be if the amendment is agreed to.

Mr. JOHNSON. Why not repeal it then?

Mr. BLACK. The House has already acted upon the other phase of it. It is too late, of course, for us to hope to bring about a repeal at this session. The committee intends at the next session of the Congress to make a study of the matter, to see how laws should be enacted for making certain things a crime against the Federal Government, without the adoption of such blanket laws. But if this proposal is defeated on this last day of the session we will continue from now until that time with a law in force and effect which would permit the punishment of an individual for doing a thing on a Government reservation, which was a violation of a law of a State in 1909, 1910, 1911, and so on up to 1933.

It is for that reason that the committee adopted the change at the suggestion of the Senator from Rhode Island [Mr. HEBERT] so that insofar as future things done on reservations are concerned they must be in violation of law in effect at that date to be punishable. But if we do not adopt the amendment we will proceed under the old law which has the effect of blanketing all those laws in force in those States and districts in 1909, thoroughly antiquated.

Mr. JOHNSON. But the Senator is now extending the jurisdiction not only to laws that existed in 1909, but to those which may have been enacted in the interim by the States. He is making the date line 1933 instead of 1909.

Mr. BLACK. That is correct, but it does not include those laws which have heretofore been repealed.

Mr. JOHNSON. Does the Senator think it is either good legislation or good policy to enact a statute of the United States providing that all the laws that are penal in a State are hereby made like penal laws in the Federal Government?

Mr. BLACK. I do not. I said in the committee, and I repeat, that insofar as I am concerned I would have voted against the measure in its original form. Personally I shall vote to repeal it when the time comes. I do not believe in enacting legislation of that character, but I do think that from now until next January we should have some kind of a law to take care of the situation. At that time it is my hope that the committee will amend the entire situation and introduce bills providing for the enactment of laws for the Federal Government.

Mr. JOHNSON. The Senator is entirely frank in his statement concerning the matter, and I know how he feels, because a law of this sort is repugnant to one's legal education if he may be said to have any at all. I find it rather revolting to enact a Federal statute which will make all the laws of the States offenses.

Let us go a step further with that. What is it meant to do? Has the Senator any idea?

Mr. BLACK. Yes; I have.

Mr. JOHNSON. What is the situation which it is endeavored to effect?

Mr. BLACK. If there were no law at all such as the one now in existence, there would be practically no things committed on a Government reservation which would be contrary to law, because heretofore they have simply proceeded on the theory, and not only on the theory but on the fact, that there were ample laws under this blanket law which had been previously enacted. For instance, there would be no law, as I understand it, covering the case of a man who would recklessly run over another on a Government reservation and take his life. There are many instances which might be cited, for instance, where a man could escape punishment altogether simply by going over the line onto a Government reservation.

I am trying to state that I favor the method of enacting laws under which the Congress itself would adopt a code of criminal statutes to govern the people on Government reservations. That, in my judgment, is the proper method for a sovereignty to pursue. But I do believe that at the present time this will actually improve the law as it stands until such time as we can enact a code of laws to govern Government reservations.

Mr. JOHNSON. If the Senator will pardon one further observation, I recognize that on my feet at the moment, without the slightest knowledge of the measure or of the conditions surrounding the bill, I am working at a disadvantage and cannot by any means understand the situation as well as those gentlemen who have dealt with it. So I am not going to object to the bill. I simply want to state for the RECORD that I am opposed to it and am opposed to this kind of legislation.

Mr. HEBERT. Mr. President——

The PRESIDING OFFICER (Mr. MCADOO in the chair). Does the Senator from Alabama yield to the Senator from Rhode Island?

Mr. HEBERT. I wish to propound an inquiry to the Senator from Alabama.

Mr. BLACK. I am glad to yield to the Senator from Rhode Island.

Mr. HEBERT. Has the Senator reported the bill as it came to the committee?

Mr. BLACK. I have reported the bill with the amendment which was suggested by the Senator from Rhode Island.

Mr. HEBERT. Historically, Mr. President, the legislation has been in effect in the United States since 1825. From time to time amendments have been enacted so as to bring the law nearer up to date. The present statute fixes as an offense something committed, say, in the month of May, under a law which was in force in 1910, but which law has since been repealed and may have been repealed for a long time by the State which enacted it.

The purpose of the amendment as modified by the committee is to bring the law up-to-date and to make an act an offense at this time under the law in force at the time the offense is committed. For instance, if an offense be committed on the 1st of January 1933 and there is a State law providing a penalty for that offense in force at that time, this measure provides that that offense shall be punishable under the law in force at the time the offense is committed.

It is an unusual way, to my mind, to legislate, and it was repugnant to me when I first examined the bill, but when I came to look at the history of it and found that it has been the law since 1825, then I realized that it is a pretty well established matter.

The only difficulty with the statutes up to now is that they have fixed a particular time when an offense committed shall be punishable by the laws in force at a previous date, long past; so we have had to change the law from time to time to bring it as near the present date as possible. The purpose of this amendment is to make it a continuing thing, so that the law of the State will be, as we say in law, ambulatory, and follow along with the particular offense that is committed at the time it is charged.

Mr. BLACK. I ask for immediate consideration of the measure.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. JOHNSON. Will the Senator give me an instance of offenses that would come under this law—what, particularly?

Mr. BLACK. For instance, in my State we have a Government reservation. I can give the illustration better for that State. We have in the State a law which prohibits certain practices with reference to driving automobiles which may bring about the death of a person. As I understand, there is no Federal law which would protect the public from the reckless and wanton driving of automobiles on that Government reservation, although there is a highway

through it. This bill would adopt the law of the State of Alabama insofar as anything done on the Government reservation is concerned, and would subject a man to prosecution for the reckless killing of a human being on the public highway through the park.

That is one instance. Numerous other instances could be cited, of course, as the Senator will realize.

Mr. JOHNSON. Well, it is a wretched way of legislating, as I think the Senator will agree with me.

Mr. BLACK. I agree with the Senator thoroughly, and I do not approve that kind of legislation. I am sure, however, that voting for this bill is not an approval of that method of legislation but rather is an effort at this late date to try as far as possible to ameliorate the conditions by this amendment until further time and consideration can be given to the subject.

The PRESIDING OFFICER (Mr. McADOO in the chair). Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with amendments, on page 2, line 2, after the word "force", to insert "at the time of the doing of such act or thing"; on line 6, after the word "notwithstanding", to strike out "any subsequent" and insert "the"; and on line 8, to strike out the period following the word "District" and insert "subsequent to the doing of such act or thing", so as to make the bill read:

Be it enacted, etc., That section 289 of the Criminal Code (U.S.C. title 18, sec. 468) be, and it is hereby, amended to read as follows:

"SEC. 289. Whoever, within the territorial limits of any State, organized Territory, or District, but within or upon any of the places now existing or hereafter reserved or acquired, described in section 272 of the Criminal Code (U.S.C., title 28, sec. 451), shall do or omit the doing of any act or thing which is not made penal by any laws of Congress, but which if committed or omitted within the jurisdiction of the State, Territory, or District in which such place is situated, by the laws thereof in force at the time of the doing of such act or thing on January 1, 1933, would be penal, shall be deemed guilty of a like offense and be subject to a like punishment; and every such State, Territorial, or District law shall, for the purposes of this section, continue in force, notwithstanding the repeal or amendment thereof by any such State, Territory, or District subsequent to the doing of such act or thing."

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

THE CALENDAR

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of unobjected bills on the calendar under rule VIII.

The PRESIDING OFFICER (Mr. JOHNSON in the chair). Is there objection to the request of the Senator from Arkansas?

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. The Chair hears no objection. The clerk will state the first bill on the calendar.

The first business on the calendar was the joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920.

Mr. ROBINSON of Arkansas. Let that go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States was announced as next in order.

Mr. ROBINSON of Arkansas. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. McNARY. Mr. President, may I suggest to the Senator from Arkansas that we have a call of the roll?

Mr. ROBINSON of Arkansas. I think that is a good suggestion.

The PRESIDING OFFICER. The Senator from Oregon suggests the absence of a quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reynolds
Ashurst	Costigan	Kendrick	Robinson, Ark.
Austin	Cutting	Keyes	Robinson, Ind.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McAdoo	Stephens
Borah	Fletcher	McCarran	Thomas, Okla.
Bratton	Frazier	McGill	Thomas, Utah.
Brown	George	McKellar	Thompson
Bulkley	Glass	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrd	Gore	Murphy	Tydings
Byrnes	Hale	Neely	Vandenberg
Capper	Harrison	Norris	Van Nuys
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Overton	Walcott
Clark	Hayden	Patterson	Walsh
Connally	Hebert	Pope	Wheeler
Coolidge	Johnson	Reed	

The PRESIDING OFFICER (Mr. CLARK in the chair). Ninety-one Senators have answered to their names. A quorum is present.

Under the unanimous-consent agreement the calendar will be called for the consideration of unobjected bills. The clerk will state the next bill on the calendar.

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as next in order.

Mr. JOHNSON. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. COPELAND. Mr. President, what became of Senate Joint Resolution 15?

The PRESIDING OFFICER. That was objected to and passed over before the roll was called.

VETERINARY CORPS OF THE REGULAR ARMY

The Senate proceeded to consider the bill (S. 1286) to increase the efficiency of the Veterinary Corps of the Regular Army, which was read, as follows:

Be it enacted, etc., That for the purposes of promotion, longevity pay, and retirement there shall be credited to officers of the Veterinary Corps, and former officers of the Veterinary Corps now on the retired list, all full-time service rendered by them as veterinarians in the Quartermaster Department, Cavalry, or Field Artillery.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Texas explain the purpose of that bill?

Mr. SHEPPARD. Mr. President, this bill applies to about 13 officers and former officers of the Veterinary Corps. It allows these officers to count prior service in the Quartermaster Corps in the matter of longevity and retirement pay. All the other veterinary officers who had prior service in the Infantry, Cavalry, or Artillery are permitted to count that service for these purposes; and this bill puts the 13 officers I have mentioned on an equal basis with the others.

Mr. ROBINSON of Arkansas. Very well. The explanation is entirely satisfactory.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

REDUCTION OF SUBSIDIES

The bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, was announced as next in order.

Mr. COPELAND and other Senators. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. COPELAND. Mr. President, I withhold my own objection in order to say something about this matter.

A few moments ago, I understand, a resolution was passed to continue the investigation of the mail contracts. Of course this bill was introduced for the same purpose. I want the Senate to know just what an investigation of this sort means.

Mr. McKELLAR. Mr. President, I have no objection to this bill going over. The substance of the bill has already been included in a general measure giving the President

power to investigate, and I see no reason why it cannot go over for the present. I ask that that be done.

Mr. COPELAND. Of course, the Senator from Kentucky does not wish to deprive me of the opportunity to say what I wanted to say a little while ago.

Mr. McKELLAR. The Senator means the Senator from Tennessee. I certainly do not, Mr. President.

Mr. COPELAND. I mean the Senator from Tennessee, of course. I sometimes suffer from a form of stage fright, and I have an attack now in the presence of these books on my desk.

These books represent the last investigation that was made of the shipping industry, in the Sixty-eighth Congress. These 13 volumes represent a hearing on the shipping matter, and on subsidies, and on loans to shipping.

Mr. President, I contend that these investigations are worthless—absolutely worthless. If Senators come here and give some specific instances of wrongs which have been perpetrated upon the country by the shipping interests, I have not a word to say. I should not oppose, and would not have opposed if I had been here, a continuance of the appropriation for the Black committee; but I want Senators to see what happened in a previous investigation.

In all probability I am the only person in the world who ever opened these volumes, and I did this some years ago because I was interested in the subject and wanted to know what had happened. This new committee will bring back another 13 volumes of testimony that will not be worth the paper it is printed on, and yet we appropriate money for such investigations, and I just wanted to say that much.

I think the American merchant marine is of vital importance to every citizen of our country. It is important to every farmer on every farm in the United States, and what we can do to further the interests of the American merchant marine in my judgment would be money well expended.

I do not contend for one moment that there may not be abuses—doubtless there are—but we have authorized the President in the independent offices appropriation bill to make such an investigation. The investigation is already going on in the Post Office Department and in the Shipping Board, and I presume that in due time there will be changes in the contracts. If there are fraudulent contracts they will be thrown out as they should have been long, long ago.

Mr. President, I could not forbear giving this object lesson, showing these 3 feet of volumes piled one upon the other, representing the last investigation which was made into the shipping business.

The PRESIDING OFFICER. The bill will be passed over.

RENTS IN THE DISTRICT OF COLUMBIA

Mr. KING. Mr. President, I ask the indulgence of the Senate, because I am about to submit a unanimous-consent request. As Senators know, I am one of the conferees upon a bill which is now receiving attention in conference and the disposition of which is very important.

The Senator from Kansas [Mr. CAPPER] offered a resolution a few days ago to carry out some of the resolutions and findings of the committee appointed in the District of Columbia in regard to rents, and so forth. As a supplement to that, a resolution was offered to appropriate $2,500, which is approved by the Commissioners of the District of Columbia, in order to create a sort of liaison officer between the District of Columbia people—the tenants, those who are complaining about their rents—and the District Commissioners. The resolution is Joint Resolution 60, Calendar No. 158. I ask unanimous consent that it may be agreed to.

There being no objection, the joint resolution (S.J.Res. 60) making an appropriation for an investigation of housing conditions and rentals in the District of Columbia was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That there be appropriated the amount of $2,500 for the Public Utilities Commission of the District of Columbia from the moneys in the Treasury of the United States to the credit of the District of Columbia, the said sum to be expended in the investigation of housing conditions and rentals in the District of Columbia.

EXPORTATION OF ARMS OR MUNITIONS

The joint resolution (H.J.Res. 93) to prohibit the exportation of arms or munitions of war from the United States under certain conditions was announced as next in order.

Mr. ROBINSON of Arkansas. Let that go over.

The PRESIDING OFFICER. Objection is heard, and the joint resolution will be passed over.

MERGER OF GASLIGHT COMPANIES

The bill (S. 1403) to authorize the merger of The Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes, was announced as next in order.

Mr. NYE. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF JUDICIAL CODE

The bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards, was announced as next in order.

Mr. AUSTIN. Let that go over.

Mr. JOHNSON. Mr. President, I ask the Senator if he will not withhold his objection for the moment.

Mr. AUSTIN. Mr. President, I withhold the objection.

Mr. JOHNSON. This is a bill of extraordinary importance, designed to do for public utility commissions in the States what ought long ago to have been done, to preclude those whose rates have been fixed by these commissions from going into two jurisdictions and prolonging indefinitely the litigation concerning the fixing of rates.

I am sure that the Senator who objected does not want to object to a thing of that sort, and I ask him, therefore, if he does not consent to taking up the bill and passing it now?

Mr. AUSTIN. Mr. President, if that were all involved in the bill, the Senator from Vermont might be willing to have the measure taken up and discussed, but the bill involves something more fundamental than that, that is, the nationality of the United States of America. I do not believe we could possibly adjourn in the expected time if we should undertake a discussion of this measure now. Under these circumstances, I feel compelled to insist upon the objection.

Mr. JOHNSON. Mr. President, just a word in response. I recognize the very great interest and the enthusiasm with which my friend from Vermont enters into the discussion of this question, which would occupy him a few months, just as the public-utility corporations exercise their right, as existing at the present time, to take a few years and a few decades to determine a question which has been decided by the various States. Therefore, of course, we are remediless if the Senator objects, and we can not proceed.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

WESTERN MONTANA CLINIC, MISSOULA, MONT.

The bill (S. 1772) for the relief of the Western Montana Clinic, Missoula, Mont., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to the Western Montana Clinic, of Missoula, Mont., out of any money in the Treasury not otherwise appropriated, the sum of $5,022.30 in full satisfaction of its claim against the United States for surgical and medical services rendered prior to May 30, 1932, to Indians on the Flathead Indian Reservation, Mont.

DEATH VALLEY NATIONAL MONUMENT, CALIF.

The bill (H.R. 3659) to extend the mining laws of the United States to the Death Valley National Monument in California was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the mining laws of the United States be, and they are hereby, extended to the area included within the Death Valley National Monument in California, or as it may hereafter be extended, subject, however, to the surface use of loca-

tions, entries, or patents under general regulations to be prescribed by the Secretary of the Interior.

MILL FOUR DRAINAGE DISTRICT, OREG.

The Senate proceeded to consider the bill (S. 1759) granting the consent of Congress to the Mill Four Drainage District, in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith, which had been reported from the Committee on Commerce with amendments, on page 1, line 3, strike out everything after the second word down to "dikes", in line 6, and insert in lieu thereof the following: "times for commencing and completing the construction of dams and dikes authorized by act of Congress approved June 17, 1930, to be built by the Mill Four Drainage District of the State of Oregon"; on page 2, line 4, to strike out the period and add "are hereby extended 1 and 3 years, respectively, from the date of approval hereof"; on page 2, strike out lines 7 to 17, inclusive; on page 2, line 12, strike out the figure "3" and insert the figure "2"; and on page 2, line 18, to strike out "3" and insert "2", so as to read:

Be it enacted, etc., That the times for commencing and completing the construction of dams and dikes authorized by act of Congress approved June 17, 1930, to be built by the Mill Four Drainage District of the State of Oregon for preventing the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith in the State of Oregon are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to extend the time for the construction of dams and dikes in Lincoln County, Oreg., to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith."

MONONGAHELA RIVER BRIDGE, PENNSYLVANIA

The bill (H.R. 4872) authorizing Farris Engineering Co., its successors and assigns to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa., was considered, ordered to a third reading, read the third time, and passed.

MISSOURI RIVER BRIDGE, MISSOURI

The bill (H.R. 5589) granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo., was considered, ordered to a third reading, read the third time, and passed.

ST. CLAIR RIVER BRIDGE, MICHIGAN

The Senate proceeded to consider the bill (H.R. 5495) to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge.

Mr. VANDENBERG. Mr. President, I want to submit an amendment, to strike out the tax-exempt privilege for the bonds which are to be issued for this project. On page 3, line 19, I move to strike out the words "and the bonds issued in connection therewith."

The PRESIDING OFFICER. The amendment will be stated. The amendment was on page 3, line 19, to strike out the words "and the bonds issued in connection therewith", so as to make the bill read:

Be it enacted, etc., That section 4 of an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, be, and the same is hereby, amended so as to read as follows:

"SEC. 4. The commission and its successors and assigns are hereby authorized to provide for the payment of the cost of the bridge and its approaches and the ferry or ferries and the necessary lands, easements, and appurtenances thereto by an issue or issues of bonds of the commission, upon approval by the Michigan Public Utilities Commission, bearing interest at not more than 6 percent per annum, payable annually or at shorter intervals, maturing not more than 30 years from their date of issuance, such bonds and the interest thereon, and any premium to be paid for retirement thereof before maturity, to be payable solely from the sinking fund provided in accordance with this act. Such bonds may be registerable as to principal alone or both principal and interest, and shall be in such form not inconsistent with this act, and be payable at such place or places as the commission may determine. The commission may repurchase and may reserve the right to redeem all or any of said bonds before maturity at prices not exceeding 105 and accrued interest. The commission may enter into an agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the commission in respect of the construction, maintenance, operation, repair, and insurance of the bridge and/or the ferry or ferries, the conservation and application of all funds, the safeguarding of moneys on hand or on deposit, and the rights and remedies of said trustee and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in trust agreements respecting bonds of corporations. Such trust agreement may contain such provision for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper and not inconsistent with the law and also a provision for approval by the original purchasers of the bonds of the employment of consulting engineers and of the security given by bridge contractors and by any bank or trust company in which the proceeds of bonds or of bridge and/or ferry tolls or other moneys of the commission shall be deposited, and may provide that no contract for construction shall be made without the approval of the consulting engineers. The bridge constructed under the authority of this act shall be deemed to be an instrumentality for international commerce authorized by the Government of the United States, and said bridge and ferry or ferries and the bonds issued in connection therewith and the income derived therefrom shall be exempt from all Federal, State, municipal, and local taxation. Said bonds shall be sold in such manner and at such price as the commission may determine, such price to be not less than the price at which the interest yield basis will equal 6 percent per annum as computed from standard tables of bond values, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the estimated cost of the bridge and its approaches, and the land, easements, and appurtenances used in connection therewith and, in the event the ferry or ferries are to be acquired, also the estimated cost of such ferry or ferries and the lands, easements, and appurtenances used in connection therewith. The cost of the bridge and ferry or ferries shall be deemed to include interest during construction of the bridge, and for 12 months thereafter, and all engineering, legal, architectural, traffic surveying, and other expenses incident to the construction of the bridge or the acquisition of the ferry or ferries, and the acquisition of the necessary property, and incident to the financing thereof, including the cost of acquiring existing franchises, rights, plans, and works of and relating to the bridge, now owned by any person, firm, or corporation, and the cost of purchasing all or any part of the shares of stock of any such corporate owner if in the judgment of the commission such purchases should be found expedient. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided. Prior to the preparation of definitive bonds the commission may under like restrictions issue temporary bonds with or without coupons, exchangeable for definitive bonds upon the issuance of the latter."

SEC. 2. That section 9 of said act, approved June 25, 1930, be, and the same is hereby, amended so as to read as follows:

"SEC. 9. The commission shall have no capital stock or shares of interest or participation, and all revenues and receipts thereof shall be applied to the purposes specified in this act. The members of the commission shall not be entitled to any compensation for their services, but may employ a secretary, treasurer, engineers, attorneys, and such other experts, assistants, and employees as they may deem necssary, who shall be entitled to receive such compensation as the commission may determine. After all bonds and interest thereon shall have been paid and all other obligations of the commission paid or discharged, or provision for all such payment shall have been made as hereinbefore provided, and after the bridge shall have been conveyed to the United States interests and the Canadian interests as herein provided, and any ferry or ferries shall have been sold, the commission shall be dissolved and shall cease to have further existence by an order of the State highway commissioner of Michigan made upon his own initiative or upon application of the commission or any member or members thereof, but only after a public hearing in the city of Port Huron, notice of the time and place of which hearing and the purpose thereof shall have been published once, at least 30 days before the date thereof, in a newspaper published in the city of Port Huron, Mich., and a newspaper published in the city of Sarnia, Ontario. At the time of such dissolution all moneys in the hands of or to the credit of the commission shall be divided into 2 equal parts, 1 of which shall be paid to said United States interests and the other to said Canadian interests."

SEC. 3. That the times for commencing and completing the construction of said bridge, heretofore extended by acts of Con-

gress approved February 28, 1931, and June 9, 1932, are hereby further extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 4. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

COMMITTEE FOR THE CONSERVATION OF WILD-LIFE RESOURCES

The resolution (S.Res. 96) to increase the membership on the Special Committee for the Conservation of Wild-Life Resources from 5 to 7 members was read, considered, and agreed to, as follows:

Resolved, That the membership of the Special Committee on Conservation of Wild-Life Resources shall be increased from 5 to 7 members, and that the President of the Senate on the passage of this resolution shall appoint the 2 additional members.

SERVICE OF NATIONAL GUARD IN TIME OF WAR

The Senate proceeded to consider the bill (H.R. 5645) to amend the National Defense Act of June 3, 1916, as amended.

Mr. FESS. Mr. President, I should like to ask the Senator from Texas what this bill provides.

Mr. SHEPPARD. Mr. President, this bill passed the Senate on a prior occasion. It provides that the National Guard in time of war shall be summoned into the service by an order as the National Guard itself, and not the members individually, through the draft. It merely would keep the National Guard intact.

Mr. FESS. I have no objection.

The bill was ordered to a third reading, read the third time, and passed.

JUDICIAL DISTRICT OF CONNECTICUT

The bill (S. 1650) amending section 74 of the Judicial Code, as amended (U.S.C., Annotated, title 28, sec. 147), was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the State of Connecticut shall constitute one judicial district to be known as the "district of Connecticut." Terms of the district court shall be held at New Haven on the second Tuesday in February and the third Tuesday in September; at Hartford on the second Tuesday in May and the first Tuesday in December; at Norwalk on the third Tuesday in April; and at Columbia on the first Tuesday in September: *Provided*, That suitable rooms and accommodations shall be furnished for the holdings of said court and for the use of the officers of said court at Norwalk and Columbia free of expense to the Government of the United States.

JOE GRAHAM POST, NO. 119, AMERICAN LEGION

The Senate proceeded to consider the bill (S. 1813) providing for the sale to Joe Graham Post, No. 119, American Legion, of the lands lying within the Ship Island Military Reservation in the State of Mississippi, which had been reported by the Committee on Military Affairs with amendments, on page 2, line 3, to strike out the words "such sum as may be agreed upon by the corporation and the Secretary of War" and to insert in lieu thereof "$15,000"; on line 6, after the word "conveyance", to insert the words "with interest on such deferred payments at the rate of 5 percent per annum, all interest due to be paid annually", so as to make the bill read:

Be it enacted, etc., That notwithstanding the provisions of the act entitled "An act transferring a portion of the lighthouse reservation, Ship Island, Miss., to the jurisdiction and control of the War Department", approved March 4, 1929, the Secretary of War is authorized and directed to convey by quitclaim deed to Joe Graham Post, No. 119, of the American Legion, Inc., a corporation organized under the laws of the State of Mississippi, all the lands lying within the Ship Island Military Reservation in such State, in consideration of the payment to the United States by such corporation of $15,000; but payment of such sum may be made in equal annual installments over a period of 10 years from the date of such conveyance with interest on such deferred payments at the rate of 5 percent per annum, all interest due to be paid annually. All sums paid to the United States for such land shall be covered into the Treasury to the credit of the military post construction fund. It shall be made a condition of the deed of conveyance herein provided for (1) that the lands so conveyed shall be maintained by such corporation as a national recreational park, (2) that such corporation shall erect and maintain on such lands a suitable monument or other memorial to the veterans of the World War, and (3) that such corporation shall set aside such parcel of land not exceeding 1 acre in area within such lands as may be selected by the United Daughters of the Confederacy for the sole use of that organization for the erection and maintenance of a memorial to veterans of the Civil War. If the corporation fails to use such lands for the purposes herein provided, or violates any of the conditions of the deed of conveyance or attempts to alienate such lands, title thereto shall revert to the United States.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

OUACHITA NATIONAL FOREST GAME PRESERVE

Mr. ROBINSON of Arkansas. Mr. President, the Senator from South Carolina [Mr. SMITH] is necessarily absent on business of the Senate. He asked me to submit a report for him from the Committee on Agriculture and Forestry. I do so, and ask for the present consideration of the bill.

May I say, in anticipation of the reading of the bill, that it is a local measure, authorizing the establishment of a game preserve and breeding places in certain reserved areas in the Ouachita National Park. It is in the interest of game conservation.

Mr. McNARY. Mr. President, was this bill referred to the Committee on Wild Life Resources, or to the Committee on Agriculture and Forestry?

Mr. ROBINSON of Arkansas. It was referred to the Committee on Agriculture and Forestry, but I can assure the Senator from Oregon that it meets with the approval of the members of the Committee on Wild Life Conservation.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H.R. 3511), to authorize the creation of a game refuge in the Ouachita National Forest in the State of Arkansas.

The bill was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That for the purpose of providing breeding places and for the protection and administration of game animals, birds, and fish, the President of the United States is hereby authorized, upon the recommendation of the Secretary of Agriculture, to establish by public proclamation certain specified areas within the Ouachita National Forest as game sanctuaries and refuges.

SEC. 2. That the Secretary of Agriculture shall execute the provisions of this act, and he is hereby authorized to prescribe all general rules and regulations for the administration of such game sanctuaries and refuges, and violation of such rules and regulations shall be punished by fine of not more than $500 or imprisonment for not more than 6 months or both.

GEORGE YUSKO

The bill (S. 1654) for the relief of George Yusko was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army George Yusko shall be held and considered to have been honorably discharged as a private, Company D, One Hundred and Fifty-seventh Regiment United States Infantry, on April 20, 1919: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued by reason of this act prior to its passage.

PER CAPITA PAYMENTS TO SEMINOLE INDIANS IN OKLAHOMA

Mr. THOMAS of Oklahoma. Mr. President, on behalf of the Committee on Indian Affairs I submit a favorable report (No. 139) on Senate bill 554, providing for per capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury. There is a favorable report from the Department on the bill, and I ask for immediate consideration.

Mr. McNARY. Mr. President, has the Committee on Indian Affairs reported favorably on the bill?

Mr. THOMAS of Oklahoma. It has.

Mr. McNARY. It has unanimous approval?

Mr. THOMAS of Oklahoma. The report is endorsed by all the members of the committee who are in the city.

Mr. McNARY. May I ask the ranking member of the Committee on Indian Affairs, the Senator from North Dakota [Mr. FRAZIER], whether the bill meets his approval?

Mr. FRAZIER. Mr. President, this bill has been approved, and the money is to come out of the Indians' own money.

Mr. McNARY. Out of the tribal funds?

Mr. THOMAS of Oklahoma. Out of the tribal funds.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to pay to the enrolled members of the Seminole Tribe of Indians of Oklahoma entitled under existing law to share in the funds of said tribe, or to their lawful heirs, out of any money belonging to said tribe in the United States Treasury or deposited in any bank or held by an official under the jurisdiction of the Secretary of the Interior, not to exceed $35 per capita: *Provided*, That said payment shall be made under such rules and regulations as the Secretary of the Interior may prescribe: *Provided further*, That in cases where such enrolled members, or their heirs, are Indians who belong to the restricted class, the Secretary of the Interior may, in his discretion, withhold such payments and use the same for the benefit of such restricted Indians: *Provided further*, That the money paid to the enrolled members or their heirs as provided herein shall be exempt from any lien for attorneys' fees or other debt contracted prior to the passage of this act: *And provided further*, That the Secretary of the Interior is hereby authorized to use not to exceed $2,000 out of said Seminole tribal funds for the payment of salaries of necessary employees and other expenses for the distribution of said per capita payments.

The PRESIDING OFFICER. That completes the calendar.

THE WHALING INDUSTRY

Mr. McNARY. Mr. President, I should like to have the attention of the Senator from Arkansas [Mr. ROBINSON]. When the first measure on the calendar, Senate Joint Resolution 15, was called, the Senator from Arkansas objected to the consideration of the joint resolution.

This is a matter which has been on the calendar for some time. It would simply broaden the scope of the loan features of the Merchant Marine Act, permitting the whaling industry, which is a considerable industry in Alaska and along the north coast, to borrow from the loan fund provided under that act.

Mr. ROBINSON of Arkansas. Mr. President, I myself have no objection to the consideration of the joint resolution to which the Senator from Oregon refers. The calendar having been called on a number of occasions heretofore, and the Senator from Utah having objected, I interposed the objection in his behalf. When he came into the Chamber a few moments ago he asked whether that number had been called, and I told him that, understanding he objected to the consideration of the joint resolution, I had asked that it go over. He has now left the Chamber. I have no personal objection to the consideration of the joint resolution, and if the Senator from Utah should withdraw his objection, I would not interpose one.

Mr. McNARY. I am informed that he probably does not now entertain the objection. May we not consider and pass the joint resolution? Then, if he objects, I will consent to a motion to reconsider the vote whereby the joint resolution was passed, and have it restored to the calendar.

Mr. ROBINSON of Arkansas. Very well. I have no disposition to oppose such action if other Senators consent to it.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

Mr. BONE. Mr. President, as I recall, the joint resolution deals with proposals under the Jones-White Act. Is not that the purpose of the joint resolution? May I ask the Senator if the purpose of the measure is not further to expand the operations of the Merchant Marine Act, so as to provide loans to the whaling industry?

Mr. McNARY. As I said, it broadens the scope of the Merchant Marine Act, so that money will be available to be loaned to the whaling industry in the manner provided for by that act. It does not propose any new legislation at all, but simply gives the whaling industry, which is of importance on the northwestern coast and in Alaska, an opportunity to avail itself of money which is now available for the construction of ships in connection with the merchant marine. The Senator's predecessor, the late Senator Jones, of Washington, whom we all much respected and loved, originally introduced the joint resolution, and after his demise the matter was referred to me, because of the importance of the whaling industry along the northwestern coast and in Alaska. The joint resolution does not in any way modify the Merchant Marine Act, and it does not pretend to give a subsidy. It simply permits this industry to borrow money under the Merchant Marine Act as money may be borrowed in the case of ships operating in commerce.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. MURPHY in the chair). Does the Senator from Oregon yield to the Senator from Missouri?

Mr. McNARY. I yield.

Mr. CLARK. It seems to me that this joint resolution, in all essentials, does provide a subsidy in this respect, at any rate. Everybody knows that most of the loans that have been made under the Jones-White Act have never been repaid, and there is very little human probability that they ever will be repaid. It therefore is in every essential, it seems to me, a subsidy.

Mr. McNARY. I am sorry the able Senator from Missouri entertains that view; it is quite apart from my own view. When the Merchant Marine Act was passed certain sums were made available for the use in the construction of vessels in order to promote the American merchant marine. In this joint resolution we are simply asking that the whaling industry, which is American controlled and owned and operated by American citizens, may have the use of some of the money which is available the same as those who build ships engaging in commerce and traversing the ocean in foreign trade. It is in no sense a subsidy, and I do not see why we should seek to discriminate against the whaling industry when we are not objecting to loans being made for the construction of vessels employed in overseas trade.

Mr. CLARK. As a matter of fact, there is no whaling industry.

Mr. McNARY. Oh, indeed, there is. It is an industry that is growing rapidly.

Mr. CLARK. I will say to the Senator that, while I believe he was elsewhere at the time the hearing upon the joint resolution was had, it was practically stated to the committee that the fact was there was no whaling industry in the United States, and it was finally admitted that this joint resolution is essentially simply a shipbuilding proposition. The gentleman who appeared before the committee—a very fine gentleman—was frankly interested in building ships and not in the whaling industry.

Mr. McNARY. Of course, so far as this money is concerned, it is not used to operate ships; it is used to construct ships and to give employment to men. The industry itself is operating as well as it can, but so long as the money is not available under the terms of the Merchant Marine Act those interested in it cannot go ahead with the construction of whaling vessels. I hope the Senator will not take the view that the joint resolution provides a subsidy in any sense. It is an industry that is much needed in Alaska and along the northwestern coast.

Mr. CLARK. In view of the Senator's explanation, I will make no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and to insert:

That in the administration of section 11 of the Merchant Marine Act, 1920, as amended (U.S.C., title 46, p. 870; 40 Stat.L., pt. 1, 2145), the United States Shipping Board is authorized and directed to extend to the whaling industry the same benefits that are authorized by such section to be extended to persons citizens of the United States for the construction of vessels for the establishment or maintenance of service on lines.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. COPELAND. I desire to insert in the RECORD at this point an extract from the Oslo Evening Post of Saturday, February 25, 1933, showing the enormous catch of 400,000 barrels, representing four or five million dollars' worth of oil, in our money. I think it would be of interest to have it in the RECORD following the debate on the joint resolution which has just been passed. I also ask to have printed an extract from a letter referring to the same matter.

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

[From the Oslo Evening Post, Saturday, Feb. 25, 1933]

Toward the closing of the whaling season in the Antarctic *Kosmos 1* and *Kosmos 2* have unbelievable catch—400,000 barrels, 67,000 tons of whale oil valued at 17,000,000 kroner on their keels. The tremendous whaling grounds in the Antartic with their gigantic floating factories are loaded to capacity.

In about 4 months' time 5,000 men have been hunting the whales and loading the mother ships with hundreds of thousands of barrels of oil.

Day and night for weeks and months the hard work has been going on, in bad weather as well as in good, but it has been well worth the effort.

The whaling fleet is about to finish another season. The wealth of the whaling industry in the Antarctic brings great reward to all concerned with it.

Since last October the guns have been booming over the whaling grounds and the whaling boats cruising over the hunting grounds bringing in the giant mammals by the many hundreds to the floating factories. During the coming week some of the largest floaters will be turning home loaded to capacity.

The production of the entire whaling fleet this season amounts to 2,300,000 barrels and the total production is already sold.

Kosmos 2, the largest ship afloat, which is 26,000 tons, holds the record of production—18,000 barrels in 1 week.

[Extract from a letter containing enclosure]

Captain Earling just came in the office again at 4 o'clock stating that he was informed an official cablegram was received by the Washington Posten, which is a Norwegian newspaper published here, which cablegram was from Oslo, dated April 28, which stated as follows:

"Directors' meeting of whaling companies Cosmos, Antartic, and Pelagos a temporary dividend of 20 percent was declared."

Captain Earling stated this dividend was the result of the 1932–33 catch of whales. This data may be interesting to some of the Senators or Representatives who are skeptical as to the earnings in this industry.

LOANS TO HOME OWNERS—MOTION TO RECONSIDER CONFERENCE REPORT

Mr. TRAMMELL. Mr. President, last evening, at some time during the excitement and tumult which prevailed in the Senate, the conference report on the home loan mortgage bill seems to have been adopted. While I dislike to do it, I desire to make a motion to reconsider the vote by which the Senate agreed to the conference report. Not until this morning had I an opportunity to read the report. I do not now know how long it has been printed, but I was unable to obtain a copy of the report in printed form until this morning.

The PRESIDING OFFICER (Mr. CLARK in the chair). The Chair will state to the Senator from Florida that the conference report has gone back to the House and it will be necessary first to move that the papers be recalled from the House of Representatives.

Mr. TRAMMELL. I make a motion, then, that the House be requested to return the papers to the Senate.

The PRESIDING OFFICER. The Senator from Florida moves that the House be requested to return the papers in connection with the conference report on the home loan bill to the Senate.

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER. The motion is not debatable. The question is on the motion of the Senator from Florida.

Mr. TRAMMELL. I will withdraw the motion for the moment.

The PRESIDING OFFICER. The Senator withdraws the motion.

Mr. TRAMMELL. Mr. President, I want to explain the conference report, or, at least, a portion of it. The Senate will recall my effort and those of other Senators in behalf of the individual home owner being afforded an opportunity to obtain a cash loan for the purpose of saving his little home from foreclosure. A majority of the Senate, however, defeated an amendment which I proposed and which provided that loans to home owners direct should be one of the primary purposes of the act. No one attempted to make it a primary purpose but merely one of the primary purposes. In the discussion other Senators and I called attention to the discrimination in the matter of interest and also in the matter of the valuation of properties in favor of corporations holding mortgages and against the individual making an application for a loan upon his home. The Senate struck out the 80-percent-valuation clause which was provided for loans which were held mostly by insurance companies, by mortgage companies, and other financial institutions, and provided that the loans should only be to the extent of 50 percent of the valuation.

The bill already contained a limitation upon individual loans of 50 percent, and thus in this form the bill went through the Senate, with an equal valuation to be placed upon the property, whether the mortgage was held by some company that desired to negotiate with the Government or by an individual who desired to apply for a loan. I find, however, that in the conference report the conferees have restored the 80-percent allowance for corporations, those holding mortgages, and have reduced the amount that an individual may obtain in the nature of a cash loan to only 40 percent of the value of his property, whereas the Senate had left the original provision of the bill at 50 percent.

I cannot appreciate such a situation as that. The result of it is that the action of the conferees, which was endorsed by the Senate without any consideration whatever, probably not a half dozen Senators knowing that it was being adopted, deeply offends against the little home owner who desires to obtain a direct loan in cash upon his property. That is the feature of the conference report to which I especially object.

An individual home owner who desires to obtain a loan is restricted to only 40 percent of the value of his property, but if he should transfer that property under a mortgage to some mortgage-holding company—and the transaction might not require over 30 minutes—immediately such company could obtain 80 percent of the value of that property on mortgage. I am unable to understand it, and I had hoped that the Senate would have an opportunity to consider the question. Of course, I know there is a rush being made to try to adjourn today, but I believe that matters of this character should have proper consideration.

Last night I called attention to certain important legislation which had not been given attention and which had not been acted upon which I felt justified Congress in remaining in session at least 3 or 4 days more, if required. Now this question has arisen, bringing to my attention, at least, a matter which I think should be properly adjusted when Senators know what they are voting upon, instead of allowing it to stand as it was adopted last night in the confusion here, with practically no one knowing that a vote was being had upon a conference report, which does a double injustice to the private home owner who may seek to obtain a loan under the provisions of the bill. That is why I desire to make the motion to have the papers and the conference report returned to the Senate so that the matter may be further considered.

The PRESIDING OFFICER. The Senator from Florida moves that the House of Representatives be requested to return to the Senate the papers in the case of House bill 5240.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Ohio [Mr. BULKLEY], who had charge of the home owners' loan bill and who presented the conference report to the Senate and had it adopted, is absent from the Chamber. Manifestly, an effort to recall the conference report, if it should prevail, would accomplish the prolongation of the present session of Congress.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Ohio?

Mr. ROBINSON of Arkansas. I yield.

Mr. FESS. I merely wished to suggest that while we could bring the conference report back, we would not be in a position to amend the report, and our action would not have any result.

Mr. ROBINSON of Arkansas. It would accomplish nothing to bring back the conference report. The conference report was presented and considered in the usual way. I am therefore going to ask the Senate to vote down the motion of the Senator from Florida.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida [Mr. TRAMMELL] to request the House of Representatives to return the papers and the conference report on the home loan bank bill.

The motion was rejected.

JEWISH PERSECUTION IN GERMANY

Mr. ROBINSON of Arkansas. Mr. President, there is no legislative measure before the Senate. Should a conference report or other matter necessary to be considered be presented, I will yield. Meantime, I should like the privilege of addressing the Senate for a few minutes on the subject of Jewish persecution in Germany.

One of the unsolved mysteries of history is the recurrence of movements marked by intolerance and persecution. Admittedly, forms of physical torture practiced during the middle ages are no longer resorted to, save in rare instances; nevertheless in the larger aspects the manifestations of cruelty differ now only slightly from those of primitive times.

It is both surprising and disappointing to one familiar with the character and disposition of the German people to take note of the alarming persecution of Jews, which during recent months has occurred in many parts of Germany. Apparently the conditions referred to originate in political policy supported by general public opinion. It is my conception of the German citizen that he is liberal in opinion and not usually disposed to act oppressively.

Making due allowance for the exaggeration and misrepresentation which inevitably color reports of cruel incidents, there appears conclusive evidence that the Nazi administration has startled and shocked mankind by the severe policies enforced against Jews—even those of only part blood.

The evidence to which reference is made is found: (1) in addresses delivered by German officials including Chancellor Hitler and his Minister of Propaganda, Dr. Goebbels; (2) in the editorial policies of many newspapers; (3) in the remarks of speakers to mass meetings of German citizens; (4) in the Nazi songs; and (5) in the legislative and administrative political program.

There is no attempt in this address to state in detail or even to summarize comprehensively the material facts, since to do so would require more time than is at my disposal. The most regrettable circumstance is disclosed in what appears to be the attitude of a large majority of the German citizens, which while resulting in cruelty toward individuals of Jewish blood, also appears to support the policy of driving Jews from their occupations and of denying them the opportunity to earn their living.

As early as 1924 Chancellor Hitler wrote a book entitled "My Struggle." The twelfth edition was printed in Munich in 1932, and is alleged to declare, at page 70:

> If the Jew wins, * * * his crown of victory is the death wreath of humanity, and this planet will once again, as it did ages ago, float through the ether bereft of men. * * * When I defend myself against the Jews I fight for the work of the Lord.

At page 344 it is asserted:

> If at the beginning of the war twelve or fifteen thousand of these corruptors of the people had been held under poison gas, just as hundreds of thousands of our very best German workmen * * * had to bear it in the field, then the sacrifice of millions at the front would not have been in vain. On the contrary, 12,000 scoundrels removed at the right time might perhaps have saved the lives of a million proper Germans of value for the future.

At page 279 of his book it is charged:

> Thus the Jew today is the great instigator of the complete destruction of Germany. Wherever in the world we read attacks on Germany they are manufactured by Jews, just as in peace time and during the war the Jewish stock exchange, the Marxist press fanned hate against Germany according to plan until state after state gave up its neutrality.

Feder, declaring himself commissioned by Hitler to issue official literature of the Nazi Party, wrote:

> Anti-Semitism is in a way the foundation of the feeling underlying our whole movement. * * * The German Reich shall be a home for the German, not for Jews, Russians (Communists), Social Democrats, who have no fatherland called Germany, nor for all foreigners who make a longer or shorter stay on German soil.

The Nazi Minister of Propaganda, in the Nazi-Socialist published at Munich in 1929, at page 8, declared:

> Certainly the Jew is also a human being, * * * but the flea is also an animal * * *. As the flea is not a pleasant animal, we do not feel any duty to ourselves and our conscience to guard and protect it and to let it thrive, so that it may bite, sting, and torture us, but to render it innocuous. So it is with the Jews.

THE NAZI PROGRAM

The Nazi program provides that only persons of German blood may be citizens and that those who are not citizens shall be governed by laws regulating foreigners; that only citizens may decide on leaders and laws of the state; that Jews may not hold office or own, manage, or control any newspaper, or practice law or sit as jurors or commercial judges.

Jews whose ancestors have lived in Germany for hundreds of years are thus deprived of the primary rights of citizenship. Six hundred thousand Jews lived in Germany at the outbreak of the World War in 1914, and 12,000 of them died in battle during that conflict.

By a statute passed April 17, 1933, the right to practice law is denied all Jews. They are also denied the right to perform jury duty or to sit on the bench.

Jewish doctors and dentists are outlawed by the cancelation of all contracts with them. Boycotts of Jewish druggists, clinics, opticians, dentists, and X-ray institutes are prompted and encouraged.

Universities are closed to Jewish scientists and students. The right of Jewish children to attend primary schools is limited or denied.

Almost every profession and vocation is closed against persons of Jewish blood. This astounding and oppressive policy is rendered the more intolerable by decrees forbidding Jews to leave Germany.

Nazi songs sung at parades and mass meetings stimulate and crystallize the spirit of anti-Semitism.

It is sufficient to quote two stanzas:

> The Fatherland needs men;
> It is in dreadful plight.
> It is only when Jews die
> That German suffering ends.
>
> Thus do the storm columns
> Stand ready for the battle of the races.
> It is only when Jews bleed
> That we are liberated.

Quite naturally this organized propaganda, carried on by writers and speakers prominent in political authority, embraced in the platform of the political party in control, and its songs of hatred have stimulated and quickened public sentiment against the Jews in Germany to the extent that they have become discouraged and their defenders have been intimidated. Numerous incidents are reported by correspondents to local and foreign newspapers indicating that the Brown Shirts have committed robberies and assaults with immunity from punishment. It is asserted upon what appears to be reliable authority that Jewish barristers and doctors have been beaten and driven through the streets of villages until they have fainted from exhaustion; that thousands of Jews have attempted to flee the country, but that frontiers are closed by new passport regulations and escape has become difficult—almost impossible.

As late as March 31, 1933, the London Times published reports that Jewish businesses and offices of Jewish lawyers and doctors were being picketed.

It is sickening and terrifying to realize that a great people whose advance during thousands of years has been marked by notable achievements in the arts and sciences, should respond to impulses of cruelty and inhumanity, which when they have spent their force, will have lowered German civilization in the opinion of all peoples with whom Germany must have social and commercial relations throughout the future. It is not suggested that the United States intervene or attempt to determine the domestic policies of the German people.

Such cruel policies as are referred to will bring their own penalties. They will result in loss of international prestige, in moral reaction among the German people of far-reaching effect, in loss of trade and commerce.

It has sometimes been said that the Israelites are a people without a country. In a sense that is true; but in a broader sense is it not known that Jews have made their home in every land? That the characteristic of the Jew is peacefulness and respect for public authority? His contribution to religion is recognized throughout the world. His racial integrity has continued in spite of contacts with gentiles for thousands of years in every land.

It must be recognized that intolerance and persecution take many forms and from time to time their serpentlike heads appear to poison and terrify the tolerant and the just in every land. It is deplorable that education and enlightenment have not crushed and destroyed these foes of liberty and happiness.

May we not with propriety express the hope that wholesome world opinion may influence sentiment in Germany so that in time—a short time—the iron grip of racial hatred may be relaxed and the Jews again be permitted to enjoy fair freedom.

Mr. President, I thank the Senate for its consideration.

Mr. METCALF. Mr. President, I am very much interested in what the Senator from Arkansas [Mr. ROBINSON] has just said. I have a few thoughts on this matter and shall take only a few moments of the time of the Senate.

The friendship which exists between nations depends not so much upon the brilliance or sagacity of diplomats and economists as upon the attitude of the people of the nations they represent. Peace and mutual understanding in the world must necessarily come from the people.

There is no nation on earth which can afford to lose the faith or respect of other nations. Granted that peace and progress are dependent upon tolerance and understanding among the peoples of the world, we as a nation can only declare the existence of racial and religious prejudice to be untenable with the international ideal. Aggressive action based upon religious or racial prejudice on the part of any government must necessarily become a matter of world concern.

Such is the case in Germany. Racial and religious persecution has apparently been inflamed by the success of a new nationalistic philosophy. It has grown more out of the fanfare of politics and the propaganda of selfish and misguided leaders than from the native characteristics of the German people. But regardless of the origin of this racial persecution, it has become a disquieting factor to the peace and economic welfare of the whole world.

There are many who condemn the actions of the Government in Germany. This country was founded on a doctrine of religious freedom and sought to establish the principle of the right of men to freely engage in competitive industry. A violation of the doctrine of religious freedom in any part of the world is a blow at the ideal that all Americans have sought to perpetuate. Likewise the interference with the rights of men to engage in industrial or professional competition with their countrymen because of a prejudice against their racial origin must constitute a persecution which will in some measure disrupt world commerce.

As a consequence of these things the United States should view with grave concern the racial persecutions apparent in Germany and should raise its voice in protest. Only with universal tolerance and understanding among all people of the world can civilization hope to establish and perpetuate a universal community of peace and good will.

Mr. COPELAND. Mr. President——

Mr. HATFIELD. I yield to the Senator. Does the Senator wish to address the Senate?

Mr. COPELAND. I wish to speak about 3 minutes, if I may.

Mr. HATFIELD. I yield to the Senator for that purpose.

Mr. COPELAND. I thank the Senator. I really greatly appreciate his professional and senatorial courtesy.

Mr. President, I desire to thank the Senator from Arkansas [Mr. ROBINSON] for his calm, temperate, and wise utterance on this subject, which is uppermost in the minds of many American citizens.

For myself, I have been greatly distressed over the situation. I desire to say a few words regarding it.

I did much of my graduate medical work in Germany. I feel a great debt of gratitude to Germany and to the Germans for what I have personally received from them. I have found them always a kindly, considerate, splendid people. I do not believe for one moment that the excesses and disturbances which have taken place in Germany are the fault of the German people at large. I regard the political regime now in charge of affairs there as largely responsible for what has taken place.

One of the old-time political tricks to consolidate the position that a sovereign has assumed is to start a war and have trouble. In that way he gathers together the forces that are influenced by motives back of that particular war. The followers of the war-like motive forget the sovereign in their enthusiasms over his temporary policy.

One of the things I have been distressed about in connection with this persecution in Germany is what has happened to the scientists of Germany. The Senator from Nebraska [Mr. NORRIS], in his many debates upon Muscle Shoals, has referred time and time again to Dr. Haber, the great German chemist who found the method of extracting nitrogen from the atmosphere. That discovery of Dr. Haber has revolutionized the manufacture of fertilizer throughout the world. We in America are indebted to Dr. Haber for his scientific research and the results of his investigations. German agriculture has benefited beyond words by his achievements. If I am correctly advised, Dr. Haber was thrown out of the university because he belonged to a Jewish family.

Mr. President, science ought not to know any distinctions of race or religion; and society, as I view it, ought not to, either.

We have in my city 2,000,000 Jews. We have three times as many Jews in New York City as there are in Germany. We have found them in New York to be a loyal, devoted, faithful, intelligent, honest portion of our citizenship.

I venture to mention one name—that of Mr. Nathan Straus. In my opinion, Nathan Straus, during his lifetime, did more for the cause of child life than all the doctors and teachers and all the rest of the students of that subject.

In front of the city hall in New York is a statue described by one of our mayors as " a ruffian armed with a club standing on two mermaids "—not a bad description, perhaps, of that particular piece of statuary. This monument is dedicated to civic virtue. If I had my way, I would erect a statue of a man holding aloft a sweet, smiling baby, with his feet upon disease and death; and I would have the face of that man the face of Mr. Nathan Straus. That is my idea of civic virtue.

We have had so many distinguished members of the Jewish race in New York, in all the professions, in the business life, and in the social life of our city, that naturally all of us resent the attacks which have been made upon Jews. We have no conflict with those of German extraction within our gates, nor with the Germans in Germany. Our complaint relates to the failure of those in authority over there to restrain and control the part of the populace responsible for the troubles.

All through this disturbance I have been in touch with our State Department, I desire to compliment the Department upon the wise way in which it has handled a very delicate international situation. I am glad the Senator from

Arkansas [Mr. ROBINSON] has seen fit to enlighten us as he has, and to make the statement that he did. I know that what he has said this morning will put hope and cheer and joy into many, many hearts in the State of New York and throughout our country.

It was because of my earnestness in this particular matter that I desired, in connection with the statements which have been made by the Senator from Arkansas and the Senator from Rhode Island, to say just this word in tribute to the Jewish population of our country.

I thank the Senator from West Virginia for his courtesy.

Mr. WALSH. Mr. President——

Mr. HATFIELD. I yield to the Senator from Massachusetts.

Mr. WALSH. I commend the Senator for his patience in yielding to so many Senators.

Mr. HATFIELD. I am glad to yield.

Mr. WALSH. The Senator from Arkansas [Mr. ROBINSON] has interpreted concisely and eloquently my own sentiments, and, I believe, the sentiments of all Senators, in his plea for the liberation from persecution of the Jewish people of Germany.

It is difficult to understand the spirit of intolerance to which the people of Jewish blood in Germany have been subjected in recent months. What has been happening in Germany is contrary to the liberal and tolerant spirit that has heretofore characterized the German people, and, particularly, Americans of German extraction who are among our most loyal citizens.

Let it be known far and wide that the Jewish people who are the victims of the present wave of intolerance in Germany have the unmistakable support and sympathy of all Americans. The men and women of Jewish faith in America have, with commendable unanimity, been deeply stirred by the startling reports that have come to them from their brethren across the Atlantic, and their plea for freedom is supported by every class and group of our citizens.

There is no need of reiterating the facts that the Senator from Arkansas [Mr. ROBINSON] and others have presented. The record is one of cruelty, shocking to all lovers of racial and religious freedom. Let us hope that the sentiments of sympathy and support, so unanimously entertained here in the Senate and throughout America, and the promulgation of these views through diplomatic channels, will result in the awakening of the present German Government to the necessity and importance of restoring equality of opportunity and political freedom to the Jews of Germany.

Mr. HATFIELD. Mr. President——

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. HATFIELD. I will yield to the Senator in just a moment, if he will permit me.

Mr. LONG. Very well.

Mr. HATFIELD. I desire to join the distinguished Senator from Arkansas [Mr. ROBINSON], the distinguished Senator from Rhode Island [Mr. METCALF], the distinguished Senator from New York [Mr. COPELAND], and the distinguished Senator from Massachusetts [Mr. WALSH] in paying a tribute to the Jewish people. The Jew has always been a patriot to the land that gave him birth.

Wherever the Jew is found, Mr. President, he is devoted to the people of that country. He quickly adapts himself to the country that gives him food and shelter. Though removed from his Asiatic origin 2,000 years ago, he is a creature old and new. He has one foot on the soil of antiquity and the other rests on the foreground of today. In Asia he is still an Asiatic. In Russia his features are of the Russian. In America he plays a citizen's part, and wherever he is he observes the dietary and religious laws of his forefathers. He quickly adjusts himself to the environment and surroundings of any land. He makes no effort to establish a government of his own, but he is content and abides peacefully and adjusts himself to the government of his birth or adoption.

The Jew has a record in the United States that is enviable. The Jews furnished a greater percentage of soldiers who served in the World War than any other group under the American flag. The Jew, therefore, by his conduct has made himself a most desirable citizen in the United States, and I cannot understand why the same cordial consideration should not be granted to him wherever he may be found. Especially is this true when his blood, his kith and kin, have been the greatest scientific investigators in the Fatherland along the River Rhine, where the great chemical industry developed and became so vital and indispensable to mankind.

I wish to repeat that, of all the lands that should accord him the greatest acclaim, it certainly is the German Republic, and I join whole-heartedly in the sentiment which has been expressed here regarding the treatment which has been accorded the Jews in Germany.

I now yield for a brief time to the Senator from Louisiana.

THE SILVER QUESTION

Mr. LONG. Mr. President, I send to the desk a statement made before the Committee on Foreign Affairs of the House of Representatives concerning the Wheeler bill, by Hon. South Trimble, of the ouse of Representatives, and attached data, which is of such importance that I wish to have it printed in the RECORD.

Mr. CONNALLY. Mr. President, I may have no objection to this being printed in the RECORD, but will not the Senator state just what it is?

Mr. LONG. This is the last day, and it will prevent the making of a long speech.

Mr. McNARY. Mr. President, what is the Senator's request?

The PRESIDING OFFICER (Mr. MCGILL in the chair). The Senator from Louisiana has asked permission to have a document printed in the RECORD.

Mr. LONG. To be frank with the Senator, it would avoid much time being taken up in having the speech read on the floor. It simply deals with statistics relative to the silver question.

Mr. McNARY. Is it the Senator's own statement?

Mr. LONG. I am giving it as mine, to keep it from being otherwise given.

Mr. McNARY. There is no rule that provides for a Senator having his own remarks printed in the RECORD.

Mr. LONG. I am for it; I endorse it.

Mr. McNARY. But there is no rule providing for the extension of remarks in the Senate. They must be delivered.

Mr. LONG. I am asking that this be printed instead of being read.

The PRESIDING OFFICER. It is a statement from the Clerk of the House of Representatives.

Mr. LONG. In other words, it is my speech. I should like to print my speech without making it. Would the Senator rather listen to me, or may it just go in?

Mr. McNARY. I would not prefer either. I want this understanding, that if this is the product of the Senator's own mind, and has never been delivered, it would not be proper to insert it in the RECORD. I want to find out the general nature of the document.

Mr. HATFIELD. Mr. President, if this is going to take any time, I do not care to yield.

Mr. McNARY. Let it go over for just a moment, and I will look at the document.

Mr. LONG. It is not such a very long document.

Mr. McNARY. Let us pass it over for the present.

Mr. LONG. I will ask to put it in the RECORD.

Mr. McNARY. Let it go over for just a moment.

Mr. LONG. Very well.

Mr. CONNALLY. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I have been kindly granted permission by the Senator from West Virginia to take the floor for a moment. I wanted to make a few remarks beyond what I have said, and with the understanding that I do not take the floor away from the Senator from West Virginia, I should like to occupy the floor for only a few minutes.

The PRESIDING OFFICER. Does the Senator from West Virginia yield for that purpose?

Mr. HATFIELD. I yield to the Senator, if I do not lose the floor. I want to be cordial and courteous.

The PRESIDING OFFICER. The Senator from Louisiana.

CONTROL OF PUBLICATIONS BY J. P. MORGAN & CO.

Mr. LONG. Mr. President, I wish to put in the RECORD what has been mailed to me by someone who signs himself "The Committee of the Common People." I do not know who he is. The statement is typewritten. I have not had time to read it all, but it gives in parallel columns what was printed in Collier's Weekly in December 1930 by Mr. Walter Davenport and what was printed in Collier's Weekly in June 1933 by Mr. Walter Davenport regarding me.

I was accorded the courtesy of appearing before the Committee on Banking and Currency on yesterday to examine Mr. Thomas W. Lamont, a partner in J. P. Morgan & Co. Mr. Lamont admitted, under cross-examination by me, that the House of Morgan, through himself, controlled the Crowell Publishing Co., which publishes the American Magazine, Collier's Weekly, the Farm and Fireside, Country Home, the Womans Home Companion, and other publications in this country. He admitted that on the preferred list of J. P. Morgan & Co. was the name of Mr. Martin, a partner of the late Cyrus H. K. Curtis, owning the Saturday Evening Post, the Ladies Home Journal, the New York Evening Post, the Philadelphia Public Ledger, and that through their direct connections, the preferred list, and their stock control, Morgan's House published directly part of them, and had its preferred clients who published these other publications.

It so happened that Mr. Lamont was so ignorant yesterday that he knew absolutely nothing of his own business, and I never knew I would find a partner of the House of Morgan so wholly devoid of familiarity with the business of the House of Morgan. He did not know how it could happen that at this particular time articles written by himself propagandizing for J. P. Morgan & Co. should appear; he did not know why they could not appear at any other time except at a time when needed to try to set up public sentiment during this investigation. He did not know how it could be that following the time of my making my remarks here, by some accident this same Morgan publication got out another article on me and others, and in such speed and with such haste that they had to have a preliminary print made and sent to all the Members of Congress in order that it could get here in time.

I shall ask to have printed in parallel columns this article which has been sent to me, and I want to read some portions of it.

In Collier's Weekly for December 1930 Mr. Walter Davenport said this referring to me:

Filled with the same unconquerable confidence, cleaving to the same directness of purpose and speech, overflowing with an energy which flattens weaker beholders, ruthless as a machine gun, a political bob has overcome enough obstacles and achieved successes enough to make up two or three robust careers.

I have met many men, many politicians, but I have never met one so quick to turn an enemy's thrust against the attacker or to convert a mean situation into a personal triumph.

(Anent the problem of free textbooks for the children of Louisiana.)

Huey met the situation with characteristic simplicity. Huey is one of the earth's perpetual children anyway. All he did was to draw up a bill which provided that every child in Louisiana should be given free schoolbooks. That's all—schoolbooks. It mattered not where that child went to school, just so long as it was enrolled in a school. Free schoolbooks—and God love 'em.

That is the pen of the Morgan syndicate, through Mr. Davenport, before I was on the floor of the Senate undertaking to give some of the statistics relative to this outfit's manipulations.

Now let us hear from them along the same line in this specially prepared article which they shoved in here and have put into the Senate by a special publication, not even a part of their own paper, to be reproduced in their paper, and which has been sold on the stands here more than a week before the time when they were supposed to sell the paper, this week.

Having read this other article, I want to read what has happened since the Morgan hearing started, what was written by the same author, in the same Morgan paper, the same one that described me as one of God's perpetual children, filled with the spirit of the Lord, and in love with the children of the country. Now, let us hear from this same bunch that has come here. I read from Collier's of June 1933 an article by Walter Davenport:

To see him for the first time is something of a shock.

[Laughter.]

You would expect a picture of power, the intensity of a zealot, the burning eye of fanaticism, the uncompromising jaw of the crushing autocrat, the lean asceticism of a prophet, the austerity of a despot.

That is what you would expect, he said.

But nothing like this. He's pudgy. His cheeks are blotched, flabby. His uncertain nose is red, betokening either bad circulation or entirely too much.

[Laughter.]

His face is weak, willful, and there is no discipline in it. But his eyes, soft, protruding robin's eggs, are nevertheless bold; hit-and-run eyes that roll upward as he talks.

Mr. President, remarkable changes have occurred, and I am not going to infringe upon the gracious disposition of my friend from West Virginia too long. Remarkable changes have occurred in my physical make-up and in all my characteristics, in my mind, and in my heart, according to this Morgan journal, in the short time between the time when the same writer wrote me up in the Morgan magazine in the last part of 1930 and when he wrote me up in the first part of 1933. Yet Mr. Lamont says that he cannot understand how such coincidences occur, and he is positive, so far as it concerns his good heart—and of course everyone knows he has a wonderfully good heart, as he has bestowed his blessing so fruitfully and so bountifully upon everybody he could get to receive the gifts thereof where they were in position to give him help and advice and counsel in the operation of the Government—that in his good heart he could not understand how anything like this could occur, and it was a matter of even less than passing notice to the gentleman.

I do not know by whom this document was very kindly sent to me, but I thank whoever sent it. I ask that it be printed in the CONGRESSIONAL RECORD in parallel columns; and if my friend the Senator from West Virginia will pardon me just one more moment it will save me making a speech today, which I do not want to make, and I know the Senator from West Virginia will be happier if he saves the Senate that affliction.

Mr. HATFIELD. I am very glad to yield to my good friend.

The PRESIDING OFFICER. The Senator from Louisiana asks unanimous consent to have a certain article printed in the RECORD. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

PUTTING THE HOOK IN THE KINGFISH—WHAT COLLIER'S HAD TO SAY BEFORE AND AFTER HUEY PUT THE HOOK IN THE HOUSE OF MORGAN—LET THERE BE LIGHT!

[From Collier's, December 1930]
By Walter Davenport

* * * filled with the same unconquerable confidence, cleaving to the same directness of purpose and speech, overflowing with an energy which flattens weaker beholders, ruthless as a machine gun, a political bob, has overcome enough obstacles and achieved successes enough to make up two or three robust careers.

I have met many men, many politicians, but I have never met one so quick to turn an enemy's thrust against the attacker or to convert a mean situation into a personal triumph.

[Collier's, June 1933]
By Walter Davenport

To see him for the first time is something of a shock. You would expect a picture of power, the intensity of a zealot, the burning eye of fanaticism, the uncompromising jaw of the crushing autocrat, the lean asceticism of a prophet, the austerity of a despot. But nothing like this. He's pudgy. His cheeks are blotched, flabby. His uncertain nose is red, betokening either bad circulation or entirely too much. His face is weak, willful, and there is no discipline in it. But his eyes—soft, protruding robin's eggs—

[From Collier's, December 1930]

(Anent the problem of free textbooks for the children of Louisiana:)

Huey met the situation with characteristic simplicity. Huey is one of the earth's perpetual children, anyway. All he did was to draw up a bill which provided that every child in Louisiana should be given free schoolbooks. That's all—schoolbooks. It mattered not where that child went to school, just so long as it was enrolled in a school. Free schoolbooks—and God love 'em.

His opponents, chagrined that so old a problem should be solved by this irrelevant upstart, appealed to the courts. * * * And Huey himself, admittedly one of the best lawyers in the South, went along arguing to victory after victory until it appeared in the Supreme Court of the United States. There Huey defended his naive legislation with such conviction and enthusiasm that it was not only declared wholly constitutional but Huey was commended by Mr. Justice Brandeis.

Even if he weren't a good lawyer, he'd be a prominent one because of his love for a fight. * * * The truth is that the LONG mind is usually 5 or 6 laps ahead of any political rivals.

(Anent the attempted impeachment of Huey:)

Presently they dropped the whole impeachment, admitting thereby that Huey was boss. Not only that, they adopted his magnificent road program—

His plan is to lay 3,000 miles of concrete roads and 6,000 miles of gravel highways. Somebody discovered that this will cost $99,000,000. * * * Not that Huey pauses. He simply refers you to his new tax on gasoline (he raised it from 2 cents a gallon to 4) and says the solution lies there, because with better roads there will be additional motorists and with more cars to consume gasoline the aggregate taxes will * * *.

There was nothing in Huey's campaign to indicate he was interested in national affairs. Hardly once did he mention a national issue. He won on his good-roads issue and his tremendous appeal for the rural vote. To compensate for the enmity of all the daily papers in the State he started a newspaper of his own—a weekly—the Louisiana Progress. In no time it achieved a circulation of 50,000 and the right to its claim to being the livest and frankest journal in the State.

[Collier's, June 1933]

are nevertheless bold. Hit-and-run eyes that roll upward as he talks.

And then out of the car steps Huey—the Honorable HUEY P. LONG, general manager and business agent of the State of Louisiana, United States Senator, protector of the poor, Hotcha Huey (Tell 'em nothing and make 'em like it), Get-'em-while-they're hot Huey, Let's go-LONG, the hardest-working demagogue in America.

Among the first things they tell you about Huey in Louisiana is that he lacks physical courage, that he sleeps behind a machine gun, and that his slumbers are guarded by such staunch lads as Joe Messina, Wheaton Stillson, Two-Gun Thompson, and Squinch, or Squinch-Eye McGee. There's a boy for you—Squinch. Listen, mister, don't lay no hand on the Senator; just don't lay no hand on no Senator, pal, and you and me will be okay.

There's no handshaking. Not that Huey's above handshaking, but sometimes, particularly these days when hatreds have boiled to the surface and one's enemies are putting everything they have into one roundhouse wallop, Huey is taking no chances.

In his suite at last, Huey makes ready for the affairs of state. It's quite warm, so he sheds his coat and vest, hurling them from him. They are picked up by retainers who either stand there holding them or hang them in the closet. And while Huey is making himself comfortable on the bed, pillows at his back and his hands hooked behind his head, let's look over the assemblage. We'll have time because Huey is delivering himself of a few snappy commands and a brisk summary of the situation in general. Too bad we can't quote him; but, except when delivering himself for the papers, Huey isn't very quotable. To try it on paper is to lose all the salty flavor of the man's tongue.

Presently, when he needs him, Huey will telephone Baton Rouge, and Gov. Oscar K. (Okay) Allen will come galloping in with hat in hand. "Hi-yah, Allen, where the hell have you been?"

In Louisiana, primary elections are actually pulled out of a hat. And statesmen, too. Anybody's hat will do; the make, shape, style, and quality have nothing whatever to do with the result. Your hat will serve, or mine would, were we on the scene at the time and in line for such honors. Of course, the growing but still disorganized minority in New Orleans will have it that it is Huey's hat, but that is only a figure of speech, although where virtually everything worth having belongs to Mr. LONG, why quibble about the ownership of a hat?

One thing before Huey paid his respects to the House of Morgan; something else when Huey took up for the interests of the common people.

It's enough to make a polecat detour.

THE COMMITTEE OF THE COMMON PEOPLE.

BERNARD M. BARUCH

Mr. LONG. Mr. President, I do not rise to make any personal remarks against anybody. As is well known, I have stated my opposition to the views of a very well mentioned Democrat—it is said—and I am sure he is, but he is a different kind of a Democrat from me, Mr. Bernard M. Baruch.

I have in my hand a bound volume of the American Magazine, which is owned by the Crowell Publishing Co. and by the House of Morgan, giving an article by Mr. Baruch in the year 1929. I read from the issue of June 1929, about 2 months or 1 month before the stock crash occurred. I am not going to comment; I am only going to read what Mr. Baruch thought about things just before the stock crash. It is purely a matter of political and economic difference that I wish to show, and whether Mr. Baruch's ideas have been vindicated since he wrote this article, or whether my views are now vindicated since things have happened to more or less give the people an insight.

Mr. Baruch said this in the article:

Hoover understands statistics, and he endeavored to place them before the people so that they would understand.

Mr. Hoover at that time did understand statistics, and he was placing them before the people; and 2 months after Mr. Baruch said how Mr. Hoover was placing them before the people the collapse occurred which we are all lamenting now.

Mr. Baruch said further:

Instead of fighting big corporations, the people now own them and enjoy the fruits of their growth.

Lo and behold, the Morgan investigation has shown that Morgan's partners alone control over 116 of the principal index corporations of the country, and that, so far as the people's having anything to do with them is concerned, they have a great deal more to do with writing the laws of heaven than they do with running the corporations of the United States.

I read further from Mr. Baruch:

Mr. Baruch proposes that of the amount fixed for Germany to pay, part should be represented by an issue of bonds all secured by German railroads and industrials, and to be a first charge against these properties.

Mr. President, they marketed those German bonds as Mr. Baruch recommended, and the German bonds were marketed as Mr. Baruch recommended in June 1929, and everybody who has one of those bonds has lost every dime he put into it, and they are today represented by the tears and the weeds of the widows and orphans and other investors of this country who put their money into them.

Just a mere matter of economic difference of opinion, but I want to show how Mr. Baruch felt about it and how I felt about it and what has happened.

About $2,000,000,000 of these bonds should be marketed—

Said Mr. Baruch—

and the balance of the bonds, six or eight billions, held in escrow by the Allies, to be sold as and when the international markets would absorb them.

And we absorbed, Mr. President, our part of them; and today you cannot use them for wall paper in the United States. It is a mere matter to show who was right and who was wrong in counsel and advice. I counseled against it at that time. I quote again from Mr. Baruch's statement:

But the great effect of the war, aside from its suffering and destruction of wealth, was in jarring dead brain cells into life, throwing people out of ruts, striking down barriers and chains, and giving hundreds of millions of people the right to look forward, to hope, and to have.

* * * * * * *

Only a century ago it was considered inevitable that some portion of the race should be afflicted with famine almost every year. Food rotted on the ground in one country while people were starving only a few hundred miles away.

Then he went on to show why that could never happen in this country; and yet, Mr. President, within less than a few months after announcing this philosophy, and even today, food rots on the ground and people die in the land of plenty and are starving to death in the land of too much.

I will read just another little line showing that I believe my philosophy was better than his.

I thought the Democratic Party was against the concentration of business in the chain-store systems which have

been developed in this country. See how Mr. Baruch felt about it just before the crash came when he was extolling the chain-store system. I quote:

A friend of mine was talking with an Englishman who had recently come from Canada. As they rode along in an automobile, the Englishman pointed to an A. & P. store. "What's that?" he asked.

"Why it is a chain grocery store", my friend responded. "What kind of chain stores do you have in Canada?"

"We do not have any", the Englishman replied. "That is the first one I ever saw."

My friend thought it incredible, but that night he wrote letters to three men in Canada, asking them about chain stores, and from each he received the same reply.

A few months later he opened the first store in a chain which has now spread all over the Dominion. He has made a large fortune, but he might conceivably have made almost as much if he had merely stayed at home and invested in the chain-store systems of this country. Any man who watched the early success of these great systems must have seen that this was the beginning of a new era of distribution, and that every soundly managed enterprise in this field would be profitable.

Yes, Mr. President, every man who watched that chain-store system saw it spread all over the country like a snake and saw it run out all the grocery stores, something that the Democratic Party is condemning and deploring, but its advice not to invest in the chain-store systems proved unavailing, and people who accepted the advice of Mr. Baruch and put money in it are those known as having passed from the poor to the missing.

Now, just one more word, if my friend will permit, and I will be through.

I will not read further from the advice given by Mr. Baruch along that line, suggesting to the investing public how to pick out "big things" in America and invest in them. Where that advice was accepted it has proved to be disastrous.

I simply put this in the RECORD—I make no reflection—to show that the unsound philosophy against which we were warning at the time has been proven by the record to be disastrous and our position has been vindicated, I think, fairly well, and I give the data from Mr. Baruch's interview published in the American Magazine in June 1929. I thank the Senator.

Mr. HATFIELD. Mr. President——

Mr. McNARY. Will the Senator from West Virginia yield for a moment?

Mr. HATFIELD. I yield.

Mr. McNARY. I understand this document is not the preparation of the Senator from Louisiana; it is a statement made by the Honorable South Trimble before the Foreign Affairs Committee in the House of Representatives, and therefore comes within the rule.

Mr. HATFIELD. Does the Senator ask to have it printed?

Mr. LONG. It will be all right to have it printed.

The PRESIDING OFFICER. Without objection, the document will be ordered printed in the RECORD.

The document referred to is as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Friday, May 19, 1933.

STATEMENT OF HON. SOUTH TRIMBLE, CLERK HOUSE OF REPRESENTATIVES

Mr. TRIMBLE. Ladies and gentlemen of the committee, before I begin I want to state that I am not a lawyer, I am not a banker, I am not an economist, I am not an expert on finance, I am not a statistician. I have been following agriculture all of my life and I want you to indulge me, in order to make a background for what I will have to say, to make a brief summary of the monetary legislation of the United States since the organization of our Government. It will not take very long.

In 1776, on the 4th day of July, we signed the Declaration of Independence. Within 60 days after that time, on the 2d day of September 1776, we passed our first financial law, the Continental Congress made silver the unit of value at the ratio of 14½ to 1. In 1786 we changed that ratio to 15¼ to 1.

After we had won the Revolution, adopted our Constitution and became an organized Government, we adopted our first financial system, and it will be interesting to note the caliber of the men who adopted that first system. George Washington was President; John Adams was Vice President; Thomas Jefferson was Secretary of State; Alexander Hamilton was Secretary of the Treasury; General Knox, who was one of Washington's aides, was Secretary of War; Edmond Randolph, who led the Virginia delegation in the Constitutional Convention, was Attorney General; and Timothy Pickering, who was one of the outstanding generals in the Revolution, was Postmaster General. Now, they were a pretty good caliber of men.

In the House and Senate were 7 men who signed the Declaration of Independence, 16 men who served in the Continental Congress, 38 men who were members of the Constitutional Convention, and all the others were of the same type and character—men of intelligence, courage, and patriotism.

It will be of interest to note that the money power was not in evidence at the Capital of the Nation at that time as it is today, as they were Tories and Royalists who sneered at Washington, defamed Jefferson, lied on Hancock, denounced Adams, and lent aid and encouragement to the British Red Coats while our forefathers were starving and freezing at Valley Forge and fighting for our liberty.

Now, what did they do? Those men had the history of the financial world before them. They were educated men; they were patriots; they had risked their lives for their country. That Congress asked Alexander Hamilton to submit to them a plan for a monetary system. I want to quote you now from Mr. Hamilton. Mr. Hamilton drafted this measure, then he submitted it to Thomas Jefferson and here is an excerpt from Mr. Jefferson's letter:

(Excerpt of letter from Thomas Jefferson to Alexander Hamilton, January 1791, Hamilton's Works, vol. 4, p. 96:)

"DEAR SIR: I return you the Report on the Mint, which I have read over with a great deal of satisfaction. I concur with you in thinking that the unit must stand on both metals."

And Mr. Hamilton, in his communication relating to our first money system, said:

"To annul the use of either gold or silver as a money is to abridge the quantity of circulating medium and is liable to all the objections which arise from the comparison of the benefits of a full circulation with the evil of a scanty circulation. * * * It seems most advisable not to attach the unit exclusively to either of the metals, because this cannot be done effectually without destroying the office and character of one of them as money and reducing it to the situation of mere merchandise."

Mr. Hamilton wisely concludes that this reduction of either of the metals to mere merchandise—

"* * * would probably be a greater evil than occasional variations in the unit from the fluctuations in the relative value of the metals."

Now, in the first Congress our first monetary system was adopted and made the silver dollar of 371.25 grains the unit of value and provided that gold should be coined at the ratio of 15 to 1. That was the law until 1834, when we changed our ratio from 15 to 1 to 16.002 to 1.

We reduced the content of the gold dollar, pure gold, from 24.75 grains to 23.2 grains. Well, that did not make it exactly nine tenths fine and, in 1837, they added two one-hundredths grains of pure gold, which made it 23.22 grains, and that made it exactly nine tenths fine and made our ratio 15.988 to 1, and that is what it is today. It never was exactly 16 to 1. Now, that was the law until 1873.

In 1867 we had an international conference. We sent a man by the name of Samuel Reynolds to Paris to an international conference. The result of that conference was that he came back with his recommendation to demonetize silver; and Senator John Sherman, who was the archfiend in the demonetization of silver, happened to be in Paris. He was chairman of the Committee on Finance in the Senate, and what I am telling you now is all in the CONGRESSIONAL RECORD. He addressed a letter to this commission assembled in Paris, advocating very enthusiastically the demonetization of silver and making gold the unit of value. In 1868 he introduced a bill to demonetize silver, making silver legal tender only to the extent of $10. That bill was defeated, and in 1870 he introduced another bill along the same line, and that bill was defeated.

Now, in 1871 a man by the name of Kelley—"Pig Iron" Kelley, of Pennsylvania—introduced a bill. This was the beginning of the crime of 1873. The caption of the bill read "A bill to codify and amend the laws relative to the mints, assay offices, and coinage of the United States." It was a bill of 37 pages, 69 sections, and dealt with the mechanics of coinage—where the mint should be established, penalties for counterfeiting, and everything of that kind—and in one section demonetized silver, and I doubt if there is a man on this committee, without he is an expert and has fully digested the matter, who can take that law now and point out and tell where it demonetized silver. I have the law right here [exhibiting], and I would like for some of these economists who come up here to point out to me where that law demonetized silver; yet it demonetized silver.

Now, Mr. Kelley was the Chairman of the Committee on Coinage Weights, and Measures in the House; he was also a member of the Ways and Means Committee. We were off of specie payments at that time. There was not any gold or silver in circulation. We had been off of specie payments for 12 years. I do not think there has ever been a bill of national importance in which the Congress took less interest. Mr. Kelley designated a man by the name of Mr. Hooper, the ranking member on his committee, to take charge of this bill as he was busy on the Ways and Means Committee, and Mr. Hooper made the report of this committee when he filed the bill, and this is an excerpt from the statement of Mr. Hooper, of Massachusetts, on Resolution No. 1427, revising and amending the laws relative to the mints, assay offices, and coinage of the United States. Mr. Hooper was the vice chairman of the Committee on Coinage, Weights, and Measures and had charge of the bill. Now, here is a quotation from his report:

"The bill under consideration is believed to contain all that is valuable in existing laws, with such new provisions as appear necessary to those best acquainted with the subject for the efficiency and economy of the public service in the important department to which it relates. The bill was prepared 2 years ago and has been submitted to careful and deliberate examination. It has the approval of nearly all the mint experts of the country and the sanction of the Secretary of the Treasury * * *."

Now, I want you to pay strict attention to this last paragraph:

"* * * Mr. Ernest Seyd, of London, a distinguished writer, who has given great attention to the subject of mints and coinage, after examining the first draft of the bill, furnished many valuable suggestions which have been incorporated in this bill."

Now, Mr. Ernest Seyd! You have heard of the affidavit that an Englishman came over here with $500,000 of money to corrupt Congress, and the affiant said that Mr. Ernest Seyd admitted to him that he was the man who came over here with this money and corrupted Congress, all of which is a myth, and I want to prove it to you.

Mr. FISH. Those were the good old days.

Mr. TRIMBLE. Yes. Now, there was no lobby in this country on that bill. Now, when money is spent, perhaps it is spent in Congress here sometimes. I have been a Member of Congress and I have been connected with Congress for 30 years, and I have never seen more than two or three corrupt men in Congress since I have been here, and we all know who they were. As I say, there was no lobby on this bill nor was there any controversy about it. There was no political platform, bankers' organization, commercial organization, nor individual that asked for its passage. There were no newspaper references in regard to it.

Now, further in regard to this Seyd matter: Mr. Hooper wrote to the president of the Bank of England, and sent a copy of this bill to the president of the Bank of England and requested him to transmit it to Ernest Seyd, who was the outstanding man of his day on coinage and monetary systems; and he asked the Bank of England to transmit it because he did not know whether Mr. Seyd would know him, but he knew he would take cognizance of any request of the Bank of England. So that 20 years after that Senator Hoar, of Massachusetts, gets hold of Mr. Seyd's answer to Mr. Hooper's letter, and he puts the entire letter in the CONGRESSIONAL RECORD, and this is an excerpt from the CONGRESSIONAL RECORD in the Fifty-third Congress:

"Senator HOAR of Massachusetts. Mr. President, if the routine morning business is over, I understand the Senator from Indiana [Mr. Voorhees] is about to proceed; but I have his leave to ask the Senate to have printed in the RECORD a letter from Mr. Ernest Seyd, an Englishman, a celebrated writer on political economy, to Samuel Hooper, formerly a Member of Congress from Massachusetts and Chairman of the Committee on Banking and Currency in that body.

"The letter is dated London, the 17th of February, 1872. It begins by saying that Mr. Hooper has forwarded to Mr. Alfred Latham, who I think was a governor of the Bank of England, a copy of the coinage bill proposed for the United States, and requested to have it sent to Mr. Seyd for his criticism. The writer of the letter discusses, as a master of the subject, various practical questions, among them the question of the proper size of gold pieces, their value and denomination, questions relating to mintage, the question of mint charge, the question whether the coin should be milled or should be surrounded by a rim cast separately, all of which are very instructive.

"But Mr. Seyd goes on to say that the fifteenth section of the bill is the part which after all is of the greatest importance. He says it is a matter of gigantic importance; that it is the great question of the century. He avows himself earnestly in favor of the free coinage of silver at the ratio of 14 to 1, a little less than the rate then existing in the United States, if I am not mistaken. * * *"

Now, this is the man Mr. Hooper says he incorporated all of his suggestions in this bill. Senator Hoar continues:

"* * * He implores Mr. Hooper to reconsider the subject, and says the great fault of Mr. Hooper's bill is that it abolishes the coinage of the silver dollar with the full legal-tender quality; and he says that America being a producer of both metals, is the Nation upon whom the world must depend to resist the enormous danger which menaces mankind by the threat of adopting a single gold standard. He says that although many of the English writers whom he names have recently, he thinks, come around to his own views.

"No advocate of the doctrine of bimetallism, if that doctrine means the coinage of both metals on an equality freely at the old rate, could express more earnestly, more powerfully, more persuasively the importance of that doctrine to the interest of mankind. * * *"

"I ask that the letter be printed in the RECORD as part of my remarks. I suppose the Senate would not wish to have me read it in full at this moment. It covers 28 or 30 foolscap pages. I also ask that it be printed as a document."

Now there was the man who had charge of this bill, who gets up that report. You gentlemen know how legislation is passed through Congress. Nobody had any interest in the bill; nobody knew that it affected the coinage of the silver dollar; they thought it just affected the machinery of mintage and so forth and so on, and they just took his word for it.

Now nobody paid any attention to Mr. Hooper's reference to Mr. Seyd at that time; but, after this affidavit came out saying Mr. Seyd had come over here and corrupted Congress, then the letter was placed in the CONGRESSIONAL RECORD by Senator Hoar, 20 years afterward. Now I want to show you——

Mr. FISH. What happened to it in the Senate? Did not they know what was in the bill when it got to the Senate?

Mr. TRIMBLE. I am coming to that. Now here is Mr. Kelley. Mr. Kelley, of Pennsylvania, was Chairman of the Committee on Coinage, Weights, and Measures, which considered and reported the bill to the House, and he made the following statement, Saturday, March 9, 1878; page 605, column 7, part 2. The American people did not know that silver was demonetized until we were about to resume specie payment in 1879. The bill was just filed away in a pigeonhole, a dead bill. Then they found out that our bonds that were held by the bankers of this country and Europe, mostly in Europe, that were payable in coin, were payable in gold, because silver had been demonetized and was no longer coin. Here is what Mr. Kelley says, who was accused of being a party to this conspiracy. I am quoting Mr. Kelley now:

"In connection with the charge that I advocated the bill which demonetized the standard dollar I say that, though Chairman of the Committee on Coinage, I was as ignorant of the fact that it would demonetize the silver dollar or of its dropping the silver dollar from our system of coins as were those distinguished Senators Messrs. Blaine and Voorhees, who were then Members of the House, and each of whom a few days since interrogated the other, 'Did you know it was dropped when the bill passed?' 'No', said Mr. Blaine; 'did you?' 'No', said Mr. Voorhees. 'I do not think there were three Members in the House that knew it.' I doubt whether Mr. Hooper, who in my absence from the Committee on Coinage in attendance on the Committee on Ways and Means managed the bill knew it. I say this in justice to him. I now ask the Clerk to read two paragraphs from the Globe of May 27, 1872, from which it will be seen that Mr. Hooper gave an assurance to the House that the bill made no change in our coinage."

Now, Mr. Hooper reported the bill in the House. He was chairman of the committee, and they asked him the question, "Does this mean so and so", and he gave the answer.

Mr. MARTIN of Colorado. The Globe was the CONGRESSIONAL RECORD?

Mr. TRIMBLE. Yes. Now, this is Mr. Holman speaking:

"Mr. HOLMAN. Before the question is taken up on suspending the rules and passing the bill, I hope the gentleman from Massachusetts will explain the leading changes made by this bill in the existing law, especially in reference to the coinage. It would seem that all the small coinage of the country is intended to be recoined."

Mr. Hooper, of Massachusetts, responds:

"This bill makes no changes in the existing law in that regard. It does not require the recoinage of the small coins. On the contrary, I understand that the Secretary of the Treasury proposes to issue an order to stop the coinage of all the minor coins, as there is now a great abundance of them in the country," and so on and so forth.

Now, this Mr. Hooper deliberately lied to the House. Mr. Hooper deliberately lied to the House when he said he incorporated in this coinage bill everything that Ernest Seyd recommended. He deceived the House.

Now, I want to read you again from Mr. Kelley, 5 years afterward, from the CONGRESSIONAL RECORD, volume 9, part 1, Forty-sixth Congress, first session, page 1231:

"All I can say is that the Committee on Coinage, Weights, and Measures who reported the original bill, were faithful and able, and scanned its provisions closely; that as their organ I reported it; that it contained provision for both the standard silver dollar and the trade dollar. Never having heard until a long time after its enactment into law of the substitution in the Senate of the section which dropped the standard dollar, I profess to know nothing of its history; but I am prepared to say that in all of the legislation in this country there is no mystery equal to the demonetization of the standard silver dollar of the United States. I have never found a man who could tell just how it came about or why."

That is the chairman of the committee speaking. Now, I just want to impress you gentlemen with the fact that this bill was primarily put through Congress for a purpose; that the demonetization of silver will be the reverse of that specific purpose.

Mr. FISH. Now, are you going on to explain what was the purpose and what was behind it?

Mr. TRIMBLE. I will do it, but I want to impress on you that it was primarily put through Congress for a specific purpose and by fraud. I quote from Senator Howe, from the CONGRESSIONAL RECORD, volume 7, part 1, Forty-fifth Congress, second session, page 764:

"Mr. President, I do not regard the demonetization of silver as an attempt to wrench from the people more than they agreed to pay. That is not the crime of which I accuse the act of 1873. I charge it with guilt compared with which the robbery of two hundred millions is venial."

Now, Hon. John G. Carlisle, of Kentucky, was elected seven times as a Member of Congress from Kentucky, serving from 1877 to May 26, 1890, and I want to hold up Mr. Carlisle as an example of the influence of the money power over big men. He was not corrupted. John G. Carlisle was one of the greatest intellects, if not the greatest intellect, that Kentucky ever sent to Congress. Henry Watterson, who was editor of the Courier Journal, Louisville, Ky., said, "In point of intellect, he compares with Calhoun,

Webster, and great minds of those days." Now, here is what Mr. Carlisle said in a speech on February 21, 1878, page 43 of the CONGRESSIONAL RECORD, Forty-fifth Congress, second session, when Mr. Carlisle was a Member of Congress at the time this bill came up for discussion:

"According to my view of the subject, the conspiracy"—he calls it a conspiracy—"which seems to have been formed here and in Europe to destroy by legislation and otherwise from three sevenths to one half of the metallic money of the world is the most gigantic crime of this or any other age.

"The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilences, and famines that ever occurred in the history of the world."

That is his prophesy. It is fulfilled today. Now, what happened? John G. Carlisle was elected after that three times as Speaker of the House of Representatives. Mr. Beck died, the Senator from Kentucky, and he succeeded Mr. Beck in the Senate. Grover Cleveland, when he was elected the second time, drafted him from the Senate and made him Secretary of the Treasury, and he turned to a single gold-standard man. He sold his birthright for a mess of porridge—he did not have the courage of his convictions.

Mr. FISH. Now, is it fair to make that statement? Has not a man the right to change his views, without being accused of evil influence?

Mr. TRIMBLE. He did not have the courage of his convictions. He did not do it corruptly; he did not care anything more about a dollar than a hog does about a holiday. He was not a corrupt man. It was social bribery, flattery, fawning. These big fellows do not get you through direct bribery but through benign and subtle influences.

Mr. FISH. I do not like to inject, as I know nothing of the situation, but conditions might have changed him, just as conditions have changed the minds of many people in this country today.

Mr. TRIMBLE. Oh, no; the conditions were worse then.

Mr. FISH. That is the trouble. I can tell you of members of this committee who would not even have sat in this room to hear this silver question discussed 6 months ago.

Mr. TRIMBLE. All right. Carlisle served until Grover Cleveland went out, and when he went out why he was a discredited, broken-hearted man. He realized what he had done; he realized he had surrendered his convictions of a lifetime.

Mr. FISH. That shows unmistakably that in public life he was an honest man.

Mr. TRIMBLE. Yes; he was an honest man, but it shows how the money power gets honest men—not corruptly.

Mr. FISH. He took no money from the money power?

Mr. TRIMBLE. No. I do not think he ever got a dollar. Now, they deserted him. Some they do not desert. I have seen some of the public men here who never made a salary of $5,000 a year, and they would go out and get $125,000 salary after they went out of office. That is the way they get them. They do not influence by direct offers of money; they do not influence a man that way.

Now, there is not any use for me to go over all of this record, but I want to ask somebody to point out why they demonetized silver. Now, from 1792, when we adopted the silver dollar as the unit of value, until 1873 there never was a minute that it did not pay 100 cents in debts, and from 1834 to 1873 there never was a minute, night or day, that it was not at a premium over the gold dollar. Now, I want to ask somebody to tell me who asked for the demonetization of silver; I want somebody to tell me that.

Mr. FISH. I think the answer is very clear. If the Congress did not want it, they could have changed it back at any time.

Mr. TRIMBLE. All right, but the Congress did not know it. And I will tell you what I will do with you—I will give you the law as it is on the statute books now, and I will give you a new hat if you will point out to me in that law where it demonetized silver.

Mr. FISH. I do not mean at that time, but I mean later on, in 1890, 1891, and 1892, when the silver bill was up in Congress here.

Mr. TRIMBLE. Yes; but when they passed it——

Mr. FISH. I can say to you that I have a father-in-law who is still living, and he was a Democratic Member of the House from Brooklyn, and he resigned because as a Democrat he would not vote for the silver bill.

Mr. TRIMBLE. In 1891 the Senate passed a free and unlimited coinage bill.

Mr. FISH. Well, that was discussed for 20 years afterward, and if they wanted to change it; they could have changed it.

Mr. TRIMBLE. All right. All I want to know now is why was silver demonetized. I would like for somebody to answer that question. I have asked them, and I had a little argument with the economists, and I found out by personal contact that the bankers and the business men of this country are absolutely ignorant of the philosophy and science of money. During this argument on the Reconstruction Finance Corporation report, when it was up to the Clerk of the House to make it public, I was visited by not less than 100 of the big bankers and big business men and insurance men from all over the country. They would come to me and say, "You should not make this public", and I would say, "I do not know what I should do about it, but I intend to do what I think is right about it", but I never let them get away without saying, "What is the matter with the depression; why have not you great minds stopped this depression?" I said, "Mr. Hoover has sent for all of the financial minds of the country, all of the heads of the insurance companies, and the heads of the big industrial companies, and they would tell us that prosperity is right around the corner", and I would say, "The people have gone dizzy running around corners looking for this prosperity. Why have not you great minds stopped this depression?" And the answer would be this, "Well, we have done all we can do, and that is all angels can do." I said, "No; you have not been doing all you can do; you have been doing all you think you can do. You have been looking through the rose-tinted glasses of Wall Street, and you have not diagnosed the case rightly. You think the patient has the stomach ache when it has got appendicitis [laughter] and if you do not take the appendix out, gangrene will set in and the patient will die." "What is the matter; what is the appendix?" I would say, "Your single gold standard." Then they would say, "You are a Bryan man; you are a silver man?" "Yes. What is your objection to the remonetization of silver?"

Mr. FISH. May I just venture one remark right here: Was not the greatest prosperity of this country between 1896 and about 1914?

Mr. TRIMBLE. We have had prosperity—why? I will tell you why.

The money question was the paramount issue in the 1896 Presidential campaign due to the fact that it came after a long period of depression and scarcity of money. Immediately after the defeat of Mr. Bryan, who advocated the remonetization of silver to restore our depleted volume of basic money, the great gold discovery of the Klondike and only a few years later the opening of the enormous South African gold mines operated to bring about this desired result throughout the world. Only within very recent years has the increase in population and the constant decrease in the world's production of gold brought about conditions regarding our scarcity of basic money similar to those which culminated in the memorable campaign of 1896. The enormous increase in the volume of basic money in the world as result of these timely discoveries and the approximately three decades of comparative prosperity immediately following them would seem to confirm the correctness of the quantitative theory of money. This depression is not providential, is it; the Lord is not responsible for it, is he? He has filled the land with milk and honey.

Mr. FISH. You have already told us that; no one has taken exception to that.

Mr. TRIMBLE. All right. It is man made. Now, who made it; who has been controlling the finances of this country for 60 years?

The international bankers, through their subsidiaries, the little bankers' organizations, chambers of commerce, who have been made unwittingly the cat's-paw of the American Bankers Association. There has not been a depression in this country since silver was demonetized in 1873 that has not been systematically brought about by the money powers. They have taught the people through propaganda to believe that depressions come in cycles about every 10 years or so. They do come in cycles, but they are man-made depressions.

They have been very conservative in their manipulations of the inflations and deflations of credits until 1929. If they had stopped the orgy of speculation, which they could have done, 2 years before the great crash, the old standard machine would still be grinding out millionaires and mendicants, plutocrats and paupers.

Read Mr. Bryan's speeches in the 1896 campaign in which he predicts just what is happening in the world today.

In this last one the pitcher went to the well once too often. Drunk with power they went to the sky, and, when they started down, the brakes would not work, and here we are flat on our backs, the world bankrupt, and all of the people in the country impoverished.

It does not make any difference if you do not have any gold or silver, if they can control commercial credits of the country and the banks of the country, they can make good times and bad times. The gold standard means scarce money; scarce money means dear money; dear money means cheap property, cheap labor, low commodity prices; it means strikes, riots, hunger, wrecks, and wretchedness. That brings destitution, and destitution brings desperation, and that brings crime—just what we have right here in our country today.

Now, I want you to ask me any questions.

We were talking about ratios. Why, there is not but one equitable and just way to fix the ratio, and that is a ratio based on production. The meaning of bimetallism is a fixed value for both metals equal in dollars and cents. We have three ratios—the production ratio, the mintage ratio, and the commercial ratio. Now, if there is 15 pounds of silver that comes out of the ground to 1 pound of gold, then the only just and equitable ratio is 15 to 1.

Mr. FISH. Now, you said a little while ago you were going to take up that question of the motive and explain the motive of taking us off of silver, the demonetization of silver.

Mr. TRIMBLE. During the Civil War we issued about 2,800,000,000 of bonds and notes—not payable in coin, not payable in gold, but payable in money of the United States. They were bought mostly with depreciated paper money, bought by the European banks, by England, mostly, because she was the great creditor nation of the earth.

Of all these bonds, not a single one of them was made payable in coin. The interest on about half of these bonds was made payable in coin; the rest of them were just made payable like you would give a note to a bank; they did not even say "legal-tender money", but said "promise to pay of the United States." Now, in

1869 we passed what is known as "the credit-strengthening act", which made all obligations of the Government payable in coin, gold and silver. Then in 1873 we demonetized silver and that made all obligations of the Government payable in gold, which doubled and quadrupled the purchasing power of the bonds held mostly by European bankers. That is the reason that it was done.

Mr. BAKEWELL. If silver was higher than gold at that time, how could that have been the effect?

Mr. TRIMBLE. What is that?

Mr. BAKEWELL. If silver was actually worth more than gold at that time, how could that have been the effect?

Mr. TRIMBLE. What do you mean?

Mr BAKEWELL. I thought you said silver was at a premium over gold.

Mr. TRIMBLE. It was.

Mr. BAKEWELL. Then how could it have had that effect?

Mr. TRIMBLE. Why, it destroyed half the basic money of the United States to pay these bonds off with and that inflated the purchasing power of the other half automatically at least 100 percent.

Mr. BAKEWELL. But it is all the same value.

Mr. TRIMBLE. I want to know why it was demonetized.

Mr. BAKEWELL. Why it was what?

Mr. TRIMBLE. Why we destroyed half of the basic money of the country.

Mr. FORD. They took the money value out of silver and put it all in gold.

Mr. TRIMBLE. The volume of basic money dominates the purchasing power of the unit of value, which in this country is the dollar; this is the quantitative theory of money and is accepted by practically all noted economists. Now, we will say we have 12 billion, in round numbers, of available gold dollars in the world, each of which contains 25.8 grains of standard gold. Suppose we put 6 billions of that on a ship and start it across the ocean, and it goes down to the bottom of the ocean, so we have 6 billions of gold dollars left; don't you think gold would go up and all forms of commodities, labor, and property go down? Then, if you put half of that, or 3 billion of gold, on another ship and start it across the ocean and it goes down, and you continue the reducing operation until there is only one gold dollar left in the world and we are strictly on a gold standard redemption basis, that gold dollar would have to pay the debts of the world.

Mr. FISH. I do not come from Kentucky, but I am a great admirer of John G. Carlisle, and, of course, I do not want it to go unanswered that Carlisle was influenced by Wall Street or the money power. Is it not a fact that Carlisle was influenced by that great courageous Democratic President of the United States, Grover Cleveland?

Mr. TRIMBLE. Who was owned, body and soul, by the money power of New York.

Mr. FISH. Oh, I deny that.

Mr. TRIMBLE. All right; I will prove it to you.

Mr. FISH. Now, Mr. Chairman——

Mr. TRIMBLE. Let me tell you; let me prove it to you.

Mr. FISH. All right. [Laughter.]

Mr. TRIMBLE. They own them, all right; they get them all by subtle influences. I do not say he is corrupt. We are creatures of our environment, you know, but I want to show you just something about Mr. Grover Cleveland.

The CHAIRMAN (Mr. MCREYNOLDS). It is now noon and the committee will have to adjourn.

Mr. TRIMBLE. Wait a minute; I want to get through with him on this. [Laughter.] Now, the money power in this country—and it is here and it has no politics—works night and day. They hire the big lawyers; they come in the Democratic Party and they come in the Republican Party and succeed in placing their leaders under obligations to them. Now, in 1884 Grover Cleveland was elected President of the United States. He beat James G. Blaine. This was the plank he was elected on:

"We believe in honest money, the gold and silver coinage of the Constitution, and a circulating medium convertible into such money without loss."

He had not gotten the seat warm before he sent a special message to Congress to stop the purchase of silver—the last vestige of right silver had.

Now, in 1888, the Democrats did not have nerve enough to put a financial plank in the platform, and here is the Republican plank:

"The Republican Party is in favor of the use of both gold and silver as money, and condemns the policy of the Democratic administration in its efforts to demonetize silver."

In 1889 and 1890 another great depression was on the country. As a natural result the remonetization of silver loomed as a panacea for our ills and to that end the bill was introduced in the Senate December 18, 1890, for the remonetization of silver. It was passed by the Senate January 14, 1891, by a vote of 39 to 27; referred to the House Committee on Coinage, Weights, and Measures; reported back adversely and postponed indefinitely. In the meantime, Senator Sherman, the representative of the international bankers, offered a bill which became a law, repealing the Bland-Allison bill and providing for the purchase of 4,500,000 ounces of silver a month as a sop to placate the advocates of remonetization. An international conference was also provided for and held with the usual result. However, the American people fell for it as they are falling for it today. If we have ever gotten anything by an international agreement with European countries, it is not recorded in history.

The money question is purely a domestic one and the cornerstone of the foundation upon which every government rests. Each country has the right to specify what shall be its money and to regulate the value thereof within its own jurisdiction. There never has been nor will there ever be an international money.

We have never yet been able to build a gold eagle that didn't lose its tail feathers and simply become a commodity like pork and potatoes the moment it crossed our frontiers—worth so much a pound in the country to which it was carried. We are not interested in France; we are not interested in Germany or any other foreign country. We want a monetary system that will enable the people of this country to pay their debts, which has got to be done, and to let the rest of the world take care of itself. And it is fundamental that you have got to start the farmers of this country before you start the factories of this country. Now, here is the next platform that Mr. Cleveland was elected on:

"We denounce the Republican legislation known as the 'Sherman Act of 1890' as a cowardly makeshift." For what? For the remonetization of silver.

"* * * fraught with possibilities of danger in the future which should make all of its supporters, as well as its author, anxious for its speedy repeal. We hold to the use of both gold and silver as the standard money of the country, and to the coinage of both gold and silver without discriminating against either metal or charge for mintage; but the dollar unit of coinage of both metals must be of equal intrinsic and exchangeable value * * *."

That is the free-coinage platform that Grover Cleveland was elected on, and he was not in his seat 24 hours when he sent a special message to Congress to stop the purchase of silver under the Sherman Act. Who did he belong to but the international bankers? Why, they have had the Democratic and Republican Parties gnawing on this old tariff bone. They do not care about the tariff; they do not care about prohibition; they do not care about a big navy, because they have the monetary system, the blood of commerce, and they will in time get nearly all of the money of the world. They have today. Where is there a man worth $200,000,000 who earned it by the sweat of his brow, and there are thousands of men worth millions, and millions of paupers. The same machinery that grinds out the millionaire grinds out the pauper. You cannot make one without you make the other.

Now, ask me some questions on this. [Laughter.]

Mr. BLOOM. Mr. Chairman, it is half past 12 o'clock, and I move that we adjourn until next Tuesday morning so as to allow the Members to ask any questions of Mr. Trimble, and to let Mr. Trimble finish his statement and, maybe, hear other statements. [Prolonged applause.]

(The committee thereupon adjourned until Tuesday, May 23, 1933, at 10 o'clock a.m.)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Tuesday, May 23, 1933.

The committee met at 10 o'clock a.m., Hon. SOL BLOOM presiding.

Mr. BLOOM. The committee will please come to order. Mr. Trimble, you may proceed with your statement.

STATEMENT OF HON. SOUTH TRIMBLE, OF KENTUCKY—continued

Mr. TRIMBLE. Mr. Chairman, last week when I was before the committee the chairman of the committee notified me that I would have but 15 minutes. I thought that was all the time I would have at my disposal, and therefore I had to make just a desultory statement.

I want to complete my statement, as long as there is a record being made, by reading into the record more of the criticisms of the demonetization of silver.

I do not think any man here, any member of this committee who was here last week and heard my statement, and who is open minded, who would not have come to the conclusion that the American Congress did not know what they were voting for when they were voting for that bill.

Mr. BLOOM. What bill are you referring to?

Mr. TRIMBLE. This bill that demonetized silver. I want to quote a few more prominent men on this proposition. My quotations come from long speeches that were made advocating the remonetization of silver, in 1878, and the excerpts from those speeches that I will read refer to the references that were made to the demonetization in 1873.

I am going to quote first from Senator Allen G. Thurman, of Ohio, who served one term in the Lower House of Congress and was twice elected to the United States Senate.

He said:

"I cannot say what took place in the House, but know when the bill was pending in the Senate we thought it was simply a bill to reform the mint, regulate coinage, and fix up one thing and another, and there is not a single man in the Senate, I think, unless a member of the committee from which the bill came, who had the slightest idea that it was even a squint toward demonetization."

Hon John Morgan Bright, of Tennessee, who was elected five times to the United States House of Representatives, said:

"It passed by fraud in the House, never having been printed in advance, being a substitute for the printed bill; never having been read at the Clerk's desk, the reading having been dispensed with by an impression that the bill made no material alteration in the coinage laws; it was passed without discussion, debate being cut off by operation of the previous question. It was passed, to my certain information, under such circumstances

that the fraud escaped the attention of some of the most watchful as well as the ablest statesmen in Congress at that time."

Mr. MARTIN of Colorado. I suppose you have read Prof. J. Lawrence Laughlin's books?

Mr. TRIMBLE. No; I have not read them.

Mr. MARTIN of Colorado. On the debates in Congress, undertaking to show that they did know what they were doing.

Mr. TRIMBLE. That is why I want to put this in the record. I want to go on and make this record, and when I am through, I will be glad to have the members of the committee ask me any questions they like, and I will attempt to answer them if I can. If I cannot, I will be frank enough to say that I do not know anything about the proposition.

Mr. BLOOM. In other words, you prefer not to be interrupted in your preliminary statement.

Mr. TRIMBLE. Not until I make this record. Here is what Hon. Joseph G. Cannon—"Uncle Joe"—of Illinois, one of the last survivors of the old times, said:

"This legislation was had in the Forty-second Congress, February 12, 1873, by a bill to regulate the mints of the United States, and practically abolished silver as money by failing to provide for the coinage of the silver dollar. It was not discussed, as shown by the RECORD, and neither Member of Congress nor the people understood the scope of the legislation."

Here is what General Garfield, afterward President, said:

"Perhaps I ought to be ashamed to say so, but it is the truth to say that I, at that time being Chairman of the Committee on Appropriations and having my hands overfull during all that time with work, I never read the bill. I took it upon the faith of a prominent Democrat and a prominent Republican, and I do not know that I voted at all. There was no call of the yeas and nays, and nobody opposed that bill that I know of. It was put through as dozens of bills are, as my friend and I know, in Congress, on the faith of the report of the chairman of the committee; therefore I tell you, because it is the truth, that I have no knowledge about it."

That is a very important statement of a man of Garfield's prominence. Here was a bill to destroy one half of the metallic money of the United States. In that Congress were men from the silver-producing States, and if they had thought that this bill demonetized silver they would have raised their voices. But they did not know it.

Here is what was said by Senator William Boyd Allison, of Iowa, elected four times to the United States House of Representatives and six times to the United States Senate, who served longer in Congress than any other man on record:

"But when the secret history of this bill of 1873 comes to be told, it will disclose the fact that the House of Representatives intended to coin both gold and silver, and intended to place both metals upon the French relation instead of on our own, which was the true scientific position with reference to this subject in 1873, but that the bill afterward was "doctored", if I may use that term, and I use it in no offensive sense, of course.

"I said I used the word in no offensive sense. It was changed after discussion, and the dollar of 420 grains was substituted for it."

Hon. James G. Blaine, of Maine, who was elected six times to the United States House of Representatives and was Speaker of that body in the Forty-first, Forty-second, and Forty-third Congresses; who was Republican candidate for President in 1884 and was defeated by Grover Cleveland, and subsequently elected to the Senate, engaged in the following colloquy with Mr. Voorhees, of Indiana, in the Senate:

"Mr. VOORHEES of Indiana. I want to ask my friend from Maine, whom I am glad to designate in that way, whether I may call him as one more witness to the fact that it was not generally known whether silver was demonetized?"

Blaine was Speaker of the House of Representatives when this bill was passed.

"Did he know, as Speaker of the House, presiding at that time, that the silver dollar was demonetized in the bill to which he alludes?

"Mr. BLAINE. I did not know anything that was in the bill at all. As I have before said, little was known or cared on the subject. * * * And now I should like to exchange questions with the Senator from Indiana, who was then on the floor and whose business it was, far more than mine, to know, because by the designation of the House I was to put questions; the Senator from Indiana, then on the floor of the House, with his power as a debater, was to unfold them to the House. Did he know?

"Mr. VOORHEES. I very frankly say that I did not."

Senator James Beck, of Kentucky, who was elected four times to the United States House of Representatives and then elected three times to the United States Senate, said:

"It (the bill demonetizing silver) never was understood by either House of Congress. I say that with full knowledge of the facts. No newspaper reporter—and they are the most vigilant men I ever saw in obtaining information—discovered that it had been done."

I have searched the files of the newspapers at that time and no mention was ever made of it before or after the demonetization.

Hon. William Steele Holman, of Indiana, elected 16 times to the United States House of Representatives and was known as the "watchdog of the Treasury" (CONGRESSIONAL RECORD, vol. 4, pt. 6, 44th Cong., 1st sess., Appendix, pp. 192–193):

"I have before me the records of the proceedings of this House on the passage of that measure, a record which no man can read without being convinced that the measure and the method of its passage through this House was a 'colossal swindle.' I assert that the measure never had the sanction of this House, and it does not possess the moral force of law."

(August 5, 1876:)

"The original bill was simply a bill to organize a bureau of mines and coinage. The bill which finally passed the House and which ultimately became a law was certainly not read in this House."

* * * * * * *

"It was never considered before the House as it was passed; up to the time the bill came before this House for final passage the measure had simply been one to establish a bureau of mines—I believe I use the term correctly now. It came from the Committee on Coinage, Weights, and Measures. The substitute which finally became a law was never read, and is subject to the charge made against it by the gentleman from Missouri [Mr. Bland] that it was passed by the House without knowledge of its provisions, especially upon that of coinage.

"I myself asked the question of Mr. Hooper, who stood near where I am now standing, whether it changed the law in regard to coinage. And the answer of Mr. Hooper certainly was not affected by that bill." (CONGRESSIONAL RECORD, vol. 4, pt. 6, 44th Cong., 1st sess., p. 5237).

Mr. FISH. Let us assume that everything you say is correct—and no one apparently denies that the demonetization bill was slipped through in 1873. For 20 years the silver question, up to 1896, was before the Senate and House continuously.

Mr. TRIMBLE. All right. Let me go along.

Mr. FISH. I want to ask one question. Let us admit that everything you say is correct, and I may say that I am willing to say that it is correct. But if it was, and they found this out as you are explaining now, all they had to do was to change it, if they had wanted to do so.

Mr. TRIMBLE. They could not do it.

Mr. FISH. Why not?

Mr. TRIMBLE. In 1878 the House passed a bill that remonetized silver at the ratio of 16 to 1. It went to the Senate and Senator John Sherman, who was behind the demonetization, who was the chairman of the Finance Committee, stopped it. The money power controlled them.

In 1892 or 1894 the Senate passed a free and unlimited coinage bill; it came to the House, and it was stopped in the House.

Mr. FISH. The House had a Democratic majority at that time.

Mr. TRIMBLE. I do not care what the majority was; what I am trying to impress upon you gentlemen is that the money power is awake night and day. They are looking after their interests while the people are asleep.

Mr. FISH. Do you mean to say that the money power controlled the Congress of the United States?

Mr. TRIMBLE. Both parties, on the money question. Senator Frank Hereford, of West Virginia, who was three times elected to the House of Representatives and then to the United States Senate, said:

"So that I say that beyond the possibility of a doubt—and there is no disputing it—that bill which demonetized silver, as it passed, never was read, never was discussed, and that the chairman of the committee who reported it, who offered the substitute, said to Mr. Holman, when inquired of, that it did not affect coinage in any way whatever."

I have some more quotations here, Mr. Chairman, but there is no use going on with them.

Mr. FISH says he was convinced it was put through by fraud, and that he will admit that.

I want to read into the record what some of the prominent members of the Republican Party had to say. I have already read some of what Mr. Carlisle said. This is what President McKinley, then a Member of the House, said, and he is criticising the Cleveland Administration, in 1891. He said:

"During all these years at the head of the Government he (Cleveland) was dishonoring one of our precious metals, one of our own great products, discrediting silver and enhancing the price of gold. He endeavored, even before his inauguration to office, to stop the coinage of silver dollars and afterwards and to the end of his administration persistently used his power to that end. He was determined to contract the circulating medium and demonetize one of the terms of commerce, limit the volume of money among the people, make money scarce, and therefore dear.

"He would have increased the value of money and decreased the value of everything else—money the master and everything else the servant. He was not thinking of the 'poor' then. He had left their side. He was not standing forth in their defense. Cheap coats, cheap labor, and dear money; the sponsor and promoter of these professing to stand guard over the poor and lowly. Was there ever more glaring inconsistency or reckless assumption? He believed that poverty is a blessing to be promoted and encouraged, and that the shrinkage in the value of everything but money is a national benediction.

"During all these years a conflict between silver and gold (which is, in fact, the struggle of the great common people against the Money Trust) the Democratic Party has, until this act, professed to desire the full restoration of silver as 'standard money.'"

In 1890 Mr. McKinley declared on the floor of the House: "I would give it (silver) equal credit and honor with gold; I would make no discrimination; I would utilize both metals as money and discredit neither; I want the double standard."

When Mr. Harrison wrote his letter of acceptance, on September 3, 1888, he said:

"The resolution of the convention in favor of bimetalism declares, I think, the true and necessary condition of a movement that has upon these lines my cordial adherence and support. I am thoroughly convinced that the free coinage of silver at such a ratio to gold as will maintain the equality in their commercial uses of the two coined dollars would conduce to the prosperity of all the great producing and commercial nations of the world."

Here is a quotation from Mr. Garfield's inaugural of March 4, 1881: "By the experience of commercial nations in all ages it has been found that gold and silver afford the only safe foundation for a monetary system."

I just quoted a little of Mr. Carlisle's speech the other day when I was interrupted, and I want to put this in the record. When he was speaking in the House of Representatives on February 21, 1878, Mr. Carlisle said:

"I know that the world's stock of the precious metals is none too large, and I see no reason to apprehend that it will ever become so. Mankind will be fortunate indeed if the annual production of gold and silver coin shall keep pace with the annual increase of population, commerce, and industry. According to my view of the subject, the conspiracy which seems to have been formed here and in Europe to destroy by legislation and otherwise from three sevenths to one half of the metallic money of the world is the most gigantic crime of this or any other age.

"The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilences, and famines that ever occurred in the history of the world. The absolute and instantaneous destruction of half the entire movable property of the world, including houses, ships, railroads, and all other appliances for carrying on commerce, while it would be felt more sensibly at the moment, would not produce anything like the prolonged distress and disorganization of society that must inevitably result from the permanent annihilation of one half of the metallic money in the world. With an ample currency, an industrious and frugal people will speedily rebuild their works of internal improvement and repair losses of property; but no amount of industry or economy on the part of the people can create money. When the Government creates it or authorizes it the citizen may acquire it, but he can do nothing more."

He was discussing the compromise on the Allison amendment to the Bland bill on the floor of the House. I can picture him now appealing to the House. He went on to say:

"Our power of legislation over this subject will not be exhausted by the passage of this measure, and we ought not to halt for a single moment in our efforts to complete the work of relief inaugurated by it. The struggle now going on cannot cease, and ought not to cease, until all the industrial interests of the country are fully and finally emancipated from the heartless domination of syndicates, stock exchanges, and other great combinations of money grabbers in this country and in Europe. Let us, if we can do no better, pass bill after bill, embodying in each some one substantial provision for relief, and send them to the Executive for his approval. If he withholds his signature, and if we are unable to secure the necessary votes here or elsewhere to enact them into laws notwithstanding his veto, let us, as a last resort, suspend the rules and put them into the general appropriation bills, with the distinct understanding that if the people can get no relief the Government can get no money."

I want to read a short excerpt from a long speech of Blaine.

Mr. Blaine was now a Member of the Senate; he had come from the House in 1873 to the Senate in 1878. I think this was the speech that elected Grover Cleveland President of the United States, because it showed the money powers that Blaine was for remonetization of silver, which they bitterly opposed. Mr. Blaine said:

"The discussion on the question of remonetizing silver, Mr. President, has been prolonged, able, and exhaustive. I may not expect to add much to its value, but I promise not to add much to its length. I shall endeavor to consider facts rather than theories, to state conclusions rather than arguments.

"First. I believe gold and silver coin to be the money of the Constitution, indeed, the money of the American people anterior to the Constitution, which that great organic law recognized as quite independent of its own existence.

"No power was conferred on Congress to declare that either metal should not be money. Congress has therefore, in my judgment, no power to demonetize silver any more than to demonetize gold; no power to demonetize either any more than to demonetize both. In this statement I am but repeating the weighty dictum of the first of constitutional lawyers. 'I am certainly of opinion', said Mr. Webster, 'that gold and silver, at rates fixed by Congress, constitute the legal standard of value in this country, and that neither Congress nor any State has authority to establish any other standard or displace this standard.'

"Few persons can be found, I apprehend, who will maintain that Congress possesses the power to demonetize both silver and gold, or that Congress could be justified in prohibiting the coinage of both; yet in logic and legal construction it would be difficult to show where and why the power of Congress over silver is greater than over gold—greater over either than over the two. If, therefore, silver has been demonetized, I am in favor of remonetizing it. If the coinage has been prohibited, I am in favor of ordering it to be resumed. If it has been restricted, I am in favor of having it enlarged."

Here is his peroration: "The two metals have existed side by side in harmonious, honorable companionship as money ever since intelligent trade was known among men. It is well-nigh 40 centuries since 'Abraham weighed to Ephron the silver which he had named in the audience of the sons of Heth—400 shekels of silver current money with the merchant.'

"Since that time nations have risen and fallen, races have disappeared, dialects and languages have been forgotten, arts have been lost, treasures have perished, continents have been discovered, islands have been sunk in the sea, and through all these ages and through all these changes silver and gold have reigned supreme as the representatives of value, as the media of exchange. The dethronement of each has been attempted in turn, and sometimes the dethronement of both, but always in vain. And here we are today deliberating anew over the problem which comes down to us from Abraham's time; the weight of the silver that shall be 'current money with the merchant.'"

I have in this memorandum of mine some opinions I desire to express and statistical deductions from the report of the Director of the Mint in regard to the coinage of silver and the production of silver. I do not think it is necessary to read it, but I would like to have the privilege of putting it in the record.

Mr. BLOOM. Without objection, it is so ordered.

Mr. TRIMBLE. Now, I am ready for interrogation.

Mr. CASTELLOW. If currency was issued, redeemable in silver or gold at the option of the Government, what would be the effect upon such currency?

Mr. TRIMBLE. Well, if you remonetize silver and make it a basic money and you have a redemption money, it is then one of the basic metallic moneys, and of course the option should be given to the Government or the debtor to pay in either metal. In that way you would keep both metals on an even keel.

If you give the option to the creditor to pay in either metal, then, as one metal goes up a little, then all creditors will want that metal, and it will keep going up and up. And if you give the option to the debtor, then he will choose the cheaper metal, and it will keep it then on an even keel. Then the demand will be put on the cheaper metal and taken off the dearer metal, and that will tend to keep them at a parity.

That is the historical fact. You can take the United States Mint statistics from 1687 to 1873, and there was not over two points variation between these metals. Sometimes they would go up and sometimes they would go down, and mostly the difference would be affected by exchange, by transporting the metals from one country to another. But they were practically one metal. If you were to remonetize silver, there would still be practically one metal. Why? Because of the scarcity of the two metals.

If we in the United States had all the gold in the world available and all the silver in the world available for money, we could not pay our national debt alone. It is too scarce.

There is nothing in this metallic theory of money but the quantitative theory of money. If by some electrical phenomenon you would transform Pikes Peak into a mountain of gold, it would not be worth the snap of your finger as money. It looks like God Almighty put silver and gold into the ground for the purpose of a medium of exchange between the people, and it has been used between them ever since. You take, for instance, the Book of Genesis. The first transaction in money recorded in sacred history was when Abraham, after being given cattle and sheep, was given a thousand pieces of silver by the King of Gerar after the return of his wife. Abraham paid to the sons of Heth 400 shekels of silver for the cave of Machpelah as a burial place. Joseph was sold into Egyptian bondage by his brothers for 20 pieces of silver.

In the Book of Genesis there is no mention of gold as money. They mention gold as material for adornment, and the only outstanding mention of gold was when Moses led the children of Israel out of the Egyptian bondage and took them into the promised land. Moses took them up to Mount Sinai and at the foot of the mountain he left them and went up into the mountain and communed with the Lord for 40 days and 40 nights, and when he came down he had the 10 commandments written on tablets of stone. When he arrived at the foot of the mountain the Israelites had taken all of the jewels, all of their adornments, and melted them and set up a golden calf, and they were worshiping it, and Moses was enraged at them. That comes from scriptural history. And Moses burned the golden calf and ground it into dust and mixed it with water and made them drink it. That is what we need in this country today, another Moses to grind up the golden calf.

Mr. CASTELLOW. Your judgment is that if this currency were redeemable in either gold or silver at the option of the Government, which in the exercise of that option would select the cheaper metal, that that would prevent the flow of the more precious metal to other countries.

Mr. TRIMBLE. It would absolutely keep it on an even keel.

Mr. CASTELLOW. One more question. If, however, we had both silver and gold as a money base, would there be a sufficient amount of this base to prevent the money changers, we will say, or the financiers, from obtaining possession of both the silver and the gold, and, in addition to that, require that the obligations of the debtor be delivered to them in silver or gold at their option; would that make this metal dear, no matter if it was in great quantities? In other words, is it not possible that men can sit down with paper, pen, and ink and make any metal precious by committing themselves for its delivery?

Mr. TRIMBLE. Of course, that is a controversial question. But the very fact that the money changers do not want silver remon-

etized is pretty good evidence that they do not think they can control it, or at least that it would be harder to control.

Mr. CASTELLOW. It would make it much more difficult.

Mr. TRIMBLE. Of course.

Mr. MARTIN of Colorado. Mr. Trimble, the other day the psychology of money was mentioned. Is it not true that as to the people of India and China and the South American Continent, the fact that they have been habituated to the use of silver only from time immemorial, has caused them to regard silver as the only form of money and to associate silver and money only in the popular mind?

Mr. TRIMBLE. I think it is a fact, and I think it is a fetish with them, just as gold is a fetish with some people in this country.

Mr. MARTIN of Colorado. And when we demonetized silver we took away from them the only thing that they had habitually and for all times regarded as money.

Mr. TRIMBLE. That is right.

Mr. FISH. I should like to have an opportunity to consume some time, Mr. Chairman, because I want to have an opportunity to place in the record at this time a statement made by President Cleveland on this question. He lived at a time when the silver issue was paramount in the country. It has not been discussed in recent years, but between 1873 and 1893 it was a foremost question.

The Clerk of the House has given us a very interesting history from his point of view, and the opposite side has not been referred to at all.

He speaks of the crime of 1873. By 1893, in the minds of most of the people in this country, that crime had become a blessing; and I think it is only fair that those people who have been criticized very severely, although they are Democrats, should have placed in the record letters which they wrote upholding their own contentions.

Our committee has been very much interested in the statement made by the Clerk of the House, although most of the statement had nothing to do whatever with the resolution before the committee, because the resolution before the committee deals with international agreements.

Most of his remarks dealt with the silver situation in America, irrespective of international agreements. That is an entirely different question.

Even those men he referred to in rather severe terms, leading Democrats of those times, had no objection to international agreements on silver. They objected to the United States' going by itself, because the silver dollar depreciated and had no support from the rest of the world. The two issues are entirely different.

The only issue before this committee is that of international agreements.

I want to quote something that President Cleveland said, according to this Life of Cleveland written by McElroy.

Mr. GRAY. I do not want to interrupt, Mr. Chairman, but is Mr. Fish speaking as a witness or as a member of the committee?

Mr. FISH. As both, or as either one, whichever you prefer.

Mr. BLOOM. He is presenting something to the witness, so that the witness may have the privilege of answering it.

Mr. FISH. Mr. McElroy in his book says: "He was willing to concede that, with the concurrent action of the other great nations, the problem of maintaining a set ratio between gold and silver would present a different aspect"—that is what we have before us—"but all efforts in that direction had failed, 'and still we continue our coinage of silver at a ratio different from that of any other nation. * * * Without an ally or friend we battle upon the silver field in an illogical and losing contest.'" That had to do with the money situation, which is entirely different:

Mr. McElroy in his book continues:

"He reminded Congress that the five countries composing the Latin Union had not only refused, as had the leading countries of Europe, to join in a movement to maintain a fixed ratio between gold and silver, but had 'just completed an agreement among themselves that no more silver shall be coined by their respective governments and that such as has been already coined—shall be redeemed in gold by the country of its coinage.'"

I bring that up to show the difference in the situation.

Now, Mr. Chairman, Grover Cleveland sent a special message to Congress in August 1893. Professor McElroy, in his book, says:

"His special message was read to Congress on August 8, 1893, and demanded 'the prompt repeal of the provisions of the act passed July 14, 1890, authorizing the purchase of silver bullion.' It is a document difficult to condense or epitomize, for it is itself an epitome, the compact argument of a singularly concrete mind. It is the case against free silver compressed into 2,000 words.

"Our unfortunate financial plight is not the result of untoward events, nor of conditions related to our natural resources, nor is it traceable to any of the afflictions which frequently vex national growth and prosperity. With plenteous crops, with abundant promise of remunerative production and manufacture, with unusual invitation to safe investment, and with satisfactory assurance to business enterprise, suddenly financial distrust and fear have sprung up on every side. Numerous moneyed institutions failed because abundant assets were not immediately available to meet the demands of frightened depositors. * * * These things are principally chargeable to congressional legislation touching the purchase and coinage of silver by the Federal Government. Undoubtedly the monthly purchases by the Government of 4,500,000 ounces of silver, enforced under that statute, were regarded by those interested in silver production as a certain guaranty of its increase in price. The result, however, has been entirely different, for immediately following a spasmodic and slight rise, the price of silver began to fall after the passage of the act, and has since reached the lowest point ever known. This disappointing result has led to renewed and persistent effort in the direction of free silver coinage.

"'The policy necessarily adopted of paying these silver notes in gold has not spared the gold reserve of $100,000,000 long ago set aside by the Government for the redemption of other notes. * * * Between the 1st day of July 1890 and the 15th day of July 1893 the gold coin and bullion in our Treasury decreased more than $132,000,000, while during the same period the silver coin and bullion * * * increased more than a hundred and forty-seven million. Unless Government bonds are to be constantly issued and sold to replenish our exhausted gold, only to be again exhausted, it is apparent that the operation of the silver purchase law now in force leads in the direction of the entire substitution of silver for gold in the Government Treasury, and that this must be followed by the payment of all Government obligations in depreciated silver. * * * Our Government cannot make its fiat equivalent to intrinsic value nor keep inferior money on a parity with superior money. * * *

"'The people of the United States are entitled to a sound and stable currency and to money recognized as such on every exchange and in every market of the world. Their Government has no right to injure them by financial experiments opposed to the policy and practice of other civilized States.'"

Those were the views of Grover Cleveland at the time he was before us. I think his views are entitled to be presented to the committee.

I should also like to read a very short letter——

Mr. GRAY. Mr. Chairman, I want to be courteous, but we are all anxious to interrogate Mr. Trimble. May I suggest this? I do not know whether we will have an opportunity to cross-examine you, Mr. FISH, on your statement.

Mr. FISH. You will have plenty of opportunity.

Mr. GRAY. Mr. Chairman, I think Mr. FISH is invading the province of a witness. I should be glad to hear the gentleman, have him go on the stand and make a statement, but I do not think it is proper here for Mr. FISH to make a long preliminary statement when the rest of us are waiting to ask the witness, Mr. Trimble, some of these questions that we have in mind.

Mr. FISH. I will say to the gentleman, if he is anywhere near through, that I am a member of the committee; I listened with great patience to the gentleman a few days ago when he had concluded his statement and was to come back here to answer some questions. I have remained here and listened to a statement that has almost nothing to do with the resolution that is before us. He has presented statement after statement denouncing Grover Cleveland and the leading Democrats, and I think if no Democrat will do it, at least some member of the committee ought to put in the record the letters of Grover Cleveland giving his own views as an answer to what has been said before this committee.

Mr. GRAY. I concur in that; and I should like to have the gentleman make his statement——

Mr. FISH. Well, I will make my statement.

Mr. GRAY. We have listened to this long preamble of the gentleman; if the gentleman is about to interrogate the witness, that is all right.

Mr. FISH. I want to say to the gentleman that we have been very courteous on this side. We have permitted the witness to go on on a matter that is not before us. He has been giving us the history of the silver question for the past 30 years. Nobody has interrupted him even to ask a question.

Mr. BAKEWELL. Four thousand years, not 30 years.

Mr. FISH. Yes, I will amend that; he has gone back 4,000 years.

Mr. BLOOM. I think the committee has been very patient and we have been hearing all our witnesses in full.

Mr. TRIMBLE. Mr. FISH, you referred to Grover Cleveland. What did he say about silver? That is what I want to know.

Mr. FISH. That is what I want to tell you.

Mr. TRIMBLE. What did he say about silver?

Mr. FISH. I want to read a very brief letter on that very point.

Mr. TRIMBLE. Mr. Chairman, may I say that I admire Mr. FISH; he is a patriotic American and has done a great service here in Congress. But we just honestly differ on this question.

Mr. FISH. I want to say to you that I am not an expert on the silver question. That is the reason I am presenting other people's views at this time. I do not claim to be an expert.

First, I will read a paragraph as a preface to the letter that I am about to read. This is from the book, "Grover Cleveland, a Study in Courage", by Allan Nevins. The paragraph and the letter are as follows:

"In January 1891 the silver tide sent up another angry wave. A free coinage bill passed the Senate by a vote of 39 to 27. Once more the Democratic Senators gave the majority its principal strength. Every Democrat in the Chamber voted or was paired for it except Gray, of Delaware. Many of Cleveland's advisers told him that if he spoke out publicly against silver as he had been speaking privately, he would destroy his political future. 'I am supposed to be a leader of my party', he replied. 'If any word of mine can check these dangerous fallacies, it is my duty to give that word, whatever the cost may be to me.' On February 10 he received an invitation from E. Ellery Anderson of the Reform Club, inviting him to a dinner-meeting to protest against free coinage. He sat down immediately and replied:

"DEAR SIR: I have this afternoon received your note inviting me to attend tomorrow evening the meeting called for the purpose of voicing opposition of the business men of our city to 'the free coinage of silver in the United States.'

"I shall not be able to attend and address the meeting as you request, but I am glad that the business interests of New York are at last to be heard on this subject. It surely cannot be necessary for me to make a formal expression of my agreement with those who believe that the greatest peril would be invited by the adoption of the scheme, embraced in the measure now pending in Congress, for the unlimited coinage of silver at our mints.

"If we have developed an unexpected capacity for the assimilation of a largely increased volume of this currency, and even if we have demonstrated the usefulness of such an increase, these conditions fall far short of insuring us against disaster if in the present situation we enter upon the dangerous and reckless experiment of free, unlimited, and independent silver coinage."

Mr. BLOOM. Is that signed?

Mr. FISH. That letter was signed by Grover Cleveland.

Mr. BLOOM. You may proceed, Mr. FISH.

Mr. FISH. There are some questions I wanted to ask you, Mr. Trimble. This whole silver question, after the so-called "Crime of 1873", was before the American public and before the Congress up to 1896?

Mr. TRIMBLE. Yes.

Mr. FISH. On August 28, 1893, when the House was overwhelmingly Democratic, was over 2 to 1 Democratic, the House voted by a vote of 239 to 109 to repeal the authority granted in the 1890 resolution to purchase silver bullion. Now, as I say, that was a Democratic House. None of us was there at that time, of course, but we must be fair and assume that the House must have been something like this House—the same type of people, and so forth. They must have discussed this issue from all points of view. They must have had a full opportunity to be heard and to express their views.

Then by a vote of more than 2 to 1 they voted this proposition down. I am not ready to say that those Members or any of the present Members of the House are influenced either by Wall Street or by the money power in casting a vote of that kind. They must have considered the question on its merits and acted on its merits.

That is a partial answer to the questions that you have put here or to the statements that you have presented to the committee. This was before the country. They could have done what they wanted with it, and when they had an opportunity a Democratic House by a vote of over 2 to 1 refused to remedy the situation, from your point of view.

That is one answer to your question.

The other question I wanted to ask you is this. You said, and I agree with you, that the big bankers——

Mr. TRIMBLE. Let me interrupt you right there. You talk about a Democratic House. This is not a party question.

Mr. FISH. I agree with you there.

Mr. TRIMBLE. It is a patriotic question. You have referred to Grover Cleveland. You say that he said that it was a dangerous experiment. We had it for 80 years in this country.

Mr. FISH. Mr. Trimble, I do not charge because you have the other point of view that you are influenced by the silver producers in the States of Nevada and Colorado, or any other States that produce silver. You have never been charged with having your opinion influenced in that way. Therefore, why should you charge these other people with being influenced by Wall Street because they stand for the gold standard and are opposed to the free coinage of silver? That is the question that I should like to ask you.

Mr. TRIMBLE. I do not know a silver producer. I am from Kentucky, where they do not produce a grain of silver. I am for silver and the free coinage of silver for humanity's sake. I want to cheapen the purchasing price of the gold dollar. That is what we need today.

Let me ask you a question: What objection have you to the remonetization of silver?

Mr. FISH. I do not know that I have. I am not saying whether I will object to the proposal that is before this committee seeking international agreements.

Mr. TRIMBLE. May I interrupt you, Mr. FISH? As long as you have mentioned international agreements, may I put in the record my views on the international agreements proposed?

Mr. FISH. Will you let me proceed with another question?

Mr. TRIMBLE. Yes; go ahead.

Mr. FISH. I agree with the statement that you made the other day that the depression was largely due to the activities of the big bankers of Wall Street and the big international bankers. They were possibly the leaders in it, although the American people, all of them, were responsible because they went into an orgy of gambling and speculation, and so on.

We think we know the reasons for the inflation, and we think that the international bankers were somewhat responsible.

But suppose we had remonetized silver. How would that have stopped the inflation and how would that have prevented the Wall Street and the international bankers from creating and helping to lead in this enormous deflation?

Mr. TRIMBLE. Because they could not control both metals. They could not control the volume of money. The volume of money would be so great that they could not control it.

If you let a lot of international bankers run this country, it does not make any difference what kind of metals you have; if the people of the country have got confidence in them and they can control commercial credit, it would not make any difference if you did not have a dollar of silver or gold. It would not make a bit of difference.

But they have used the gold standard to set up a machine to grind out bonds for Wall Street.

The gold reserve, we are told, is to "protect the credit of our currency." Protect it from whom? You and I are making no assault upon it—wouldn't hurt it for the world. When we get a paper or silver dollar we don't trot around to the Treasury to have it "redeemed" in a slug of yellow metal—we make a bee line for the grocery store and have it redeemed in a side o' bacon.

In what do you want a paper dollar redeemed? If you exchange it for a gold coin, you have got but another governmental order for goods, which you must present for redemption to the people. When you have exchanged your dollar for corn or cotton, pork or pigiron, it has been redeemed—not till then have you received final payment. So long as the people will redeem a paper dollar at its nominal value, isn't it as good an exchange medium as gold?

"Then why", you may well ask, "should capitalists really care to preserve the gold standard?" They have made of gold a fetish and are robbing and enslaving the people by playing upon their economic ignorance. By means of this financial hoodoo they have induced the people to add to their already grievous burden. The great capitalists have employed gold to create panics that have closed factories, bankrupted merchants, augmented the army of tramps, and precipitated bread riots that ended in bloodshed simply to enhance the gains of a pitiless system of pawnbrokerage.

Mr. FISH. Of course, you know that in this depression a great many people were hoarding gold.

Mr. TRIMBLE. Under our operations on the gold standard let us say that we have $150,000,000 of gold reserve. Just let us take that figure as an arbitrary figure. That is supposed to protect the credit of our currency. We will say that Mr. Smith, of Wall Street, gets up a pool that comes to Washington with $50,000,000 of currency, silver dollars, national-bank notes, Federal Reserve bank notes. They go up to the Treasury of the United States and say, "We have here $50,000,000 of currency, give us gold." Under the law you have got to give them the gold. As soon as you give it to them it reduces the gold reserve from $150,000,000 to $100,000,000.

Then the Secretary of the Treasury is authorized to issue bonds to the amount of the $50,000,000 to replace the gold just taken out of the Federal Reserve fund by the redemption in gold of Mr. Smith's $50,000,000 in currency. Mr. Smith says to the Secretary of the Treasury "I will let you have my $50,000,000 in gold back for $50,000,00 of your bonds." Then Mr. Smith can sell these bonds in the open market for currency, go back to the Treasury and redeem this currency in gold, buy more bonds, and so forth, and repeat this process ad infinitum. Can he not?

Mr. FISH. No.

Mr. TRIMBLE. Tell me why.

Mr. FISH. Because it does not work in a depression when people are hoarding gold.

Mr. TRIMBLE. It does not work when a man in the White House kicks us off the gold standard. But it will work any time when we are on the gold standard 100 percent.

Mr. FISH. Coming back to the question I asked you, do you really, seriously think that if we remonetize silver it would make a difference so far as the ability of the Wall Street bankers to manipulate money is concerned, and so far as the inflation that we had is concerned?

Mr. TRIMBLE. All the difference in the world. If you remonetize silver, you raise the general level of prices 100 percent.

Mr. FISH. I am talking about 1928 and 1929, during the great inflation or boom.

Mr. TRIMBLE. I do not think anything would stop Wall Street if they have a man in the White House who listens to them and has a direct wire to Wall Street and takes orders from them, which has been the case.

Mr. FISH. Of course you know that we were in a period of great inflation all over the country at that time. I do not believe, whether we had silver or gold or anything else, that it would have made any difference. You made the statement the other day that if we had had silver, that situation could have been averted and controlled and regulated.

Mr. TRIMBLE. If you are going to permit the international bankers to run this country, that is one thing, but that last orgy of gambling and speculation could have been stopped in 20 minutes, at any time, if the President of the United States wanted to stop it.

Mr. FISH. Why could not the Congress of the United States have stopped it if it wanted to?

Mr. TRIMBLE. The Congress could have done it if they had passed the bill to that effect. But we were all in a fool's paradise then.

Mr. FISH. I agree with you thoroughly——

Mr. TRIMBLE. The Federal Reserve System had plenty of money and loaned the money to the banks. The banks loaned the money to the brokers, and the brokers loaned it to the people, and then everything went sky high.

Mr. FISH. Is it not a fact that this is what happened: The big bankers, the big business interests all over the country, let us say for the sake of argument, said to the Congress of the United States, "Keep your hands off of business. We know how to conduct our business. We do not want any interference with business." And that is what happened. The President and the Congress kept their hands off and did not try to stop the inflation. In that way we are to blame because we listened to business.

Mr. TRIMBLE. That is true.

Mr. FISH. It had nothing to do with silver.

Mr. FORD. Mr. Chairman, we are not discussing the resolution that is before us at all. We are taking up an entirely different line of argument.

Mr. FISH. I do not admit that, because the gentleman stated the other day that if silver had been remonetized we would not have had this inflation.

Mr. FORD. But what has that got to do with this resolution?

Mr. FISH. He made the statement. I do not think it has anything to do with it.

Mr. BLOOM. The Chair would like to ask a question. You referred to the time of Grover Cleveland. Would not the fact that at that time we were a debtor nation instead of a creditor nation, as we are today, make some difference? Conditions being different now than they were then would make some difference in a question of that kind.

Mr. FISH. It would have some effect, certainly; but Grover Cleveland did not oppose this type of legislation before the committee.

Mr. BLOOM. We must take the circumstances as they exist at the time. Then we were a debtor nation. Today we are a creditor nation.

Mr. FISH. The two issues are entirely different. The one before the committee has to do with an international agreement.

Mr. BLOOM. Of course, we have allowed very great latitude in all of these hearings.

Mr. FISH. I thought it was only right to put in an answer to what had been said on the subject.

Mr. BLOOM. Have you finished, Mr. FISH?

Mr. FISH. I have finished; yes.

Mr. TRIMBLE. Before we go any further, inasmuch as Mr. FISH has said that I have not discussed the resolution before the committee, that what I have said is not germane to the subject before us, and as we are considering an international conference, I want to give my views on international conferences.

In regard to an international conference for the purpose of arriving at an agreement as to what our monetary system shall be, in my opinion, it is a sham, delusion, and a snare, and those who approve of such a conference are either wittingly or unwittingly the most potent enemies of the remonetization of silver. It is an old delusion and has done important duty for the international bankers on many previous occasions.

We had an international conference in 1867, even before silver was demonetized, and any fair-minded person who will read the record of that conference will be forced to the conclusion that the verdict of that conference, which was to demonetize silver, was brought about by the influence of Senator John Sherman, of Ohio, who was Chairman of the Finance Committee of the Senate.

In 1878, 5 years after the demonetization of silver and a few months previous to the resumption of specie payment in the United States, the lower House of Congress overwhelmingly passed the Bland bill remonetizing silver at the ratio of 16 to 1. In the meantime Senator Sherman, the arch foe of bimetallism, was made Secretary of the Treasury in President Hayes' Cabinet. The passage of the Bland bill in the Senate was blocked, but a substitute bill, known as the "Bland-Allison bill", provided for a limited purchase of silver, from two to four million dollars' worth a month, and it also provided for an international conference. This bill was adopted by both Houses as the best compromise obtainable by the silver men and was vetoed by President Hayes and passed over his veto. I herewith quote an excerpt from the international conference of 1878, which portrays in a nutshell the principle of the bimetallic theory of money:

"At the Christian era the metallic money of the Roman Empire amounted to $1,800,000,000. By the end of the fifteenth century it had shrunk to $200,000,000. (Dr. Adam Smith informs us that in 1455 the price of wheat in England was 2 pence per bushel.) Population dwindled, and commerce, arts, wealth, and freedom all disappeared. The people were reduced by poverty and misery to the most degraded conditions of serfdom and slavery. The disintegration of society was almost complete. History records no such disastrous transition as that from the Roman Empire to the Dark Ages. The discovery of the New World by Columbus restored the volume of precious metals, brought with it rising prices, enabled society to reunite its shattered links, shake off the shackles of feudalism, and to relight and uplift the almost extinguished torch of civilization."

We had another international conference in 1881, another one in 1892—all with the same result, nothing done. In 1896, in the Presidential race between Bryan and McKinley, bimetallism was the paramount issue, and the only material difference between the two platforms was that the Democratic platform declared for the remonetization of silver without the advice or consent of any other nation and the Republican platform declared against bimetallism, except by an international agreement, and pledged themselves in the platform to bring about an international conference, and to that end——

Mr. FISH. According to that platform—of course, we are all party men here—we Republicans here ought to vote for this resolution and the Democrats ought to vote against it; is not that so?

Mr. TRIMBLE. Absolutely; but Republicans and Democrats, everybody who wants to take the clutches of the money power off the throats of the American people, ought to vote against international conferences, because we will not get anything but the worst of it, if we get any agreement.

And to that end, in 1897 a bill was passed by Congress authorizing the President of the United States to call or participate in an international conference, giving him authority to appoint five commissioners, and appropriated $100,000 to defray the expenses of the commission, and for 37 years that law has been available to call or participate in an international conference, and is available today for that purpose.

It has been asleep for 37 years. Now, when the silver question comes up, and when we have a great depression, we have again the old racket of an international agreement.

We have had three international conferences on international questions, and all have proved futile. We have not been able to restrict or control the sale of narcotics by an international agreement, and we have not been able to reduce armament by an international agreement. We have not been able to outlaw war by international agreement. Therefore, what hope have we to accomplish anything on our monetary system which in every country is absolutely a domestic proposition? Did we ask for an international conference in 1792, when we established our first monetary system? Did England, in 1816, ask for an international agreement when she demonetized silver? Did Germany, the United States, France. and the Latin Union demonetize silver by an international agreement?

Mr. FISH. But you did not read yesterday's newspapers.

Mr. TRIMBLE. What about?

Mr. FISH. The administration told us that isolation has ceased.

Mr. TRIMBLE. I am talking for myself and not for the administration.

The ratio between gold and silver coins is a matter that every nation will establish for the convenience of its own people and by its own laws. It is a part of the sovereign power of every nation to do this, which it cannot surrender to another power and still be independent; and in every nation it is a separate feature of home rule. It rests entirely with the law-making power of every nation to provide that the coins of foreign countries shall be or shall not be admitted through its customhouses, or shall circulate as money, or shall be legal tender, and what shall be their value, and, in the absence of such provision, foreign coins are simply bullion. They are not money in any legal sense but are mere commodities. It is undeniable, therefore, that the legal ratio between gold and silver fixed by the laws of the United States is a matter that concerns the people of this country alone and does not regulate the ratio in any other country.

He is a rash man who would place the productive or financial power of our wonderful land in the hands of the people of other lands, who wish to live and grow rich by handling our productions, so as to give them the right to regulate our money as to quantity, character, or value.

I can conceive of nothing in the line of international agreement that is so utterly impossible of accomplishment as to bring the countries that produce silver to agree with other nations that produce gold and no silver as to the price at which they shall be mutually interchangeable.

In the effort to fix an international ratio, whether pretended or real, sincere or deceptive, honest or illusory, whether intended to aid or to prevent the restoration of silver as a money metal, ignores the great fact that the domestic and the international uses of the money metals are almost entirely different. In domestic trade they are, or should be, money when they are coined under the law, and the law of usage. The statute law must absolutely fix their relative value as money; while they are mere commodities when used in commerce between the different nations, and can have no real money value that is not fixed by law in the countries where they are in actual use by the people.

To fix a ratio of weight, fineness, alloy, and value which will regulate gold and silver coins so as to make them interchangeable as money the world over, or among the great commercial nations, we must have an agreement so general as to become a canon of international law. Such a law will never be established. It is as impossible however much it may be desired.

There never was such a time in the history of this country when we should heed the admonition of the Father of our Country, "Peace, commerce, and friendly relations with all nations; entangling alliances with none."

Mr. BAKEWELL. Mr. Chairman, we have had Mr. Trimble's views very fully set forth, very amply set forth, and very interestingly set forth. We have all been interested and entertained in his presentation. But I do want to enter one brief protest against the statement that has so often been repeated by him implying that anyone who does not accept this view of his is a worshiper of the golden calf or belongs to that group of money changers that ought to be driven out of the temple.

I regret very much that we have not some sober economist to talk to us about this—a trained thinker, a clear thinker, who will present this with entire freedom from passion and partisanship, so that we could really have that side before us.

Certainly no one would accuse the distinguished scholar, the expert from the Federal Reserve Board, of being a worshiper of the golden calf. He gave us a very clear presentation. So far as I know there is scarcely a reputable economist anywhere who is not of the opinion that for America to attempt to remonetize silver and do it alone would be a fatal mistake. I do not like to have all of us simply brushed aside as minions of Wall Street. I do not like that sort of implication. A calm discussion of an important question ought not to be disturbed by an attempt to stir up feeling and ill will.

Mr. TRIMBLE. The gentleman misconstrued by intention. I think every man who believes in monometallism is just as honest and sincere.

Mr. BAKEWELL. You have not said so.

Mr. TRIMBLE. Just as sincere as I am. The trouble is, in my opinion—it is a conviction with me—I do not see how any man who understands the money question can advocate gold monometallism.

Mr. BAKEWELL. That is the reason I would like to have some sober men here who do.

Mr. TRIMBLE. The average human head is like a cake of butter or a crock of clabber. We take on the flavor of our surroundings. As men, we are creatures of environment. Ninety percent of us are either Republicans or Democrats, Protestants or Catholics, prohibitionists or antiprohibitionists, because of our environments.

For the last 60 years the great colleges of this country have been filled with economists trained on the line of the gold monometallism.

Mr. BAKEWELL. I dispute that. They have been trained on the line of sound scholarship, going back to Adam Smith and coming down. That is a misstatement of fact.

Mr. TRIMBLE. You say that is not a fact, but if you will read the report of the investigation of the Federal Trade Commission, you will see what the Power Trust is doing, which is insignificant compared to what the Money Trust has been doing. They went into the colleges and subsidized the professors. They have even purchased newspapers by the wholesale.

Mr. BAKEWELL. That is all nonsense.

Mr. TRIMBLE. That is what the money power has done.

Mr. BAKEWELL. That is nonsense; it is not true.

Mr. TRIMBLE. That was developed in their hearings, and has been proved.

Mr. BAKEWELL. It is not true.

Mr. TRIMBLE. It is proved.

Mr. BAKEWELL. No; it is not proved.

Mr. TRIMBLE Why, they admitted it.

Mr. BAKEWELL. They do not admit it. No scholar admits anything of the sort. There are a great many scholars who are entirely free on this question.

Mr. TRIMBLE. The Federal Trade Commission developed that the Power Trust went into colleges and had these people on their pay rolls, and they even bought newspapers.

Mr. FORD. Mr. Chairman, I still maintain that this is not germane to the question before us.

Mr. ALLEN. Mr. Trimble, for 2 or 3 days we have been here and have talked about conditions of 70 years ago, and we even went back to the time of Moses. What I would like to ask you is this: In your opinion would you briefly tell us what benefits would be derived from the remonetization of silver now?

Mr. TRIMBLE. I believe if you were to remonetize silver on this theory, that the volume of basic money dominates the standard of value, you would be doing the wise thing. If the unit of value means anything, it means value. We say that 23.22 grains of gold, a commodity that we make money, is the unit of value. The value of that unit depends on the volume of gold in this country.

If you remonetize silver, you practically double the volume of basic money and automatically increase the price of commodities accordingly. In other words, here we have gold which is worth, we will say, $20.67 an ounce. Suppose you were to send all the gold of the world that was available, every grain of gold, to one place and put it on board ship and start across the ocean and it goes down to the bottom of the ocean and there is just 1 ounce of gold left. What would it be worth? One gold ounce in dollars and cents would be worth $20.67. But in property you could not estimate, if you were on the gold standard, what it would be worth. It would practically buy the debts of the world.

Therefore, the volume of basic money dominates the standard of value of the unit, and the only way you can measure money is in property.

If you have plenty of money, you have cheap money, just as if you have plenty of wheat, you have cheap wheat; plenty of corn, cheap corn.

If you have scarce money, you have dear money. That is the old theory that every economist agrees on, the quantitative theory of money.

Mr. ALLEN. In your opinion do you think Congress should tell the President and the delegates and his advisers what the ratio should be?

Mr. TRIMBLE. I think the Wheeler resolution is what should be adopted. We ought to instruct our representatives over there that the ratio should not be greater than 16 to 1. Why? Because we think that is proper. That is the only basis for the ratio. It is approximately the relative production ratio of gold and silver.

From 1493 to 1931 the ratio has been less than 14 to 1.

From 1493 to 1800 it was 33 to 1, and during all of that time that we produced 33 pounds of silver to 1 pound of gold, silver had a commercial ratio of 15 to 1, or $1.38 an ounce.

From 1800 to 1870 it runs about 10½ to 1. From 1870 to 1900 it was 16 to 1, and for the last 30 years, from 1900 to 1931, it has been 10½ to 1.

Mr. BLOOM. Can we maintain that ratio?

Mr. TRIMBLE. We are the only Nation on earth that can do it. If England were in our place she would not ask for an international conference to restore silver. France maintained a ratio of 15½ to 1 for 70 years; France alone did that when, compared to us now, she was a baby. She could maintain it. Why? The reason that France, standing alone among the large nations of the world and producing no silver, could and did maintain a ratio of 15½ to 1 for 70 years was due to the fact that she passed a law which made gold and silver at the above ratio a legal tender in payment of all debts.

If either metal became less valuable than the legal ratio the debtor naturally sought the cheaper metal with which to pay his debts. This increased the demand for the cheaper metal and decreased the demand for the dearer metal. Now everyone knows that to increase the demand for a certain article automatically raises the price of that article; to decrease the demand is to lower the price of that article. Thus the French Government by making both metals absolutely equal and legal tender in the ratio of 15½ to 1 gave the debtor the option of paying his debts in either metal, and by so doing the price of the cheaper metal was raised and the dearer metal lowered, thereby maintaining the legal ratio on an even balance. Practically all economists of note, both monometallists and bimetallists, concede this principle which was proved by France in actual practice.

I maintain this country can do the same thing even more successfully, as she is one of the world's largest producers of silver and is otherwise in a more powerful position financially than was France during that period. They talk about a flood of silver. Some man came into my office and said, "Trimble, if we remonetize silver at a ratio of 16 to 1, they would flood this country with silver." I said, "Let the flood come. We have got men in this country who are worth $1,000,000, $10,000,000, $50,000,000, $100,000,000, $200,000,000, and I have never heard of anybody complaining of a flood of money. All I am afraid of is that the flood will not come."

Suppose India and China sent their silver here by the shipload, paid the express, paid the insurance, paid the commission, and had it coined into dollars or exchanged for silver certificates. What do you think they are going to do with it? Do you think they are going to send it back to China and India? Why, no. They would not send it over here for that purpose.

They are going to buy something here with it. They are going to buy our corn or cotton, our automobiles, our railroad steel, our radios, everything we make. Then you will have genuine inflation; not inflation by Government bonds, which is artificial inflation. We can go ahead now and issue billions of bonds and put that much of a debt on the people by artificial inflation, stimulate them, and then put them to sleep, and then 10 years from now we will have the same old gold-standard machine operated by the lineal descendants of the same men who are operating it now, and we will have the same depression, perhaps worse.

Mr. GRAY. You spoke of the passage of the Public Credit Strengthening Act. Just what was the date of that act?

Mr. TRIMBLE. That was in 1869.

Mr. GRAY. That was after the Civil War?

Mr. TRIMBLE. That was after the war. All of our notes, all of our bonds, every obligation of the Government up to 1869 was payable in legal tender; that is, not legal tender, but just money. You go to the bank and you give a note to the bank. You do not write out anything specifying what kind of money is to be paid. So all of our bonds, all of our debts contracted during the war, all of our United States notes, everything——

Mr. BLOOM. All obligations.

Mr. TRIMBLE. All obligations of the Government were payable in money except a few of our bonds that were sold before the war began, that were to be sold for gold, about $345,000,000. The interest on these bonds was made payable in coin, but not the principal.

Then in 1869 we passed what we called the "Credit Strengthening Act", making all obligations of the Government payable in coin, gold and silver. Then we provided to resume specie payment in 1879.

In 1873 we passed the bill demonetizing silver, and therefore when we began specie payment nothing was coin but gold, and it made all of our obligations payable in gold. Most of them were held by European bankers, and it doubled or quadrupled their purchasing power.

Let me give you a little homely illustration of what Congress did when it demonetized silver. Let us assume, for the purpose of this illustration, that corn and wheat are the only grain fit for food for mankind, that there were no substitutes in the world. There is just a certain type of land that produces corn only and the other type produces wheat only. All of this land has been developed to its highest state of cultivation, and every acre that can possibly grow those products has been discovered and used.

We find by statistics that we produce in the Western Hemisphere 84 percent of the wheat of the world and the Eastern Hemisphere produces 75 percent of the corn. The Western Hemisphere produces 84 percent of silver. The Eastern Hemisphere produces 75 percent of the gold of the world. We deliberately pass a law prohibiting mankind from eating bread made out of wheat. Let us say that wheat is silver and corn is gold. What is the result? Wheat goes down, just like silver went down. Corn in all countries on the gold-corn standard goes to the sky. We have got to send to them to get something to eat which by our law is only corn.

That is exactly what we did. We destroyed the purchasing power of silver, our own precious metal.

In 1929, the peak production of silver in the history of the world, 3 years ago, we produced twice as much silver in the United States alone as all of Europe, Asia, and Africa combined. I got this from the report of the mint.

Do you think we are going to get an international agreement to make us rich by remonetizing silver?

Mr. GRAY. At the time of the passage of this Public Credit Strengthening Act was there anything unusual at all, so far as the credit of the Government was concerned?

Mr. TRIMBLE. Not at all.

Mr. GRAY. If there was ever a time when there was a question as to the credit of the Government, had that time not passed by the close of the war?

Mr. TRIMBLE. Absolutely. We fought the Civil War with fiat money. We paid our soldiers and sailors in fiat money. When you talk about fiat money now everybody goes up in the air.

Mr. GRAY. At the time the bonds were sold, was it that time when there was some question about the credit of the Government?

Mr. TRIMBLE. As I said before, the first bonds that we sold were about $340,000,000 of bonds. We sold those for gold. We paid a discount of about $8,000,000.

Mr. GRAY. In what medium were those bonds made payable?

Mr. TRIMBLE. They were payable in money of the United States of America.

Mr. GRAY. How were those affected by the Public Credit Strengthening Act?

Mr. TRIMBLE. It just made them payable in coin, gold or silver. When they demonetized silver, it made them payable in gold, that is all.

Mr. CALDWELL. Mr. Trimble, you think that our joining an international conference of this kind would be unwise?

Mr. TRIMBLE. Absolutely, if we judge the future by the past. Now we are on the verge of an international economic conference. This Congress, in the Senate, has gone on record for free coinage of silver and the House of Representatives would pass the bill overwhelmingly, and I think to surrender now for anything but 16 to 1 is a cowardly makeshift and a surrender to the money powers.

Mr. CALDWELL. In any event, you favor the passage of the Wheeler resolution.

Mr. TRIMBLE. I think the delegates should be instructed. Why should we not instruct them? You represent the people and these delegates represent the people through you.

No people, as a whole, have ever understood the effect of laws on civilization. They have drifted along not understanding the effect of laws on their welfare, and it has been to the interest of the benefited classes, to so direct education that the people might not be enlightened.

Where greed and vanity is cultivated in a republic, the people lose sight of the elementary truths on which they started out, and then the republic drifts more rapidly toward class laws and a monarchy.

For you to understand how republics once begun may be destroyed, you must understand what effect laws may have that are intended to benefit a class. To make this clear, I will use as an illustration an old English law. It was a law that permitted the owner of land to settle it on the oldest son, to descend indefinitely from oldest son to oldest son. It is known as the law of entail. Once entailed the land could not be divided and sold to others, but would be held by the oldest living son to pass at his death to the next oldest son or other person named in the deed entailing the land. The effect of this law was that in time 99 percent of all the lands in England, Scotland, and Ireland passed into the ownership of less than 1 percent of the people, thus reducing 99 percent of the people to tenantry. It created a class that lived vain lives of idleness and luxury, while depriving others of land that would have served them for homes. Our forefathers understood the effect of this law on civilization that reduced a people to tenantry and provided against it in the constitutional laws of this country.

When people become hopelessly tenants and can see no better future for themselves, they lose pride of home and hope of the future. They can, after that, see no reason for studying public questions, seek only to provide for themselves as best they can in their position of dependents, and seek to curry favors with those upon whom they are dependent by voting with them, if they have votes, or otherwise being slavish toward those who are in the position of masters to them. No republic can exist long where a majority of its people are tenants and dependent upon others for the opportunity of making a living.

You can thus understand why any law that increases tenantry and places the opportunities of a living in the hands of a few is destructive of good government and human happiness. Instead of the law of entail, it would have been a better law to have provided that no one should own more land than was necessary for the comfort of himself and family during their natural lives.

While the evil effect of such a law was plain to our forefathers, and is plain to us, you will ask yourselves the question why the people of England permitted it. It is because the dependent people, in currying favor with those who possess the wealth and control employment, give willing submission to conditions as they are, and know, as a rule, that agitation and resentment at conditions may deprive them of temporary food and shelter.

It is also true that people may become accustomed to a system of laws and, never having known anything else, many adjust themselves to them as right—they find that public opinion accepts them as right, a public opinion molded by the dominant classes and thus surrounded on all hands by fixed conditions and customs. The young man or young woman coming of age accepts the situation as it exists and does not seek to change it.

We, too, have laws that are as effectually reducing our people to tenantry and dependency as the land law of England had assisted in thus placing the people there. And the trouble with us, as it has been with all people similarly situated, is to have them understand that it is the effect of laws that is thus working their ruin and to have those who become dependents to not lose courage, and to assist in their own emancipation.

We come mainly of the Anglo-Saxon stock, the same as England; and if the people of England will submit to class laws that reduce them to tenantry and a monarchy, wherein will our people act differently?

In the case of every republic that has gone down to its ruin there is a dead line, which when crossed, hope becomes extinct. With us, we have not yet crossed the dead line.

Politicians who know the influence class rulers have had on dependents will naturally gravitate to the political party that champions the cause of the classes; but statesmen will arise to take their places and assist those we now have in leading the producers—farmers and other laborers—in a successful peaceful revolution.

The nearer a republic becomes a nation of home owners and a people with independent employment, the nearer it approaches to a true democracy—which means the promotion and development of the human race. And the nearer a republic approaches a nation of tenants and dependents, the nearer it comes to a monarchy or empire—which means the slavery and crucifixion of the human race. When a nation, filled with dependents, becomes a monarchy, these dependents or their offspring eventually become serfs—without ambition or aspiration, degraded creatures, without hope of the future.

The monetary system of a nation is the cornerstone of the foundation upon which the Government rests. Broadly speaking, money is a medium of exchange and is as necessary to commerce and civilization as air and water is to animal life. You can live longer without money than you can without air and water, but you cannot be part of civilization.

When the Government permits a small class of men who deal in money for profit to dictate its monetary system it may be expected to end in the money dealers owning and controlling practically all the money, thereby controlling credit, inflating and deflating the price of property and commodity prices at will.

All money is a medium of exchange, but, strictly speaking, nothing is real money except that commodity or commodities which the Government designates by law to be money. After a nation has fixed what its money shall be, it then issues different forms of credit money, all of which is directly or indirectly redeemable in the commodity money to which a fixed and stable value has been given.

This is done for convenience. It facilitates the transaction of business, just as your wheat, cotton, etc., certificates facilitate the buying and selling of these commodities, but has no effect on the volume and value of the commodity.

There are two kinds of credit money, as to the material out of which they are made: One is made on paper and embraces all forms of Government and bank notes issued from time to time as are authorized by law; the other is token money. Token money is made from some metal that does not enjoy free coinage but is redeemable either directly or indirectly in primary, basic, or commodity money, which in this country is only gold.

With so much paper or metallic credit money in your possession, there is supposed to be that much redemption money to your credit with the Government. It is a check to bearer for commodity money (gold) when presented. We thus see that money primarily is a commodity property, a thing of value, possessing an exchange value with all other property.

It is absolutely imperative that you should understand the distinction between actual money and credit money, as no just comprehension of our monetary system as a science can be had without it.

I am herewith appending some statistical deductions from the 1932 Report of the Director of the Mint which will be valuable to those interested in the bimetallic system of money.

STATISTICAL DEDUCTIONS FROM REPORT OF UNITED STATES MINT FOR 1932

Production of silver in United States from 1792 to July 1, 1834; Insignificant.

From July 1, 1834, including 1847: 309,500 fine ounces; commercial value, $404,500.

Gold produced in United States from 1792 up to and including 1847: 1,187,170 fine ounces; value, $24,537,000.

Silver produced in United States from 1848 to and including 1872, 118,568,200 fine ounces; commercial value, $157,749,900.

Gold produced in United States from 1848 to and including 1872, 58,279,778 fine ounces; commercial value, $1,204,750,000.

Silver produced in United States from 1872 to and including 1931, 3,079,337,904 fine ounces; commercial value, $2,355,641,511.

Net loss to United States producers of silver due to demonetization, figuring ratio of 16 to 1, $1,625,604,165.

Gold produced in United States from 1872 to and including 1931, 164,410,045 fine ounces; commercial value, $3,398,655,300.

ANNUAL REPORT OF MINT, 1932

	Per ounce
Price of silver bullion on London market, 925 fine:	
1919	125
1920	134
New York market, 1,000 fine:	
1919	138
1920	137 83/

STATISTICAL DEDUCTIONS FROM REPORTS OF UNITED STATES MINT FOR 1930, 1931, AND 1932

The total production of gold and silver in the world for the years 1928, 1929, 1930, and 1931 is as follows:

	Fine ounces
Total gold	82,291,368
Total silver	960,313,580

During the same period the Western Hemisphere produced of this total:

Gold, 22,032,667 fine ounces, 26.77 percent of total world production.

Silver, 810,055,614 fine ounces, 84.35 percent of total world production.

The figures given for 1931 in Report of Mint for 1932 are marked "subject to revision", but no doubt are accurate enough for all practical purposes.

Production of silver and gold in the world since the discovery of America:

Fine ounces gold	1,084,835,651
Fine ounces silver	15,170,272,102

Production ratio, 13 98/100—1.

Total commercial valuation of gold, $22,413,757,117.

Total commercial valuation of silver, $19,195,587,185.

Total value of silver dollars of 371¼ grains, $19,613,644,800.

DEDUCTIONS FROM REPORT OF BUREAU OF THE UNITED STATES MINT

The United States produced 383 times as much silver bullion during the 25-year period from 1848 to 1873 as it did in the 56-year period from 1792 to 1848, or in dollars 390 times as much.

Silver coined from 1793 to 1873 by the United States Mint

Silver dollars	$8,031,238.00
Half dollars	100,541,253.00
Quarters	22,288,021.50
Dimes	9,242,079.20
Half dimes	4,880,219.40
3-cent pieces	1,282,087.20
Total silver coined from 1793 to 1873	146,264,898.30
Silver dollars coined in 1871	1,117,136.00
Silver dollars coined in 1872	1,118,600.00

More silver dollars coined in these 2 years than in any previous 4 years in United States history.

Gold coined from 1793 to 1873 by United States Mint

Double eagles	$680,466,000.00
Eagles	55,656,940.00
Half eagles	68,889,385.00
$3 pieces	1,169,883.00
Quarter eagles	26,750,302.50
Dollars	19,181,927.00
Total 1793 to 1873	852,114,437.50

There was not a single gold dollar piece coined by the United States Mint until 1849, 57 years after we established a mint, 1792, and there hasn't been a single commercial gold dollar coined since 1889, 44 years.

Prior to 1687 the value of fine silver was $1.38 per ounce, equivalent to a ratio of 15 to 1. From 1687 to 1873 the commercial ratio ran from 14.14 to 16.25. From 1873 to 1931 the commercial ratio ran from 15.93 to 71.25. From 1834 to 1873 there never was a minute that silver wasn't a premium over gold.

In other words, in 1873, before silver was demonetized, you could sell 15.93 ounces of silver and buy 1 ounce of gold, while in 1931 you would have to sell 71.25 ounces of silver to buy 1 ounce of gold as a result of demonetization. Demonetization means destroying silver's use as a commodity or basic money.

Production of gold and silver in the world since the discovery of America

[Treasury Annual Reports, 1932—Director of the Mint]

Period	Gold		Silver		Production ratio
	Fine ounces	Value	Fine ounces	Commercial value	
1493-1600	24,266,820	$501,640,000	734,125,960	$1,013,093,825	1-30.25
1601-1700	29,330,445	606,315,000	1,197,073,100	1,651,960,878	1-40.81
1701-1800	61,088,215	1,262,805,000	1,833,672,035	2,534,667,154	1-30.02
1801-40	20,488,552	423,535,000	801,155,495	1,058,101,898	1-39.10
1841-60	82,087,951	1,696,909,000	538,823,550	714,994,937	1- 6.56
1861-70	61,098,343	1,263,015,000	392,267,776	523,561,847	1- 6.42
1871-80	55,670,618	1,150,814,000	710,463,078	865,432,040	1-12.76
1881-90	51,280,184	1,060,056,000	1,004,576,877	1,043,927,353	1-19.58
1891-1900	101,647,521	2,101,241,400	1,616,373,178	1,131,299,109	1-15.90
1901-10	182,891,525	3,780,703,900	1,826,234,623	1,052,194,838	1- 9.98
1911-20	206,115,498	4,260,770,272	1,935,607,379	1,430,510,377	1- 9.39
1921-31	208,909,979	4,305,952,545	2,579,899,051	1,537,277,036	1-12.34
Total	1,084,835,651		15,170,272,102		

Production ratio, gold to silver from 1493 to 1931	1-13 98/100
Production ratio, gold to silver from 1493 to 1800	1-32 82/100
Production ratio, gold to silver from 1800 to 1870	1-10 58/100
Production ratio, gold to silver from 1870 to 1900	1-15 97/100
Production ratio, gold to silver from 1900 to 1931	1-10 60/100

REPORT ON THE CEMENT INDUSTRY (S.DOC. NO. 71)

The PRESIDING OFFICER (Mr. McGILL in the chair) laid before the Senate a letter from the Chairman of the Federal Trade Commission, transmitting, in response to Senate Resolution No. 448, Seventy-first Congress, a report relative to competitive conditions in the cement industry, which was referred to the Committee on Agriculture and Forestry.

The PRESIDING OFFICER. The Chair directs the attention of the Senator from Nebraska to this report.

Mr. NORRIS. I ask that the report of the Federal Trade Commission be printed, with an illustration, as a Senate document.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL INDUSTRIAL RECOVERY BILL

Mr. HATFIELD. Mr. President, I hail from that part of what was once known as the "Old Dominion"—Virginia—where George Washington visited and whose memory is still revered by the people who inhabit that section of what is now West Virginia.

Mr. President, in my busy professional life I have given much time and consideration to governmental affairs. Beginning with the local unit of government and coming up to and serving as chief executive of the State of West Virginia, for 4 years previous to my term as Governor I served as a member of the legislature, as Lieutenant Governor, returning to my profession after my service as Governor. Then to the service of the Government during the World War, and again returning to my profession at the conclusion of the war, and later I was elected to the Senate of the United States.

I believe in the fundamental principles enunciated by those men who established our Government. I believe, Mr. President, that it is necessary for the protection of the great masses of the people of this land that we should have competition, as it is one of the basic factors which has contributed to the rapid growth and prosperity of this country. As an example, the only monopolistic industries we find in America are uncontrollable notwithstanding efforts are made for their regulation. Such efforts are not satisfactory; they are not successful, and if we are to have a monopoly in all branches of industry, what must ultimately become of the average citizen who lives in this Republic and whose interest should be protected?

It was my pleasure on May 30, Mr. President, to discuss the so-called "national industry recovery bill." It was my purpose last evening to make further observations respecting the operation of the measure, should it become a law, but, because of the long hours to which Senators were subjected, I felt that I should not burden them with an address last evening. It may be thought, Mr. President, that my address would come in more appropriately when the conference report shall be submitted to this body on the national recovery bill, but it is not my purpose to detain the Senate; and during this interim, when the conferees are working, I desire to complete my observations, which are nothing more than a conclusion of what I started to say on May 30, when I analyzed the text that had been written by Professor Tugwell in connection with the industrial relief bill now before us.

Mr. President, the friends of the so-called "National Recovery Act" acknowledge it to be a revolutionary piece of legislation. The bill frankly abandons democracy. When I make this statement, Mr. President, I do not criticize any group or individual advocating this kind of legislation. I am discussing it as I feel it will affect the rank and file of the people of this land and the economic ills and embarrassments that will follow in its wake.

The bill socializes all industry in America. Had Karl Marx risen from the grave to write the bill, the triumph of his idea could not have been more complete. The wonder is that Stalin, czar of the godless Government of Russia, has not sooner cabled his congratulations to the White House, because this bill boldly flaunts the label, "Made in Moscow."

It is a masterpiece of spoilsmanship.

Under this bill no member of the Democratic Party need lack for a Government job.

This bill repeals the law of supply and demand.

It kotows to the red illuminati of university circles.

It enthrones a soulless technocracy.

It makes virtuous the law of the jungle.

It makes all men honest by Government fiat.

It subsidizes the drone and exalts the sluggard.

It regiments a nation.

It represents a craven surrender to the specter of fear.

It marches a nation to work in platoons, goaded to toil by Government decree.

It debauches and degrades the insignia of the United States Government by lending it to industrial banditti.

It opens up a paradise of profiteering.

It holds forth an illimitable vista of corruption, stock jobbing, and bribery.

It crucifies the farmer and whisks away the mirage of an honest farm dollar.

It invites American capital to find sanctuary in foreign lands under foreign flags.

It is an abject return to industrial vassalage.

It is a step backward to the peonage and serfdom of the Dark Ages.

It represents man's humiliating surrender to the machine.

It presupposes a Government-ordained buying spree.

It menaces freedom of the press.

It is a dictatorship not of the proletariat but of a Government bureaucracy.

It thrusts the retailers into the front-line trenches as shock troops of an adventure in economic utopianism.

It makes treasonable the merest peccadillo of economic indiscretion.

It drags forth the shadow of fine and imprisonment for anyone so simple as to cherish individual liberty.

It fastens on organized labor the steel bands of Government standardization.

It ushers in a millennium of class favoritism.

It represents the final victory of big business over the little man.

It affronts the sacred memory of Valley Forge. Washington prayed for liberty. We spurn it.

The bill regulates the American breakfast, prescribes the length of a lady's skirt, and ordains the cut of a man's coat lapel.

It unleashes a horde of janizaries to pry into every business in America.

When coupled with unbridled inflation, its possibilities beggar the imagination.

Any industrial brigand may now hoist the American flag over his plant and claim its protection.

To succeed, it must drag down the American standard of living to the level of a war-devastated and impoverished Europe.

It means that wheatless, and possibly meatless, days are here again.

Worst of all, it stigmatizes the traditional American virtues of individual worth, benevolence, thrift, prudence, personal integrity, and responsibility.

The bill exemplifies economic scholasticism in its direst aspects.

It canonizes the economic sophist and the doctrinaire.

Those whom the President has denounced as "selfish cutthroats" are now to be given an immunity bath.

There is no mystery about the bill. It is state socialism.

Mr. President, the bill expects a Government bureaucrat to possess an intimate knowledge, not of one industry but of all industry. Why should the visage of Lenin be blotted out from the magnificent murals of Rockefeller City, when the ideals of Lenin are enshrined by the American Government? The bill frankly reaches out to exercise a despotic control over all industrial production, hours of work, wages, and therefore prices. The quota system is not only sanctioned but prescribed. The Government makes out a chart of basic necessities, such as shelter, food, clothing, fuel, and transportation. Industry must conform to the blueprint, willingly or not. Is that not Marxism?

How can a foreign market be obtained for a proposed surplus when the present administration denounces economic nationalism and glories in the competitive reciprocal tariff and in some cases outright free trade? It is manifestly absurd for the Government to attempt to guarantee quotas, wages, and prices without providing absolute protection against foreign competition. There is no economic formula that I know of that can surmount this difficulty. If the Government nationalizes industry, it must protect its creation from foreign attack. Yet we have one branch of the Government fostering nationalized industry while another branch of the Government is dickering with foreign nations with a view of lowering our tariffs. Rarely has such a ridiculous paradox been presented to the American people.

In connection with the process of manufacture and distribution of merchandise, it is clearly impossible for the Government to exercise a greater foresight, or to display a greater skill in management than the individual producer and distribtuor.

Everyone remembers the mismanagement of the railroads by the Government during the war. In fact, the railroads of this country have never completely recovered from the inefficiency that reduced revenues and shattered the esprit de corps of the personnel under the conflicting orders and regulations and haphazard methods of Government dictation and absolute control.

If wages are raised, the prices of commodities must go up. If prices go up and no protective tariff is available, then, under Government management, the American manufacturer is driven from his own market by his own Government. This Government only recently rejected legislation which would permit products of American industry to combat the competition of products of countries operating with depreciated currencies. This administration actually opposed the levying of a surtax that would have protected American industry and American workingmen against foreign depreciated currencies. What then can be expected if this bill passes? We should have the spectacle of the Government opening wide its Treasury to the inroads of foreign industrialists. The denouncement is inescapable, unless there is a change of heart, and a reversion to the protective tariff, which was denounced as economic nationalism when this administration was clamoring for power.

A bird's-eye view of one of tae richest industrial areas in America affords an interesting study of the devasting possibilities of this bill. I cite a table relating to the matter, and I ask that the table may be printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. OVERTON in the chair). Without objection, it is so ordered.

The table is as follows:

Biennial Census of Manufacturers: General statistics for New York City industrial area—1929 compared with 1931

Year	Number of establishments	Wage earners [1]	Wages [2]
1931	32,131	715,134	$980,836,202
1929	36,401	916,206	1,416,881,044

Year	Cost of materials, etc. [3]	Value of products	Value added by manufacture [4]
1931	$3,004,799,991	$6,162,828,205	$3,158,028,214
1929	4,913,697,404	9,424,294,682	4,510,597,278

[1] Average number of wage earners based on the numbers reported for the several months of the year, not including salaried officers and employees.

[2] Manufacturers' profits cannot be calculated from the census figures, because no data are collected for certain expense items, such as salaries, interest on investment, rent, depreciation, taxes, insurance, and advertising.

[3] Including containers, fuel, and purchased electrical energy.

[4] Value of products less cost of materials, fuel, and purchased electric energy.

Mr. HATFIELD. Mr. President, from the foregoing it will be observed that in 1931, after payment of wages and payment for the cost of materials, there remained $2,180,000,000 with which to pay salaries of executives, interest on investment, rent, depreciation, taxes, insurance, and advertising. It is upon this surplus of value that it is proposed to make the first inroads. I quote from a recent statement

by Secretary Perkins, which appeared in the New York Times of May 23, 1933:

If we see that the wage which goes to the investor is less because the wage which goes to the worker has got to be greater, I think you will hear all over this country "aye" from people who have come to be glad to make the sacrifice in order that we may achieve unity of the American people.

According to this theory the manufacturers' profits will be the first to suffer as this fund is transferred to the wageworker. If that does not suffice, then the funds hitherto devoted to rent, depreciation, insurance, and advertising must suffer. This means not a permanent, but a temporary gain for the wageworker. A Government levy on funds for depreciation, insurance, and advertising, means in fact the progressive expropriation of the industrial plant. Carried to its logical ultimate it means that the wageworker gradually consumes his means of subsistence. There would be no fund available to replace worn out machinery. There would be no fund available to perpetuate a given industry by advertising. Herein is a double menace. It supposes that the wageworker can eat his cake and have it too. It menaces the freedom of the American press, for by denuding the press of advertising funds, it is stripped of its source of revenue.

A debt of gratitude is owed Miss Perkins for her frankness. Her plan, at first glance, is refreshing in its naïveté. But a levy of capital is not envisioned by all sponsors of this measure. They take the position that wages, and profits, too, can be elevated by Government proclamation. Miss Perkins' plan merely invites American capital to seek sanctuary under foreign flags, where conditions are less onerous and raw materials cheaper and more abundant. Should any wholesale exodus occur by reason of Miss Perkins' dicta, our whole industrial edifice, thus rotted from within, would collapse. On the other hand, if profits, as well a swages, are to advance by Government decree, then the Government has whisked away the mirage of an honest farm dollar, and nullified the Farm Relief Act.

But before entering upon that phase, let us consider the ultimate outcome of Miss Perkins' plan, in case it should meet with a success somewhat below that which she so trustfully estimates. The workers, taught by the Government itself, would justifiably continue to demand Government protection. That could only come, however, in the form of a still more tyrannous state socialism, which would make the state supreme in every avenue of life. The American man would live for the state instead of the state for him. It could not fail to impair, if not destroy, the moral fiber of America. It is doubtful if the wage workers want any such a consequence. It is doubtful if they will agree to march to work in platoons.

Mr. President, labor never had a better friend than I was when Governor of the State of West Virginia. When I became Governor on the 4th of March 1913, we immediately set out to do something worth while for labor. We gave to them one of the first compensation laws that was ever written into the statute books of any of the 48 States of the Union. That law was copied from the German law, and it was recognized in those days that the German compensation law was the best of its kind to be found in any of the nations of the world. In fact, all the legislation beneficial to labor ever enacted in West Virginia was passed during my administration.

Not only was that accomplishment brought forward in the interest and for the protection of the workingman, but a child labor law was written upon the statute books of West Virginia, an 8-hour day law, and a health law, which 33 States of the Union have copied since. That is a part of the record made during my term as Governor of West Virginia, and no laboring man can investigate my record and arrive at the conclusion that I have not dealt four square with the toilers and laborers of this land.

Mr. President, this is the road we are taking at the behest of economic utopians. Confiscation of capital, as envisioned by Miss Perkins, not only destroys the rich but impoverishes the wageworker.

I have said that the bill nullifies farm relief. Let us see how that can come about. Under the relief act the farmer is encouraged to hope for the price level of 1909–14. That means that the industrial element is to be taxed to return to the farmer a price equivalent to the following scale:

Commodity:	*Average price 1909–14*
Cotton, per pound	12.4
Corn, per bushel	64.2
Wheat, per bushel	88.4
Beef cattle, per pound	5.2
Hogs, per pound	7.24
Butter, per pound	25.5
Butterfat, per pound	26.3
Lambs, per pound	5.9
Milk, per pound	1.8

Under the proposed rise in the level of industrial wages, the cost of everything the farmer buys is again to be skyrocketed. The buying power of the farmer's dollar must continue to shrink because the wages envisioned under the Industrial Recovery Act have no limit set to them.

Mr. President, I am for the farmer. My record has always been one of advocacy of the interests of the farmer, and I stand for his receiving a worth-while return for the products of his farm. At the same time, I stand for giving the wage earner of America the opportunity to earn a wage that will purchase from the farm these products, and will leave him something for the protection of his family and for the inevitable rainy day that must come to him.

The farmer must needs seek prices far above the 1909–14 level in order to make ends meet. Indeed, one of the most vicious features of this bill is that it encourages a constant state of economic war between the industrial worker and the farm worker. Thus at a single stroke the administration has wiped out the gains that it proposed, through legislation a few weeks ago, to yield to the farmer at the expense of other elements of our population. That is where Government subsidies usually lead. That is the usual dilemma of class legislation. Here, however, is created a situation almost exactly analogous to that which signalized the War between the States. That war, at bottom, was a clash between the industrial North and the agrarian South.

Far from eliminating a similar conflict, the industrial bill arms both the agrarian and industrial elements of our population with legislative bludgeons with which to battle to the death. The rival measures do not stop short at arraying State against State; they portend bitter collisions within the various States as conflicting elements vie for domination of the government. Farmers naturally will recoil from high-priced merchandise. Industrial workers naturally will be chary of high-priced food. Who is to preserve the delicate balance between the two? Is it to be some $1,700-a-year Government clerk or some $1-a-year man with a private ax to grind? The ensuing conflict may rend the Nation.

When the socialization of American industry is linked to grave economic and political commitments across the seas, the hazard is only intensified. There is precipitated at once a crisis wherein American economy, to be successful, must sustain and support the dissimilar, antiquated, and unmechanized economies of the smallest and most backward European states. Either their standard of living must be raised to ours or ours must be lowered to theirs. There is no alternative. Lacking a protective tariff, we sink to the level of Europe; and it is proposed not merely to lower our tariffs, but to make long-time commitments, extending beyond the bounds of a single administration, disturbing friendships of 150 years, provoking international rivalries and disappointments that are the inevitable accompaniment of tariff favoritism embodied in reciprocal treaties.

The administration has omitted no effort to make the protective tariff detestable in the eyes of Americans. When the free-traders who upon their arrival in London denounced "economic nationalism" they in fact denounced the protective tariff. "Economic nationalism" is but a high-sounding word, calculated to deceive and intended to make odious in the eyes of our people the time-tried bulwark of American industry, the protective tariff. Employ-

ment of the words "economic nationalism" by the propagandists of free trade is on a parity with that other euphemism, the word "sanctions", a mild-sounding word that is utilized to conceal brute force when exercised by the League of Nations.

Mr. President, for 2 long years I have battled for legislation which would protect American industry and the employment opportunities of American labor. Repeatedly have I offered amendments which had for their purpose giving to the American wage earner the opportunity to work and to give to the American industry owner the American markets, and in each effort, because of Democratic opposition, I failed. It was only last night that the senior Senator from Massachusetts [Mr. WALSH] offered an amendment which represents in substance the amendment that I offered repeatedly. This amendment to the industrial bill authorizes the President to protect industry and labor in this country, an amendment I have been earnestly advocating for the last 2 years. The question is, Will the President invoke this principle and power that is given to him in this measure to protect the American industry by beginning and ending at the national border where understanding and control cease to us.

The conferees have this amendment under consideration, and I have no hesitancy in predicting that unless this Senate amendment prevails, there will be considerable discussion before the conferees' report is accepted.

The American people were never consulted in advance about these liberty-destroying measures. The people were not told they were voting for state socialism. Had they been aware that our Government was to kotow to the red illuminati of university circles, the people would have recoiled in indignation. He misapprehends the spirit of America who fancies this betrayal will go unpunished.

The industrial recovery bill is a threat to religion. By their own confession sponsors of the measure will strictly limit the profit motive in American economy. A trend toward the confiscation of capital in support of the measure already has been discerned in the elevated income taxes that are now declared to be a necessity. When this source is exhausted, the Government expropriators in their quest for more and more funds to sustain the gigantic Government-managed industrial machine cannot be expected to keep their hands off the $3,000,000,000 or more of tax-free church property in America.

Mr. President, I have no wish to be unduly the alarmist. I lay no claim to the gift of prophecy; but I cannot escape the recollection that in an address on October 27, 1932, I pointed out many of the perils that now confront the Nation as a result of recent intemperate and romantic leadership. I then enumerated the five perils that loomed ahead, as follows:

1. The dole.
2. A $5,000,000,000 issue of greenbacks.
3. A competitive tariff.
4. A dictatorship.
5. Extravagant disbursements from the United States Treasury, running from $5,000,000,000 to $10,000,000,000.

Mr. President, I find now that the foregoing was a most conservative prediction. Under the inflation amendment of the Farm Act my estimate was most conservative. I am not alone in that view. So distinguished an economist as Benjamin M. Anderson, Jr., of the Chase National Bank, which I believe is one of the largest in the world, says:

> Any one of the three main powers granted to the President under the Thomas amendment to the farm bill, if fully used, would generate so wild and uncontrollable a flight from the dollar, so wild and uncontrollable a speculative boom that disasters far worse than any the country has known yet would follow * * *. (From the New York Times of May 9, 1933.)

Only with sadness can I now say that my forecast fell short of the mark only in the low estimates and proportions. My concern is only for the safety and security of America. My first concern is for the 17,000,000 unemployed, and many other millions who are down at the heels, out at the elbows, and struggling for the barest subsistence. My concern is for the American war veteran who has been so shabbily treated by the present administration. My concern is not to torture the people with false hopes. My fear is for the integrity of the American Constitution. I ask nothing more than to champion the old America, which refused to stigmatize the traditional, cherished virtues of individual worth, benevolence, thrifty prudence, personal integrity and responsibility, with individual initiative and directing force behind the individual man.

Like all Utopian schemes, this bill totally disregards the human factor. If the prices of commodities are to be raised, what will make the people buy them? Experience warns us that higher prices make fewer buyers. Will not prudent Americans, when and if they become wage earners under this measure, be inclined to buy as little as possible and save as much as possible against a recurrence of the calamitous conditions that now prevail? Will all the tom-toms of advertising, even when backed by Government proclamation, prove adequate to induce another buying spree?

Such a solution cannot be anticipated, in view of the fact that more than $600,000,000 of gold is now held by American hoarders in defiance of the administration, and with Members of the Senate publicly applauding them. Nevertheless, the administration is going ahead and proposes to lend the insignia of the United States Government to every racketeer in America.

Consider the dreadful results that are not improbable. Recall the case of the Bank of the United States, an institution that falsely bore the name of our Government. Countless humble persons, believing it was a "Bank of the United States", when it had no connection whatever with the Government and had not the faintest shadow of a title to that honorable name, invested their money in this institution, only to go down in the greatest bank crash in American history.

That is an example of what comes of lending the insignia of the United States Government to private business. What, then, may be expected to happen when such elements of business as the President himself has denounced as "selfish cutthroats" are given an immunity bath by Government decree and permitted to operate underneath the folds of the American flag?

Mr. President, I believe those manufacturers who have despairingly endorsed this measure are short-sighted indeed, and unconscionable, and only favor it as an evasion of the antitrust laws which protect the consumer. With their factories idle or running on part time, with their imaginations continually oppressed by the murmurs of the multitudes of unemployed, they have, like some others in high places, surrendered to a spectre of fear. Such a course, in some cases, embodies a morality no higher than that of the Russian kulak, who embraced communism only with the idea of destroying it by sabotage from within. Some may deem such a course one of expediency, but is it not more manly to fight in the open?

It is explained that the heads of industry must yield eventually to pressure from below. I cannot agree with this premise. Considering the sufferings of the unemployed, the despair of armies of men and boys roving the Nation in quest of work, the patience and forbearance of American labor is a glorious chapter in American history. The leaders and the rank and file of American labor are as hostile to communism as are the sturdiest Tories of old England. They do not want labor reduced to a species of peonage by reason of the bondage of government standardization. Regimentation is not desired by American labor. They see dangers in minimum wages that may become maximum wages. If any American industrialist envisions that he can utilize the Government to reduce American labor to a state of vassalage comparable to that of the Middle Ages, he is entertaining an illusion.

It is true that a 1-year trial period is written into the measure, but who can predict the ultimate limit? If the measure is even partially successful, will not its principal beneficiaries seek to continue it? If it is a failure, will either the industrialist or the workingman be able to throw off the Government yoke? If the industries at the end of

the year are still in the paralyzed condition which confronts them today, how is the President of the United States or the Government of the United States to be able to lift industry to a higher level than exists at the present time? And what will the penalty of failure be? Will those who have suffered injuries by these experiments be recompensed, or will there be a complete acceptance of sovietism, the elimination of State lines, and the establishment of a dictatorship for all times?

One reason why this bill will fail to attain its object is the hypocrisy surrounding it. Monopolistic industries, seeking a guaranty of their control of industry, are assured of freedom to exploit the masses of our people through high prices, and, in addition thereto, according to press reports, they are virtually placed in control of the regulations to be issued through domination of the board who will advise the dictator herein provided for.

On the other hand, American labor seemingly has been assured that it will be guaranteed that all workers will be organized and unionized, but at what price glory, Mr. President?

The assurance given to labor, however, to my mind, contains but little guaranty of freedom or of liberty.

While the American wageworkers will have foisted upon them increased living costs of 50 percent or more, no guaranty is given that the wageworkers will secure sufficient wages to absorb this increased cost of living.

True, provision is made for the approval of codes of fair competition.

I understand that the cotton textile industry has agreed upon a code of 40 hours per week with a minimum wage of $10 per week.

Is this illustrative of how the workers are to be treated?

Will $10 per week, or 25 cents per hour, permit of workers' providing for the increase in their cost of living?

Surely, it will be admitted that all Americans, true to American traditions, seek higher standards of living for themselves and their families.

Those who represent the organized workers seemingly have overlooked the criminal clause contained in this bill, as a result of which any violation of an approved code makes one liable to a penalty—page 7, subsection F, section 3.

Mr. President, by the very nature of the measure, any resistance to its encroachments on the liberty of the individual man becomes an act of treason. Is it not an axiom that no one has a right to strike against his government? When it is considered that all violators are statutory criminals, the vision of a barbed-wire stockade for dissenters who may cherish some antiquated notion of American liberty is by no means extravagant. No one may hope to escape ignominy if he does not march with the regimented millions. To resist is to resist the Government, and that is treason. Well, sirs, I am no traitor to America. If hostility to this oppressive measure be treason, I can say, with ample historic precedent, "Then make the most of it."

From time to time in recorded history certain persons have been struck with the idea that human beings would be much happier if they would adopt a pattern of life that would minimize or eliminate entirely such obvious handicaps to good behavior as fear, greed, vanity, and lust for power. A regimented rather than a competitive society is herein envisaged. Some reformers content themselves by merely painting on a vast canvas the glories of a man-made paradise. Others, impatient at the slow evolution of humanity toward a higher and higher plane of existence, seek to propagate their ideas by force of government. That is what has now happened. This measure pays obeisance to the sophist and the doctrinaire of economics. It exemplifies economic scholasticism in its direct aspects.

The Government of the United States was the product of an evolution of thought, an effort to create a way of life in which there would be a minimum of government and a maximum of liberty. It is epitomized in the thought that the best-governed are the least-governed. The experiment followed hard on the dreams dreamed by Rousseau, Locke, Paine, Franklin, Lafayette, Washington, Jefferson, and Hamilton. We have now repudiated them by stating that the best government is the most despotic. The decision that has been taken by the sponsors of this measure is a repudiation of all that was held dear by the founders of America. It means that the alien ideas which were imported from Europe in the last few decades have gained the day over the old America.

Unbridled competition within America is declared to have produced a state of anarchy ruinous to virtue, yet it is now proposed to make all men virtuous by executive proclamation. If men are not inherently virtuous, can they be made so by Government fiat? Whereas our liberties were formerly esteemed and prized as our dearest possessions, they are now to be cast to the four winds in a panic of fear, whilst those responsible for the conduct of our Government sneer at the old landmarks and the ancient anchorages which in ordinary times brought us peace and plenty. We have now embarked upon a philosophy of "bread and circuses" without thought that such a policy was but the precursor of the doom of old Rome. All our liberties are to be yielded up at the behest of a Utopian regency, romantic in action and visionary in thought. More than a historic coincidence may lie in the proposed tax on tea. The proposed bureaucracy may prove as obtuse to economic realities as royal George the Third.

However, if industry is to be represented as such in the Government set-up of control, it merely adds an unlimited Government fiat to the extensive powers already possessed by big business. It heralds, in that sense, a final victory of big business over the little man. It portends a return to industrial feudalism. In that aspect it is a return to the lex talionis, with this difference, that what was formerly outlawed is now approved by the Government.

Mr. President, in my opinion the policies of the present administration underestimate by far the recuperative stamina of the people themselves. They clamored for relief, not for socialism. They know that all the prosperity in the world cannot compensate them for the loss of their liberties. They want jobs, a sense of independence and self-reliance; they do not want to become wards of the Government.

It is proposed to dragoon all agencies of propaganda in support of the experiment. These agencies will be found exactly as they were during the war, to publish only that which is favorable to the enterprise, to conceal anything which is unfavorable, for fear of undermining the public morale. Anyone who dares to question the authenticity of public information that comes from the Government in praise of its own wit and wisdom will be publicly stigmatized as traitorous.

The measure throws up an impenetrable barrier against scientific advancement. Should some epochal discovery threaten the stability of this Government-controlled system, its very inertia would delay if not prohibit its use altogether. The great scientific laboratories which industry has privately endowed for research in the realm of pure science would be dismantled and abandoned, for they no longer would be needed, because the bill proposes a fixation of business in its present state. Whereas private capital formerly would be eager to seize and exploit new discoveries when assured of profits commensurate to the risk, bureaucracy may prove as hostile to advancement as it was to Langley and the Wright brothers. The very fact that it is proposed to perpetuate the status quo of industry is proof, if any be needed, of this point. Under this act could electrical refrigeration have been adopted? Will the Government undertake the risk of underwriting the modernization of air-conditioned housing?

In general and in particular the constitutionality of the bill is open to the gravest doubts. Here an obscure iceman enters the picture via the Supreme Court of the United States. What a blow to Government cupidity was that which the Supreme Court struck on behalf of the humble iceman when it decreed that he had an inalienable right to enter the ice business anywhere, at any time, despite efforts to legislate him out of existence. Under the commit-

ments of this bill the Government is pledged by inference to support no business that threatens an overquota of commodities. Yet, by paradox, it is pledged to allot quotas to the least efficient branches of industry, which, in the ordinary vicissitudes of commerce, would be superseded by more desirable units.

Is it to be supposed that the Government, having assumed the management, will not be responsible for any and all financial blunders that may be made? Who, for example, is to draw the dividing line between the various branches of the fuel industry? By an Executive decree, innocently or designedly worded, coal could be so handicapped as to drive a majority of consumers to the use of oil or water power. May not the Government, in zeal to market the electricity of Muscle Shoals, drive from their markets the coals of Pennsylvania, Kentucky, Illinois, Indiana, Ohio, and West Virginia, to mention but a few of the coal-producing States? Or, cannot the process be reversed so that coal would be prescribed as fuel to the exclusion of oil or water power? Are we ready to perpetuate steam power, for example, in those industries where it is already outmoded?

If farms and industry are industrialized, it is but a step to the socialization of all America; it is only a step toward fixing fees in the building trades, fixing the fees of the architects, the lawyers, the doctors, the dentists, the poets, the painters, the musicians and artists, regardless of individual merit. It is but a short step from expropriation and nationalization of all property to State religion and exclusively State education.

Mr. President, the American people have been shamelessly betrayed. Groping through the darkness of the depression, they have been allured on and on toward the abyss of Government bankruptcy by these will-o'-the-wisps. Reduced to despair by the vicissitudes of the last 3½ years, they have wandered after false gods, and in an agony of suffering have turned for relief to the very authors of the disaster, because it was zeal to engage in a war across the seas, as exemplified by certain former war-time leaders, who have again been entrusted with power, that ultimately led us into the collapse of our entire economic structure. Only the Government regained its poise and stability. Now, it is proposed to bring to earth that last pylon of the public security.

What a moment of triumph it must be for the devoted followers of the Wilson idealism to see America at last nearly pledged to underwrite with the blood of the youth of America the 5,000 miles of new frontiers of Europe; to boast that the prosperity and, aye, the very political security of Europe is now a matter of continuing concern to the American people and the American Government! What a moment of triumph it must be for those who have unceasingly urged us to surrender American sovereignty to the superstate of the League of Nations! When the proposed consultative pact is read in conjunction with that reported to have been secretly arranged in Rome, all territorial revision of Europe's boundaries must be achieved through the League. In less than 3 months America's birthright of freedom has been riotously squandered in Utopian enterprises at home and abroad. The hand that again leads us across the seas is the hand of Franklin D. Roosevelt, but the voice is the voice of Woodrow Wilson.

To me it all seems a sinister and despicable defiance of the will of a nation which overwhelmingly voted to get out of Europe and stay out of the League. I regret to state that I have scarcely any hope that this adventure into socialism and internationalism can now be avoided. But perhaps we shall learn through bitter experience that George Washington was more sensible, and more patriotic, and had a longer vision than some of those who now plead for a dictatorship either of the right or the left.

Our ancestors who settled this land came here with the firm resolve to secure a large measure of independence and freedom for themselves and their children. To this purpose they dedicated their lives, and upon this basis they have built and supported the most perfect governmental structure that the world has ever seen. Their handiwork is evident in our industrial as well as our political growth.

Mr. President, I felt that I should complete my analysis of the idea of government advocated in Professor Tugwell's book entitled "The Industrial Discipline and Governmental Arts." This bill reflects the theories of government as laid down by this writer, and during the last 3 months there has occurred a transformation in harmony with the principles outlined in the book. The Constitution, which was designed to afford ample protection to industry and to safeguard the rights of the individual, has been disregarded. I venture to say the new theory will not be as enduring as our basic law, nor will it receive the approval of any group representing labor, agriculture, or industry. The new measures embodying these principles are not in harmony with the ideals which have carried us through the past 150 years to successful accomplishments, which have made us the envy of the world. The expressed voice, will, and vote of the people have always indicated a desire for freedom and independence so essential to the continuation of our democratic form of government. I do not believe that the elimination of competition and the establishment of a monopolistic form of government will appeal to the American people.

I favor collective bargaining for labor, but I do not favor national control of labor, which means state socialism and servitude.

Mr. President, that section of the bill which provides a program of public works for the relief of the unemployed meets with my approval and I would indeed be glad to vote for it, were it proposed as a separate measure and not linked with the socialization of industry, as provided in part I of the bill. The destructive effects of part I upon our industry will far outweigh the temporary relief granted under part II. It would seem fair to conclude that part II was attached to the bill in order to make the socialization of American industry more acceptable.

Several Members have confided to me that in the hope of stimulating employment through governmental construction they have decided to support this bill, but they resent being forced, in order to initiate the public-construction program, to endorse socialization of American industries.

Mr. President, last evening those in charge of this bill very generously permitted the passage of amendments which appeal to a great number of our people.

It is my firm belief that the conferees will strike out these amendments and the administration will force through the conferees' report.

If my prediction is borne out, it will be but another of the many manifestations of hypocrisy so evident in our governmental affairs since the advent of the "new deal."

POLITICAL ACTIVITIES OF FEDERAL OFFICEHOLDERS

During the delivery of Mr. HATFIELD's speech—

Mr. STEIWER. Mr. President——

Mr. HATFIELD. I yield to the Senator from Oregon.

Mr. STEIWER. I appreciate the Senator's kindness.

I merely desire at this time to ask unanimous consent to introduce a bill for reference to the Judiciary Committee. With respect to it, I will state that I had intended and hoped to make some comments upon the bill. I shall not ask the indulgence of the Senator to that extent, however, but shall reserve my observations for some future time.

The PRESIDING OFFICER. Without objection, the bill will be received and referred.

The bill (S. 1884) to prevent the use of Federal official patronage in elections and prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends was read twice by its title and referred to the Committee on the Judiciary.

After the conclusion of Mr. HATFIELD'S speech—

VETERANS' COMPENSATION

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a letter just received by me from Lester McCoy, of Garden City, Kans. Mr. McCoy is one of the substantial business men of southwest-

ern Kansas. He is a past commander of the Kansas Department of the American Legion; is well known and highly respected over our State.

What he says as to distressful effects of the regulations affecting compensation and allowances to veterans under the provisions of the economy bill are undoubtedly true. They are not overdrawn in the least. I might say that Mr. McCoy's letter is a mild statement of the situation compared to hundreds, aye thousands, of other letters I have received.

Mr. President, a grave injustice has been done to service men whose disabilities are service connected. A part of that injustice has been alleviated—I will not say corrected—through the compromise worked out between the Executive and the Congress this week. It is not fair, it is not just, it is not even good governmental economy, that disabled veterans should be cast out upon charity. The people want every worthy veteran suffering from service-connected disabilities to be decently cared for. That is all we are asking.

I am glad to know that under the amendment to the independent offices bill coming before us today reductions in compensation in service-connected cases will be limited to 25 percent. That is the maximum reduction most of us ever contemplated when we passed the economy bill. And I sincerely hope that the rule of reason and humanity will be used by the Veterans' Administration in passing upon those presumptive cases which are left to the discretion of the Veterans' Administration.

Also the provision that pensions for widows and orphans are to be continued at the old rates is both wise and just. That provision alone justifies the fight the Senate made for justice and humanity in carrying out the provisions of the Economy Act.

Mr. President, may I venture the hope that the Veterans' Administration will exercise more humanity and fairness in interpreting the discretion still vested in it than it did in interpreting the provisions of the economy bill as first passed? I send to the desk Mr. McCoy's letter, to be printed in the RECORD for the information of the Senate and the country.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

GARDEN CITY, KANS., *June 5, 1933.*

Hon. ARTHUR CAPPER,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR: I have no doubt but that the injustices of the regulations which have been put into effect since the passage of the so-called "economy bill" have been called to your attention by the different units and persons affected. The purpose of this letter, however, is to impress upon you the rank injustices emanating from these regulations as they affect the compensation of both Spanish-American and World War veterans.

During the past few weeks I have had the privilege of visiting with service men throughout this and adjoining States and of reviewing the effects these regulations will have upon the future lives and happiness of many of my disabled comrades. I assume that the purpose of these regulations, as they have been set forth, was not to effect severely the status of service-connected disability and those who were presumed to be service connected. It is, however, regretable to find that if the present regulations are followed many of our veterans who have been presumed to be totally disabled will now find themselves thrown upon the charity of their respective communities. It would seem to me that the first duty of an enlightened people is, or should be, the care of those less fortunate than they. In this case, however, it appears that the purpose of these regulations is designed to further humiliate those men and their families who have already borne more than their share of the misery and suffering.

Knowing something of your interest in the welfare of the veterans, I am appealing to you to use your high office to the end that you may assist the veterans of Kansas in particular, and of the Nation in general. I have recently read of your activities, both before the Veterans' Administration and the President himself, in presenting the picture of the veteran and the position in which the new regulations place him. May I commend you from the bottom of my heart for this humane and worth-while move on your part and solicit your continued efforts in this direction?

My kind regards and wishes for your continued success.

Very truly yours,

LESTER MCCOY.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. OVERTON in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reynolds
Ashurst	Costigan	Kendrick	Robinson, Ark.
Austin	Cutting	Keyes	Robinson, Ind.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McAdoo	Stephens
Borah	Fletcher	McCarran	Thomas, Okla.
Bratton	Frazier	McGill	Thomas, Utah
Brown	George	McKellar	Thompson
Bulkley	Glass	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrd	Gore	Murphy	Tydings
Byrnes	Hale	Neely	Vandenberg
Capper	Harrison	Norris	Van Nuys
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Overton	Walcott
Clark	Hayden	Patterson	Walsh
Connally	Hebert	Pope	Wheeler
Coolidge	Johnson	Reed	White

The PRESIDING OFFICER. Ninety-two Senators having answered to their names, there is a quorum present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, agreed to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. RAGON, Mr. SAMUEL B. HILL, Mr. TREADWAY, and Mr. BACHARACH were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H.R. 5208) to amend the probation law.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1129. An act to amend sections 4399, 4418, 4428, 4429, 4430, 4431, 4432, 4433, and 4434 of the Revised Statutes, as amended, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof;

S. 1514. An act authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss.;

S. 1561. An act providing for the payment of $50 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States;

S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended;

H.R. 5208. An act to amend the probation law; and

H.R. 5240. An act to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

EXECUTIVE SESSION

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Senate, under its order of yesterday, will now proceed to the consideration of executive business.

The Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. WALSH, from the Committee on Education and Labor, reported favorably the nomination of Jewell W. Swofford, of Missouri, to be a member of the United States Employees' Compensation Commission for a term of 6 years from March 15, 1933, vice Bessie Parker Brueggeman.

The VICE PRESIDENT. The nomination will be placed on the calendar.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads reported favorably the nomination of William L. Slattery, of Massachusetts, to be comptroller, Bureau of Accounts, Post Office Department, vice William E. Buffington.

The VICE PRESIDENT. The nomination will be placed on the calendar.

Mr. STEPHENS, from the Committee on the Judiciary, reported favorably the following nominations which were ordered to be placed on the calendar:

Berthol J. Husting, of Wisconsin, to be United States attorney, Eastern District of Wisconsin; and

John M. Comeford, of Wisconsin, to be United States marshal, western district of Wisconsin.

Mr. DILL, from the Committee on the Judiciary, reported favorably the nomination of Joseph A. McDonald, of Alaska, to be United States marshal, division no. 4, district of Alaska, to succeed M. O. Carlson, appointed by court, which was ordered to be placed on the calendar.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of Charles C. Wyche, of South Carolina, to be United States attorney, western district of South Carolina, which was ordered to be placed on the calendar.

Mr. BRATTON, from the Committee on the Judiciary, reported favorably the nomination of Patrick T. Stone, of Wisconsin, to be United States district judge, western district of Wisconsin, which was ordered to be placed on the calendar.

He also, from the Committee on Public Lands and Surveys, reported favorably the nomination of Maurice F. Miera, of New Mexico, to be register of the land office at Santa Fe, N.Mex., which was ordered to be placed on the calendar.

Mr. ROBINSON of Arkansas, from the Committee on Foreign Relations, reported favorably the following nominations, which were ordered to be placed on the calendar:

William E. Dodd, of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Germany.

Lincoln MacVeagh, of Connecticut, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Greece.

John Cudahy, of Wisconsin, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Poland.

Mr. FLETCHER, from the Committee on Banking and Currency, reported favorably the following nominations, which were ordered to be placed on the calendar:

John H. Fahey, of Massachusetts, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 3 years from July 22, 1932, vice Nathan Adams;

John J. Blaine, of Wisconsin, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired term of 2 years from January 22, 1932, vice Atlee Pomerene;

M. S. Szymczak, of Illinois, to be a member of the Federal Reserve Board for a term of 10 years from April 19, 1933, vice Roy A. Young, resigned; and

J. J. Thomas, of Nebraska, to be a member of the Federal Reserve Board for a term of 10 years from January 25, 1933, vice Wayland W. Magee.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Henry Clifford Jones, of Carnegie, Okla., to be collector of internal revenue for the district of Oklahoma, which was ordered to be placed on the calendar.

He also, from the same committee, reported favorably the nomination of Lyman J. Briggs, of Michigan, to be Director of the Bureau of Standards, vice George K. Burgess, deceased, which was ordered to be placed on the calendar.

Mr. TRAMMELL, from the Committee on Naval Affairs, reported sundry nominations of promotions and appointments in the Navy, which were ordered to be placed on the calendar.

Mr. LONG, from the Committee on the Judiciary, reported favorably the nomination of John A. Carver, of Idaho, to be United States attorney, district of Idaho, to succeed Hoyt E. Ray, resigned, which was ordered to be placed on the calendar.

Mr. TYDINGS, from the Committee on Patents, reported favorably the nomination of Conway P. Coe, of Maryland, to be Commissioner of Patents, vice Thomas E. Robertson, which was ordered to be placed on the calendar.

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of Robert C. Bell, of Minnesota, to be United States district judge, district of Minnesota, to succeed William A. Cant, deceased, which was ordered to be placed on the calendar.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the following nominations, which were ordered to be placed on the calendar:

William J. Keefe, of Iowa, to be judge of the United States Customs Court in New York City; and

Joseph A. McNamara, of Vermont, to be United States attorney, district of Vermont, to succeed Harry B. Amey, term expired.

THE CALENDAR

The VICE PRESIDENT. If there are no further reports of committees, the calendar is in order. The clerk will state the first nomination on the calendar.

TENNESSEE VALLEY AUTHORITY—H. A. MORGAN

The Chief Clerk read the nomination of Harcourt Alexander Morgan, of Tennessee, to be member of the board of directors of the Tennessee Valley Authority for the term expiring 6 years after May 18, 1933.

The VICE PRESIDENT. The nomination is confirmed.

The Chief Clerk read the nomination of David E. Lilienthal, of Wisconsin, to be a member of the board of directors of the Tennessee Valley Authority for the term expiring 3 years after May 18, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Francis White, of Maryland, to be Envoy Extraordinary and Minister Plenipotentiary to Czechoslovakia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of John Flournoy Montgomery, of California, to be Envoy Extraordinary and Minister Plenipotentiary to Hungary.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Robert Granville Caldwell, of Texas, to be Envoy Extraordinary and Minister Plenipotentiary to Portugal.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Alvin Mansfield Owsley, of Texas, to be Envoy Extraordinary and Minister Plenipotentiary to Rumania.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Robert P. Skinner, of Ohio, to be Ambassador Extraordinary and Minister Plenipotentiary to Turkey.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

RECONSTRUCTION FINANCE CORPORATION

The Chief Clerk read the nomination of C. B. Merriam, of Kansas, to be member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

FEDERAL HOME LOAN BANK BOARD—WALTER H. NEWTON

The Chief Clerk read the nomination of Walter H. Newton, of Minnesota, to be member of the Federal Home Loan Bank Board for the unexpired portion of the term of 2 years from July 22, 1932.

Mr. NORRIS. Mr. President, I do not suppose it makes any difference what anybody says in regard to this nomination; it will probably be confirmed anyway; but I do not want the RECORD to be silent, so far as I am concerned, on this nomination. I want the RECORD to show that I am opposed to the confirmation of Mr. Newton for this particular place. I have no idea of raising the question of Mr. Newton's ability to fill this office; but, Mr. President, I have been a Member of the Senate for a great many years, and in the very first session in which I served as a Senator I opposed an ancient unwritten rule of the Senate which theretofore had been almost universal in its application. That rule was that anyone who was personally objectionable to a Senator, and who came from that Senator's State, should not be confirmed. I concede, to begin with, that even if that rule were in full force and effect it could have no application to me in this particular case, because Mr. Newton does not come from my State; but even if the nominee came from a State other than that of the Senator who has personal objection to him, such objection always in the ancient days was considered of great weight. I do not believe in that rule, Mr. President; I probably had something to do with its abolishment. It seemed to me that when a Senator had personal objection to a nominee he ought to be required to state those objections to the Senate, or to the committee having the nomination in charge, and to let his colleagues decide whether or not his objections were valid. So I never believed in the rule, and gradually it has ceased to be observed, although some Senators at least still adhere to it. I do not want to invoke any such rule here; I do not believe it is right to apply it, and I do not want it applied. I mention it only because I do not want to influence any Senator's vote because of any personal objection I may have to the nominee.

I have tried to carry out my views in regard to that rule. I have never urged a personal objection. I sat here, Mr. President, during two administrations, day after day, when I knew that one of the chief qualifications of men who were being confirmed for offices was that they were my political enemies. I said nothing about it unless I was satisfied that the nominee did not possess the qualifications necessary to perform the official duties that would be his responsibility after confirmation, or that, for some other reason outside of personal matters, he ought not to be confirmed. I still adhere to that rule and to that practice. I am going to follow it so long as I am here.

Mr. President, I ascribe neither to the appointing power nor to any one who may have recommended this man any bad motive; I want to clear them entirely of any such suggestion. I do not know who recommended this man. I would be delighted to yield to any Senator present who would give me information on that subject. I would like to know who recommended him.

I consider this man's appointment to office as almost a slap in the face to every progressive Republican in the United States. I think if one were to go through the list of progressive Republican Members of this body he would not be able to find a single one of them who would be willing to be quoted as favorable to this nomination or to this nominee. I have not tried to ascertain, and I may be mistaken, but at the time this man was private secretary at the White House all kinds of political machinations went on there to the detriment of the Members of that wing of the Republican Party which is known as the progressive wing. I make no complaint. He had a right to do that; his chief had a right to do it. Nevertheless, I believe in good sportsmanship even among men who are not respectable citizens, even among gamblers.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I shall yield in just a moment. When such a thing has taken place I should like to see the man stand by his colors and go down with his ship, even though it may be that he is a bitter political enemy of mine. In the contest of politics that goes on from year to year, I do not have much respect for the man who allies himself with what I believe to be a very bad organization, speaking from the standpoint of benefit to the country in its broadest sense, who makes political pies and political plums one of the assets of his career. I would have much more respect for him if when his ship went down he went down with it and did not beg a place of the enemy. Now I yield to the Senator from Louisiana if he wants to ask me a question.

The VICE PRESIDENT. Does the Senator from Louisiana desire to interrogate the Senator from Nebraska?

Mr. LONG. I wanted to ask the Senator—I came into the Chamber after he had begun speaking—whether this man has been appointed as a member of the Home Loan Bank Board?

Mr. NORRIS. I understood he has been.

Mr. LONG. I am not informed as to the terms of the act. Does it require so many Democrats—a nonpartisan board?

Mr. NORRIS. I do not know whether it has to be a bipartisan board or not, but so far as——

Mr. BYRNES. That is one of its requirements.

Mr. NORRIS. I am informed, I will say to the Senator from Louisiana, that the law requires, or, I presume it has the usual stipulation that not more than three members of the board shall be members of one political party.

Mr. LONG. What committee considered this nomination—the Finance Committee?

Mr. NORRIS. I do not know that.

Mr. FLETCHER. The nomination was considered by and reported from the Committee on Banking and Currency.

Mr. BARKLEY. The Banking and Currency Committee has had charge of the investigation, and that is the committee from which this nomination comes.

Mr. LONG. Will the Senator from Nebraska permit me to ask the Senator from Kentucky what Senator recommended this nomination, if any?

Mr. BARKLEY. I have no information on that subject, I will say to the Senator from Louisiana.

Mr. NORRIS. I doubt whether we shall get any information on that subject, Mr. President.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Montana?

Mr. NORRIS. I yield.

Mr. WHEELER. My information is that the Democratic Representative—there is only one Democratic Representative from Minnesota—was not consulted nor was the Democratic national committeeman consulted. My understanding is that both the national committeeman and the Democratic Representative were opposed to this man's nomination and opposed to its being sent in. As I came into the Chamber, I heard the Senator from Nebraska say that he felt that all the progressive Republicans would be opposed to this nominee. Not only that, but the rank and file of the Democrats of Minnesota, I am sure, would be opposed to the appointment of Walter Newton. They have looked upon him——

Mr. NORRIS. I think President Roosevelt lost a hundred thousand votes in Minnesota when he appointed this man.

Mr. WHEELER. The rank and file of the Democrats in Minnesota, I am sure, look upon the appointment of Mr. Newton as one of the most obnoxious that could possibly be made from that State.

Mr. NORRIS. Mr. President, I do not care to continue the debate, but I want to repeat as I said at the beginning, that I took the floor only because it seemed to me that I would not be quite fair to close political friends who have faith in me—what few they are—if I did not state, and state openly, that I do not favor this man. I am not even going to call for a roll call on the nomination, although I have no objection, of course, to that being done. I only wanted it known that in my judgment this man is opposed by every member of that part of the Republican Party with which I happen to be classed.

Personally now, and coming down to real personal matters, I have never had a quarrel with this man. I hope I never will have. I would not do him a personal injury. I would not interfere with anything that he was seeking for his welfare if it were some private thing he were doing. But I want the country to know that while he is being honored by being put into public office, it is not even with the acquiescence of that branch of the Republican Party. I have no ill will toward him. I have no bad feeling about it. I want to be perfectly fair and I want to be clearly understood. That is all I have to say.

Mr. LONG. Mr. President, I should like to ask the Senator from Minnesota [Mr. SHIPSTEAD] a question.

The VICE PRESIDENT. The Senator from Minnesota will please give his attention.

Mr. LONG. Is this man a resident of Minnesota?

Mr. SHIPSTEAD. Yes.

Mr. LONG. Did the Senator from Minnesota recommend Mr. Newton?

Mr. SHIPSTEAD. I did not know anything about the appointment until it was on its way to the Senate.

Mr. President, I have never claimed the right as a Senator to interfere with an appointment of any President. I have never asked for patronage. I never thought I or any other Senator was entitled to it, because I have always considered that an appointment to fill a vacancy or to fill any position under the executive department is strictly a prerogative of the President. I have never liked the idea of mixing the legislative authority with that of the Executive. I have never subscribed to the theory that Senators should chase up Pennsylvania Avenue to ask the President how they should be permitted to vote on legislation, nor have I subscribed to the theory that the President should tell Senators how to vote. For that reason I do not consider this in the relation of a Senator and the President as something about which I should be consulted as a matter of my right.

I always proceed on the assumption that if the President sees fit to consult a Senator, he has a perfect right to do so. I was not consulted. I assume the President sent his nomination here for reasons that were sufficient to himself. Who recommended him to the President, if anyone, is a matter about which I have no knowledge.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. LONG. I yield.

Mr. KING. May I ask the Senator from Minnesota a question? Does he believe the provision of the Constitution which requires the Senate to advise and consent to nominations has any validity? Does he consider that it is meaningless? Does he consider there is no duty and responsibility resting upon Senators to make inquiry as to persons who are nominated and, if we believe they are not competent or if we feel they should not be confirmed for the various positions, that Senators should not act simply because the President sends in the names?

Mr. SHIPSTEAD. Mr. President, I call attention to the fact that the remarks I addressed to the Senate were addressed simply to the appointment of the candidate to fill an office. The confirmation is a prerogative of the Senate as the appointment is a prerogative of the President. I hope the remarks that I made were not understood as an argument on my part that appointment by the President necessarily requires confirmation by the Senate or that the Senate should be a rubber stamp for the President.

Mr. LONG. Mr. President, I do not know whether all the Senators heard it, but I understood the Senator from Minnesota to say he was not consulted about the matter and knew nothing about the appointment. The Senator from Minnesota takes the position that he could have been consulted by the President if the President desired to consult him.

This man Newton was nominated by Mr. Hoover for service on the circuit court of appeals. The chairman of our caucus at that time saw fit to make me one of the members of the committee to determine whether we should make an exception of the confirmation of that nomination. I do not recall that we made many exceptions, but I remember a number of appeals coming from Minnesota, and I do not remember that any of them came, except that they asked that this man be not confirmed. I may be in error, but my recollection is, and the Senator from Utah [Mr. KING] will remember about it, that it was the Democrats and Republicans of Minnesota who did not want Mr. Newton confirmed to the United States circuit court of appeals when he was appointed by Mr. Hoover.

In these closing hours of the session we naturally go through these matters quickly. I know we did in our own committee this morning, no objection particularly being made. I do not suppose the Banking and Currency Committee had time to give much consideration to Mr. Newton. The nomination came in yesterday afternoon, I am informed; and the people in Minnesota, to whom this gentleman apparently is not satisfactory, whether Republican or Democrat, have not had time to enter their protests if they desired to do so.

The man is not sponsored by a single Member of the Senate, from Minnesota or Utah or New York or any other State. The only claim to the office that is put forward in his behalf is that he was one of the family of secretaries of Hoover. No one that I know of has said anything at all to commend him. I think the Senate owes a duty to the President not only to consent, but to advise in this matter. There is nothing here that would seem to indicate that we have any particular information about the man. I do not mean to reflect on the committee at all. I know how we shot out appointments this morning. I helped shoot out some that may be as bad as this one, though I do not know.

This gentleman having once been appointed to the United States circuit court of appeals and his appointment having been held up, although that is more or less a nonpolitical position, I do not think we ought to confirm him at this time. I do not see the junior Senator from Minnesota [Mr. SCHALL] present. I am told, though I may be mistaken in this, that the Congressman from the Minnesota district opposed the appointment of the gentleman. I do not know whether that is so or not. There is nothing here to recommend the appointee. I submit if we are going to perform our prerogative at all, this is an appointment that we ought not to confirm. We ought to have more information about him, to say the least.

Mr. FLETCHER. Mr. President, may I say just a word in behalf of the committee? I think I can speak for the committee to the effect that no member of the committee seems to have been consulted about the nomination. The nomination had to be made by the President and the President had to name a Republican on the board because the other members now on the board are from the other party.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Florida yield for an observation at that point?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Arkansas?

Mr. FLETCHER. Certainly.

Mr. ROBINSON of Arkansas. I note on the calendar a memorandum "Predecessor, H. Morton Bodfish." Is it true that Mr. Bodfish goes off the Board?

Mr. FLETCHER. Yes. He is already off.

Mr. ROBINSON of Arkansas. If the Senator will permit me, I wish to state from observation of his work that Mr. Bodfish is among the best qualified men that have ever served on the board of the home-loan bank.

Mr. LEWIS. Mr. President, may I be pardoned to interrupt the Senator from Florida?

Mr. FLETCHER. I yield.

Mr. LEWIS. The gentleman whose commission expired is from Northwestern University and the State of Illinois and city of Chicago, his specialty being along the line intimated by the Senator from Arkansas. His eminent qualifications and his training fit him for the position at all times. He was rejected with no information brought to the representatives of the State of Illinois. We only know that the gentleman was rejected, with all his qualifications, probably because he was guilty of being a Democrat. I can think of nothing else as a reason for his being kicked off and someone else put in his place. That is the history.

Mr. FLETCHER. That occurred before the incoming of the present administration, though.

Mr. LEWIS. Yes.

Mr. FLETCHER. The committee considered the appointment and found there were no objections and no protests lodged. We recognized that the President's appointment had to go to a Republican somewhere; and as there were no protests or objections lodged against the appointee, we accepted the President's appointment and reported it.

Mr. LA FOLLETTE. Mr. President, will the Senator yield at that point?

Mr. FLETCHER. I yield.

Mr. LA FOLLETTE. There was very little time in which the citizens of Minnesota or other States might have an opportunity to protest between yesterday afternoon and early this morning when the committee acted on the nomination.

Mr. FLETCHER. No; the committee met the other day and considered the nomination. It was reported yesterday. It was before the committee for a day or two, and I know the committee met on the following day after the nomination came, and it was reported yesterday.

Mr. BYRNES. Mr. President, may I say with reference to the statement made that Mr. Bodfish is not now on the Board, I think the Senator from Florida should state to the Senate that under the law the terms of the members of the Board expired on March 4.

Mr. FLETCHER. That is true.

Mr. BYRNES. Mr. Bodfish is not now and has not since March 4 been a member of the Board. The gentlemen now filing the positions on the Board were appointed immediately after the 4th of March.

Mr. ROBINSON of Arkansas. Mr. President, the place formerly occupied by Mr. Bodfish has been vacant since the 4th of March. I deem it a duty to say that Mr. Bodfish collaborated with others in the preparation of the Home Loan Bank Act. He is familiar with every provision of the act. He is able and exceedingly diligent. His retirement from the Board is in my opinion unfortunate.

Mr. President, if this controversy over the pending nomination is to proceed indefinitely, I am going to make the suggestion that the nomination be passed over for the present. I make that suggestion, and I shall make a motion to that effect unless the suggestion is obnoxious to the Senate.

Mr. WHITE. Mr. President, may I say just a brief word?

There are no reasons why I should plead specially for Mr. Newton. I never knew he was considered for this place. I never knew of his nomination until the matter was brought up on the floor of the Senate this afternoon. I do not know those who favor his nomination, nor those who oppose his nomination. But I served in the House of Representatives for some 10 years of time with Mr. Newton; and in legislative experience and legislative associations we come to know something of the character and the capabilities of those with whom we so serve.

I have no hestitation in expressing the opinion that Mr. Newton is a man of ability, a man of character, and a man of courage. When those qualifications are found, I believe they entitle the person possessing them to be nominated by the President of the United States for the favorable consideration of this body and that they warrant the Senate in approving the nomination.

I cannot, of course, object to the matter's going over; but I feel that I should be disloyal to this nominee and the friendship I have for him, if I did not speak this word in his behalf.

Mr. STEPHENS. Mr. President, may I ask the Senator from Arkansas a question? I understood the Senator from Arkansas to say a moment ago that he desired to request that this nomination go over. I should like to inquire whether it can be taken up later during the day.

Mr. ROBINSON of Arkansas. Mr. President, my thought was that we should proceed with the consideration of the calendar and that the Senate, recurring to this nomination, could determine whether or not to take it up later. If the opportunity arises, we may consider it or we may refrain from doing so. In other words, I do not wish to see this entire calendar held up, and nominations defeated, because of opposition to this particular nomination.

I think it is regrettable from the standpoint of the public service that Mr. Bodfish has not been retained on this Board. He is a good man, an able man. He knows a great deal more about the law and the rules that control in the administration of the law creating the Home Loan Board than anyone else with whom I am acquainted.

Mr. BARKLEY. Mr. President——

Mr. STEPHENS. I just want to state that my reason for making this inquiry is because, if the nomination is to be considered further during the day, I desire an opportunity to be present.

Mr. BARKLEY. Mr. President, I desire to make a suggestion to the Senator from Arkansas with reference to the status of Mr. Bodfish.

As the Senator will recall, all these terms expired on the 4th of March; and for a number of weeks there was no Board at all that could function with reference to the home-loan banks. Finally, in order to obtain a quorum of the Board that might function, the President sent in the names of Mr. Stevenson, a former Member of the House from South Carolina; Mr. Webb, of Tennessee, who is also a Democrat; and Mr. Merriam, of Kansas, who is a Republican, the three members making a quorum, two of them being Democrats and one a Republican.

Of course I have no information as to why Mr. Bodfish has not been reappointed, but he retired from the Board automatically by operation of the law. For the last 3 months the place has not been filled. I do not know that any person in particular is responsible for that situation. Even if this nomination should be defeated, however, it does not carry with it any guaranty that Mr. Bodfish would be appointed to the place.

Mr. ROBINSON of Arkansas. Mr. President, certainly the statement made by the Senator from Kentucky is correct. My thought in asking that the nomination be passed over is that unless that is done the debate on this nomination and the nomination of Mr. Newton may be so protracted that consideration of other nominees for various positions will be defeated.

I do not by this suggestion preclude recurring to the pending nomination. That is left open. Of course, it is true that the defeat of Mr. Newton would not reinstate Mr. Bodfish. I merely made the statement about the efficiency of Mr. Bodfish because I believed that as a faithful and able public servant he was entitled to have the RECORD show the facts.

I have not the slightest idea that Mr. Bodfish's status is affected by the pending nomination. The gentlemen re-

ferred to, Messrs. Stevenson and Webb, who are now serving on the Board, are both able and efficient members, and I pay them that tribute very cheerfully.

Mr. McNARY. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Oregon.

Mr. McNARY. I have no objection to proceeding with the remainder of the calendar. I think, in fairness to the nominee, we should make some disposition of the matter at some time today; and it occurred to me that that might be done after the completion of the Executive Calendar.

Mr. ROBINSON of Arkansas. I ask that the pending nomination be temporarily passed over, and that the Senate proceed with the call of the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will state the next nomination on the calendar.

Mr. HATFIELD. Mr. President, I ask the attention of the senior Senator from Arkansas. I wish to inquire of the leader on the majority side whether or not the policy has been changed respecting calling to the attention of the minority Senators from a State nominations sent to the Senate by the President.

Heretofore, under a Republican majority, that courtesy was extended. That is, the minority Members on the Democratic side were always accorded the privilege of presenting either affirmatively or negatively his views upon any nominations sent to the Senate by the President under the Hoover administration before the nominee's name went to the calendar. Has that policy changed?

Mr. ROBINSON of Arkansas. Mr. President, in reply to the Senator from West Virginia I must say that I do not know that any such policy has ever prevailed. I do not know that it could prevail. In the appointment, for instance, of a Democrat from a State represented by Republican Senators the President would be very greatly handicapped if he had to secure the approval of the Senators; so I am not in a position to say as to that.

Mr. NEELY. Mr. President——

Mr. DICKINSON. Mr. President, I am wondering whether or not this is going to reflect the attitude of the Senate as to the kind of Republican who is going to receive Republican patronage.

The name of ex-Senator Blaine is coming up here for a responsible position. If this opposition is going to develop, it can be played by both groups of Republicans over here, as well as by one group. It seems to me that if there is going to be this type of procedure here the matter ought to be determined at an early date.

Mr. ROBINSON of Arkansas. Mr. President, to what type of procedure does the Senator refer?

Mr. DICKINSON. It seems that when opposition develops here, regardless of how extensive it is, immediately the name is laid aside. I have no objection to laying the name aside temporarily, but I hope this matter can be brought up later and thrashed out.

Mr. McNARY. That is the understanding.

Mr. ROBINSON of Arkansas. That was the suggestion I made.

Mr. NORRIS. Mr. President, will the Senator yield to me for a moment?

Mr. ROBINSON of Arkansas. Certainly.

Mr. NORRIS. I am moved to say something in reply to the Senator from Iowa [Mr. DICKINSON].

I have no disposition to oppose a man because he belongs to a faction of the Republican Party to which I do not belong, any more than I would oppose the nominee here because he belonged to one faction or the other of the Democratic Party. I have taken a great many doses of medicine of that kind, and I suppose I will take some more. I think my record will show that on the committee I have never opposed a man for confirmation because he belonged to a faction of the Republican Party to which I do not belong, and I would not do that now. The Senator from Iowa does not seem to get the idea at all. Nobody is trying to do that; and, as far as I am concerned, I am not even opposing this man. I simply desire to call attention to the fact that he is very obnoxious—extremely so, I think—to all progressive Republicans.

There are a great many so-called "conservative or standpat Republicans", or whatever they may be called, who could be nominated and who have been nominated, whom I most sincerely and enthusiastically support. I have never drawn such a line. I never will. If I felt about this man as I do, even if he had been a member of the progressive group, I would have said the same thing about him.

Mr. DICKINSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Iowa?

Mr. NORRIS. I yield.

Mr. DICKINSON. I was not thinking that it would be possible to reconcile the views of the Republicans. I was wondering what the attitude of the Democratic Party was going to be with reference to these designations, and my inquiry was for that purpose.

Mr. NORRIS. The Senator made the remark that "two could play at that game", or something to that effect. That is true. I have not started to play that game, however, and I do not intend to do so. I have no such idea in my mind. I do not want to cast any reflection upon any man in any party because he belongs to this faction or that faction. I thought I had made myself plain about that.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. NORRIS. I yield to the Senator.

Mr. FESS. I think the Senator misunderstood what was said, or else I misunderstood him. I thought anyone who might be named here as a Republican who was not a progressive was going to have the opposition of the Senator.

Mr. NORRIS. Oh, no; not by any means.

Mr. FESS. That was my understanding of the Senator's position; and I think that would be entirely out of order.

Mr. NORRIS. Of course, it would. I concede that. I do not want anybody to get the idea that I am that narrow-minded.

As I said, I think, in my opening remarks, for 5 or 6 years I have seen men confirmed here—the Senate did not know it; I did not call their attention to it, but I happened to know it—who were appointed to the position of postmaster and other places in my State who were good men, but apparently one of the necessary qualifications they had to possess in one or two of the congressional districts was that they were my political enemies, or they stood no show of being nominated. I have had my own friends importune me to fight those fellows and say, "You are not worthy of your friends, or the cause you have represented, unless you do it." I have always said, "I think my duty is to look into the qualifications of this man. If he possesses the qualifications I think he ought to have, I have no right to fight him because he is my political enemy."

I want the Senator to understand that exactly.

Mr. FESS. I am glad to have that explanation. I misunderstood the Senator from Nebraska, because this very phase of appointments is a matter that has produced a lot of dissatisfaction in past administrations.

For example, when President Wilson made appointments on bipartisan boards, frequently he would appoint Republicans who had supported him. I protested against that; and the same thing was done with the last administration. When President Hoover appointed a man to some bipartisan board, it naturally would present an opportunity to recomment a Democrat who had supported him. I stated to him that I did not think that was good policy; and the Senator from Arkansas [Mr. ROBINSON] will recall that I talked with him and said to him that I had reported to the President that I thought it would be a very good thing, when a Democratic appointment was to be made, that he consult with the Democratic leader of the Senate before he sent up the appointment. I was trying to be absolutely fair; and if it is sought to have this appointment rejected on some ground

other than that Mr. Newton is a regular Republican, I should resist that course.

Mr. NORRIS. I would not oppose the nomination on that ground. I want the Senator to understand that I have not asked that Mr. Newton's nomination be rejected. I particularly stated that I did not want any Senator to let his vote be controlled on account of any feeling I might have, and I will say to the Senator that I have had quite a number of telegrams from people, and quite a number of Republicans have talked to me about it since we knew of this man's nomination, and they felt that some statement ought to be made.

I do not want to control it, and I will say to the Senator that the custom, when a President has to appoint a bipartisan board, of appointing from the opposite party members who voted for him and supported him in the campaign, is quite common. That is one of the reasons why I have often urged against that kind of a board. I fought the provision for that kind of a board when the original Farm Loan Act was before us. We had quite a controversy in the Senate over it. Senator Hollis, then a Senator from New Hampshire, was the author of that provision and led the fight which resulted in its enactment into law. I made a motion to strike it out, but I was unsuccessful.

I have said before, I think, that before Senator Hollis went away, about the time he was leaving the Senate, I had the satisfaction of his telling me that he thought I was right in that fight, that what happened was that such a board became a bipartisan board, instead of a nonpartisan board. Members appointed because they were Republicans or Democrats felt they had a duty to perform as Republicans or Democrats. That has been my objection to that kind of boards all the way through.

I want to give the Senator and the Senate an illustration, which probably I have given before. After that farm bill was enacted into law, nominations were made by President Wilson. I think there were to be 5 members on the board, and under the law there could be only 3 of one party. President Wilson appointed 3 Democrats and 2 Republicans. The nominations were referred to the Committee on Banking and Currency, and at that time I happened to be a member of the Committee on Banking and Currency. Before the committee met, however, in a conversation which took place in this cloakroom just off the Senate, in my presence, although I did not participate in it, a conversation between the Republican leader on this side and some Republicans who were advising with him and talking about the probable nominations—and it was rather natural that he should have said this, when they were considering a bipartisan board—he said, "I will tell you what I think. I think we ought to have Republicans on that board who will see to it that we get our share of the patronage that board has to control."

I mention that as a fact. I presume it is rather natural that a member appointed on that kind of a board as a Republican or as a Democrat feels that he has a party duty to perform there, and that he carries that feeling into his official relations, with the result that the very object of that kind of a provision is destroyed, which is to keep the board out of politics. That kind of a policy puts it into politics. I have always opposed that kind of a provision.

We had a contest over that matter in connection with the so-called "Muscle Shoals" legislation. The question was raised in conference, when we had a provision before us that the law should be administered without any regard to politics, but nothing was said about the political faith of those who were to be members of the board.

I realize that in that kind of a board, like the Tariff Commission, most any of these commissions, there ought to be no politics. There can be no politics if they carry out the real and true intent of the law. Politics will always injure and tear down the efficiency of any board of that kind.

When the Committee on Banking and Currency met, after the farm loan bill was passed and those five nominations were sent to that committee, I will never forget the discussion that took place. I was a new member of the committee. Most of the others were older Senators. The five names were laid before the committee. Three of those men were supposed to be Democrats, two of them were supposed to be Republicans. They were names President Wilson had sent in.

The two Republicans whose names he had sent in had both supported him in the campaign, and the cry was raised at once by the Republicans, "These fellows are not Republicans, they are Democrats." But the Democrats were dissatisfied with the three Democratic nominees. They said, "These fellows have not supported the Democratic ticket half of the time in their lives. They have never gone out in campaigns, they have never been active. They are not entitled to any position because they are Democrats." Nearly 2 hours' time was taken up in a discussion of the political qualifications of those nominees. The Republicans were against the Republicans, and the Democrats were against the Democrats, in both instances because they had not been partisan enough.

I listened to the discussion. I did not participate in the debate, but after it had gone on for a long time I got up courage enough in the committee to ask a question, and that question was "Gentlemen, would it not be well now for us to consider the qualifications of these men for these particular offices to which they have been nominated?"

I have never had an idea that that kind of a board brings good government. It does not bring nonpartisan government. It makes partisanship a necessary qualification for a man to get into office. So I look with some degree of favor upon the President who does not enforce that rule very strictly.

We had on the Tariff Commission at that time men appointed by President Wilson who did not have any politics. One I can remember now, who was one of the best members the Commission had, was recognized all over the country as a great economist, who was particularly qualified, but I suppose that if one had asked him whether he was a Democrat or a Republican, he could not have told. He did not know anything about politics, he took no interest in politics, he was not a politician. But he got on that Commission, and, while I had nothing to do with his confirmation, I suppose objections were made, if he went on as a Democrat, by Democrats, and if he went on as a Republican, objections were no doubt made because he was not a good Republican.

Mr. FESS. Mr. President, I served with Mr. Walter Newton in the House of Representatives, and I had rather a high regard for his ability and his character. He was one of the young men in the House of Representatives who I thought gave great promise. Naturally, his aggressiveness would produce opposition, as is inevitable. Where anybody amounts to anything he is bound to have friends and foes.

I think that in all probability Mr. Newton, in accepting the appointment as Secretary to the President, which took him out of Congress, where he could have continued, made a mistake. I thought so at the time. Unless there is some other reason, I hope that the mere fact that this man, whom I regard as able, honest, upstanding, and upright in character, will not be held disqualified because he resigned his position as a Member of the House to accept the secretarial position with the President because the President thought that, with his relationship in the House, he could serve rather as a liaison officer between the White House and the two bodies of Congress. If that is the ground of the opposition, I think it is unfortunate.

I just rose to express my gratitude to the Senator from Nebraska for making it clear that when a bipartisan board is to be appointed, and a Republican is to be appointed, the Senator is not to take the position that any Republican who is not regarded as a Progressive Republican is not to be approved for appointment on the board. Such a policy I have always disapproved on the part of any President, and I would disapprove it at this time.

I hope, Mr. President, although I had no connection with the appointment of Mr. Newton, that he may not be rejected on any such ground as that.

Mr. ROBINSON of Arkansas. Mr. President, my object in suggesting that this nomination be temporarily passed over was to secure consideration of the other nominations

on the calendar, and then leave the Senate free to take whatever action it may choose to take regarding this particular nomination.

I do not commit myself to the doctrine that any Republican makes the best officeholder who can be secured. The Senator from West Virginia asked me a while ago whether the practice which has prevailed under previous administrations of consulting minority Senators regarding appointments from States was to be disregarded hereafter. I said to him then that I did not know that any such rule had prevailed.

Let me add to what was then stated that in the State of Arkansas no minority Senator, so far as I am informed, was ever consulted regarding a nomination when the Republican Party was in power, except in a few instances when the Republicans became involved in irreconcilable conflicts over the nominations. In one or two cases I was asked to resolve the differences over appointments between Republican factions in my State, and to choose a Republican; but being of the opinion there was not one who could fill, with distinction, the position to which he aspired, I declined to discharge that responsibility, and stated that I was not in the business of choosing among or between Republicans [laughter]; that if they wanted a real good man to take and hold the office I was ready to suggest one [laughter], but that he would be a Democrat. In one or two instances it actually happened, as Senators will remember, that Democrats were appointed.

This statement is made in order to disclose and emphasize the fact that I do not presume to discriminate against standpatters in favor of the Progressives when nominations are sent to the Senate. If I may be pardoned for saying so, they are all bad; that is to say, none are good. [Laughter.]

I have not said that I shall vote against Mr. Newton. I realize that his nomination is presented here under conditions which provoke controversy—controversy likely to be prolonged. I have enough trouble reconciling differences among Democrats to justify me in declining to reach out and undertake to resolve differences among Republicans. I will not say that I hope they will continue to exist. That would not be quite true, but it certainly would not be true if I said I thought it was any part of my business to undertake to work out their differences.

If we can pass this nomination over until other nominations shall have been considered, it seems to me that, in all probability, there will be ample time to dispose of it. If Senators prefer to vote on it now or after a measure of discussion has followed my remarks, of course, I can make no objection to that.

Mr. McNARY. Mr. President, will the Senator from Arkansas yield to me?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. ROBINSON of Arkansas. I yield to the Senator from Oregon.

Mr. McNARY. The RECORD will disclose that a few moments ago the suggestion was made by the Senator from Arkansas that this nomination go over temporarily, after I had said that I wanted action today. I think the proper course is to follow the course suggested, namely to pass it over temporarily, and after the remaining nominees shall have been confirmed, I then shall move, at the conclusion of the calling of the Executive Calendar, that this nominee be confirmed. That will bring the matter to a test and a vote.

Mr. ROBINSON of Arkansas. It was my thought that by pursuing that course and passing the nomination over temporarily we might save time.

The VICE PRESIDENT. Is there objection to passing the nomination over temporarily?

Mr. SHIPSTEAD. Mr. President, before that is done I merely want to make a few remarks in view of the remarks I have already made.

I have explained that I have always held that appointments to executive positions are the prerogative of the President; the duty of the Senate is to confirm or reject. I have followed the rule that as to qualifications of an appointee, if he were shown not to be qualified, I always voted to reject his nomination.

It is quite apparent that this appointment is personally offensive to many Senators; Mr. Newton may have done things that have been personally offensive to me, but I have never since I came to the Senate put my opposition to the confirmation of any candidate or any Senator in any vote on the grounds of personalities, and I have tried never to mix personal matters with public affairs. In view of what I have already said, I thought I had to make that statement.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas to pass the nomination over temporarily?

Mr. CONNALLY. I ask unanimous consent out of order from the Committee on Finance to report several nominations and ask that they be placed on the calendar at the appropriate place for consideration.

The VICE PRESIDENT. Without objection, the reports will be received and placed on the calendar.

Mr. FLETCHER. Mr. President, may I be permitted to say in reference to this nomination that I think all the members of the committee know Mr. Newton? It was not necessary, therefore, for anybody to come before the committee and tell them who he was. They recognize him as a man having ample ability and character for this position. He was nominated by the President, and there was no protest or opposition to him. So the committee reported his nomination favorably. That is all I have to say about that.

The present situation regarding the Board is that there are two Democrats at least on it. Mr. Stevenson and Mr. Wells are on that Board. Another name has been sent, another man who is a Democrat, Mr. Fahey, from Massachusetts. Still another name is pending before the Senate, Mr. Russell Hawkins, of Oregon, who is, I understand, a Republican. The names of Mr. Hawkins and Mr. Fahey do not appear on the calendar. I should like to inquire if the Senator from Arkansas proposes to return—there are a number of nominations which have come in here since the calendar was printed—are we going to take up these nominations, and, if so, when?

Mr. ROBINSON of Arkansas. Certainly we are going to take up those nominations. I think we will proceed with the calendar, and when those nominations shall be reached, while they may not be on the printed calendar they will still be on the calendar and subject to disposition.

May I say there are a number of nominations that have come in today? If they shall be reported by the respective committees to which they have been referred, an opportunity will be given to consider them when they shall have been reported.

Mr. HASTINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Delaware desire to submit a report?

Mr. HASTINGS. I have three reports to submit and I was going to ask unanimous consent that they be immediately considered.

Mr. McNARY. Mr. President, I suggest that they should follow the call of the calendar.

Mr. HASTINGS. Very well.

The VICE PRESIDENT. In the regular order, these reports, as the Chair understands, by unanimous consent, may be put on the calendar to follow the nominations on the calendar as it is printed. Is there objection? The Chair hears none. Is there objection now to the request of the Senator from Arkansas to pass over the Newton nomination temporarily?

Mr. TYDINGS. Mr. President, I understand the unanimous-consent agreement includes all reports of nominations made heretofore that are not on the printed calendar. Is not that correct?

The VICE PRESIDENT. The Chair assumes that it does; that all reports of committees will be interlined by the clerk, to be considered in the order in which they were reported. The Chair hears no objection to that. Is there objection to temporarily passing over the Newton nomination? The Chair hears none, and the clerk will report the next nomination on the calendar.

FEDERAL HOME LOAN BANK BOARD

The Chief Clerk read the nomination of Russell Hawkins, of Oregon, to be a member of the Federal Home Loan Bank Board.

Mr. COPELAND. Mr. President, I should like to inquire from some Senator who may have the information whether Mr. Hawkins is a building-and-loan expert.

Mr. McNARY. Mr. President, Mr. Hawkins is a resident of Portland, Oreg. He is an outstanding citizen, a successful business man, and a man of exceedingly high character, of tremendous energy, and fit in every way to serve the public in the position to which he has been nominated. He was recommended by my colleague, Mr. STEIWER, and myself to the President. We were consulted in the matter. That great territory has no representation on the Board at the present time. He has peculiar qualifications, including not only his standing as a citizen and a successful business man but other endowments which nature has given him. He has done much in the line of charitable work and has been interested in home life and home building for years. He has not been manager of any loan company, but he is as well qualified, I think, by training and experience—in fact, better qualified—than anyone now serving on the board.

Mr. COPELAND. Mr. President, if I had had any doubts about the personal qualifications of this nominee, they would have been removed by what the Senator from Oregon has said. However, I wish to call the attention of the Senate to the fact that the building-and-loan associations of this country are not having a square deal as regards appointments to the Home Loan Bank Board. So far as I know, there is not one single man upon the board or any prospect of the appointment of one who has had any training in this field.

I was much pleased with what the Senator from Arkansas said about Mr. Bodfish and also the kind words that were uttered by the Senator from Illinois [Mr. LEWIS]. If it had not been for the building-and-loan associations and the group that came here headed by Mr. Bodfish, we never would have had the law, because the building-and-loan associations, having confidence in Mr. Bodfish and in others who advocated this legislation, have put in $15,000,000, representing all the money that has been paid in from the outside, to take up the bonds of that organization. All the money has come from the building-and-loan associations. There is no other body in this country so well qualified to deal with the small mortgage and the owner of the small home as is the building-and-loan association. It is a great pity that there is not to be included in the membership of this Board some man who has had training in this line.

I took it upon myself 2 or 3 days ago to send word to the President that I had found out the feeling of the building-and-loan associations and their desire to be represented. These organizations are very strong in New York; they are strong everywhere. I doubt if there is a State in the Union where the building-and-loan association is not represented either under that name or by another name. They have built millions of houses in America. The local boards are unpaid boards; they are composed of prominent citizens of the various communities, men who are giving their time to the administration of the affairs of the local boards.

I am here to say, Mr. President, that I think it is a great mistake on the part of the President not to include in the membership of this Board someone representing the building-and-loan associations.

I have nothing in the world against Mr. Hawkins, and from what the Senator from Oregon has stated here I am convinced that he is well qualified in every other respect than the possession of expert knowledge in this field, and I shall be glad to vote for him, but I hope and I pray that the building-and-loan associations may be represented.

I think it was a great mistake—and I say it with all respect to the President—that Mr. Bodfish was not urged to remain upon the Board. He is known everywhere throughout this country in building-and-loan association circles as a man who has remarkable knowledge in this field, and would have been advantageous for the country if he could have been continued as a member of the Board.

I wish to state further that I hope the administration may be impressed by what we are saying here today about the necessity of including in the membership of the Board somebody who has expert knowledge of the building-and-loan associations.

I am going to vote for the candidate proposed by the Senator from Oregon, but I do think it is a sad mistake that a building-and-loan association man has not been appointed to membership on the Board.

WALTER H. NEWTON

Mr. LONG. Mr. President, I will have to leave the Chamber, and for fear the nomination of Mr. Newton may come up when I am not here I wish to state the grounds upon which I am opposing the confirmation of his nomination.

We were informed that Mr. Newton had not been what may be described as Republican out in the Northwestern section. However reliable this information may be, I do not know, but I think it is very reliable, although it comes, of course, through several hands; but in the Nebraska campaign for the United States Senate between the Democrats and Republicans it seems that right here in Washington the national committee made an arrangement by which the Democrats would control half the time and the Republicans would control the other half. They sought to parcel out that time here in Washington so that the Democratic candidate in Nebraska would have his time——

Mr. DILL. To what kind of time does the Senator refer?

Mr. LONG. Time on the radio. But when it came to the Republican candidate for United States Senator, who was Senator NORRIS, having his time, it was sought here to parcel it all out from Washington, instead of through the State committee in the State of Nebraska; so that the candidate of the Republican Party in the State could not have any time.

We were told, Mr. President, that one of the radio men in charge refused to allow that to go on, refused to recognize their right to parcel the time for Nebraska from Washington for the Republican and from Omaha for the Democrat. We were told that this individual was called to the Radio Commission by somebody there, and upon his defying the Radio Commission he was called to the White House by Mr. Newton himself and told that the candidate for the Republican Party, Mr. GEORGE W. NORRIS, whom Mr. Lucas was opposing at that time for the National Committee, would not allow him to be given any time over the radio.

I want my Republican friends before they act too quickly to consider the fact that there are very ample grounds and reasons why this man, with no support from any Senators at all, should not be confirmed.

I want to say something else. The Home Loan Bank Act came very near not being passed anyway. I want to say that I went over to the House of Representatives on the request of the then senior Senator from Indiana, Mr. Watson, and was asked to go and see the then Speaker of the House of Representatives and intercede with him and see if he would not lend his friendly offices. I took the Louisiana delegation in to see the Speaker at the time. We were almost under the mouths of the guns in getting that act over. My recollection is the Speaker did not warm up very much to start with in getting that measure passed, but we did get it over; and if this gentleman had not been there I am satisfied there would not have been any Home Loan Bank Act.

Under the circumstances I think we are doing a cruel injustice in two ways, being disrespectful to the Republican Party in one instance, and certainly not rewarding efficiency and good service on the other hand. I am sorry to take so much time, but some of our Republican friends think there is some partisanship in it and I wanted to assure them that there is not.

Mr. CLARK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. LONG. I yield.

Mr. CLARK. I should like to ask the Senator whether it is his intention to follow the same course of procedure in

this matter that he did on the industrial recovery bill, where, after having made a violent speech against it, he got cold feet and voted for it? [Laughter.]

Mr. LONG. Now, Mr. President, that is just like my friend from Missouri. [Laughter.] He has not yet understood that business, and neither have I. [Laughter.] I do not yet know how I voted on the industrial-recovery bill. The Senator from Missouri voted in favor of some of the provisions in the bill. The Senator from Missouri put into it a provision relating to tax-exempt securities and then turned around and voted to kill it. Is that consistency?

Mr. CLARK. I did as much as I could to improve the bill and make it as palatable as possible, but I was not able to make it palatable enough to swallow it.

RUSSELL HAWKINS

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination of Russell Hawkins? Without objection the nomination is confirmed.

INTERSTATE COMMERCE COMMISSION

The Chief Clerk read the nomination of Carroll Miller, of Pennsylvania, to be Interstate Commerce Commissioner for a term expiring December 31, 1939.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

FEDERAL TRADE COMMISSION

The Chief Clerk read the nomination of Raymond B. Stevens, of New Hampshire, to be Federal Trade Commissioner for the term expiring September 25, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

FEDERAL POWER COMMISSION

The Chief Clerk read the nomination of Basil Manly, of the District of Columbia, to be a member of the Federal Power Commission for a term of 5 years from June 22, 1933.

Mr. FLETCHER. Mr. President, may I ask when the nomination came to the Senate?

The VICE PRESIDENT. It came to the Senate yesterday.

Mr. FLETCHER. I should like to ask a member of the committee if there has been a meeting of the committee with reference to the nomination?

Mr. BARKLEY. Mr. President, I will say to the Senator from Florida that the chairman of the committee polled the members on the floor of the Senate and was authorized to make a favorable report. Practically every member of the committee signed the favorable report.

Mr. FLETCHER. I understand there was an agreement with the chairman of the committee that nominations were not to be submitted by poll.

Mr. BARKLEY. I am not sure whether it was the chairman of the committee or not, but my recollection is that it was the chairman of the committee himself who circulated the poll and obtained a favorable report.

Mr. FLETCHER. I was wondering if there had been a meeting of the committee. If there had been a meeting of the committee, then why has not the previous nomination to this Commission been reported? That is what I cannot understand. There has been a nomination before the committee for some weeks. Now we have a nomination submitted yesterday and reported out the same day, and there is yet no action at all taken by the committee with reference to the other nomination. That is strange to me. Members of the committee tell me they want to vote on it, but the chairman of the committee refuses to call a meeting so as to give them the privilege and opportunity of voting.

Mr. SMITH. Mr. President, if the Senator will allow me, I do not see the chairman of the committee here, but I was present when this matter came up and I understood that the vote was deferred on account of some member of the committee asking for time to make some investigation. My impression was that at the expiration of a reasonable time the matter was to be brought up and decided. I was under the impression that the chairman of the committee was given power, if the objection was not material or was withdrawn, to report the nomination favorably. I see another member of the committee here and if I am in error in that respect I hope he will correct me. I ask the Senator from Ohio if that is his recollection of the situation with reference to the nomination of Mr. Drane?

Mr. FESS. Mr. President, I think the chairman was not given power to report. I think he asked to consult with the President about the matter.

Mr. SMITH. I thought he desired to consult with another member of the committee.

Mr. FLETCHER. Mr. President, I also want to say that I hope the chairman of the committee will call a meeting of his committee. If he refuses to call a meeting I do not see why the committee should be helpless.

Mr. FESS. Oh, I think that is not to be attributed to the chairman. The chairman polled the committee here in the Chamber. I did not know anybody asked that there was to be a call of the committee. I did not get any call. He polled the committee on this nomination.

Mr. FLETCHER. I am not objecting to that, but why does not the chairman poll the committee on the other nomination? Why tie up one nomination and refuse to allow the committee to act on it, and then when another nomination comes in proceed to poll the committee on it immediately? That is what I am objecting to. I want fair play.

Mr. LONG. Mr. President, I happen to be a member of the committee. I do not see our chairman here. I do not mind stating that nearly all of the Senators who were polled were not satisfied with reference to the qualifications of the nominee to fill the position. I think I can say that we have a very high regard for the Senator from Florida on all recommendations. The Senator was talking about the Drane nomination?

Mr. FLETCHER. Yes. I do not object to the nomination now before us.

Mr. FESS. Mr. President, I fear the statement of the Senator from Louisiana may be misunderstood.

Mr. LONG. I am not speaking for the committee.

Mr. FESS. Every member of the committee, so far as I know, was very friendly to the nominee.

Mr. LONG. Oh, yes.

Mr. FESS. But his age was an uncertain thing, for one thing, and the vigor required for the duties of the office was something else. I think I am not unjustified in saying that the committee asked the chairman to state to the President that we would be glad to commend and approve this lovable character. I served with him and I hate to have to state that the committee felt it was unwise to go to the extent of approving him for this position, but that we would be glad to confirm him to any office where his age was not against him.

Mr. SMITH. Mr. President, may I say that that was not the result of the last meeting or at least the meeting at which I was present. That may have occurred at the meeting previously, because I was not in the city at the time the nomination first came up. At the last meeting we had it was determined that an investigation was to be made. I did not hear any statement made at that meeting that the matter should be referred to the President again.

Mr. LONG. Mr. President, the nomination of Mr. Drane is before the committee. Mr. Drane is a very elderly gentleman. He was nominated to succeed a man from Louisiana, Mr. Marcel Garsaud, who held the position up to that time. I felt that Mr. Garsaud's qualifications were such that, much as I wanted to see this job go to my State, I opposed his confirmation, and I may say that I believe it is very likely that the opposition I made prevented confirmation of his nomination. Mr. Drane I understand to be a man of the highest standing and qualifications, but we believed that the requirements for this job were absolutely beyond his capacity at his age in life. It is one of the most difficult jobs in Washington, entailing the hardest kind of work.

Mr. TRAMMELL. Mr. President, I do not think the Senate is any place to discuss the question of the qualifications of a nominee where the committee has not yet acted on

the nomination. In view of some of the statements made regarding Mr. Drane, just recently a Congressman from my State, and the fact that opposition is being based principally upon his age, I want to say that I differ a little with Senators making that contention and taking that position. Mr. Drane has not yet reached his seventieth birthday. I know of some Senators here who are very useful who have passed their seventieth birthday. They are vigorous and energetic and contribute as much to the proceedings of the Senate and the success of legislation that we have before us from time to time as any other Members of the body.

I do not much like the idea of bringing up the question of a person's age in such matters. We have too much of that in the Government anyway. In the Civil Service I know a very competent accountant who was denied an opportunity to qualify for a position because he was 46 years old, and I believe the limit is 45 years. I think that idea has been carried very much to extremes. I regret exceedingly that it seems, in its influence, to have reached the United States Senate, or at least a committee of this body.

Mr. Drane is a vigorous, energetic man, and is as capable of doing his work and as much work as any man in the Senate. With his energy and perseverance he would do as much work, if he were placed on the Commission, as any other man on the Commission. His age is not against him at all. I do not know of any man 69 years of age throughout the country with whom time has dealt more gently than it has with Mr. Drane, so far as concerns his vigor, intelligence, and devotion to public duty.

Of course, Mr. Drane's nomination is not now before the Senate, and I regret very much to see that the Senate committee has seen fit to hold up the nomination and give his age as an excuse for so doing.

The VICE PRESIDENT. Is there objection to the confirmation of Mr. Manly? The Chair hears none, and the nomination is confirmed.

COLLECTOR OF CUSTOMS—CARL E. MOORE

Mr. BARKLEY. From the Committee on Finance, I report back favorably the nomination of Carl E. Moore, of Cleveland, Ohio, to be collector of customs for customs collection district no. 41, with headquarters at Cleveland, Ohio. I ask to have it placed on the calendar.

The VICE PRESIDENT. Without objection, the report will be received and placed on the calendar.

Mr. BARKLEY. Mr. President, I do not want to appear to be crowding anybody else off the calendar for confirmation; but, inasmuch as the nomination I have just reported from the Finance Committee has been before the committee and the report was authorized some time ago, I feel disposed to ask unanimous consent for its present consideration.

The VICE PRESIDENT. The Chair will say to the Senator that an order has been made by the Senate that each report will follow the others, and nominations will be called in their regular order until the calendar is completed.

Mr. BARKLEY. Very well.

BOARD OF MEDIATION

The legislative clerk read the nomination of Vincent Y. Dallman, of Illinois, to be a member of the Board of Mediation for the term expiring 5 years after January 1, 1933.

Mr. LEWIS. Mr. President, Mr. Dallman is a very competent man, and this is a fitting nomination.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POST OFFICE DEPARTMENT

The legislative clerk read the nomination of Harrison Parkman, of Kansas, to be purchasing agent of the Post Office Department.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

DEPARTMENT OF COMMERCE

The legislative clerk read the nomination of South Trimble, Jr., of Kentucky, to be Solicitor, Department of Commerce.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of William Stanley, of Maryland, to be Assistant to the Attorney General.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Harold M. Stephens, of Utah, to be Assistant Attorney General.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Frank J. Wideman, of Florida, to be Assistant Attorney General.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of Louis Fitz-Henry to be United States circuit judge, seventh circuit.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of William J. Barker to be United States attorney, district of New Mexico.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Carl C. Donaugh to be United States attorney, district of Oregon.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of William McClanahan to be United States attorney, western district of Tennessee.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Clyde O. Eastus, of Texas, to be United States attorney, northern district of Texas.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Carl L. Sackett, of Wyoming, to be United States attorney, district of Wyoming.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Bertrand Money Bates, Jr., of Tennessee, to be United States marshal, western district of Tennessee.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

TREASURY DEPARTMENT

The legislative clerk read the nomination of Peter J. Haggerty to be Superintendent, United States Mint, San Francisco, Calif.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

BUREAU OF INTERNAL REVENUE, COLLECTORS

The legislative clerk read the nomination of Harwell G. Davis to be collector of internal revenue, district of Alabama.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Sidney P. Osborn to be collector of internal revenue, district of Arizona.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John P. Carter to be collector of internal revenue, sixth district of California.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John V. Lewis to be collector of internal revenue, first district of California.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Ralph Nicholas to be collector of internal revenue, district of Colorado.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of William E. Page to be collector of internal revenue, district of Georgia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Fred H. Kanne to be collector of internal revenue, district of Hawaii.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John R. T. Viley to be collector of internal revenue, district of Idaho.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Will H. Smith to be collector of internal revenue, district of Indiana.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles D. Huston to be collector of internal revenue, district of Iowa.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Harry D. Baker to be collector of internal revenue, district of Kansas.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Steven P. Vidal to be collector of internal revenue, district of New Mexico.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. ROBINSON of Arkansas. Mr. President, I wonder if we could not save time by confirming these nominations en bloc, unless some Senator wishes to have one or more of the nominations withheld. I ask unanimous consent that that may be done.

The VICE PRESIDENT. Is there objection to confirming these nominations en bloc?

Mr. McNARY. Mr. President, the list is nearly completed. The positions are rather important. While we have done that in the case of nominations in the Army and Navy, I think in this case it would be better to proceed in the regular course.

Mr. ROBINSON of Arkansas. I withdraw the request.

The legislative clerk read the nomination of Charles N. Robertson to be collector of internal revenue, district of North Carolina.

Mr. BAILEY. Mr. President, I wish to have that corrected to read "Charles H. Robertson."

The VICE PRESIDENT. Without objection, the correction will be made, and, without objection, the nomination is confirmed.

The legislative clerk read the nomination of J. Enos Ray to be collector of internal revenue, district of Maryland.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Eugene Fly to be collector of internal revenue, district of Mississippi.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Lewis Penwell to be collector of internal revenue, district of Montana.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of James W. Maloney to be collector of internal revenue, district of Oregon.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of David L. Lawrence to be collector of internal revenue, twenty-third district of Pennsylvania.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Alvin F. Fix to be collector of internal revenue, first district of Pennsylvania.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Robert M. Cooper to be collector of internal revenue, district of South Carolina.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles M. McCabe to be collector of internal revenue, district of Tennessee.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of William A. Thomas to be collector of internal revenue, second district of Texas.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Alexander S. Walker to be collector of internal revenue, first district of Texas.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Fred C. Martin to be collector of internal revenue, district of Vermont.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John C. Bowen to be collector of internal revenue, District of Washington.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Walter R. Thurmond to be collector of internal revenue, District of West Virginia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Thomas K. Cassidy to be collector of internal revenue, District of Wyoming.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

CUSTOMS SERVICE

The legislative clerk read the nomination of Joseph H. Lyons to be collector, Customs Service, district no. 19.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of William B. George to be collector, Customs Service, district no. 25.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles O. Dunbar to be collector, Customs Service, district no. 28.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Joseph A. Maynard to be collector, Customs Service, district no. 4.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John O'Keefe to be collector, Customs Service, district no. 34.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of James Houlahen to be collector, Customs Service, district no. 12.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Warren Van Dyke to be collector, Customs Service, district no. 11.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Verda Allison Wright to be collector, Customs Service, district no. 43.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Fred C. Pabst to be collector, Customs Service, district no. 22.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Saul Hass to be collector, Customs Service, district no. 30.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

IN THE ARMY

The legislative clerk proceeded to announce sundry nominations in the Army.

The VICE PRESIDENT. Is there objection to confirming the Army nominations en bloc?

Mr. McNARY. Mr. President, I note the absence of the ranking member of the Military Affairs Committee; but I spoke to him just a few moments ago, and he was quite well satisfied. Therefore, I have no objection.

The VICE PRESIDENT. Is there objection to confirming the Army nominations en bloc? The Chair hears none, and the nominations are confirmed.

UNITED STATES CIRCUIT JUDGE, SEVENTH CIRCUIT

Mr. LEWIS. Mr. President, at this moment may I seek information on a parlimentary point?

The VICE PRESIDENT. The Senator will state his parliamentary inquiry.

Mr. LEWIS. I am very anxious that the newly appointed judge of the circuit court of appeals to serve in Chicago shall be in a situation where he can open his court on Monday morning. May I ask in what manner the matter could be facilitated? Is it proper for me to move that the Senate notify the President at once?

The VICE PRESIDENT. If the Senate adjourns today, the notifications of confirmation will go to the President on Monday. If the Senate does not adjourn today, the only way in which the Senator could bring about the desired result would be to ask unanimous consent that the President be immediately notified.

Mr. LEWIS. I thank the Chair.

I ask unanimous consent that the President be notified of the confirmation of Judge Louis Fitz Henry to be United States circuit judge, seventh circuit.

The VICE PRESIDENT. The Senator may make that request, and it is just a question as to whether any Senator will object.

Mr. McNARY. Mr. President, I do not see any reason for making an exception in this case. As was well stated by the Vice President, if the Senate adjourns tonight, automatically the notifications will go to the President. If the Senate does not adjourn tonight, we will have an executive session on Monday, at which time the Senator can make his request.

The VICE PRESIDENT. Objection is heard.

Mr. LEWIS. Since the objection is made, I accept the suggestion of the Senator from Oregon.

The VICE PRESIDENT. That completes the calendar. The clerk will now read the nominations reported today.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of William E. Dodd, of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States to Germany.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Lincoln MacVeagh, of Connecticut, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Greece.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John Cudahy, of Wisconsin, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Poland.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

PATENT OFFICE

The legislative clerk read the nomination of Conway P. Coe, of Maryland, to be Commissioner of Patents.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

BUREAU OF STANDARDS

The legislative clerk read the nomination of Lyman J. Briggs, of Michigan, to be Director of the Bureau of Standards.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

REGISTER OF LAND OFFICE, SANTA FE, N.MEX.

The legislative clerk read the nomination of Maurice F. Miera, of New Mexico, to be register of the land office at Santa Fe, N.Mex.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES EMPLOYEES' COMPENSATION COMMISSION

The legislative clerk read the nomination of Jewell W. Swofford, of Missouri, to be a member of the United States Employees' Compensation Commission for a term of 6 years from March 15, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

FEDERAL RESERVE BOARD

The legislative clerk read the nomination of J. J. Thomas, of Nebraska, to be a member of the Federal Reserve Board for a term of 10 years from January 25, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of M. S. Szymczak, of Illinois, to be a member of the Federal Reserve Board for a term of 10 years from April 19, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

MARINE CORPS

The legislative clerk read the nomination of Midshipman Gerald Roland Wright to be a second lieutenant in the Marine Corps, revocable for 2 years, from the 1st day of June, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

IN THE NAVY

The legislative clerk proceeded to announce sundry nominations in the Navy.

The VICE PRESIDENT. Without objection, the Navy nominations will be confirmed en bloc. The Chair hears no objection, and the nominations are confirmed.

FEDERAL HOME LOAN BANK BOARD

The legislative clerk read the nomination of John H. Fahey, of Massachusetts, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 3 years from July 22, 1932.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

RECONSTRUCTION FINANCE CORPORATION

The Vice President read the nomination of John J. Blaine, of Wisconsin, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired term of 2 years from January 22, 1932.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POST OFFICE DEPARTMENT

The legislative clerk read the nomination of William L. Slattery, of Massachusetts, to be comptroller, Bureau of Accounts, Post Office Department.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of Henry Clifford Jones, of Carnegie, Okla., to be collector of internal revenue for the district of Oklahoma.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COLLECTOR OF CUSTOMS

The legislative clerk read the nomination of William H. Gilliland, of Texas, to be collector of customs at Port Arthur, Tex.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of Berthol J. Husting, of Wisconsin, to be United States attorney, eastern district of Wisconsin.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Patrick P. Stone, of Wisconsin, to be United States district judge, western district of Wisconsin.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles C. Wyche, of South Carolina, to be United States attorney, western district of South Carolina.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Joseph A. McDonald, of Alaska, to be United States marshal, division no. 4, district of Alaska.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John M. Comeford, of Wisconsin, to be United States marshal, western district of Wisconsin.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Robert C. Bell, of Minnesota, to be United States district judge, district of Minnesota.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John A. Carver, of Idaho, to be United States attorney, district of Idaho.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of William J. Keefe, of Iowa, to be judge of the United States Customs Court in New York City.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Joseph A. McNamara, of Vermont, to be United States attorney for Vermont.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. HASTINGS. Mr. President, from the Committee on the Judiciary I report back favorably three nominations on behalf of the Senator from Utah [Mr. KING].

The first is the nomination of Ralph J. Rivers, of Alaska, to be United States attorney, division 4, District of Alaska. I ask unanimous consent for the consideration of the nomination at this time.

The VICE PRESIDENT. Is there objection? The Chair hears none, and, without objection, the nomination is confirmed.

Mr. HASTINGS. Likewise the nomination of William A. Holzheimer to be United States attorney, division no. 1, District of Alaska. I ask unanimous consent for the consideration of that nomination.

The VICE PRESIDENT. Is there objection? The Chair hears none, and, without objection, is confirmed.

Mr. HASTINGS. Also the nomination of George C. Sweeney, of Massachusetts, to be Assistant Attorney General. I ask unanimous consent that that nomination be considered at this time.

The VICE PRESIDENT. Is there objection? The Chair hears none, and, without objection, the nomination is confirmed.

That completes the list of nominations.

Under the order of the Senate, the Senate returns to the question of the confirmation of Mr. Newton. The question is, Shall the Senate advise and consent to the nomination of Mr. Newton?

FEDERAL HOME LOAN BANK BOARD—WALTER H. NEWTON

Mr. LONG. Mr. President, so many of the Senators who are interested in this matter are in committees that I should like to inquire of the Chair, what have we for consideration in case we lay this nomination aside a little longer?

The VICE PRESIDENT. The Senate would be in session.

Mr. LONG. Have we anything else on the calendar besides that?

The VICE PRESIDENT. The Chair has not consulted the Senator from Arkansas [Mr. ROBINSON] or the Senator from Oregon [Mr. MCNARY], the selected leaders of the two parties of the Senate, whom the Chair always recognizes with reference to policy.

Mr. LONG. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Robinson, Ind.
Ashurst	Cutting	Keyes	Russell
Austin	Dale	King	Schall
Bachman	Davis	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Smith
Barbour	Dill	Lonergan	Steiwer
Barkley	Duffy	Long	Stephens
Black	Erickson	McAdoo	Thomas, Okla.
Bone	Fess	McCarran	Thomas, Utah
Borah	Fletcher	McGill	Thompson
Bratton	Frazier	McKellar	Townsend
Brown	George	McNary	Trammell
Bulkley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Gore	Neely	Van Nuys
Byrnes	Hale	Norris	Wagner
Capper	Harrison	Nye	Walcott
Caraway	Hastings	Overton	Walsh
Carey	Hatfield	Patterson	Wheeler
Clark	Hayden	Pope	White
Connally	Hebert	Reed	
Coolidge	Johnson	Reynolds	
Copeland	Kean	Robinson, Ark.	

The PRESIDING OFFICER (Mr. COPELAND in the chair). Ninety-three Senators have answered to their names. A quorum is present.

FRENCH BROAD RIVER BRIDGE, TENN.

Mr. SHEPPARD. I report favorably from the Committee on Commerce the bill (S. 1872) to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport road between Jefferson and Cocke Counties, Tenn., and I call the attention of the Senator from Tennessee to the bill.

Mr. MCKELLAR. Mr. President, this bill merely extends the time for the building of a bridge, and I ask unanimous consent for the immediate consideration of the bill.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

That the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport road between Jefferson and Cocke Counties, Tenn., authorized to be built by the Highway Department of the State of Tennessee, by an act of Congress approved February 6, 1931, are hereby extended 1 and 3 years, respectively, from February 6, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

AWARDS AGAINST GERMANY

Mr. LA FOLLETTE. Mr. President, from the Committee on Finance I report favorably House Joint Resolution 183, extending for 1 year the time within which American claimants may make application for payment under the Settle-

ment of War Claims Act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Commission, and submit a report thereon (No. 140).

After making a brief statement as to what the resolution contains, I shall ask unanimous consent for its immediate consideration.

Mr. McNARY. Mr. President, did I understand the Senator to say that this had been ordered reported from the Committee on Finance?

Mr. LA FOLLETTE. Yes.

Mr. McNARY. A unanimous report?

Mr. LA FOLLETTE. Yes.

Mr. McNARY. What is the measure?

Mr. LA FOLLETTE. It is a joint resolution, which has been passed by the House of Representatives, to extend for 1 year the time within which those who have received rewards in the settlement of war-claims awards as a result of settlements by the Claims Commissions may file applications for payment.

When Congress originally passed the act, it provided for 5 years, and on the recommendation of the House committee, and the House, and the Secretary of the Treasury, it is recommended that an additional year be given those claimants who have received awards, but who have not as yet made application for their payments. It does not extend the time in which claims can be filed. There is such legislation pending, but the committee felt that that was a more controversial matter and should not be taken up for consideration at this time.

If the Senator would be interested, I should be glad to read to him a few paragraphs from the letter of the Secretary of the Treasury which explains the need for this legislation.

The PRESIDING OFFICER. Is there objection to immediate consideration?

Mr. LA FOLLETTE. I was going to make a statement, in all fairness, before I asked unanimous consent.

Mr. McNARY. Mr. President, I will probably have no objection to the substance of the joint resolution. However, the unfinished business is the confirmation of Mr. Newton.

Mr. LA FOLLETTE. I do not wish to delay that, and if this leads to any debate, I will not press it.

Mr. McNARY. Very well. I have no objection, if it can be passed without debate.

Mr. LA FOLLETTE. I just wish to make a brief statement as to what the joint resolution provides, so that the Senate may know what is proposed to be done.

I read from the letter of the Secretary of the Treasury, dated May 8, and addressed to the Speaker of the House of Representatives:

> I have the honor to transmit herewith for consideration by the Congress a draft of a proposed joint resolution to amend the Settlement of War Claims Act of 1928 for the purpose of extending for 1 additional year from March 10, 1933, the time within which American nationals who have obtained awards from the Mixed Claims Commission, United States and Germany, or from the Tripartite Claims Commission, United States, Austria, and Hungary, may make application to the Treasury for payment of such awards.

That is all the joint resolution seeks to do, and I ask unanimous consent for its immediate consideration.

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed, as follows:

> *Resolved, etc.*, That subsection (g) of section 2 and subsection (f) of section 5 of the Settlement of War Claims Act of 1928, as amended by Public Resolution No. 27 (72d Cong.), approved June 14, 1932, are further amended, respectively, by striking out the words "5 years" wherever such words appear therein and inserting in lieu thereof the words "6 years."

Mr. NEELY. Mr. President, the Senate Banking and Currency Committee's recent disclosures should impel all of the anarchists on the globe to pay homage to J. P. Morgan, the mighty monarch of money. They should bring sacrifices to his stately temple, burn incense on his gilded altar, and prostrate themselves before his plutocratic throne in appreciation of his financial practices which have shaken the confidence of millions in the rectitude of existing government and the justice of existing law.

Soviet Russia, the resourceful, industrious, and tireless fomenter of world-wide revolution against the capitalistic system, should officially decorate Mr. Morgan for his distinguished service to the cause of bolshevism, and crown him for having made more nihilists and more converts to the political philosophy and fallacy of Lenin by 36 months of tax dodging than a horde of soap-box orators could have made in a hundred years.

For more than a generation the postgraduate exploiters, who have composed the House of Morgan, have enjoyed unparalleled prosperity, and unsurpassed privileges under Federal law. In recent years the Treasury has, without investigation, obligingly accepted as correct the income-tax returns which Mr. Morgan and his partners have submitted. These favored financial necromancers and pampered governmental pets have not been annoyed by curious revenue agents inquiring into the profits of their far-flung, diversified, questionable operations.

The liberality of our laws and the laxity of their enforcement have permitted the House of Morgan to arrogate to itself the power of financial life and death over the country's transportation facilities; its vast network of electric light and power companies; its banking institutions; and the production and distribution of a large part of the necessaries of daily life.

Mr. Morgan has, from his throne of privilege and security in the United States, extended his financial influence to every inhabited country. The companies which he completely or partially controls have, with their telegraph and telephone wires and ocean cables, encircled the globe. There is no nation that does not contribute to the Morgan wealth; there is no race that does not add to the Morgan profits; there is no great international enterprise that does not come within the Morgan grasp or greed.

By common consent Mr. Morgan is one of the richest men of all time and place. Many believe that he is the wealthiest American, living or dead. His millions defy computation; his world-wide power staggers the mind; his financial magnificence stuns the imagination. "He doth bestride the narrow world like a Colossus, and petty men walk under his huge legs and peep about to find themselves dishonorable graves."

During the last 3 years Mr. Morgan and his partners collected from the public for so-called "securities" more than a billion a hundred twenty million dollars. According to the estimate contained in an illustrated article which appeared in the papers on the 28th day of May, the profits of the House of Morgan on these sales alone amounted to more than $44,000,000. During these 3 years Mr. Morgan, the multimillionaire, the recipient of a fourth of these profits and of additional millions of income from innumerable other sources, did not pay the Federal Government a single cent of income tax. In 2 of these years Mr. Morgan's numerous wealthy partners emulated his tax-dodging example and paid nothing from their incomes to the Federal Treasury. With unrestrained resentment and undisguised alarm the people have learned that for 3 successive years America's richest man, and for 2 successive years its wealthiest group of men, paid no tax on their swollen incomes and thus failed to lend financial support to the Government which had so long and so effectively protected, enriched, and favored them.

If this startling tax-dodging information had been supplied by anyone but a Morgan spokesman, it would have been deemed too preposterous for consideration, too inflammatory for publication, too monstrous for mortal belief. But the members of the House of Morgan themselves have written this shameful, shocking revelation into the record of the Senate's investigation where it will remain forever as a melancholy memorial to the immorality, the greed, and the barbarity of plutocracy at its highest tide in American history.

During the years that Mr. Morgan dodged his tax the congressional clerks, whose salaries were as low as a hundred and fifty dollas a month, patriotically paid a tax on their incomes. Thousands of wage earners, whose incomes did not exceed $1,800 a year, discharged their duties as good citizens by dedicating a substantial part of their earnings to the payment of their taxes.

Let us hope that Mr. Morgan will enlighten us concerning his own standard of conduct to his country by informing the committee that is investigating him the minimum number of millions a year in gross profits that will constrain him to pay at least a nominal tax on his income.

Within the 3 years that Mr. Morgan escaped the payment of an income tax, more than 140,000 American farmers had the last acre of their ground sold from under their feet in satisfaction of their taxes which they were too poor to pay. During the same period thousands of faultless, jobless working men had the roofs sold from over their heads to satisfy their taxes. But Mr. Morgan, the mightiest of millionaires, with his palatial English manor house, his mansions in New York City and Glen Cove, Long Island, his shooting lodge in Scotland, his luxurious sea-going yacht *Corsair* that cost millions, his innumerable priceless treasures of art collected from the four corners of the earth, with all of his superfluities of luxury, power and pelf, he was not moved by the heart-breaking tragedies in the lives of the Nation's distressed to contribute a farthing of his income to the support of the Federal Government and thereby relieve the unfortunate of a part of their burdens.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Nebraska?

Mr. NEELY. I am glad to yield to the Senator.

Mr. NORRIS. The Senator just mentioned the yacht of Mr. Morgan. I wonder if he is right. It seems to me the name of this yacht is "*Corsair II*", is it not? I wonder if the Senator could enlighten us about that historic name.

Mr. NEELY. Does the Senator mean why the yacht was so named?

Mr. NORRIS. Yes.

Mr. NEELY. Presumably because "Corsair" means one who plunders on land or sea, and the name was therefore entirely appropriate.

Mr. President, whether Mr. Morgan's tax evasions are within or without the letter of the Federal law, what must be the judgment of this financially embarrassed Nation against its richest man who, upon any pretext or under any claim of exemption, failed to contribute anything to the expense of maintaining the Government during the most trying peace-time period of its entire existence.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Texas?

Mr. NEELY. I gladly yield to the Senator from Texas.

Mr. CONNALLY. Let me say to the Senator right there that the bill which we passed last night, as reported from the Senate committee, carries provisions which will prevent the repetition of what the Senator is complaining of.

Mr. NEELY. Let us hope that this new law in its operation against tax dodgers will be as drastic as the laws of Draco.

Mr. CONNALLY. It undertakes to prevent it but, of course, nothing can prevent some things happening.

Mr. NEELY. Certainly not when Mr. Morgan is in control.

Mr. President, in what esteem will Mr. Morgan be held by the bankrupt farmers, whose homes were sold for taxes, when they reflect that Mr. Morgan, the modern Midas, whose millions are more numerous than the dimes of the average man, for 3 years failed to contribute any of his huge income to the Federal Treasury?

What will the innumerable jobless toilers, who have seen the last of their earthly possessions sold to pay their taxes, think of the justice of the law under which the mighty Morgan and his affluent partners paid no income tax at all?

When the disabled veterans of our various wars remember that Mr. Morgan's tax dodging contributed to the necessity which caused their compensation to be diminished or discontinued; when they recall that they freely gave their bodies to their country's cause in time of war and that Mr. Morgan three times refused to give any of his income to the country's Treasury in time of peace, what will be their judgment against him? Will it not be similar to the doom of the selfish king and his wicked kingdom which the mysterious finger of God wrote upon the plaster of a Babylonian palace wall 24 centuries ago? Will not the veterans, in the bitterness of their souls, cry out to Mr. Morgan, "Thou art weighed in the balances and found wanting. Thy kingdom is finished forever and forever"?

If Mr. Morgan's failure to pay tax on his millions of gross income during the last 3 years violates no law, then indeed, in the words of the famous Mr. Bumble in Oliver Twist, "The law is a ass." Whatever the law may be, it should be promptly amended so as to make it utterly impossible for any American citizen, with a gross income of a million dollars a year or more, ever to escape the payment of an income tax.

But tax dodging is only one of Mr. Morgan's high misdemeanors against the code of ethics which is regarded as binding upon all men who consider their honor more valuable than silver and their patriotism more estimable than gold.

Mr. Morgan's banking house preferred some of its customers and sold them its so-called securities at prices far below their market value. For example, at the time the Morgan exploiters were selling Alleghany Corporation stock to their clients who were on the preferred list at $20 a share, other shares of the same stock were being sold to the public at prices ranging from $31 to $35 a share. Thus the Morgan preferred clients enjoyed an advantage of at least 35 percent over the average person in the purchase of Alleghany Corporation stock.

The Morgan preferred list reads like a page from a political, financial, and industrial who's who in the United States. The names on it include an ex-President, and another ex-President's intimate associate, cabinet officers, past and present; ambassadors, past, present, general, and particular; judges of courts, a college professor, representatives of almost every great financial and industrial enterprise, famous officials, ex-officials, and members of both great political parties.

Mr. Morgan in choosing his preferred customers and donating millions to them manifested no particular political bias. He appears to have given stock purchase rights of vast value to Democrats of influence and promise of usefulness just as cheerfully as he gave them to Republicans. Obviously Mr. Morgan's motive for impartiality in this matter was no purer than that of the despairing man on a sinking ship, who alternately cried out, "Good Lord" and "Good devil", and later said in explanation of his inconsistency that he had endeavored to conciliate the rulers of both paradise and purgatory because he did not know into whose hands he might fall.

Mr. Morgan has proved himself to have been just as prudent and diplomatic in his financial practices as the imperiled man was in his devotional exercises on the sinking ship. And what keen foresight and rare ability Mr. Morgan has manifested in selecting his preferred customers and in creating situations favorable to the operations of the House of Morgan. Because of his schemes, no matter what political party loses, the House of Morgan wins. As a result of his stratagems, it is practically impossible for a President of the United States, however great and wise and good, to choose a Cabinet of which every member will be independent of obligations to the House of Morgan or free from the blighting influences of the Morgan power.

With due respect for the absolute innocence of some of those whose names appear on Mr. Morgan's preferred list, the naked, unblushing truth of the whole sordid matter is that so far as Mr. Morgan and his fellow exploiters are con-

cerned, the operation of the Morgan preferred list and the donation of millions of dollars in purchase rights to those on it constitute a brazen attempt to commit bribery on a wholesale, national scale, in the hope of tightening the Morgan strangle hold on the industrial and financial life of the Nation.

No amount of simulated righteous indignation on the part of Mr. Morgan's apologists or defenders can disguise the fact that men of his intelligence and greed do not give away the equivalent of hundreds of millions of dollars to influential politicians; or to past, present, or prospective office-holders; or representatives of great enterprises, without ultimate expectations of value received for their benefactions. Manifestly, Mr. Morgan's object in giving away untold millions of dollars' worth of purchase rights to the powerful persons named on his preferred list was to subsidize the country's political, financial, and industrial leaders so that they would either assist him or not resist him in his ambitious, ruthless efforts to increase his wealth and power through legislative privileges and governmental favors.

A more stupendous, sinister, and seductive scheme to rob the masses of the people of their last vestige of protection against the usurpation of the Money Trust has never been devised.

Thanks to the patriotic service of Chairman FLETCHER and some of the members of the Committee on Banking and Currency, and the able, fearless, and industrious Mr. Pecora, the committee's counsel, the devastating march of the Morgan minions has at last been halted. Let us hope that it can never be resumed.

The opponents of the investigation have made herculean efforts to suppress it, or limit its activities to utter futility. But fortunately for those who wish to see the Augean financial stable thoroughly cleansed, the attitude of the disgusted press and the temper of the outraged people make it just as impossible for any human power to suppress this investigation or whitewash the House of Morgan as it was for Job to meet God's challenge to bind the sweet influences of the Pleiades, loose the bands of Orion, or guide Arcturus with his sons.

Enemies of the investigation have attempted to draw a red herring across its trail by attacking Mr. Pecora, who is most successfully prosecuting the case. Let no one be deceived by this effort. Mr. Pecora is not on trial. For the purposes of this investigation, the manner in which he has discharged his duties on other occasions is of no concern to the Senate, and perhaps of little interest to the public. For the present it matters not what Mr. Pecora's enemies, or the enemies of the investigation may think of him or say about him. Mr. Pecora, by his great service to the United States in this investigation, has already securely placed his name on the scroll of fame. If he only completes his task half as satisfactorily as he has so far performed his duties, his accomplishments will eventually be recorded in the "Golden book of immortality," and a statue in commemoration of his achievement should occupy a conspicuous place in the rotunda of the Capitol.

Most encouraging of all to the friends of the investigation are the newspaper announcements to the effect that the President desires that it be prosecuted to the limit of the law, and that all of the Presidential influence will, if necessary, be lent to those who are so satisfactorily serving the people in this most important matter. In the early thirties of the nineteenth century this country had in the person of "Old Hickory" Jackson a President who defeated the money power in its brazen efforts to trample upon public rights. In the early thirties of the twentieth century this country has another heroic President in the person of Franklin D. Roosevelt, who neither fears nor hesitates to wage exterminating warfare against the enemies of the Government which has been entrusted to his control.

Mr. Chairman and members of the investigating committee, you now have the vicious, voracious, and loathsome monster known as the "Money Trust" at bay. A hundred twenty million people want you to do to it what Herodotus says Apollo did to Marsyas, namely, flay it alive and hang its hide in a crab-apple tree by a fountain.

Mr. President of the United States, Mr. Chairman and members of the investigating committee, and Mr. Pecora, the American people with singular unanimity are expectantly saying to you in this matter;

Our hearts, our hopes, our prayers, our tears
Our faith triumphant o'er our fears,
Are all with thee,
Are all with thee.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

As in legislative session,

FARM CREDIT ADMINISTRATION

Mr. BYRNES. Mr. President, I move that the Senate insist upon its amendments to the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, ask a conference with the House of Representatives on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. COPELAND in the chair) appointed Mr. BYRNES, Mr. ADAMS, and Mr. GOLDSBOROUGH conferees on the part of the Senate.

As in executive session,

UNITED STATES MARSHAL, TEXAS

Mr. BRATTON, from the Committee on the Judiciary, reported favorably the nomination of Guy McNamara, of Texas, to be United States marshal, district of Texas.

Mr. CONNALLY. Mr. President, the report just made by the Senator from New Mexico is the nomination of Mr. Guy McNamara to be United States marshal for the district of Texas. I ask unanimous consent for the present consideration of the nomination.

Mr. McNARY. Mr. President, we have just gone through the calendar. Has the committee reported on the nomination?

Mr. CONNALLY. We secured a poll from the committee.

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

As in legislative session,

INFORMATION FROM TREASURY DEPARTMENT

Mr. McKELLAR. Mr. President, as in legislative session, I send to the desk a resolution, which I ask may be read, and I then ask for its immediate consideration. Before it is read I want to say that it simply asks for certain information from the Secretary of the Treasury, and I think there will be no objection to it.

The PRESIDING OFFICER. Let it be reported for the information of the Senate.

The Chief Clerk read the resolution (S.Res. 90), as follows:

Resolved, That the Secretary of the Treasury is hereby directed to furnish to the Senate, at the earliest possible moment, the hereinafter-described information concerning the following corporations and individuals: Andrew W. Mellon, the Gulf Refining Co., the Gulf Oil Corporation, the Gulf Production Co., the Gulf Pipeline Co., the Gulf Refining Co. of Louisiana, the Gypsy Oil Co., the Gulf Pipeline Co. of Oklahoma, the Mexican Gulf Oil Co., the South American Gulf Oil Co., the Panama Gulf Oil Co., the Gulf Cooperage Co., the Gulf Commissary Co., the Standard Steel Car Co., the Middletown Car Co., the Baltimore Car & Foundry Co., the Verona Steel Casting Co., the Forged Steel Wheel Co., the Steel Car Forge Co., the Butler Bolt & Rivet Co., the Butler Car Wheel Co., the Lundora Land & Improvement Co., the Mellon National Bank, the Union Trust Co., the Union Savings Bank, Aluminum Co. of America, Aluminum Cooking Utensils Co., Aluminum Die Casting Corporation, the Aluminum Ore Co., the Aluminum Seal Co., the Electric Carbon Co., the Knoxville Power Co., the St. Lawrence River Power Co., the St. Lawrence Securities Co., the Tallahassee Power

Co., McClintic-Marshall Co., Union Shipbuilding Co., Carborundum Co., the Pittsburgh Plate Glass Co., and the Koppers Corporation; Pittsburgh Coal Co., American Window Glass Co., and American Window Glass Machine Co.; also Ogden L. Mills, and Ogden L. Mills, executor of the estate of Ogden L. Mills, Sr.

First. The assessments for individual and corporation income taxes as first made against each of said corporations and individuals for the years 1917 to 1933, inclusive;

Second. The aggregate sums actually paid by each of said several taxpayers for said several years, inclusive, the said several sums given by years;

Third. The claims for tax refunds, the dates of their filing, the names of the several attorneys filing same, the several amounts claimed as refunds by each of said parties for each, all, or any of said years, giving same by years;

Fourth. The claims of any of said parties for depletion allowances, the date of their filing, and the amounts allowed for depletion, and the dates of such allowances, giving the same by years;

Fifth. The dates and amounts refunded to each of said companies or individuals in the way of credits for current taxes or otherwise, giving the same by years;

Sixth. The amounts allowed in abatement to any of said corporations or individuals during said period, inclusive, giving the same by years;

Seventh. The amounts refunded to each of said several companies and individuals, by the years, in cash;

Eighth. The names of the officials in the Treasury Department approving such refunds, abatements, depletions, or credits, and the dates of their several approvals; and

Ninth. The names of the members of the committee or committees first determining each of said claims, the amount of salary paid each, and the names of any other officials or employees approving said claims, as well as the names of any officials or employees who disapproved any of said refunds.

Mr. McNARY. Mr. President, in the absence of the Senator from Pennsylvania [Mr. REED] I am disinclined to grant consent to proceed to the consideration of the resolution. We have matters before us in executive session, the unfinished business being the nomination of Mr. Newton. I suggest we dispose of that first and then take up these other matters if it is so desired.

Mr. McKELLAR. I am sorry the Senator from Oregon feels inclined to object.

Mr. McNARY. I have no objection personally.

Mr. McKELLAR. This is merely asking for information from the Secretary of the Treasury.

Mr. McNARY. I appreciate that.

Mr. McKELLAR. I do not see how anyone really could object to the information being given. It is a matter of first importance, as we know from an examination already made as to others. I hope the Senator will withdraw his objections.

Mr. McNARY. I do not think the Senator should make the request. It has been my practice, as far as possible, to protect Senators absent from the floor with reference to matters in which they may have some interest. It is only temporarily delaying the matter.

Mr. McKELLAR. With that understanding, I shall not insist.

The PRESIDING OFFICER. The resolution goes over temporarily.

REPORT OF A COMMITTEE

Mr. BARKLEY. Out of order, I ask unanimous consent to file a report on Senate bill 1867, from the Committee on the Library.

The PRESIDING OFFICER. The report will be received and placed on the calendar.

As in executive session,

Mr. ASHURST. Mr. President, I wish to say a word with reference to executive business. I was called away from the Chamber. The nomination of a marshal for the State of Texas has been confirmed. In response to a question propounded by the Senator from West Virginia [Mr. HATFIELD] a couple of hours ago I want to make this statement.

When I inherited the chairmanship of the Committee on the Judiciary I found that one of its inviolable rules, a rule over 50 years old, was that all nominations coming to that committee, judges or marshals or district attorneys or what not, were referred to the Senators from the State, no matter what their political party might be. So far as my able predecessor [Mr. NORRIS] is concerned, I am able to say that in each and every case he obtained the opinion in writing of the Senators from the various States, no matter whether Republicans or Democrats, and during my short tenure in the chairmanship of that committee I have followed that rule which he so carefully observed. Every nomination that has been referred to the Committee on the Judiciary since I have been chairman has been approved by the Senators from the State from which the nominee came.

I understand that the nomination of the marshal of the State of Texas was polled. I have no objection to it; I think the circumstances justified it; but it is not the policy of the Judiciary Committee under any circumstances to poll the nomination of any nominee. Owing to the situation, however, I think it is proper to do that in this case.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from West Virginia?

Mr. ASHURST. I do.

Mr. HATFIELD. I may say to the able Senator that it was my understanding that a courtesy of that kind had been extended during the Hoover administration; that the minority Senators from a State were accorded the privilege of either approving or disapproving the nominations sent to the Senate by the President. That courtesy, I may say, has not been extended to me. However, had that opportunity been afforded me, I would have whole-heartedly approved of the nominations sent by the President to the Senate for confirmation from West Virginia.

Mr. ASHURST. I wish to repeat and assure the Senate that every nomination confirmed by the Senate during this session of Congress that has come from the Judiciary Committee has borne the imprimatur, the O.K., the visa of the two Senators from that State, be they Democrats or be they Republicans; and I should deem myself deficient in courtesy to Senators, and remiss in my duty, if I failed at least to ask their opinion on the nomination. I do not mean to say that I would be guided by their judgment or opinion; but I would be remiss in my duty and lacking in courtesy if I failed to ask their opinion.

FEDERAL HOME LOAN BANK BOARD—WALTER H. NEWTON

The PRESIDING OFFICER. Is the Chair right in assuming that the question before the Senate is the confirmation of Mr. Walter H. Newton?

Mr. McNARY. That is the order.

Mr. JOHNSON. I suggest the absence of a quorum.

Mr. STEPHENS. Mr. President, what is the question?

The PRESIDING OFFICER. The question is action upon the nomination of Mr. Walter H. Newton to be a member of the Federal Home Loan Bank Board. The Senator from California has suggested the absence of a quorum. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	King	Robinson, Ind.
Ashurst	Cutting	La Follette	Russell
Austin	Dale	Lewis	Schall
Bachman	Davis	Logan	Sheppard
Bailey	Dickinson	Lonergan	Shipstead
Bankhead	Dieterich	Long	Smith
Barbour	Duffy	McAdoo	Stephens
Barkley	Fess	McCarran	Thomas, Okla.
Black	Fletcher	McGill	Thomas, Utah
Bone	Frazier	McKellar	Thompson
Borah	Glass	McNary	Townsend
Bratton	Goldsborough	Metcalf	Trammell
Brown	Gore	Murphy	Tydings
Bulkley	Hale	Neely	Vandenberg
Bulow	Hastings	Norris	Van Nuys
Byrnes	Hatfield	Nye	Walcott
Capper	Hayden	Overton	Walsh
Caraway	Johnson	Pope	White
Carey	Kean	Reed	
Connally	Kendrick	Reynolds	
Copeland	Keyes	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-one Senators having answered to the roll call, a quorum is present. The question is, Shall the Senate advise and consent to the nomination of Walter H. Newton, of Minnesota, to be a member of the Federal Home Loan Bank Board?

Mr. NYE. Mr. President, I move that the nomination be recommitted to the committee.

Mr. McNARY. On that I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion of the Senator from North Dakota that the nomination be recommitted. The clerk will call the roll.

The legislative clerk called the roll.

Mr. KEYES. I have a pair with the junior Senator from Massachusetts [Mr. COOLIDGE]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. HEBERT. I desire to announce the general pair of the Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER]. I am not informed how either of those Senators would vote on this question.

Mr. McKELLAR (after having voted in the affirmative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND], which I transfer to the senior Senator from Montana [Mr. WHEELER] and will allow my vote to stand.

Mr. AUSTIN (after having voted in the negative). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is temporarily absent. Not being able to secure a transfer of my pair, I withdraw my vote.

Mr. LEWIS. I ask that the announcement as to the Senator from Nevada [Mr. PITTMAN] may remain for this roll call.

I desire to announce that the Senator from Ohio [Mr. BULKLEY], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from New York [Mr. WAGNER] are in attendance upon a meeting of a Senate committee.

The Senator from Missouri [Mr. CLARK], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Washington [Mr. DILL], the Senators from Louisiana [Mr. LONG and Mr. OVERTON], the Senator from Florida [Mr. TRAMMELL], and the Senator from Montana [Mr. WHEELER] are detained on official business.

The Senator from Virginia [Mr. BYRD] is necessarily detained at the White House.

The result was announced—yeas 33, nays 43, as follows:

YEAS—33

Adams	Cutting	McAdoo	Shipstead
Bachman	Duffy	McCarran	Smith
Black	Erickson	McGill	Stephens
Bone	Frazier	McKellar	Thomas, Okla.
Bratton	Gore	Neely	Thompson
Brown	Hayden	Norris	Van Nuys
Bulow	Johnson	Nye	
Caraway	La Follette	Pope	
Costigan	Logan	Russell	

NAYS—43

Ashurst	Davis	Hebert	Schall
Bailey	Dickinson	Kean	Sheppard
Bankhead	Dieterich	Kendrick	Steiwer
Barbour	Fess	Lewis	Thomas, Utah
Barkley	Fletcher	Lonergan	Townsend
Byrnes	George	McNary	Tydings
Capper	Goldsborough	Metcalf	Vandenberg
Carey	Hale	Murphy	Walcott
Connally	Harrison	Reed	Walsh
Copeland	Hastings	Robinson, Ark.	White
Dale	Hatfield	Robinson, Ind.	

NOT VOTING—20

Austin	Coolidge	King	Pittman
Borah	Couzens	Long	Reynolds
Bulkley	Dill	Norbeck	Trammell
Byrd	Glass	Overton	Wagner
Clark	Keyes	Patterson	Wheeler

So the motion to recommit the nomination was rejected.

The VICE PRESIDENT. The question is, Shall the Senate advise and consent to the confirmation of the nomination of Mr. Newton?

Mr. KING. Mr. President, has the result of the vote been announced?

The VICE PRESIDENT. It has been announced.

Mr. KING. I was in the rear of the Chamber, and I am not sure whether I spoke loud enough to be heard or not. Is it too late to have my vote recorded?

The VICE PRESIDENT. It is too late, unless the Senator's vote was recorded.

Mr. KING. I am sorry. If I were permitted to vote, I should vote "yea."

Mr. STEPHENS. Mr. President, I regret that the motion to recommit this nomination was not carried. I would rather help men than harm them. I never like to do or say anything that is calculated to offend a fellow man. For that reason it is somewhat embarrassing to me to make the statement I am about to make.

Mr. President, I always felt and believed that it was the duty of a Senator to support any nomination when a name was sent to the Senate by a President unless there was a strong and compelling reason for opposing confirmation. That was my policy during the Republican administration. I supported every nominee of President Coolidge and President Hoover unless I felt that I could not honestly do so. I stood in this Chamber and helped fight the battles of the Republican Presidents on more than one occasion when a nominee was being attacked.

However, Mr. President, I cannot vote for the confirmation of Walter H. Newton. My reason for feeling this way about it may not appeal to others. Others may not think that the events I shall describe justify his rejection by the Senate. I shall not criticize any Senator if his views do not coincide with mine on the proposition.

Mr. President, it has always been my thought that there were two essential qualifications for holding office: One, ability; the other, character. I shall not raise any question against Mr. Newton with reference to the first qualification, but I do challenge him on the second qualification. Now to the story.

Four years ago, or just a little later, after conference with the referee of the Republican Party in Mississippi, it was agreed that two names would be submitted to the President of the United States, and those two names were submitted. The referee was the Honorable Lamont Rowland. He had displaced the Negro referee. There were only two Republicans in the northern district of Mississippi who were candidates for the office of district attorney. Mr. Rowland came to me and said, "I should like to advise with you about this matter." He lived in the southern district, the southern end of the State, and was practically unacquainted in the northern part of the State.

It happened that the Republican district attorney had been removed from office by President Hoover, and the Department of Justice instructed the judge of the court to name an acting district attorney, and he did name one. The man who was so named was the one agreed upon between us, and the Department of Justice agreed to appoint him, and a "Hoovercrat" from Mississippi was selected for that district. I was asked if I would oppose his nomination. I knew that he was an honorable, honest, decent man and a well-equipped lawyer, so I said that of course I would not oppose his confirmation.

Mr. President, it happens that I was called home just a few days before the end of the session. After I reached home the two names so agreed upon were sent by the Attorney General to President Hoover. I noticed in the paper the next morning that only one name had reached the President, and only one man had been named by the President, him, and a "Hoovercrat" from Mississippi was selected for

I did not understand the situation then. Friends of mine in the State telephoned me and asked me to see that this man was confirmed as district attorney in the southern district. Doubtless he has forgotten it, but I sent the then chairman of the Committee on the Judiciary, the Senator from Nebraska [Mr. NORRIS], a telegram, and asked that that man be confirmed, and he was confirmed, I think the very and that was the "Hoovercrat."

Before I returned to Washington I had seen the referee. He told me that he indorsed Mr. Fant, the man who was to be appointed district attorney in the northern district, to the Department of Justice. I went to the Department of Justice, and I was told there that the names of these two men were sent in at one and the same time. They went to the White House, and there was no question about those two names reaching the White House at the same time.

What became of the slip containing the recommendation of the Department of Justice? The President never saw it.

I know he never saw it, because he told me he knew nothing of it. Into whose hands did it go? It went into the hands of Walter H. Newton, and he admitted to me that he did receive it. I said, "What became of it?" His only explanation was that unfortunately it got lost; that he could not find it. Yet I will call attention to this fact: It would have been extremely easy for him to have communicated with the Department of Justice and had another slip sent over, but he did not do that. Why did he not deliver it into the hands of the President of the United States? I will tell Senators why.

There were two factions and still are two factions in the Republican Party in the State of Mississippi, the Black and Tans and the Lily Whites. The national committeeman and the national committeewoman were both Negroes. President Hoover refused to recognize them, took their patronage away from them, and, as I said, appointed Lamont Rowland referee.

When I went to the White House and made inquiry of Walter H. Newton as to what became of this appointment slip he began to argue at once that they could not afford to appoint Lester G. Fant because a number of Negroes down in the State of Mississippi were opposing his appointment; and, Senators, when he began to make his argument, and I heard what he said, I fully understood what became of that appointment slip. The President of the United States never saw it. The President acted splendidly about it, because he had agreed with Mr. Rowland that these two men should be appointed.

"Oh, but", someone may say, "how do you know that he destroyed that appointment slip? Did you see him tear it up and throw it in the wastebasket or burn it into ashes"? Of course not, but every circumstance goes to indicate that he did make away with it by some means or other. When he found it was lost, his failure to send to the Department of Justice for another slip, his great interest in the defeat of this man Fant because certain Negroes down in the State of Mississippi were opposing him, indicates his connection with the loss of the slip. Many a man has been convicted upon circumstantial evidence and has suffered the death penalty. Some of the law writers state that circumstantial evidence is the best and the strongest of all evidence.

I do not like to say these things, but I am thoroughly convinced that Walter Newton purposely, intentionally, defeated the appointment of Mr. Fant. He failed to carry out the request of the Department of Justice; he was unfaithful and untrue to his own chief, President Hoover, because he was there an employee, as Secretary to the President, and it was his duty to deliver this appointment slip to the President, and to deliver it into his hands. He was false to the Department of Justice and untrue to the President of the United States. I am just as certain that he is guilty, as I have described it, as I am that I am standing before this body at this moment.

Senators, I am making this statement in order that my position on this question may be known. I should like to follow the leadership of the President of the United States. I never fail to do so unless I am convinced that he is wrong, and I have sometimes gone along with him when I thought he was wrong on a legislative matter; but this is an important matter, and I have felt it was my duty, as a Senator and as a Democrat, to state my reason for refusing to support the confirmation of Mr. Newton. I did not care to vote and let my reasons for casting that vote against confirmation go unexplained.

Mr. President, what I have said may not be to other Senators sufficient reason for failing to support the confirmation, but to me it is. If they think that this man's conduct was not such as to disqualify him, then I shall not criticize them if they vote for his confirmation.

I believe firmly that when a man in high position is guilty of such reprehensible conduct as I believe Mr. Newton's conduct in this instance to be, under such circumstances a man of that type and character is not a safe man to be given high position, a position so important as is this one. I feel sure that each Senator will vote his honest convictions, just as I shall vote mine.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

Mr. LA FOLLETTE and other Senators demanded the yeas and nays, and they were ordered.

The legislative clerk proceeded to call the roll.

Mr. KEYES (when his name was called). I have a pair with the junior Senator from Massachusetts [Mr. COOLIDGE]. Not knowing how he would vote I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. HEBERT. I wish to announce that the Senator from Missouri [Mr. PATTERSON] is paired with the Senator from New York [Mr. WAGNER] on this vote. If the Senator from Missouri were present, he would vote "yea." I am not advised how the Senator from New York would vote, if present.

Mr. LEWIS. I desire to announce the absence of the Senator from Virginia [Mr. GLASS], the Senator from Washington [Mr. DILL], the Senator from Louisiana [Mr. LONG], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Montana [Mr. WHEELER], the Senator from New Mexico [Mr. BRATTON], the Senator from Ohio [Mr. BULKLEY], the Senator from Oklahoma [Mr. GORE], the Senator from Wyoming [Mr. KENDRICK], the Senator from Iowa [Mr. MURPHY], the Senator from Louisiana [Mr. OVERTON], the Senator from South Carolina [Mr. SMITH], the Senator from Oklahoma [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER]. I am informed they are all detained on official business.

The result was announced—yeas 43, nays 30, as follows:

YEAS—43

Ashurst	Dale	Hatfield	Robinson, Ind.
Austin	Davis	Hebert	Schall
Bailey	Dickinson	Kean	Sheppard
Barbour	Dieterich	Lewis	Steiwer
Barkley	Fess	Logan	Thomas, Utah
Byrd	Fletcher	Lonergan	Townsend
Byrnes	George	McAdoo	Vandenberg
Capper	Goldsborough	McNary	Walcott
Carey	Hale	Metcalf	Walsh
Connally	Harrison	Reed	White
Copeland	Hastings	Robinson, Ark.	

NAYS—30

Adams	Clark	King	Pope
Bachman	Costigan	La Follette	Russell
Bankhead	Cutting	McCarran	Stephens
Black	Duffy	McGill	Thompson
Bone	Erickson	McKellar	Trammell
Brown	Frazier	Neely	Van Nuys
Bulow	Hayden	Norris	
Caraway	Johnson	Nye	

NOT VOTING—23

Borah	Glass	Norbeck	Smith
Bratton	Gore	Overton	Thomas, Okla.
Bulkley	Kendrick	Patterson	Tydings
Coolidge	Keyes	Pittman	Wagner
Couzens	Long	Reynolds	Wheeler
Dill	Murphy	Shipstead	

So the Senate advised and consented to the nomination of Walter H. Newton to be a member of the Federal Home Loan Bank Board.

ADDITIONAL MEMBERS OF SPECIAL COMMITTEE ON CONSERVATION OF WILD-LIFE RESOURCES

The VICE PRESIDENT. Under authority of Senate Resolution 96, the Chair appoints the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. BYRD] as additional members of the Special Committee on Conservation of Wild Life Resources.

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. Mr. President, when this session terminates, the Senator from New Mexico [Mr. BRATTON] is expected to assume duties on the circuit court of appeals of the district in which he lives. Mr. BRATTON has served here with distinction. He has devoted himself diligently to the study of public questions, has been liberal in his views and fair in his conclusions. He possesses the

judicial temperament in a very marked degree. I am sure that every Member of the Senate will regret to see him leave this body.

He asks to be relieved from further duties as a member of the special committee of the Senate to investigate campaign expenditures. I submit the request.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBINSON of Arkansas. Mr. President, I ask that the Senator from Colorado [Mr. ADAMS] be assigned to the vacancy of the majority on the Committee on Public Lands and Surveys.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBINSON of Arkansas. I also ask that the Senator from Ohio [Mr. BULKLEY] be excused from further service on the Committee on Commerce, and that he be assigned to the vacancy of the majority on the Committee on Foreign Relations.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. LEWIS. Mr. President, I wish to add a word to that which has been appropriately expressed by the Senator from Arkansas [Mr. ROBINSON] touching the departure of the Senator from New Mexico [Mr. BRATTON]. I think, sir, in a single expression we find greatest pleasure in certifying to his constituency whence he came, the kindly manner in which his colleagues on both sides of the Chamber have dealt with him, the genial courtesy he always displayed to his colleagues on either side, his eminent capacity as a lawyer respected in any judgment he uttered, but above all else his devotion to the cause of his constituents, his ripe judgment as to his country, and his ceaseless efforts in behalf of the United States of America while in the Senate, have commended him to the admiration of this body which submits him as a body to the new state to which he now goes, holding the balances of justice in the judiciary.

As in executive session,

THE JUDICIARY

Mr. ASHURST. Mr. President, as in executive session I wish to state that within the past 30 minutes three nominations have come to the Senate and should be appropriately referred to the Committee on the Judiciary. Obviously, at this hour it would be impossible to secure a meeting of the Committee on the Judiciary. I stated not over half an hour ago that it was never the policy of that committee to poll the membership. It has never been done. I think it is a good policy and one to which we should strictly adhere.

But the nominations which have come are as follows: Clarence E. Bailey, of Oklahoma, to be United States attorney, northern district of Oklahoma; W. C. Geers, of Oklahoma, to be United States marshal, western district of Oklahoma; and John C. Logan, of Oklahoma, to be United States marshal, northern district of Oklahoma.

I have secured the written approval of the two Senators from Oklahoma [Mr. THOMAS and Mr. GORE]; all of the minority members of the Committee on the Judiciary have certified in writing their approval of the nominations; likewise a majority of the majority members have approved the nominations. I therefore make bold, without a formal reference to the committee, to present the nominations and ask that they be read and considered.

The VICE PRESIDENT. The nominations referred to by the Senator from Arizona have not yet been laid before the Senate. The Chair lays before the Senate a message from the President of the United States, which will be read.

The legislative clerk read as follows:

To the Senate of the United States:

I nominate Clarence E. Bailey, of Oklahoma, to be United States attorney, northern district of Oklahoma, to succeed John M. Goldesberry, term expired.

The VICE PRESIDENT. The nomination will be referred to the Committee on the Judiciary. The Chair lays before the Senate another message from the President which will be read.

The legislative clerk read as follows:

To the Senate:

I nominate W. C. Geers, of Oklahoma, to be United States marshal, western district of Oklahoma, to succeed Duke Stallings, appointed by court; and John P. Logan, of Oklahoma, to be United States marshal, northern district of Oklahoma, to succeed John H. Vickrey, term expired.

The VICE PRESIDENT. The nominations will be referred to the Committee on the Judiciary.

Mr. ASHURST. Mr. President, I apologize to the Chair for my premature and rather precipitate action of a moment ago. I ask unanimous consent that the Committee on the Judiciary be discharged from the further consideration of the nominations just read.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

Mr. McNARY. Mr. President, the wise practice and the safe practice is reference of these nominations to a committee.

Mr. ASHURST. The Senator is correct.

Mr. McNARY. I do not know why we should make exceptions of the cases that go to the Committee on the Judiciary and not of all nominations. I think it would be unwise to make an exception at all.

Mr. ASHURST. Will the able Senator permit me to make a statement? I doubt very much if it would be practical to secure a meeting of the Committee on the Judiciary this afternoon because so many Senators who are members of the committee have other duties, but I have presumed to do this. I am opposed to polling the Judiciary Committee and for that matter other committees. We never have polled the Judiciary Committee. However, the two Senators from Oklahoma have approved the nominations. All of the minority Republican members of the Judiciary Committee have in writing approved the nominations and all of the majority members with whom I could get in touch have approved the nominations. That is my excuse for asking that the committee be discharged and the nominations considered at this time.

Mr. McNARY. I repeat that the vice of the whole thing is twofold: First, there is no consideration given by the committee to the type of men. Secondly, if we make an exception in these cases, we must make it in all cases. I think that is a pretty big order. At the present time I shall have to object.

Mr. GORE. Mr. President, I hope the Senator from Oregon will not interpose an objection to the confirmation of these three nominations. I will say to him that there is an existing vacancy in respect of each of the appointments. The nominations are made to fill existing vacancies. The three nominees have the hearty approval of my colleague and myself. The committee has been polled and the minority members have been given an opportunity to express their views on the nominees.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. GORE. I yield.

Mr. ASHURST. I shall yield to the overwhelming force of the suggestion of the Senator from Oregon. I cannot attack the logic of the argument. May I suggest therefore to the Senate that there will be a meeting of the Judiciary Committee this evening at 6 o'clock in its usual place of meeting.

Mr. GORE. Very well. I shall not object to the regular order.

The VICE PRESIDENT. The nominations have been referred to the Committee on the Judiciary.

REPORT OF COMMITTEE

Mr. BARKLEY. Mr. President, from the Committee on Finance I reported favorably sundry nominations. I ask unanimous consent for the immediate consideration of the nominations.

The VICE PRESIDENT. Let them be reported.

COLLECTORS OF INTERNAL REVENUE

The legislative clerk read the nomination of Ira N. Hinckley, of Salt Lake City, Utah, to be collector of internal reve-

nue for the district of Utah, in place of James H. Anderson.

The VICE PRESIDENT. Without objection the nomination is confirmed.

The legislative clerk read the nomination of Harry L. Maloney, of Camden, N.J., to be collector of internal revenue for the first district of New Jersey, in place of Edward L. Sturgess.

The VICE PRESIDENT. Without objection the nomination is confirmed.

The legislative clerk read the nomination of Charles V. Duffy, of Paterson, N.J., to be collector of internal revenue for the fifth district of New Jersey, in place of John R. Rogers.

The VICE PRESIDENT. Without objection the nomination is confirmed.

The legislative clerk read the nomination of Robert L. Douglass, of Nevada, to be collector of internal revenue for the district of Nevada, in place of Louis A. Spellier.

The VICE PRESIDENT. Without objection the nomination is confirmed.

The legislative clerk read the nomination of Hector H. Perry, of Allendale, N.Dak., to be collector of internal revenue for the district of North Dakota, in place of Gunder Olson.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Otto H. LaBudde, of Wisconsin, to be collector of internal revenue for the district of Wisconsin, in place of Alonzo H. Wilkinson.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COMPTROLLER OF CUSTOMS

The legislative clerk read the nomination of David M. Barnwell, of Fresno, Calif., to be comptroller of customs in customs collection district no. 28, with headquarters at San Francisco, Calif., in place of John D. Deane.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

ASSISTANT SECRETARY OF STATE—HARRY F. PAYER

Mr. ROBINSON of Arkansas. From the Committee on Foreign Relations I report the nomination of Harry F. Payer, of Ohio, to be an Assistant Secretary of State; and I ask unanimous consent for its present consideration.

The VICE PRESIDENT. The nomination will be read.

The legislative clerk read the nomination.

The VICE PRESIDENT. Is there objection to the present consideration of the nomination? The Chair hears none; and, without objection, the nomination is confirmed.

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of legislative business.

The motion was agreed to.

IMPEACHMENT OF HAROLD LOUDERBACK

Mr. HAYDEN. Mr. President, by direction of the Committee on Printing, I report back an order submitted by my colleague, the senior Senator from Arizona [Mr. ASHURST], and ask for its immediate consideration.

The VICE PRESIDENT. The order will be read.

The order was read and agreed to, as follows:

Ordered, That the proceedings in the Senate in connection with the trial of Harold Louderback, United States District Judge for the Northern District of California, upon articles of impeachment exhibited against him by the House of Representatives, be printed as a Senate document.

REFUNDING OF UNITED STATES GOVERNMENT BONDS AT LOWER RATE OF INTEREST

Mr. BONE. Mr. President, it is my desire at this time to call up for consideration Senate Resolution 85, which I submitted several weeks ago and which has been lying on the table.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read Senate Resolution 85, submitted by Mr. BONE on May 24, 1933, as follows:

Whereas the Government of the United States finds it necessary to undertake a program of public works in order to afford employment for its unemployed citizens, and current revenues are insufficient to provide adequate funds for this program; and

Whereas great sums of money are being paid to the holders of war time and other Government obligations to maintain a rate of interest in excess of that now justified by the credit of the Government of the United States of America; and

Whereas the British treasury has successfully converted its war-time obligations from a rate approximating 5 percent per annum to a rate of less than 3½ percent per annum, effecting a saving of $38,000,000 a year by an appeal for voluntary reduction in interest paid to the holders of its bonds; and

Whereas the French treasury, by appeal to the patriotism of the French bondholders, also succeeded in bringing about a substantial reduction in the interest rate on its outstanding obligations; and

Whereas the Government of the United States has demonstrated its ability to borrow at less than the present average price of its outstanding obligations, particularly war-time obligations; and

Whereas an appeal to patriotic holders of Government obligations, particularly war-time obligations, to convert their bonds into new bonds bearing a lower and more equitable yield would, if successful, tend to equalize the burden which must be borne by all sections of the country in the hour of national difficulty; and

Whereas practically all other elements of the country, excepting only the creditors of the Government of the United States, have either been called upon or compelled to contribute toward the maintenance of the national credit; and

Whereas reduction of the interest burden would strengthen the national credit and greatly increase the borrowing power of the Government of the United States; and

Whereas the Government of the United States is faced with the immediate necessity of finding additional sources of revenue with which to pay interest on expenditures made necessary by the national emergency; and

Whereas many of the holders of Government obligations pay no taxes on the income derived from these obligations; and

Whereas creditors of the Government of the United States have generally been insistent upon rigid national economy, not, however, including reduction in interest on Government obligations; and

Whereas such a reduction is consistent with a program of national economy and with prevailing prices for Government money: Therefore be it

Resolved, That the Senate of the United States request, and it hereby does request, the Secretary of the Treasury of the United States to call immediately upon holders of United States Government bonds, particularly those issued to finance the World War, to exchange their bonds for new bonds of an issue to be known as the "new Liberty Loan of 1933", and bearing a lower rate of interest, which would effect a saving as nearly as possible sufficient to service such additional loans as may be made necessary by the pending public-works program, and by such other emergency needs of the Government as the President may see fit to prescribe, such conversion loan to bear interest, however, at a rate not less than the rate paid to depositors in United States Postal Savings banks.

Mr. BONE obtained the floor.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me for the purpose of suggesting the absence of a quorum?

Mr. BONE. I yield.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Robinson, Ind.
Ashurst	Cutting	Keyes	Russell
Austin	Dale	King	Schall
Bachman	Davis	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Smith
Barbour	Dill	Lonergan	Steiwer
Barkley	Duffy	Long	Stephens
Black	Erickson	McAdoo	Thomas, Okla.
Bone	Fess	McCarran	Thomas, Utah
Borah	Fletcher	McGill	Thompson
Bratton	Frazier	McKellar	Townsend
Brown	George	McNary	Trammell
Bulkley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Gore	Neely	Van Nuys
Byrnes	Hale	Norris	Wagner
Capper	Harrison	Nye	Walcott
Caraway	Hastings	Overton	Walsh
Carey	Hatfield	Patterson	Wheeler
Clark	Hayden	Pope	White
Connally	Hebert	Reed	
Coolidge	Johnson	Reynolds	
Copeland	Kean	Robinson, Ark.	

The PRESIDING OFFICER. Ninety-three Senators have answered to their names. A quorum is present.

Mr. BONE. Mr. President, I merely want to state in a preliminary way that the purpose of this resolution, which is

a Senate resolution, is to request, on behalf of the Senate, that the Secretary of the Treasury of the United States shall undertake a refunding operation of outstanding bonds of this country, particularly bonds issued during the war, and for the purpose of financing the war.

The resolution does not contain any coercive features. It does not compel the doing of any act, but merely is a request that the Secretary of the Treasury shall issue a call similar to that issued in Great Britain and France in their refunding operations of last year.

The Senate resolution is one I have previously discussed with the highest authority in the executive branch of the Government. I feel that the purpose of the resolution is well regarded by the Executive, and that the passage of the resolution would not be objected to. I do not see how anyone could object to its passage.

Let me explain the resolution briefly, and present a few of the facts which impelled me to introduce it.

I have secured copies of the appeals made by the British and French Governments to their citizens last year, when the budgets of these nations presented problems similar to those presented by the American Budget.

The President and the Congress apparently are making excellent progress in the balancing of our own Budget. Unfortunately, many of the proposed savings under the terms of the national economy bill merely transfer the burden from the Federal taxpayer to the local taxpayer. Since the local taxpayer in a great many American communities is unable to pay his taxes, we are presented with the problem of hundreds of unbalanced local governmental budgets and—what is more terrifying—unbalanced individual budgets with their consequent inevitable results—hardship, hunger, despair for millions of men, women, and children.

In my opinion—and I am sure that the Senate will agree with me—balancing of governmental books is merely an empty gesture, if there does not also result a more equal balance in the opportunity to earn a living and to live in this great wealthy country of ours. It will not do for us as a nation to make a good showing on the books to our creditors, when behind those books are hidden the faces of despairing patriotic American citizens.

Who are the creditors of America who collect in interest each year an amount in excess of the total which was being paid to veterans and their widows and orphans and dependents, who now in many cases face the almshouse? These creditors themselves are Americans, and it is a curious thing that these American creditors are the very persons who have insisted, through such organizations as the National Economy League, that governmental wages be cut; that the blind, the crippled, the sick, and the out-of-work, who fought for their country, be also cut. I do not say that organizations of such men as compose the National Economy League urged that this be done in order that the Government might more easily pay them their interest on their war-time bonds, although it would not be hard to understand if millions of hungry Americans should think so.

I recently received a letter from Admiral Byrd, then the chairman of the National Economy League. Admiral Byrd wrote, expressing his gratification over the success of his organization in urging upon the President and the Congress the reduction of Government wages and the reduction of pensions, and even medical attention, for America's citizen soldiers. I replied to Admiral Byrd's letter, and I am going to quote two paragraphs from my reply.

No doubt a great many injustices will be done by the economy bill—

I wrote Admiral Byrd—

I know that it is not your desire to have this Government, merely for the sake of saving money, place itself in the position of being ungrateful to its citizen soldiers. The injustices, as they develop, must be corrected. I hope the National Economy League will not oppose this. I prefer to believe that the National Economy League will not set economy above humanity and justice. If it does, the League will be discredited, the measures it advocates justly unpopular, the men who share its views in Congress justly suspected.

I therefore now submit to you this question: Will the National Economy League join with me in an effort I intend to make to eliminate doles and gratuities being paid to large corporations, and in a plan to reduce the interest on the public debt? The distinguished men composing the personnel of the National Economy League and corporations with which they are affiliated no doubt hold war-time bonds in substantial amounts. Would it not be possible for you, as chairman of the National Economy League, to call upon all of your members who control or own Government bonds issued to finance the war, voluntarily to turn these bonds in to the National Treasury with the request that the interest rate be reduced in exactly the same proportion that the compensation of veterans has been reduced under the terms of the economy bill urged upon the Congress and the President by the National Economy League? Such action by you would prove to America that those who contributed only money during the war are willing to take as much cut in their pay as they have successfully called upon veterans, who ventured their lives, to take. If this be done, there could be no further complaint that the National Economy League is the "tool of big business." It would be an inspiring example to the country and bring renewed faith in those who occupy high place in our political, industrial, and financial life.

The letter from which I have just quoted was written on April 25. Admiral Byrd replied. He said that he had resigned as chairman of the National Economy League, intimated that he rather shared the views I had expressed with respect to reduction of the interest on the public debt, and added that he was turning my letter over to the officials of the National Economy League for action.

It is now June 10. Yesterday we passed a public works bill for the purpose of providing jobs for the unemployed. To finance these public works we appropriated $3,300,000,000. The Government has not the money. The Government will have to borrow the money. The National Economy League and its members know this as well as you and I know it, but they have not yet come forward, and with the same aggressiveness that marked their fight on what they called "high wages and high veterans' compensation", joined in the fight against war-time wages for war-time money lenders. The soldiers who fought the war are compelled to take the cut. People who work for the Government are compelled to take the cut, but there is no cut in the wages (interest) of those who provided only money with which to fight the war. Everybody knows that at the time Liberty bonds were sold, the dollar would buy very little compared to what it will buy now. The result is that those who will be repaid in dollars of present value are getting a bonus of as much as 100 percent in purchasing power, in addition to the war-time wages they are getting on their money. They could not have brought any form of property in 1918–19 which would have been worth as much today as the Liberty bonds are, because obviously the Liberty bonds, even though they have the same face value as they had, are in terms of buying power worth a lot more than they were when the money was given to the Government, and the value of everything else has gone down.

Faced with the necessity of providing the Government with money for jobs and with money to help those communities which cannot take care of the new burdens being thrown upon them, through the operation of the economy bill, we must either find new forms of taxation, go further into debt, or find further economies. Fortunately, other nations faced with the same problem have found a way of handling it. This brings me back to the official documents covering refunding operations of England and France, by which the interest on the public debt was reduced and money provided with which to take care of the needs, the human needs, of the people of those countries.

Let me give you some of the facts—the figures are astounding. I quote from a letter addressed to me on May 9 by James H. Douglas, Assistant Secretary of the Treasury of the United States:

The Department (United States Treasury) does not have complete information concerning the refunding operations of the French Government. I understand, from various consular reports which we have received, that the conversion operation of last fall affected outstanding obligations of the French Government in the principal amounts of about 85,000,000,000 francs * * *. From reports received it is indicated that holders accepted the conversion privileges up to approximately 81,000,000,000

francs. This left about 4,000,000,000 francs to be paid in cash, but it is understood that there were cash subscriptions to the refunding loan of approximately 2,900,000,000 francs. The net demand, therefore, on the government amounted to only a little more than 1,000,000,000 francs, or less than 2 percent of the entire operation.

So you see, France did what is proposed in this resolution.

I quote now from a letter written by N. Chamberlain, Chancelor of the Exchequer of Great Britain, "relating to the conversion of the war loan." The letter was written June 30, 1932, from the British Treasury Chambers, Whitehall, S.W., London. On November 5, 1932, there appeared in the Economist, the leading financial publication of England, a story entitled "The Full Tale of Conversion", in which it is stated:

Over 36 percent of the nation's internal debt has been converted from an interest rate averaging not far short of 5 percent to one of less than 3½ percent; and the gross saving in interest is approximately £38,000,000 per annum. Considering that 4 months ago the Government's credit was on a 4-percent basis at the best; that sterling has undergone since midsummer a serious depreciation; that fully 4 percent is still obtainable on high-grade bonds abroad; and that the budget is balanced precariously enough, even if we pay no more on the war-debt account to the United States—the treasury is entitled to praise for its boldness, adroitness, and success.

Now let me quote from the letter directed to patriotic Britishers, which earned the British Government such high praise for its boldness, adroitness, and success in reducing the interest on the public debt. You will recall that the letter was directed primarily to those who handled the funds of the British Government, asking that these bonds be turned in, in exchange for new bonds bearing a lower rate of interest. I want to call the attention of the Senate, parenthetically, to the fact that the resolution I have offered is simply one asking the Senate of the United States to request the Secretary of the Treasury to do this simple thing which the Chancelor of the Exchequer of Great Britain did. Said the Chancelor of the Exchequer:

The change was inevitable. * * * If holders are called upon to make a sacrifice, they will be quick to recognize that there is no section of the community from which sacrifices have not been asked in this time of trouble—sacrifices which are being resolutely borne.

Moreover, what is clearly requisite in the interests of our country cannot in the long run prove injurious to interests of the holders (of its bonds). The successful conversion of the war loan will not merely make a great saving in state expenditure, the loan is so vast that this saving will be in the region of £30,000,000 a year—but it will pave the way for lower interest rates and enable industry more easily to obtain capital with which to employ more people and produce more goods as our trade conditions improve.

Accordingly, I confidently make my appeal to all British holders, primarily to those in this country who form the majority, but not forgetting also those who dwell across the seas and whose patriotism burns none the less brightly on that account.

You will observe that the patriotic Britishers responded nobly to the call of their country, when asked that they charge their country less interest for the money they had loaned. You will observe that the patriotic appeal was so successful that 38,000,000 pounds a year, 8,000,000 pounds more than was estimated, was saved. I feel that Americans are no less patriotic, class for class, than are Englishmen or Frenchmen. I should be reluctant to think that an American bondholder is not so patriotic as a British bondholder, or that American bondholders would respond less readily to an appeal from their country in this time of trouble.

In the case of the French loan conversion, the interest rate was reduced from 7 percent to 4 percent—a reduction in interest charges of approximately 45 percent. In view of the estimated reduction in veteran expenditures, this percentage would be a fair reduction in interest on American war-time bonds. Veteran expenditures were approximately $1,000,000,000 a year. Interest on the public debt is approximately $1,000,000,000 a year. The estimated saving of $450,000,000 in the Veterans' Administration was a reduction of 45 percent in the compensation of these men. A reduction of $450,000,000 a year in the interest on the public debt would also be a reduction of 45 percent, approximately the amount readily accepted by the holders of some of the French bonds. Without attempting to be precisely accurate to the decimal point, it would simply mean a reduction in interest on Government—particularly war-time—bonds from 4¼ percent to something under 2½ percent. Two and one-half percent is a very good price for American Government money in these times. Just a few days ago the Government was offered five billion at a little more than 2½ percent. Small depositors in the Postal Savings bank are paid only 2 percent by the Government. Recently the Government offered its obligations in small denominations at a similar or lower rate.

A few weeks ago the Government offered to American citizens several hundred million dollars of securities bearing an interest rate of 2⅞ percent. I was very much interested in the outcome of this offering, because it has, as you readily see, a very distinct bearing on what we are talking about. I called up the Treasury Department and was told that as soon as the offering was made the American people had oversubscribed it and that the books had been closed. This would seem to indicate that the people are willing to lend money to their Government at less than a war-time rate of 4¼ percent. Such a reduction in interest would provide money for the financing of the President's public-works program, for adjustment of the injustices or avoidable hardships done to the veterans under the proposed regulations of the economy bill. In fact, cutting the interest in half on presently outstanding obligations of the Government would permit increasing the public debt without imposing a single penny of additional burden on the taxpayer.

My resolution simply calls upon the Secretary of the Treasury of the United States to attempt such a reduction in the interest on the public debt as will reduce the compensation of capital in the same proportion that the compensation of the human elements of society have been forced to undergo these troubled times.

I am sure there can be no serious objection to the resolution, which merely provides for what will be termed a "new Liberty Loan drive." I am sure that the vast majority of patriotic American bondholders will respond as readily as British and French bondholders. I hesitate to think of the state of the public mind if they do not. I will say, though, that if Americans who have this Government in debt refuse to help it in its hour of need, then we must find some way of drafting slacker dollars, as we drafted men, to end the depression as we ended the war.

Passage of this resolution and response to its reasonable requests may avoid the necessity of drafting dollars.

I urge the Senate to act favorably so that the people will know before we adjourn that we look to capital to make voluntarily and patriotically the same contribution to the support of the country that we have demanded from the veteran, from labor, and from the small taxpayer.

In conclusion, Mr. President, I want to say that agreement to this resolution would not mean the adoption of any coercive power brought to bear on the Secretary of the Treasury. It would be purely a voluntary matter, following exactly the technique, the philosophy, and the form employed by the French and British Governments in a patriotic movement over there to assist their Governments.

One last consideration. We need to finance this program which the President may now face, and within this proposal lies the power to consummate that program without additional taxation.

Mr. BARKLEY. Mr. President, I have very hastily glanced over the resolution while the Senator has been discussing it. It deals with matters of such great importance that it seems to me it ought to be considered by a committee. It is brought before us the last day of the session, and while there is nothing compulsory about it, as a matter of fact, it requests the Secretary of the Treasury to invite everybody in this country who has a Liberty bond to bring that bond in and surrender it in return for another bond drawing less interest. The bonds for which the other bonds are supposed to be exchanged are designated the "new Liberty Loan of 1933", when, as a matter of fact, there is no law authorizing such a loan, there is no law authorizing

any such bonds, and we could not authorize such bonds merely by the passage of a Senate resolution.

I wonder whether the Senator would agree that the resolution might go to the Finance Committee, which deals with the issuing of Government bonds, and let it be given consideration. I am sure it would be given consideration. But to pass it here at this time, without any consideration in the committee, while it is not compulsory and probably nothing might ever happen under it, would seem rather a bad method of legislation.

Mr. BONE. Mr. President, the Senator's suggestion is one to which I might very readily have given my acquiescence in the early part of the session, but now it would mean that the resolution would die in the committee.

Mr. BARKLEY. The Senator introduced his resolution only a week or two ago.

Mr. BONE. The resolution has been on the table for many days.

Mr. BARKLEY. It seems to have been introduced on the 24th of May. It was not even referred to a committee at that time. It was ordered printed and has been lying on the table ever since.

I appreciate fully the good intentions of the Senator, and we would all like to see these bonds refunded at a low rate of interest in order that we might save a considerable amount of money. If we are going to undertake to do that, we ought to do it by a joint or concurrent resolution, in which the House of Representatives would join, which might have some effect, or by the enactment of a substantive law on the subject. Just the passage of a Senate resolution asking the Secretary of the Treasury to request a lot of people to do a thing which he is not authorized to do under the law seems to me to be futile.

Mr. TYDINGS. Mr. President, I am not an expert in finance, but is it not possible to issue Treasury notes without an act of Congress for refinancing? It occurred to me that some of the objection of the Senator from Kentucky, not all of it, of course, but some of the objection, might be eliminated if the refinancing were done in that character of security which can now be used by the Secretary of the Treasury, without any additional act of Congress.

Mr. BARKLEY. I will say to the Senator that about five or six billion dollars' worth of Liberty bonds will become callable in October of this year. The Secretary of the Treasury has the authority, under the law, to call those bonds, and to issue other bonds, if the state of the financial market will permit, at a lower rate of interest. As a matter of fact, it has been contemplated that when October arrives, the Treasury will undertake to refund these Liberty bonds at a lower rate of interest. Whether that can be done will, of course, depend upon the state of the financial market at that time. Whether those who hold those bonds would be willing to surrender them and take in exchange bonds at lower rates of interest I do not know.

I do not want to prolong this discussion, but there will be an opportunity to refund a considerable portion of these Liberty bonds at a lower rate of interest if the Treasury Department can refund them at such a rate.

Mr. TYDINGS. I am no expert in finance, but I think the Senator from Washington is decidedly on the right track, and is attempting to render not only a needed but a patriotic service. However, I cannot escape drawing the conclusion that if we have inflation in the meantime, it is a very serious question as to whether or not we can reissue these bonds at a lower rate of interest. If we do not have inflation in the meantime, probably that could be done. But certainly if we inflate our money the interest rate on Liberty bonds is likely to increase rather than diminish. I simply make that as a passing observation.

Mr. HASTINGS. Mr. President, I wanted to inquire of the Senator from Washington the object of his resolution. From the suggestion of the Senator from Oregon I got the distinct impression that all the Senator from Washington hoped to do was to stir public opinion to such a point that if the Treasury should deem it advisable to make this effort, the public would be in a more receptive mood when it was brought to their attention.

As the Senator distinctly said in his opening remarks, there is nothing compulsory about it; it is wholly within the discretion of the Secretary of the Treasury as to whether he will do it at all; and if so, when he shall do it. As I have said, I got the impression that the hope of the Senator, in view of the speech he made, was that he might stir up public opinion to the point where the holders of the securities would be in a receptive mood if the matter were brought to their attention. Is not that, generally speaking, the object of the resolution?

Mr. BONE. That is quite correct. It could be no more compulsory than public opinion, and that was my desire.

I want to say to the Senator from Maryland, who suggests the possibility of inflation, assuming that it be true that we face that possibility, with the veterans' compensation and pensions we have cut, certainly we should treat them more tenderly than we will treat the men who merely lend their money to the Government.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BONE. Yes.

Mr. TYDINGS. I should like to say to the Senator, as showing my sincerity and my sympathy for the purpose of his resolution, that many Senators will recall in the last session of Congress I myself several times made a plea to accomplish the same result on the floor of the Senate, and suggested that those who held such bonds would help to make their securities worth while if they would pursue the identical policy pointed out by the Senator. All I was attempting to do was to recall the realities before the Senate without wishing to reflect in any way upon the merits of the resolution or of the Senator's proposition. I myself am heartily in favor of it. I simply mentioned the possibilities of inflation as a very real factor which has entered the situation since the suggestion was first broached.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. BONE. Yes.

Mr. BARKLEY. Let us assume this resolution is adopted, and that the Secretary of the Treasury, taking it in good faith, invites all holders of Liberty bonds to come to Washington and exchange those bonds for what the Senator terms "the new Liberty Loan of 1933"; let us assume further that they come to Washington for that purpose; has the Secretary of the Treasury any authority to issue bonds called "the new Liberty Loan bonds of 1933"?

Mr. BONE. Mr. President, I am not concerned with what the Secretary of the Treasury may call this issue; I am not concerned with names or anything else; I am concerned with a reduction of the interest rate paid by the United States. I will be perfectly frank with the Senator and say that I do not care what he calls it; but, being a realist, I want to see some results; I want to see this horrible interest burden written down. The Senator says he would be in sympathy with this idea and other Senators would. If they are in sympathy with it, the only thing to do to accomplish anything is to do it.

We have this terrible interest debt, and we have not cut that debt while we have been cutting the compensation of the veterans. I hold no brief against the man who collects interest, but I do feel in these somber and tragic times, when veterans are bitter and when wageworkers in my State are going hungry and are being sweated to pay this great burden of interest that is being collected day by day, that the time has arrived that these men, the holders of these bonds, shall voluntarily do it and show some little shred of sportsmanship.

I do not say it with any bitterness in my heart, but I merely feel that it is the part of wisdom for men who are collecting interest from the Government to be very certain that the United States continues to be a solvent, going business concern, and that we maintain its financial integrity; and certainly we cannot be chary about doing that. Here we are trying to legislate to preserve the financial integrity of this Government, and what better way is there to do it than to reduce the interest rate on Government obligations?

May I go a step farther and tell the Senator of a little experience that an acquaintance of mine had in England, which I think will be interesting to Members of the Senate? A prominent man, one who is a distinguished writer in American magazines, was walking down a street in London one day and saw a great crowd around a bank. Being curious that a crowd should be gathered around a British bank—a run on a British bank being almost an unheard of thing—he went up there to find out what it was all about, what was happening there. The extraordinary thing that produced it could not happen in this country; perhaps Americans do not have these reactions of our British cousins, but the men and women standing around that bank were there with their bonds in their hands in answer to the patriotic call of the British Government to turn their bonds in and to accept new bonds issued at a lower rate of interest. In other words, the Britisher may be a Bolshevist, a Communist, a Whig, a Tory, or a Liberal, but he is a Britisher first, last, and all the time; and when his Government, through Mr. Chamberlain, announced that Great Britain was in a dangerous financial condition, and that it had to have a more firm financial foundation, these loyal Britishers brought their bonds in and said, "We will stand for lowering the rate of interest." I say the time is here for us to do it, too.

The former President, Mr. Hoover, said the condition that confronted us was worse than war—I think I have correctly quoted him—and we have been assured repeatedly since I have been in the Senate that the conditions that confront this country are worse than war. If that is true, why split hairs over a thing like this? I do not care whether the Secretary of the Treasury takes advantage of this or not, but I want him to have the opportunity to do it; and I want him to know that the United States Senate wants him to do it. That is my reason for asking that it may be done.

Mr. BARKLEY. Mr. President, I appreciate that, and that was a beautiful spirit on the part of the British people to induce them to accept bonds, and to make a run on a bank in order to accept them at a lower rate of interest; but I am probably as great a realist as is the Senator from Washington, and that perhaps is what my trouble is. I am such a realist that I fear there is no law authorizing it, and that this resolution itself does not authorize the Secretary of the Treasury to issue bonds in lieu of the Liberty bonds outstanding, some of which will not fall due for years.

Mr. BONE. I am sure the Senator realizes that we do not have to have a law for the Secretary to refund the bonds if people are willing to refund them.

Mr. BARKLEY. Of course, if the holders of these bonds should come to Washington and agree to take a lower rate of interest, it might be possible, but these bonds are not callable for a number of years.

Mr. BONE. Eight billion dollars of bonds can be called in April and October.

Mr. BARKLEY. And there are others that are callable over a period of years later on. The Secretary of the Treasury, of course, cannot call these bonds until they are callable. Could he invite the public to come in and surrender their bonds without any additional law on the subject by the passage of a mere Senate resolution that would authorize him to issue new bonds in lieu of the bonds not yet due or callable?

Mr. BONE. I think the Secretary of the Treasury has the power if the people are willing to do it of their own volition at any time, and certainly as to the Liberties that are due in October, while we will be at home and the Senate will not be in session, the Secretary of the Treasury would have the power to do that under a refunding operation when these Liberties come due in October. I think there are $6,000,000,000 worth of them which will be callable in October.

Mr. BARKLEY. That is true.

Mr. BONE. And if we could reduce the interest rate 1 or 2 or 2½ percent on them by that process, there would be a great saving, and the interest rate could be reduced on other bond issues. Possibly, by the right sort of patriotic action—horse-sense action, if you please—we can underwrite this program that we put out yesterday without any additional taxes. All I want to see the Senate do is to take a stand on this question.

Mr. BARKLEY. The Secretary of the Treasury can do that, and it is an open secret——

Mr. BONE. Mr. Mellon did it repeatedly.

Mr. BARKLEY. The Secretary of the Treasury has had in mind, when these bonds become callable in October, which is 5 or 10 years before they are really due, that he may be able to refund six or eight billion dollars at a lower rate of interest. We all hope we can do it; I certainly do. If we could refund all the outstanding bonds of the country, amounting to some twenty and odd billion dollars at a lower rate of interest, I would certainly be enthusiastically in favor of it.

Mr. BONE. Does not the Senator think, with the compensation of veterans being cut, with the wages of workers being reduced, with many of them idle, with others being sweated in the shops, that the Government of the United States should make, at least, that one simple, little gesture toward the men who have loaned billions of money to this country and whose wages on their money have not yet been touched?

Mr. BARKLEY. That is the very point. I think it would be a very beautiful gesture, but I am afraid that is all it would be.

Mr. BONE. We had better begin to be very practical about that.

I think it is a very practical way of approaching it, and I cannot imagine the United States Senate pushing aside a suggestion of this kind, especially after we have cut the veterans and cut the wages of Government workers, and when the wages of workers over all the country have been cut. The only suggestion is that we cut the wages of capital very timidly; not to make a very severe cut, but in order to preserve the financial integrity of the Government and make the investment of these men still more secure.

Mr. President, at this time I ask for a vote on the resolution.

Mr. BARKLEY. Mr. President, the Senator does not insist on the preamble of the resolution, does he? There are a number of whereases in it.

Mr. BONE. I have recited those, I will say to the Senator from Kentucky, because they, in a sense, constitute a reason for the resolution itself. They are a recital of what was done in England and France, and I think are rather a healthy suggestion. I may say to the Senator from Kentucky that it is my opinion that the administration would have no objection to this kind of a resolution.

Mr. BARKLEY. Of course, I am in no position to say whether they would or not.

Mr. CONNALLY. Mr. President, in connection with this matter, is it not true that the President has already a program on foot to refund the bonds in all cases, where it is possible, at lower rates of interest?

Mr. BARKLEY. That has been my understanding; and, as I said a moment ago, it has been the intention all along to refund these bonds and to call five or six billion dollars' worth of them.

Mr. CONNALLY. Without the necessity of any legislation?

Mr. BARKLEY. Of course, the Treasury has that authority whenever the bonds are callable under the law.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30,

1933, and June 30, 1934, and for other purposes, in which it requested the concurrence of the Senate.

HOME OWNERS' LOAN CORPORATION—STATEMENT BY W. F. STEVENSON

Mr. WALSH. I ask to have printed in the RECORD a statement by W. F. Stevenson, chairman of the Federal Home Loan Bank Board, giving information as to the home owners' loan corporation. Many inquiries have been made of Senators and Members of the House and of the members of the Board as to just what is the objective of the Home Loan Board. The statement gives that information, and I think it will be very helpful to Members of Congress and the public at large. So I ask to have it printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY W. F. STEVENSON, CHAIRMAN FEDERAL HOME LOAN BANK BOARD

What is the home owners' loan corporation? It is a corporation created by Congress to be administered by the Federal Home Loan Bank Board as directors for the purpose of saving the homes of home owners where they are unable to secure money to pay mortgages otherwise and where the mortagee is threatening foreclosure.

What capital has the corporation? It has $200,000,000 of capital stock subscribed for and to be paid by the United States Treasury, and it has the authority to issue $2,000,000,000 of bonds, running 18 years with 4 percent interest, the interest being guaranteed by the United States Government.

What homes can be dealt with under this corporation? Homes not exceeding $20,000 in value.

What mortgages can be taken up on homes? Only those which are of record on June 12, 1933, the date of the approval of the act.

How will the citizen get the loan to which he is entitled? There will be a general manager for the corporation established in each State, with sufficient employees to handle the business, whose location will be well known, and applications to such manager should be made by mail or personal call for blanks to fill out, making applications for loans to take up mortgages in existence. If, from the application, it appears that the loan is one that the corporation can make under the law, it will be referred to an appraiser or agent in the county where the applicant lives, who will immediately appraise the property and have the local attorney there determine as to the soundness of the title, and on their report, if favorable, the loan will be closed, papers executed, and the bonds or cash, as the case may be, paid to take over the mortgage which is in existence.

How about the loaning of bonds and of cash? The provision is and the expectation is that the mortgagor can arrange with his mortgagee to take the 18-year bonds, which have back of them the $200,000,000 stock and all of the mortgages which are taken on loans made by the corporation in exchange for his mortgage, and he will transfer his mortgage to the corporation upon being paid the amount of bonds he agrees to take for his mortgage.

The corporation will loan in bonds 80 percent of the value of the property in taking up such a mortgage. It will also furnish the money to pay taxes that may be in arrears on the property which will be made a part of the 80 percent loaned. When the exchange is made and the mortgage assigned to the corporation, the corporation will then take a new mortgage from the home owner, running for 15 years, with payments either monthly, quarterly, semiannually, or annually, according to the agreement then entered into, with interest at 5 percent, and the home owner will then have a long-term loan with small payments.

If the mortgagee refuses to take bonds, and the mortgage and taxes and other encumbrances due are not in excess of 40 percent of the value of the property, the corporation will loan the mortgagor up to 40 percent of the value of his property, or so much as is necessary below 40 percent to take up the mortgage with cash, and also any taxes due, and take a mortgage from the home owner at 15 years, payable as in the other cases, with interest at 6 percent.

This is the method of making loans, except that where a home owner has no encumbrances on his home but is in default in taxes and in danger of losing his property from tax sale, the corporation will loan him the money on the home to pay the taxes and amortize that for 15 years, just as in other cases.

It is desired to emphasize the fact that this corporation will only deal with the redemption of homes valued at not over $20,000, and it will not loan over $14,000 on any one home, either in bonds or in cash.

The corporation may grant an extension of time to any home owner under conditions of stress if he continues to pay the interest installments, and this indulgence may extend to 3 years in the currency of the 15-year period.

To give a specific example: Mr. A owns a home and lives in it; it is unfortunately encumbered; the house is worth $10,000; the mortgage is for $7,500; his neighbor, who holds the mortgage, Mr. B, needs cash, or its equivalent, and yet he does not like to sell out his neighbor. Mr. A applies to the manager in his State, who furnishes him with a blank and assists him in filling out the blank, giving the entire facts about the case. The mortgage necessarily was on record June 12, 1933. Mr. A gets an agreement with Mr. B that he will take $7,500 of the bonds of the corporation, guaranteed as to interest by the United States, and assign his mortgage without recourse to the corporation.

The corporation finds that Mr. A owes $475 in taxes. Mr. A is unable to pay the taxes; the corporation then furnishes Mr. A with $7,500 of bonds and pays the $475 taxes and pays expense of registration and investigation of the title with the other $25, making $8,000, which is 80 percent of the value. Then he takes a new mortgage from Mr. A, canceling the old mortgage or extending it, and in this way they give Mr. A 15 years to pay the $8,000 made up as above stated.

If Mr. A is a laboring man getting wages, they will want him to pay monthly. If it suits him better, they may allow him to pay quarterly or under certain conditions may require him to pay semiannually or annually and give him 15 years in which to redeem his property. But suppose Mr. B will not take the bonds. Then if the debt is over 40 percent of the value of the property, nothing can be done. But suppose the debt, instead of being $7,500, was $3,500. The corporation will loan the cash on that amount and take up the taxes and everything so it does not run over $4,000 and complete the transaction with the cash settlement, but the owner gives a new mortgage at 15 years, just as in the other cases, with a rate of interest at 6 percent instead of 5 percent, which is the rate where bonds are loaned. That is the illustration of the manner in which it is to be handled.

Finally, the second part of the act provides for the establishment and organization of building-and-loan associations under national charter and supervision. The building-and-loan associations are now the principal source of money to be had by people who desire to acquire or build a home, and there are 1,500 counties in the United States in which there is no such association. The idea is to promote the organization of such associations by the corporation taking 50 percent of the stock right along with the citizen of any local community who desires to establish such an association. The association, when established, would be a source from which the local people could borrow money to build, buy, or improve their homes, and the associations therefore would be a cooperative effort to save and conserve capital in the local communities. The corporation says to a community, "If you want to organize a building and loan association of this type, we will put in a dollar of capital for every dollar that you can figure. If you take $10,000 capital, we will take $10,000, pay it in as fast as you pay yours in, and that association will become a member of one of the Federal home-loan banks, and as it loans to its members in a local community it can take that paper to the Federal home-loan bank to which it belongs and use it for procuring money from the home-loan bank to reloan to the people in its community. It is to encourage thrift in the first place and to build up a great cooperative financial structure dealing strictly with homes.

REVISED REGULATIONS PERTAINING TO VETERANS' RELIEF (S.DOC. NO. 72)

Mr. WALSH. Mr. President, on April 10 I had printed as a Senate document a letter from the Solicitor of the Veterans' Administration explaining the regulations issued by the President up to that date relating to the veterans' relief. As is well known, since that time the President has made some additional regulations, modifying and changing the original regulations. I have asked the Solicitor of the Veterans' Administration to interpret those regulations so that we may easily have an understanding of just what is their purport. I have that communication from the Solicitor of the Veterans' Administration, and I ask that his explanation and letter may be printed as a Senate document, as was the previous letter.

The PRESIDING OFFICER. Without objection, the matter referred to by the Senator from Massachusetts will be printed as a document.

FEDERAL CONSERVATION AND RECLAMATION PROJECTS

Mr. McCARRAN. Mr. President, I ask unanimous consent to have printed in the RECORD certain articles appearing on the subject of Federal conservation and reclamation projects.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

GOVERNMENT AT ITS HIGHEST POINT

By R. L. Duffus in June Harper's under the title "Washington Jig Saw"

Consider the scientific agencies, which can be found in almost all the Departments. They are full of men who are building roads into the future. In stuffy little offices, in laboratories smelling of chemicals and of decaying organic matter, these devotees study the habits of insects, the diseases of poultry, human beings, and livestock; they test soils and seeds, they weigh the earth and the stars and, when called upon, as Pul de Kruif has glowingly related, lay down their lives in a rather casual way for the service of mankind.

In these men, who are not really government at all, government in Washington seems to me to reach its highest point. Their line goes out through all the earth; they map and sound;

they set up instruments in jungles and on bleak mountain tops; their adventures, homely and heroic, would fill many volumes. A bit shabby, they lunch in groups in cheap restaurants, drive battered cars or else walk, live in little apartments or in dingy houses over on the Virginia side, complain humorously rather than bitterly when the Federal auditors cut out of expense accounts items that auditors, not being scientists, cannot understand. They are frequently overworked, usually compelled to get along without some of the facilities they believe their researches demand, sometimes envious of one another's salaries and promotions; also they are happy and have been known (in the old days, when private employers once in a while actually took on new help) to refuse outside offers of many times their Government salaries. May no retrenchment make the seats of their pants shinier or add one thread to the ravels on their cuffs!

(By Science Service)

Fear and anxiety are prevalent in universities and scientific research institutions and scientists are apprehensive as to the continued financial support of research according to president W. W. Campbell, of the National Academy of Sciences.

"The deep depression in the curve representing the recent course of financial and economic events in our country is apparently not matched by a similar depression in the curve depicting the output of new knowledge achieved through research in the domain of the physical and biological sciences". Dr. Campbell said in citing the crowded program of scientific papers over which he presided.

But the immediate future threatens to bring conditions that will be very different, he warned.

Legislatures that appropriate funds for the support of universities which conduct research at public expense for public benefit were described by Dr. Campbell as "in most cases unsympathetic and in some cases as severely hostile."

Warning these bodies of the necessity for the continuance of research where it has been sympathetically nurtured and supported through the years, Dr. Campbell paraphrased the Bible: "Where there is no research, the universities perish."

Dr. Campbell urged also that the scientific work of the Federal Government in Washington should be preserved and continued, because the scientific bureaus of the Government undertake work of great benefits to the Nation which cannot be done by universities or other research institutions. How could the State of Nevada, he asked, do its share in surveying the coasts of America except by the indirect support by its citizens through the Federal Government of the United States Coast and Geodetic Survey?

Federal financial support of science has been obtained, Dr. Campbell said, "upon the basis of need and merit for the most part, and not at all by political logrolling, not to any extent whatsoever by the threats of an 'organized minority', tacit or vocal, to the effect that the Congressman or the Senator who does not vote the financial support asked for will be defeated at the next election."

Confidence was expressed by Dr. Campbell that officials of the Federal Government will not cut appropriations for the support of existing research activities in unjust or catastrophic degree.

By congressional act passed in 1863, during the Civil War, the National Academy of Sciences is an official agency of the Federal Government, not supported, however, by Federal funds, but charged with the duty of reporting to the Government on any subject in science upon demand by any Federal department of the Government. Dr. Campbell implied that if called upon, the National Academy of Sciences would willingly give its counsel in the present emergency, just as it has many times in years past.

SCIENTIFIC RESEARCH AS "PUBLIC WORKS"

By Watson Davis, managing editor, Science Service

Scientific research might well be made an integral part of the Roosevelt administration's new public-works program now being formulated.

While the term "public works" brings visions of public buildings, rivers and dams, reforestation, etc., the record of the past will bear out the contention that scientific research is one of the most fruitful activities that can be maintained for the public benefit.

It is peculiarly the function of government to support such intellectual activity as research. It is a service that brings fruitful results not alone to the nation that supports it, but to the world as a whole.

There is no point in minimizing the existing emergency in intellectual fields. Universities are faced with 20 to 25 percent cuts in budgets in many cases, and where States appropriate, some universities will have budgets more heavily cut. This means that their scientific research will suffer even greater cuts. Foundations that have carried much of the financial burden of intellectual research have lost heavily in income and principal in the past year. It is definitely known that at least 12,000 scientists in laboratories of industries have lost jobs in the last 3 years. The situation surrounding the Federal Government's scientific program is acute, although strenuous efforts are being made within and without the Government to save Uncle Sam's science work which costs little and pays large dividends.

Altogether, it may be estimated conservatively that some 10,000 to 20,000 scientifically trained men and women are or will be out of work this summer and next fall. If we were engaged in a foolish, wasteful war with a foreign power, their services would be in great demand. As it is their idleness is an economic loss to the present and the future far greater than can be measured by their hours of enforced joblessness. It has cost literally thousands of dollars to train these men and women. Their potential contribution to our civilization is billions of dollars.

A relatively small part of the $3,000,000,000 suggested as the total of the projected public-works program would put these men and women to work in laboratories upon the problems that beset us. Suppose $20,000,000 or $10,000,000 were available. This is 2 or 1 percent.

[From an address before the Franklin Institute of Philadelphia]

SECRETARY WALLACE SEES SCIENTIFIC RESEARCH AS FOUNDATION OF DEPARTMENT OF AGRICULTURE'S SERVICE TO NATION—RESEARCH EXPENDITURE ON CORN, WHEAT, AND COTTON WOULD BE INCREASED TEN TO HUNDRED TIMES IF UNCLE SAM INVESTED IN SCIENCE LIKE BUSINESS CORPORATION

By Henry A. Wallace, Secretary of Agriculture of United States

Scientific research is not merely the Department of Agriculture's biggest job but the foundation of all its other jobs. The Department's agricultural extension service, cooperating with the States, is clearly designed to help farmers apply the results of research. In a host of regulatory and service activities—from food and drug law enforcement to the building of highways—scientific research provides the essential foundation upon which we build. Practical though all this can be shown to be, financially useful though it may be to industry and agriculture alike, still it does not protect the basic scientific work of the department from the barbs of the uninformed.

For many months organized groups have waged war on scientific research in government. They have objected that it costs money, which is not directly returned to their pockets. They have reasoned that we are in this economic impasse in part by virtue of the excessive efficiency of scientific production. They would virtually eliminate scientific research from the Government, and they make no bones about saying so. And if from the Government, why not from the publicly supported colleges and all other public institutions?

Mind you, I am quite ready to agree that when the income of citizens and of the Government is as drastically reduced as it is at present we have no choice but to reduce all expenditures of Government, and scientific work must shoulder its share of the reduction. Conceivably, a searching examination may reveal deadwood here and there; some of our less obviously important scientific activities can be slowed down in deference to the emergency; but that is very different from a heedless elimination of governmental activity because it is scientific or of scientific activity because it is governmental.

Suppose we consider our agricultural research much as a business man would. The total value of the corn, wheat, and cotton crops of the United States is normally about $4,000,000,000 Around these three basic crops the entire agriculture of the United States revolves. If a private corporation had an annual output so valuable, how much would it be spending for scientific research to reduce production costs, discover new uses, and the like? Probably anywhere from 40 million to 400 million dollars.

Does that seem fantastic to you? An officer of the National Research Council, in a letter to Dr. A. F. Woods, of our Department, last summer reported the results of a query sent to several hundred industrial corporations. In 309 replies, representing 19 classes of industries, it was revealed that most of the corporations spent from 1 to 10 percent of their total sales on scientific research. About 1 in every 6 corporations of those reporting spent more than 5 percent of their sales on research, and 1 in every 14 spent more than 10 percent of their sales. Thus the range—40 million to 400 million dollars—when computed on the basis of a total output of $4,000,000,000.

You may ask how Government's expenditures for research compare with industry's. The Federal Government for this $4,000,000,000 crop of corn, wheat, and cotton has been in the habit of spending around $3,000,000 annually for scientific research. That is a very small fraction of 1 percent. Even on the tragically reduced value of these crops in 1932, Federal expenditures for research amounted to less than two tenths of 1 percent.

Similarly with dairy products, the farm value of which in 1932 amounted to more than a billion and a quarter dollars, and on which Federal research expenditures amounted to about a million dollars, or 0.08 percent. By the term "Federal expenditures", it should be explained, we include not only what the Department of Agriculture spends directly in its own laboratories and in the field, but what the Congress appropriates, through the Department of Agriculture, for expenditure by the State experiment stations.

It may interest you to analyze a typical expenditure for research on one commodity. The estimated gross farm income from swine production amounted to a billion and a half dollars in 1929. The Department's expenditures for research in swine production and marketing in that year amounted to less than $125,000. About two fifths of that money went for research in feeding and breeding, in swine management in general. Another third, or thereabouts, went for research on diseases—on parasites of swine, on hog cholera, and on pathological investigations of various kinds. For studies in marketing and standardization the department spent $20,000.

It would be interesting to compare expenditures of various years with gross farm incomes, but I fear such a study would fail to show any correlation between total sales, as an industrialist might state it, and research expenditures.

The $3,000,000 expenditure for research in corn, cotton, and wheat may be reflected upon in the light of the fact that these

great crops occupy a total of nearly 200,000,000 acres of land, and absorb the energies of more than 6,000,000,000 hours of man labor annually. The scientific work of the Department of Agriculture and the State experiment stations during the past 30 years has undoubtedly made its imprint upon even this vast acreage and expenditure of human labor. Though a relatively small investment, the expenditures for research by the Federal and State Governments have undoubtedly made it possible for the farmers of the United States to produce the present volume of corn, wheat, and cotton with a billion hours less man labor annually.

This is a tremendous increase in efficiency. It has been of great benefit to a few farmers—those who were first able to utilize it—and to all the consumers of food and fiber in the United States. In fact, it has been of greater benefit to them than to the rank and file of the farmers.

[From an address before the Franklin Institute of Philadelphia.]

SCIENCE MUST NOW HELP MANKIND CONQUER SOCIAL AND ECONOMIC OBSTACLES, SECRETARY WALLACE URGES—"GREAT INJUSTICE" DONE GOVERNMENT'S SCIENTIFIC WORK BY CERTAIN BUSINESS GROUPS—HOW FAR FLEA JUMPS IS IMPORTANT

By Henry A. Wallace, Secretary of Agriculture of United States

If I may paraphrase a famous remark, we have somehow to make science safe for democracy.

What I mean by that is this: That science has magnificently enabled mankind to conquer its first great problem—that of producing enough to go around; but that science, having created abundance, has now to help men learn to live with abundance. Having conquered seemingly unconquerable physical obstacles, science has now to help mankind conquer social and economic obstacles. Unless mankind can conquer these new obstacles, the former successes of science will seem worse than futile. The future of civilization, as well as of science, is involved.

In the recently published "Recent Social Trends", by President Hoover's committee, the problem has been stated thus:

"Americans have been well schooled in a theory of economics which starts with production, a theory born of the uncounted centuries of recurring famines and shortages. This theory in America received tacit governmental sanction in the efforts of the agricultural extension service constantly to increase per-acre yields through better technic.

"But now what was once held impossible has happened. Production has outstripped consumption and is caught in the web of the economics of a period that never visioned such a possibility. Want and suffering are rampant in a land of plenty.

"It seems right to ask, therefore, whether the serviceable social science of today and tomorrow must not consider these things."

I would not minimize, even momentarily, the past accomplishments of science, in government or out. I do not see how any intelligent person can hear some of the complaints registered against research without desiring to jump at once to the defense. Certain business groups, a few highly articulate chamber of commerce people, have done a great injustice to the scientific work of the Government by inferring that considerable sums of money have been spent to investigate how far a flea could jump, and to look into the love-life of the frog.

I am unable to find any account of a Government project dealing with the love-life of a frog. It is true that someone wrote into the Department of Agriculture to inquire how far a flea could jump, and that one of our entomologists, after a brief search through the scientific literature on fleas, was able to make a suitable reply. The publicist who ridiculed the Department for this jumped in a variety of inaccurate conclusions, one of them being that special and expensive research was involved, and another being that fleas, from whatever aspect, are screamingly funny. They seem to be in the same category with spinach.

As many of you know, research on fleas—including a knowledge of how far they can jump—has been fairly important for the human race. For through this research it was learned, back in 1906, that the dread bubonic plague was carried from rats to man by fleas. The knowledge of how far a flea could actually jump was of considerable importance in fighting outbreaks of the plague shortly thereafter.

I don't believe I should have been ashamed to have had the Department of Agriculture discover that knowledge, amusing though the very subject of fleas may be to a publicist with an ax to grind.

[From an address before the Franklin Institute of Philadelphia]

MORE MONEY, NOT LESS, SHOULD BE SPENT ON GOVERNMENT'S SCIENTIFIC RESEARCH, SECRETARY WALLACE SAYS—ILLUSTRATES FRUITFULNESS OF SCIENCE BY EXAMPLE OF CORN-BREEDING RESEARCH WHICH INCREASES CROP BY 10 BUSHELS PER ACRE

By Henry A. Wallace, Secretary of Agriculture of United States

I am not disposed to apologize for a certain amount of Government money spent in pure scientific research. On the whole, I am inclined to think that more money should be spent in this way rather than less.

Let me give an illustration coming out of my own experience. It happens that 20 years ago this summer I did my first experimenting with the inbreeding of corn and was led to do so by the work in pure science done along this line by Dr. G. H. Shull, of the Carnegie Institution, and Dr. E. M. East, of the Connecticut experiment station. Dr. Shull especially had no thought whatever of bringing his inbreeding work in corn to a practical conclusion. More than 20 years ago he dropped his corn-breeding experiments and turned to the breeding of evening primroses and the weed known as shepherd's purse. Yet I may say that the purely scientific work started by Dr. G. H. Shull 28 years ago can easily make it possible for us within the next 10 years to produce our present supply of corn on 80,000,000 acres instead of 100,000,000.

I say this advisedly and with full knowledge, because last year in Iowa more than 1,000 farmers grew corn produced by this method which originated in the pure science of Shull and East. As an average of a thousand weighed-up comparisons it was found that the corn produced by crossing inbred strains outyielded the farmers' own corn by 10 bushels an acre.

The Federal and State scientists engaged in this particular branch of research know from a practical point of view that their discoveries have just begun. They also know that from the point of view of pure science, there are strange vistas opening up in many directions. The corn geneticists of the United States Department of Agriculture and the State experiment stations have developed several thousand inbred strains of corn which when properly combined have in them the ultimate potentiality of saving the corn farmers of the United States a billion hours of man labor annually. A saving of this magnitude properly distributed through the right kind of economic machinery can be of enormous help to all the people of the United States.

[From an address before the Franklin Institute of Philadelphia]

MORE SCIENCE IN ECONOMICS, NOT LESS SCIENCE IN FARMING IS NATION'S NEED, SAYS SECRETARY WALLACE—HOPE OF FUTURE LIES WITH SCIENTISTS WHO DEAL WITH LIFE, UNITED STATES CABINET MEMBER DECLARES IN DEFENDING FEDERAL RESEARCH

By Henry A. Wallace, Secretary of Agriculture of United States

What we need is not less science in farming, but more science in economics. I have no patience with those who claim that the present surplus of farm products means that we should stop our efforts at improved agricultural efficiency. We need economic machinery corresponding in its precision, its power, and its delicacy of adjustment to our scientific machinery. Science has no doubt made the surplus possible, but science is not responsible for our failure to distribute the fruits of labor equitably. We must charge that failure squarely up to organized society and to government.

In some respects scientists must shoulder the blame for some of our present economic distress. Relatively few scientists, I fear, have a well-developed social point of view. It may be that specialization has forced them into the cloister, out of touch with the surge of economic and social problems.

It may be that the Darwinian theory of the survival of the fittest has so impressed them that they have permitted it to color their views on economics as well as on biology. For there is a very direct relationship between the survival-of-the-fittest theory and the theory of laissez-faire, which has so long dominated our economic thinking.

Or again, it may be that scientists have had to applaud any consequence of profit motive, if they were to pursue their research. Generally removed from any desire for great wealth, scientists may not always have realized the problems daily arising from an inequitable distribution of wealth.

Whatever the basis, I believe the time has come for men of science to consider both the effect of current economic problems on science, and the contributions that science may be able to make to the solution of those problems.

Perhaps the star of the social scientist—who seems to specialize, so to speak, in a social point of view—is rising. I have often wondered what the character of modern science would be if the early scientists had been biologists, for instance, like Pasteur, rather than mathematicians and physicists, like Newton and Galileo. At any rate, it is true that the social and biological sciences have lagged far behind the physical sciences.

I want to pay a tribute to those scientists who deal with life. While I have the greatest respect for the physicists, the astronomers, and the engineers, I have an evenly greater respect for the scientists dealing with living organisms. I am sure, as a result of my own continuous contact with the corn plant during the past 30 years, that both the pure scientists and the practical scientists dealing with corn are on the verge of unusual discoveries. This same situation doubtless exists with the scientists dealing with other plant and animal organisms. I have the feeling that it is time for the human race to devote its attention more definitely toward the life side rather than the mechanical side of things. As more and more scientists work with the problem of bringing together the superior germ plasm of the different plant and animal organisms, a social consciousness will be built up which will find an eventual expression in the search for superior human germ plasm.

These things, of course, will develop slowly, but to my mind in this direction we shall find some of the most hopeful activities of the human race. We may become eventually disillusiond by our efforts at mechanical progress; but if we look deeply into the life side of things, we will find endless vistas unfolding which, as they express themselves in the social world, are not so likely to be disillusioning as the activities which are built on the inorganic sciences.

A very high percentage of the scientists dealing with genctics and biology is employed either by the United States Department of Agriculture or the State experiment stations. I suspect that 90

percent of their efforts may seem foolish from a narrowly practical point of view. They are, therefore, peculiarly subject to attack from the unthinking criticism of so-called "practical" business men.

I fully agree that scientists should be subject to some of the same vicissitudes as the rest of humanity in these troublous times. They should be willing to take their share of salary cuts and reduction in activities. Some of these men are engaged in projects which should be stopped. It is certainly necessary in times like these to reexamine scientific projects in order to discover which ones might well be discontinued. But I think it would be a serious mistake completely to destroy, as some people apparently wish to do, such scientific work as that done by the Department of Agriculture.

In defending the scientific work of the Department of Agriculture I am not making a plea for the farmers. Much of our research expenditures are of direct interest only to industry. All of them benefit city standards of living far more than rural incomes. Indeed, I believe the standard of living of the next generation will be definitely lower, especially in the cities, if the scientific work of the Department of Agriculture is destroyed at this time merely to save ten or fifteen million dollars a year.

I want the standard of living, in city and country alike, constantly improved. But we shall never achieve that desideratum unless we learn how to distribute what we have produced, as well as we have learned to produce it. Science has done the first job, and done it magnificently; now let it turn to the second and infinitely more difficult one. I feel assured that the challenge appeals to your imagination and to your craving for social justice as much as it does to mine.

Federal Scientific Research in This National Emergency

Less than 1 cent out of every dollar spent by the Federal Government is devoted to the support of scientific research. The dividends from research are munificent. Dr. A. F. Woods, of the Department of Agriculture, estimates that scientific research expenditures in that department for the past years have returned annual dividends to the people of about 50,000 percent on the money spent by the Government. This is a typical, not an extraordinary rate of return from the Government's scientific research.

About $40,000,000 is the most that has ever been spent annually for scientific research by the Federal Government. The total Budget of the Government at the peak was about $5,000,000,000. Science consumes less than 1 percent of the Budget.

It is obvious that the Federal Budget cannot be balanced by the complete elimination of all Federal expenditures for research in agriculture, geology, mining, standards, fisheries, health, and other essential, profitable fields.

Detailed tables and comments follow:

Federal Government Expenditures

Wars, past, present, and future consume most of the Government's annual expenditures. If the Budget is visualized as a gigantic pie, the slice consumed by scientific research, 0.85 percent, would hardly be visible. All education, research, and development expenditures total only 2.7 percent; less now because economy cuts have fallen more heavily in percentage on research.

Table 1

Group	For	Millions of dollars	Percent
I	Primary Government functions (legislative, executive, judicial)	$630	12.6
II	Research, education and developmental	135	2.7
III	Public works	475	9.5
	Total civil expenditures	1,240	24.8
IV	Army and Navy	707	14.1
V	Pensions and care of soldiers	1,051	21.0
VI	Special recent war activities	51	1.2
VII	Interest	600	12.0
VIII	Retirement on public debt	1,349	26.9
	Total past and future wars	3,758	75.2
	Total expenditures chargeable against ordinary receipts	4,998	100.0

Figures are actual expenditures, fiscal year ending June 30, 1932.

The late Dr. E. B. Rosa, of the Bureau of Standards, in 1921 used the above groupings, I to VIII, in his pioneer study on the United States Budget.

Table 2—*Expenditures for Federal scientific research*

Department or bureau	Actual expenditures, 1932	Budget, 1934
Agriculture	$17,718,049	$15,191,986
Payments to States	4,356,592	4,381,000
Geological Survey	1,604,953	1,078,550
Bureau of Mines	1,944,892	1,375,685
Coast and Geodetic Survey	2,894,113	2,289,713
Bureau of Standards	3,079,974	[1] 2,167,320
Bureau of Fisheries	416,960	258,160
Public Health Service	6,828,972	4,936,047
Smithsonian and National Museum	312,587 795,110	1,104,692

[1] 1934, after Budget Bureau cuts, $1,336,000(?).

Table 2—*Expenditures for Federal scientific research*—Continued

Department or bureau	Actual expenditures, 1932	Budget, 1934
National Advisory Committee for Aeronautics	$1,112,464	$866,030
Naval Research Laboratory [1]	32,436 214,262	182,381
Ocean and lake surveys, Navy [1]	69,617	62,331
Hydrographic Office, Navy [1]	428,986 131,203	392,085 129,360
Naval Observatory [1]	190,812 192 38,968	175,056 20,000
Astrographic equipment [1]	48,357	
Observation, eclipse of sun [1]	74	10,000
Support of Gorgas Memorial Laboratory [1]	50,000	50,000
International Research Council [1]	3,248	
Investigation fisheries, United States and Canada [1]	15,991	
Pan American Sanitary Bureau [1]	28,775	30,024
International Bureau of Weights and Measures [1]	4,343	4,342
Committee on Annual Table of Constants [1]	500	500
Fisheries Commission [1]	29,839	31,500
Hydrographic Bureau [1]	5,789	5,790
Institute of Agriculture at Rome [1]	7,335	5,400
Office Public Health [1]	3,015	3,015
Society for Exploration of Arctic by Airship [1]	300	
Radiotelegraphic Convention [1]	6,768	7,527
Astronomical Union [1]		781
Union of Chemistry [1]		675
Union of Geodesy and Geophysics [1]		3,088
Union of Mathematics [1]		38
Council of Scientific Unions [1]		46
Scientific Radio Union [1]		154
Union of Physics [1]		64
Geographic Union [1]		195 5,043
Total, all scientific research	42,375,476	34,768,578
Total, whole U.S. Government	4,997,893,258	3,775,884,870
Total, ordinary receipts (1932)	2,118,092,899	

[1] These activities are not included in group II, table 1.

The figures are for fiscal years ending June 30 of the years shown.

Total amounts for bureaus and departments are larger than figures shown, but the amounts shown are those devoted to scientific research, broadly interpreted.

Table 3.—*Percentage of Federal expenditures devoted to education, research, and development*

	Percent
1910	5.1
1915	5.4
1920	1.3
1921	1.5
1922	1.9
1923	1.9
1924	2.2
1925	2.5
1926	2.4
1927	2.6
1928	2.6
1929	2.7
1930	3.1
1931	3.2
1932	2.7
1933 (Budget)	3.1

This table shows that the percentages of expenditures in group II (see table 1) have decreased since the World War.

Equivalents of Scientific Research Expenditures

If all of the approximately $40,000,000 of Federal funds devoted to scientific research, which is the maximum ever expended, were used otherwise, it would pay for one modern battleship, or meet the cost of four modern cruisers, or defray about one third of the "pay of the Army", or equal about a tenth of the tax on tobacco collected annually by the Federal Government.

Any attempt at tampering with these essential key research men and women must be vigorously opposed, and an alert watch must be kept to detect any attempted abuses of the Civil Service regulations or any political-spoils attempts in the field of scientific research now or in the future.

Scientific Personnel

The 1933 edition of the American Men of Science will list 22,000 men and women. This means that each scientist is one out of 5,500 in our Nation. Our civilization can ill afford not to give any of these highly trained, creative scientists the economic opportunity of conducting research for the benefit of the whole people. A laborer, clerical worker, and even a more skilled mechanic when unemployed deprives the community of a definite amount of service which can be definitely measured by the number of hours he is idle. But if idleness is forced on a man or woman of science by economic conditions the world may lose hundreds of times the monetary value of his services. It should be of correspondingly greater concern, therefore, when competent scientists are among the unemployed. The reduction of scientific work, Federal or State, will inevitably place many scientists among the unemployed.

Persecution of the Jewish People in Germany

Mr. WAGNER. Mr. President, the majority leader of the Senate has again given evidence of his splendid judgment

in raising today upon the floor of the Senate the question of religious intolerance and discrimination against the Jewish people in Germany. True enough, these are the closing hours of an emergency session of Congress, but I am in full accord with the Senator from Arkansas in his judgment that the establishment of tolerance and religious liberty is a matter of the utmost emergency and deserves thorough consideration by this body before it adjourns.

Mr. President, what I shall say today is spoken in the spirit of deep friendship for the German people. I cherish the memory of the land of my boyhood, and I take pride in the story of Germany's stupendous accomplishments since becoming a nation. Deeper than that is my loyalty and devotion to the ideals of America—which are as well the ideals of all free peoples. Liberty and tolerance are not catch phrases for me; they are objectives to be fought for regardless of danger.

The World War was the most disastrous calamity in the history of mankind. Not only did it rob every participant of its greatest wealth—men in the prime of life and hope—but it left an aftermath of hatred and discord of almost unquenchable bitterness among the nations of the earth.

Just when we were beginning to recover from the material disasters of the war, the depression came upon us. The one hopeful sign during the past 3 years has been the spirit of brotherly help and cooperation which has been developing among the people of this country, and among all the civilized peoples. No one can fail to realize that this spirit is our greatest weapon in the existing disheartening and demoralizing effects of economic dislocation and poverty.

That is why I am struck with horror at the reports from Germany of manifestations of intolerance, discrimination, and even violence. The emergence of this destructive spirit is of concern not only to the Jewish people; it is a menace not only to the German people but it threatens to blot out every hope of mankind, for the disrupting force of prejudice spreads on the wings of the wind and blights every spot of ground over which it sweeps. If not checked at an early stage, its consequences are too horrible for contemplation.

Shall we again reap the hellish harvest of human hate? Is the shameful record of man's folly to be lengthened? I cannot believe that the liberty-loving, peace-loving people of the world will tolerate it.

I appeal to the people of America and to the conscience of mankind. I do not ask anyone to meet force with force, or to meet hatred and prejudice with more hatred and more prejudice. At the same time, we must leave no doubt of our utter disapproval of the policy now being pursued in Germany.

My primary appeal is to the German people. I do not mean the malicious and irresponsible minority, which thrives upon hatred. I do mean the German people who are proud of their cultural heritage, proud of Kant and Hagel, of Beethoven and Mendelsohn, of Goethe and Heine. How the souls of these great masters must be agonized in the face of the insidious discord which is drowning out the universal harmony to which they aspired! I appeal to the descendants of the Forty-eighters who fought for German liberty and unity, who would have rebelled against cowardly attacks against innocent and defenseless people. I appeal, in good faith, to the millions of patriotic men and women of Germany who will unite with us in condemning and preventing the actions which are threatening the bases of civilization.

I am not defending a creed or a race. Neither Judaism nor Germanism is the issue; the sacredness of human life and ideals is the issue. The peace of the world is at stake.

The world cannot recover so long as discord and hatred are poisoning the springs of human activity. Our only hope lies in cementing bonds of friendship, and in building the progress of mankind upon the nobility of man, regardless of race or creed.

ST. LAWRENCE DEEP WATERWAY

Mr. SHIPSTEAD. Mr. President, I have here on the wall a map showing the international waters on the boundary between Canada and the United States. The red area shows that part of the section of the St. Lawrence where the dam and locks for the proposed seaway are located. The line through the center of the waterway shows the international boundary. The map shows also Georgian Bay and Lake Michigan, the two pieces of water that have been in controversy. At the foot of Lake Michigan we have the Illinois River canalized for transportation down to the Mississippi River. The opposition to the proposal has been based to a large extent upon the claim that the treaty would bar the further diversion of water from Lake Michigan into the waters of the Illinois River, and therefore would hamper transportation on the Illinois because of a lack of sufficient water in the Illinois River.

I have a statement of the amount of water in some of the rivers of the United States and the Panama Canal, furnished by the Chief of Engineers of the United States Army. This statement discloses the following facts:

On the Monongahela River in Pennsylvania, 131 miles of canalized length with a total fall of 153 feet, the average low-water cubic feet per second is 200. That river carries an annual tonnage of 25,000,000 tons.

The Ohio River, with 981 miles of canalized length with a total fall of 429 feet, has a low-water flow of 1,100 cubic feet per second and carries a yearly total of 20,000,000 tons.

The Panama Canal, with 51 miles of waterway, has a fall of 85 feet and carries 1,300 cubic second-feet of water and a tonnage averaging nearly 28,000,000 tons.

The Illinois River, with 291 miles of canalized waterway with a fall of 165 feet, has a flow of cubic feet per second of 3,400, with an estimated future tonnage of 10,000,000 tons.

The 9-foot channel of the Illinois River has, therefore, three times the amount of water necessary to provide a channel similar to that of the Ohio River, carrying 25,000,000 tons of freight. It will carry two and one half times the amount of water in the Panama Canal, carrying approximately 28,000,000 tons of freight a year. So the charge that there will not be enough water in the Illinois River does not seem to be sustained when compared with other navigable waters canalized as is the Illinois River.

It is contended by the opposition to the Great Lakes-St. Lawrence Waterway Treaty that articles VII and VIII of the agreement impair the sovereignty of the United States with respect to Lake Michigan, and that for this reason, among others, said treaty should not be ratified by the Senate.

It seems to me the difference of opinion or controversy over that matter comes from a lack of differentiation between jurisdiction for police powers and for purposes of navigation.

Article VII and the contested portion of article VIII may well be considered in the light of the historical approach to this agreement. Such approach will show beyond controversy that the extension of rights of navigation under article VII is not intended to impair and does not impair the sovereign rights of the United States or of Canada. In like manner it will be shown that paragraph (a) of article VIII is protective in its intent and violates no sovereignty of the United States.

Paragraph (a) reads as follows:

(a) 1. That the diversion of water from the Great Lakes system, through the Chicago Drainage Canal, shall be reduced by December 31, 1938, to the quantity permitted as of that date by the decree of the Supreme Court of the United States of April 21, 1930;

2. In the event of the Government of the United States proposing, in order to meet an emergency, an increase in the permitted diversion of water, and in the event that the Government of Canada takes exception to the proposed increase, the matter shall be submitted, for final decision, to an arbitral tribunal, which shall be empowered to authorize, for such time and to such extent as is necessary to meet such emergency, an increase in the diversion of water beyond the limits set forth in the preceding subparagraph, and to stipulate such compensatory provisions as it may deem just and equitable; the arbitral tribunal shall consist of three members, one to be appointed by each of the Governments, and the third, who will be the chairman to be selected by the Governments.

The question as to just what rights and privileges are enjoyed by the citizens of either Nation using the waters of

the other is clarified by an examination of the agreements made between the United States and Great Britain relative to such usage. These agreements rest upon the matter of actual use which antedates the Republic itself. The commercial use of the St. Lawrence system from the head of the Lakes to the ocean began with the advent of the French fur traders and has continued uninterrupted except for the exigencies of war down to the present time.

The treaties of 1783 and of 1796, the treaty of 1815, and the Bagot convention of 1817, the treaty of 1842, that of 1846, and that of 1854 all may be referred to as laying a foundation of international accord, as well as international need, which culminated in 1871 in the Treaty of Washington. These treaties, precedent to the Treaty of Washington, together with that treaty and those subsequently mentioned, are all to be found in their entirety in Malloy, volumes I and III, Treaties, Conventions, International Acts, Protocols, and Agreements Between the United States of America and Other Powers.

An already ancient highway of commerce—the St. Lawrence-Great Lakes road from the sea to the interior of the continent, with its wealth of fur trading, already then reaching as far westward as the Rocky Mountains—was divided under the treaty of 1783 between the two nations. Yet, in that treaty not a word is said respecting the manner of use of the waters of the St. Lawrence system. Apparently it was taken for granted that the subjects of Great Britain and the citizens of the United States should alike enjoy the advantages of this commercial highway. (Treaty of 1793, which introduced the basic principle that a nation whose territories are upon the upper reaches of a navigable stream has the right to the use, for peaceful navigation, of that portion of the stream which lies in alien territory.) The treaty of 1794 expressly gives the right to the people of either nation who navigate on the lakes, rivers, and streams thereof—that is, the Great Lakes-St. Lawrence system—freely to carry on trade and commerce with each other.

The rivers of Europe are internationalized. The line is the Rhine. The Rhine is controlled for purposes of navigation by a treaty with four or five different nations, but each nation through which the river passes is sovereign for purposes of jurisdiction as to police powers and its own sovereignty so far as protecting property is concerned within its territory, but for purposes of navigation all nations have the same rights.

Mr. WALCOTT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from Minnesota yield to the Senator from Connecticut?

Mr. SHIPSTEAD. I yield.

Mr. WALCOTT. The Rhine is a border line also for about 220 miles, so that more than one nation own the banks of the river there.

Mr. SHIPSTEAD. That is true.

Article II of the treaty of 1794 sharply distinguishes between the right of commerce to move freely and the right of the nation into which that commerce moves to maintain law and order after its own fashion "by causing speedy and impartial justice to be done and necessary protection to be extended to all who may be concerned therein."

Two years later, in 1796, the freedom of commercial usages was again reiterated, but again with the clear-cut provision that nationals of either country using the waters and harbors of the other shall comply with all laws and regulations there enforced.

The Rush-Bagot agreement neutralized the Great Lakes, limiting the naval forces of either nation to a mere police patrol, and must be included as one of the important steps that led up to the treaty of 1871.

In 1842, and again in 1846, treaties between the two nations sharply drew the line between navigation use and the police power of the nation into whose waters that navigation entered.

The treaty of 1854 specifically deals with the problems of navigation of Lake Michigan and of the various canals—American and Canadian—that had been built. This treaty, which enlarges the freedom of commerce movement, again specifically retains to either signatory exclusive jurisdictional and police powers. The time had now arrived when the treaty of 1871 might be written.

The Treaty of Washington, proclaimed July 4, 1871, differs from all former treaties both in its language and in its character, in that it internationalized the River St. Lawrence from its source to the sea, but only for purposes of commerce, "forever."

Keeping in mind the clear distinction maintained throughout all preceding treaties between full navigational rights which were given and proprietary and jurisdictional rights which were zealously reserved, we now proceed to discuss the terms of that treaty as basic to those that follow:

Articles 26, 27, 28 bear directly upon present treaties including the one now pending in the Senate.

ARTICLE XXVI

The navigation of the river St. Lawrence, ascending and descending, from the forty-fifth parallel of north latitude, where it ceases to form the boundary between the two countries, from, to, and into the sea, shall forever remain free and open for the purposes of commerce to the citizens of the United States, subject to any laws and regulations of Great Britain, or of the Dominion of Canada, not inconsistent with such privilege of free navigation.

The navigation of the rivers Yukon, Porcupine, and Stikine, ascending and descending, from, to, and into the sea, shall forever remain free and open for the purposes of commerce to the subjects of Her Britannic Majesty and to the citizens of the United States, subject to any laws and regulations of either country within its own territory, not inconsistent with such privilege of free navigation.

ARTICLE XXVII

The Government of Her Britannic Majesty engages to urge upon the Government of the Dominion of Canada to secure to the citizens of the United States the use of the Welland, St. Lawrence, and other canals in the Dominion on terms of equality with the inhabitants of the Dominion; and the Government of the United States engages that the subjects of Her Britannic Majesty shall enjoy the use of the St. Clair Flats Canal on terms of equality with the inhabitants of the United States, and further engages to urge upon the State governments to secure to the subjects of Her Britannic Majesty the use of the several State canals connected with the navigation of the lakes or rivers traversed by or contiguous to the boundary line between the possessions of the high contracting parties, on terms of equality with the inhabitants of the United States.

ARTICLE XXVIII

The navigation of Lake Michigan shall also, for the term of years mentioned in article XXXIII of this treaty, be free and open for the purposes of commerce to the subjects of Her Britannic Majesty, subject to any laws and regulations of the United States, or of the States bordering thereon not inconsistent with such privilege of free navigation.

It will be noted that article XXVI makes the St. Lawrence from the international boundary to the sea free and open "for the purposes of commerce to the citizens of the United States, specifically retaining to Great Britain the imposition of all laws and regulations it may see fit to lay upon its own citizens. Exactly the same freedom of action is retained by the United States.

Article XXVII throws open to both nations on equal terms the improved channels through the St. Clair River and Lake, and the United States engaged to exercise its good offices to make free to British commerce the several State canals "connected with the navigation of the lakes or rivers traversed by or contiguous to the boundary lines * * *."

The agreement as to the navigation of Lake Michigan—note the language of article XVIII—is restricted as to time by article XXXIII to "10 years or at any time afterward."

The now-existing St. Lawrence canals, the recently dismantled Welland Canal, and the improved Erie and New York State Barge Canal, all were constructed following this treaty. Those constructions were enlargements of existing channels.

The treaty of 1901 (Malloy, vol. 1, 782) continues the unbroken line of reasoning with respect to common usage when it provides for the supercession of the convention of April 19, 1850, known as the Clayton-Bulwer Treaty (Malloy, vol. 1, 659), which provided for the joint ownership and building of a canal across the Panama Isthmus.

Great Britain withdraws its interest, the United States agrees to assume construction, and under article III the canal is neutralized:

> Open to the vessels of commerce and war of all nations. Observing these rules (as in article III) on terms of entire equality so that there shall be no discrimination against any such nation or its citizens or subjects in respect of conditions or charges of traffic or otherwise * * *

Clearly, the assumption by the United States of the power and privilege of sovereignty to stipulate the terms of usage, which terms shall apply equally to all users.

This does not limit sovereignty. It does not limit the jurisdiction of the United States. It validates that jurisdiction over the Panama Canal Zone, as we have validated our jurisdiction for the purposes of navigation, and validated also the right of Canada for the purpose of navigation to use our waters, as Canada has validated our right to use hers; but each country keeping control of its jurisdiction, the police power, giving up only certain rights by treaty for the benefit of the other, for the mutual benefit of both.

Once more, after more than a generation of friendly and joint use of the Great Lakes and St. Lawrence River has passed, the two nations met in 1909 to still further clarify their joint usage of the great waterway extending from the heart of the continent to the Atlantic.

By the way, in this debate we have been referring both to the treaty of 1909 and to the treaty of 1910. The treaty of 1909 was ratified in 1910, and I assume that is the reason why it is referred to by many as the treaty of 1910. At first it led to considerable confusion on my part; but when I found it was the same treaty it was not so confusing. I make that statement for the benefit of Senators who have not had time to study the treaty.

This agreement, known as the "1909 Boundary Waters Treaty" declares that—

> The navigation of all navigable boundary waters shall forever continue free and open for the purposes of commerce to the inhabitants and to the ships, vessels, and boats of both countries equally, subject, however, to any laws and regulations of either country, within its own territory, not inconsistent with such privilege of free navigation and applying equally and without discrimination to the inhabitants, ships, vessels, and boats of both countries.

Note that the language here used is broader in its scope than in the treaty of 1871. Again the two nations clearly distinguish between the Great Lakes and their connecting channels when considered as a highway of commerce, and as such the indivisible and common property of both nations, and those other and exclusive territorial rights, police powers, and other natural appurtenances of sovereignty which throughout their history both nations have maintained as inalienable.

Again in the last paragraph, which reads as follows:

> It is further agreed that so long as this treaty shall remain in force, this same right of navigation shall extend to the waters of Lake Michigan and to all canals connecting boundary waters now existing or which may hereafter be constructed on either side of the line.

Note that the language of the treaty covers canals "which may hereafter be constructed." We possess now every navigation usage right necessary. That much is clear. Police powers we do not seek. We have denied them to Great Britain in the case of the Columbia and of the Stikine and Yukon. They are denied to us in the wholly Canadian portion of the St. Lawrence. Both nations are in perfect agreement as to principle and practice. This long history of treaties on this subject between Great Britain and the United States bears out the principles involved on that subject in this treaty. How absurd to argue that either nation desires the slightest extension of its sovereignty rights beyond that of the free and equal use of navigable waters, the usage of which belongs in common to the two peoples!

That the 1908 Treaty of Washington was to be a living, working agreement is shown by the further fact that this treaty established the International Joint Commission, clothed with powers that constitute it a superior court in all matters involving (we quote from article VIII of the treaty)—

> the use of obstruction of diversion of the waters with respect to which articles III and IV of this treaty the approval of this commission is required.

Can language be plainer this this? Can anyone longer doubt that the real purpose, both expressed and implied, not only of the treaty of 1909, but of those precedent to it and particularly the basic treaty of 1871, lead up to and have resulted in both a legal and an actually working joint ownership of the usage of waters constituting the Great Lakes-St. Lawrence waterway—that such joint usership is limited to navigation usage and that such joint usership of usage rights involves not only the right but the duty of both nations to develop and improve the waterway as the necessities of commerce arise?

The usage of these waters for purposes of navigation belongs in common to the people of the two countries. The navigation agreement with respect to Lake Michigan, over which there has been so much controversy, has continued from 1871 up to the present time. The present treaty proposes to extend the terms of this agreement from an indefinite and terminable right of usage to one that is on an exact parity with the right of usage of the St. Lawrence from the international border to the sea, with the rights of usage of the channels of and connecting the Great Lakes, and with the right of usage which under the treaty of 1932 the United States acquires in the artificial channel of the Welland Canal wholly owned and controlled by Canada.

Any contention that this right of usage impairs or destroys the sovereignty of the United States over the waters of Lake Michigan is disproved by the language of the treaties above cited. The right of the citizens of either nation to enter the waters and the ports of the other while engaged peaceably in commerce is a right enjoyed in common, subject to the controlling laws of the nation so visited. This right is now extended and has been since 1871 to the waters of Lake Michigan, and no alternation of the practice will be effected by the treaty now awaiting ratification. The citizens of Canada now enjoy every practical usage right which they will enjoy under the treaty of 1932. That treaty simply places two temporarily open sections of the great international highway upon a permanently open basis.

In the treaty of 1909, negotiated by Mr. Root, a great deal has been made out of the fact that Georgian Bay and Lake Michigan were not included or were not mentioned. They were wholly within Canadian and United States territory, and for that reason it has been claimed that they are not boundary waters.

It is interesting to note that the water level of Georgian Bay, Lake Huron, and Lake Michigan is exactly the same. The controversy in the Supreme Court of the United States between the States bordering upon the Great Lakes and the State of Illinois has been covered in many addresses in the Senate and also in the records of the courts. I am not going to go into that controversy now. The Supreme Court did hold that the lowering of the water by diversion from Lake Michigan had injured other States bordering upon the Great Lakes by reducing the level of the water a certain number of inches—I am not quite sure just how much—but, anyway, enough so that the Supreme Court issued an order that Chicago must cease and desist from continuing the diversion.

The fact that the United States has surrendered no sovereignty through the opening of the St. Lawrence from the international boundary to Lake Ontario and of the connecting channels of the upper Lakes—the fact that national sovereignty is not in question because of the common usage of these waters and of the boundary Lakes themselves, should set at rest any fear that extending the like usage right to Lake Michigan in return for a like usage right to the waters of the Welland Canal will infringe in any degree the sovereign rights of the Republic.

The creation and opening of a road which is international in character implies not merely its use but its protection.

This duty of protection of the property which territorially belongs in part to the one and in part to the other, but which from the standpoint of usage is common to both, is an exercise of sovereignty and not its abrogation.

The boundary-waters treaty of 1909 seeks to set up measures protective to the existing waters and channels of the Great Lakes.

The definition of boundary waters as given in the preliminary article limits these waters to Lake Superior, Lake Huron, Lake Erie, and Lake Ontario, with their immediately connecting waters. It excludes Lake Michigan and Georgian Bay and all tributary waters flowing into the same or into the lakes mentioned, together with the Welland Canal.

Article I reiterates the pact of 1871, saying:

> * * * shall forever continue free and open for the purpose of commerce to the inhabitants and to the ships, vessels, and boats of both countries equally, subject, however, to any laws and regulations of either country, within its own territory, not inconsistent with such privilege of free navigation and applying equally and without discrimination to the inhabitants, ships, vessels, and boats of both countries.

This paragraph excludes from such perpetual agreement all waters not included in boundary waters (i.e., the Welland Canal and Lake Michigan in particular).

In paragraph 2 of article I the right of usage of the waters of the Welland and other "Canals connecting boundary waters and now existing or which may hereafter be constructed on either side of the line", is extended on the same terms as the right of usage under paragraph 1, but limited by the lifetime of the 1909 treaty.

Once more in this same paragraph is reiterated the declaration of sovereign power to adopt rules, charge tolls, make regulations, and so forth, subject to the condition of equality as between the two nations.

Article II approaches the subject of possible injury to the waterway so established and internationalized. It is important to the present treaty otherwise, but its second paragraph is especially so.

Paragraph 2 of article II reads:

> It is understood, however, that neither of the high contracting parties intends by the foregoing provision to surrender any right which it may have to object to any interference with or diversions of waters on the other side of the boundary the effect of which would be productive of material injury to the navigation interests on its own side of the boundary.

Does not this paragraph distinctly acknowledge the right of Canada not to interfere with the laws or regulations of the United States with reference to Lake Michigan, but to act as a common user of the Great Lakes-St. Lawrence searoad to protect that property from any injury whatsoever though such injury be entirely within the American territories? It would seem that such is the plain intent of this paragraph. If this be true, then it would appear that the recognition of interest on the part of Canada in the waters of Lake Michigan or any other American waters that might be tributary to the St. Lawrence system, the abstraction of which might affect the levels of the lakes and canals in the St. Lawrence River, was recognized and established by the treaty of 1909, and that the provisions of the treaty of 1932 respecting the diversion of water from Lake Michigan recognizes such a right and seeks to set up definite provision for a situation which exists, and by so doing to prevent for all time to come impairment of a road which it is the duty of Canada in common with the United States to protect.

Article III, paragraph 2, gives to either nation clear-cut right to the usage of waters of the Great Lakes for "domestic and sanitary purposes." This clause is of particular force with respect to the interpretation of article VIII of the treaty of 1932. The abstraction of water by the sanitary district of Chicago, amounting to 1,900 cubic feet per second, is validated and is not a part of the present treaty considerations. Therefore, the contention by opponents of the 1932 treaty that it limits Chicago to a total of 1,500 cubic feet per second mentioned therein by inference when quoting the United States Supreme Court decision is incorrect. The 1,500 cubic feet per second granted by the Supreme Court in its decision, and accepted by Canada in the treaty, is additional to the pumpage for sanitary purposes.

It may be noted by referring to article VIII of the treaty of 1909 that the International Joint Commission was given jurisdiction "upon all cases involving the use or obstruction or diversion of the waters with respect to which under articles III and IV of this treaty the approval of this commission is required."

The rules under which such jurisdiction may be exercised are laid down. The declaration is made that—

> The high contracting parties shall have, each on its own side of the boundary, equal and similar rights in the use of the waters hereinbefore defined as boundary waters.

These waters may be used as follows:

> (1) For domestic and sanitary purposes;
> (2) For navigation, including the service of canals for the purpose of navigation;
> (3) For power and for irrigation purposes.

Health is placed above navigation. Navigation is placed above power or irrigation.

Then occurs the following statement:

> The foregoing provisions shall not apply to or disturb any existing uses of boundary waters on either side of the boundry.

The boundary waters already defined exclude Lake Michigan, as they exclude the Welland Canal and all other waters save the four lakes above mentioned and their connecting channels. This would seem to be the plain interpretation of the language of the treaty and if so, any diversions made prior to the signing of the treaty of 1932 wholly within American tributary waters to the boundary waters of the Great Lakes, are under American and not under treaty sanction except as the second paragraph of article II is declarative of the equal interest of Canada with that of the United States in any diversion that works an injury to the navigation rights of either and both.

The contention of the sanitary district of Chicago that this proviso—that is, "the foregoing provisions shall not apply to or disturb any existing uses of boundary waters one either side of the boundary"—validates a diversion of 10,000 cubic second-feet or any other amout in excess of the waters necessary for domestic and sanitary purposes, is not substantiated either by the language of the treaty or by the international evidence as to its intent.

With this statement we refer to the highly controversied article V and in more general terms.

The immediate purpose of the treaty of 1909 was to protect and preserve the beauty of Niagara Falls, then threatened by large diversions of water for hydroelectric purposes, which threatened to destroy the scenic beauty of the river at that point. The effect of such diversions upon navigation was considered and an attempt was made to fix the amounts which might be taken for power purposes on either side of the falls at a total figure which should not work injury from the scenic standpoint, but that at the same time should grant to existing power companies having investments on the Canadian as well as the American side, sufficient water to operate their plants without injury to their property values or to the distributive service which they had built up.

The United States was granted "for power purposes not exceeding in the aggregate a daily diversion at the rate of 20,000 cubic second-feet."

Canada was granted "not exceeding in the aggregate a daily diversion at the rate of 36,000 cubic second-feet."

This did not include "diversion of water for sanitary or domestic purposes or for the service of canals for the purposes of navigation" (i.e., the Welland and the Erie Canals). It is the claim of the Sanitary District of Chicago that the larger amount of water granted to Canada at Niagara was for the purpose of balancing the water abstraction from Lake Michigan by way of the sanitary canal at Chicago.

The fact is, the division of water between the two nations at Niagara was made upon a basis of substantially actual usage. This usage by Canada amounted to some 36,000 cubic feet per second and by the United States to approximately 26,400 cubic feet per second, but I want to quote

what was said by Secretary of State Root, appearing before the Senate Foreign Relations Committee and in answer to the question of Senator Carter: "On what theory is 36,000 allowed on the Canadian side and 20,000 on ours?"

Secretary ROOT. Because the water can be taken out on the Canadian side without interfering. The great bulk of the water goes on the Canadian side, and the waterways commission that was appointed some time ago to deal with the question of the lake levels reports, I think, that 36,000 feet can be taken out on the Canadian side and 18,500 on the American side without injury to the Falls. I thought it wise to follow the report of the commission and I put in 1,500 feet in addition to get round numbers; so our limit is higher than we want, but their limit could not be cut down below what it is because there are three companies on the Canadian side who have the right and works there. Two of these companies are owned in the United States, and the power they produce is now substantially in the United States, so that as long as that condition of things exists it is as well for us to have them over there as to have them on our side. That condition of things is bound to continue in substance, because their grants from Canada provide that they shall furnish one half of the power they produce in Canada at the same rates they charge in the State of New York, and the Canadians have held that that carries the right to furnish the other half in the State of New York, so that one half of the power produced is bound to come to the United States.

This is the basis for the division and it is to be noted that the diversion of water by the Chicago Sanitary District is not even included.

Why was it not included? Secretary Root, following immediately upon the statement above made, says:

Then there is this further fact why we could not object to this 36,000 provision on the Canadian side. We are now taking 10,000 cubic feet a second out of Lake Michigan at Chicago, and I refused to permit them to say anything in the treaty about it. I would not permit them to say anything about Lake Michigan. I would not have anything in the treaty about it, and under the circumstances I thought I better not kick about this 36,000.

Here is language that completely refutes the claim of the Sanitary District of Chicago.

Mr. LONG. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. LONG. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mrs. CARAWAY in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Robinson, Ind.
Ashurst	Cutting	Keyes	Russell
Austin	Dale	King	Schall
Bachman	Davis	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Smith
Barbour	Dill	Lonergan	Steiwer
Barkley	Duffy	Long	Stephens
Black	Erickson	McAdoo	Thomas, Okla.
Bone	Fess	McCarran	Thomas, Utah
Borah	Fletcher	McGill	Thompson
Bratton	Frazier	McKellar	Townsend
Brown	George	McNary	Trammell
Bulkley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Gore	Neely	Van Nuys
Byrnes	Hale	Norris	Wagner
Capper	Harrison	Nye	Walcott
Caraway	Hastings	Overton	Walsh
Carey	Hatfield	Patterson	Wheeler
Clark	Hayden	Pope	White
Connally	Hebert	Reed	
Coolidge	Johnson	Reynolds	
Copeland	Kean	Robinson, Ark.	

The PRESIDING OFFICER. Ninety-three Senators having answered to their names, a quorum is present.

Mr. LONG. Madam President, I demand order in the Chamber.

The PRESIDING OFFICER. Senators will please take their seats and refrain from audible conversation.

Mr. SHIPSTEAD. Madam President, Secretary Root further said, interpreting the preliminary article of the treaty of 1909, defining boundary waters:

The definition of boundary waters was carefully drawn in order to exclude Lake Michigan.

The last paragraph of article I is entirely to our advantage. It enlarges our right to the use of the Canadian canals, and it will give them the same enlarged rights to any canals on our side which connect boundary waters. The main canal is now on the Canadian side, but there are certain limitations to the use of those under existing provisions. We have to get their authority if we want to put a gunboat through or any naval vessel.

The last paragraph of article II reserves our right to object to any interference with or diversions of waters on the other side of the boundary, the effect of which would be productive of material injury to the navigation interests on its own side of the boundary.

There should clearly be a right, there would be a right, to object to, for instance, drying up one of the lakes. Either country, for instance, would be justified in going to war to prevent the other country from drying up Lake Erie, and that right to object to the destruction of the navigation in those international waters is preserved. I did not want to press Canada to give up any such rights, and I did not want to give up any such rights ourselves. There is a company incorporated in Canada, which involved very important political interests there, to cut a canal from Lake Erie to Ontario, across the Jordan River, and turning the entire current of Lake Erie down through that canal for power purposes. It would dry up Niagara River and appropriate the entire water power design from the level of Lake Erie to Lake Ontario.

It is a matter of record that it was the strenuous opposition of the Chicago Sanitary District, as represented by Col. Isham Randolph and others, that led the American Secretary of State to take this definite stand for the exclusion of Lake Michigan from the terms of the 1909 treaty as in article V.

The above-quoted testimony of Secretary of State Root is conclusive on two points:

(a) Lake Michigan was not included in the treaty of 1909 as a boundary water between Canada and the United States, rather it was definitely excluded from such definition. This exclusion bars any possibility of interpretation that Canada agreed under the terms of article V, to the diversion of waters by the Chicago Sanitary District in any way or to any extent. Article V is limited to the diversions in the boundary waters themselves, and such diversions considered within the treaty are substantially equal in amount and entirely within the Niagara Falls area, no consideration being given by the treaty to the Chicago Sanitary District water abstraction.

(b) Article II of the treaty just as specifically does grant to either nation—and in this particular instance to the Dominion of Canada—the right to object to anything that might be done either within the boundary waters themselves, or to their contributing waters, that would diminish the navigability of the Great Lakes and St. Lawrence. This is expressed by Secretary Root in the last paragraph above quoted interpreting the meaning of the treaty of 1909.

There is still to be considered the treaty of 1932, known as the "Great Lakes-St. Lawrence Deep Waterway Treaty", now before the United States Senate. The complete text of article VII follows, together with paragraphs 1 and 2 of section (a) of article VIII. Articles V, VI, and VII of the treaty of 1932 once more express in the clearest possible language the distinction between the rights of usage for navigation purposes on the one hand and jurisdictional rights on the other:

ARTICLE VII

The high contracting parties agree that the rights of navigation accorded under the provisions of existing treaties between the United States of America and His Majesty shall be maintained, notwithstanding the provisions for termination contained in any of such treaties, and declare that these treaties confer upon the citizens or subjects and upon the ships, vessels, and boats of each high contracting party, rights of navigation in the St. Lawrence River and the Great Lakes system, including the canals now existing or which may hereafter be constructed.

ARTICLE VIII

(A) 1. That the diversion of water from the Great Lakes system, through the Chicago Drainage Canal, shall be reduced by December 31, 1933, to the quantity permitted as of that date by the decree of the Supreme Court of the United States of April 21, 1930;

2. In the event of the Government of the United States proposing, in order to meet an emergency, an increase in the permitted diversion of water and in the event that the Government of Canada takes exception to the proposed increase the matter shall be submitted for final decision to an arbitral tribunal which shall be empowered to authorize, for such time and to such extent as is necessary to meet such emergency, an increase in the diversion of water beyond the limits set forth in the preceding subparagraph and to stipulate such compensatory provisions as it may deem just and equitable; the arbitral tribunal shall consist of three members, one to be appointed by each of the Governments, and the third, who will be the chairman, to be selected by the Governments.

It will be noted that article VII is simply a reaffirmation of existing treaty rights and that the terminable clauses in

present treaties with respect to such navigation rights are indefinitely extended with the result that the connecting canals and the Great Lakes system, inclusive of Lake Michigan and Georgian Bay, are placed upon the same usage basis as that of the boundary waters themselves as such boundary waters are defined by the treaty of 1909.

The preceding discussions of earlier treaties make it apparent that such rights of navigation are not intended to infringe in any degree on the sovereign rights of either nation to impose rules or regulations or to pass laws or administer the same, but it does provide in all such cases the subjects of Canada and the citizens of Great Britain shall be treated under these regulations or within these laws in an equal and impartial manner.

With respect to the intent of article VII, section (a), inclusive, the testimony of Hon. J. Grafton Rogers, Assistant Secretary of State, before the Foreign Relations Committee of the Senate, is pertinent. On December 20, 1932, Mr. Rogers said:

> No; so far as the use of the waters are concerned, this treaty provided that after its date (1909) the principles of law, the international law, I judge, should be applicable to all diversion made from boundary waters or from waters which would affect the level or flow of the boundary waters.

Article 11 of the treaty of 1909 is as follows:

> Each of the high contracting parties reserves to itself or to the several State governments on the one side and the Dominion or provincial governments on the other, as the case may be, subject to any treaty provisions now existing with respect thereto, the exclusive jurisdiction and control over the use and diversion, whether temporary or permanent, of all waters on its own side of the line which in their natural channels would flow across the boundary or into boundary waters; but it is agreed that any interference with or diversion from their natural channel of such waters on either side of the boundary, resulting in any injury on the other side of the boundary, shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where such diversion or interference occurs; but this provision shall not apply to cases already existing or to cases expressly covered by special agreement between the parties hereto.
>
> It is understood, however, that neither of the high contracting parties intends by the foregoing provision to surrender any right which it may have, to object to any interference with or diversion of waters on the other side of the boundary the effect of which would be productive of material injury to the navigation interests on its own side of the boundary.

Mr. Rogers' comments on the foregoing section follows:

> Its meaning is first of all that each one of the countries reserves the right to authorize and control diversions within its own boundaries from waters which flow across the boundary or into boundary waters; that is to say, on Lake Michigan. It is agreed, however, that although each party reserves that right of control, the validity of it shall be governed by the courts, so that, for example, an American whose rights or whose condition, let us say, was affected by diversions in Canadian waters on the Canadian side of the boundary would have the right to sue in the Canadian courts; and in a similar way a Canadian would have the right to sue in the American courts with a similar legal remedy and under similar conditions to those which would have occurred if the actual injuries were in either one of the two countries. * * *
>
> This requires the courts of the United States, for example, to hear a Canadian citizen for an injury occurring on the Canadian side from a diversion occurring on the American side, either in boundary waters or in waters which flow into boundary waters and affect their flow. That is the adoption of the regime of law applicable to Lake Michigan and to the whole of the Great Lakes system.
>
> Now that general principle was adopted and we now have the two great fields, the only two important fields, in which the waters of Lake Michigan become of national or international concern, covered by treaty provisions; first, navigation; and, second, the diversion or use of waters for various miscellaneous purposes.
>
> If we stopped at that stage it would, of course, at once have produced a situation in which Canada or people in Canada could have asserted the right to sue in the American courts for the diversions on the American side that then existed. They went on with the exception which I have read, "but this provision shall not apply to cases already existing or to cases expressly covered by special agreement between the parties hereto."
>
> The clause that interests us for the moment is, "shall not apply to cases already existing." Now, there were several cases already existing. Undoubtedly, the Chicago diversion was the one principally in mind. The Chicago diversion, Senator Root says in his testimony, was then a diversion of about 10,000 cubic feet per second; but the Supreme Court finds in its judicial investigation that in 1909 the Chicago diversion was carrying 5,751 cubic feet per second of direct flow plus the pumpage. I assume that the pumpage was somewhat less than that now, but assuming that it was 1,500 cubic feet per second, it would indicate that the Chicago flow was somewhat in the neighborhood of 7,500 cubic feet per second at that time. I mention it because it has some bearing a little bit later.
>
> You will notice that after making this exception which seems to me to have the effect of taking the existing diversions and putting them aside on the table and saying, "We are not going to do anything about them just now", or "We reserve all rights in them", the parties go on and provide that neither of them intends by the foregoing provision to surrender any right which it may have to object to any interference with or diversion of waters on the other side of the boundary; the effect of which would be productive of material injury to navigation interests on its own side of the boundary.
>
> It seems to me that that is intended to be a clear and complete reservation by both sides of the legal rights which are affected by the previous exception of existing diversions and that that was clearly the intention. In short, that, as I have repeated, the effect of the treaty is to set aside the problem of these existing diversions and leave them where they were, and neither party would agree to anything regarding them.

In answer to the contention that in the treaty of 1909 the excess water given to Canada at Niagara Falls was in compensation for the water taken by the Sanitary District of Chicago, Mr. Rogers introduced former Secretary of State Root's testimony, already quoted above, and such testimony is written into the record. (See pp. 1005 to 1010, inclusive, St. Lawrence Waterway Hearings, 2d sess. 72d Cong., S.Res. 276.)

The testimony of former Secretary of State Root has already been largely quoted in this memorandum (see supra).

We may conclude that it is the plain language and intent of articles VII and VIII of the treaty of 1932—

First. To protect the sovereignty of the United States and of Canada at all points where such sovereignty formerly has been protected, and that

Second. The limitation made upon abstraction of waters from Lake Michigan is an exercise of sovereignty arising from the need for protection to a navigable road created severally by the two nations and controlled and used by them as a common highway of commerce.

The practical reasons for dealing with the Chicago diversion in a treaty now in view of the changed conditions are principally as follows:

First. There can be no doubt that the Chicago diversions have a general effect on lake levels. The Supreme Court found expressly that the diversions in 1928 of about 8,500 feet lowered Lake Michigan and Lake Huron 6 inches and even Lake Erie and Lake Ontario 5 inches. The maintenance of lake levels is intimately connected with any general navigation plan for the Great Lakes.

Second. It is 23 years since the Chicago diversions were involved in the policy with Canada. During that time the population, the shipping, the harbor facilities, and the settlement in the area around the Great Lakes have all greatly increased, and what was then a minor problem has become a major one.

Third. The Supreme Court decisions in 1928 and 1930, based on suits by Wisconsin, Minnesota, Ohio, Pennsylvania, Michigan, and New York against Illinois, have crystallized both American and Canadian public opinion into the view that Lake Michigan cannot be treated as separate from the other Great Lakes, and the findings in them recognize that the Chicago diversions are a matter of concern to every bordering community, as even New York was concerned.

Fourth. There is no doubt that in international law Lake Michigan would be treated by any tribunal as a part of the St. Lawrence system, and the growth of the principles of arbitration and judicial settlement of international disputes leads inevitably to the conclusion that the United States might at any moment have to meet the question on the basis of international law. As a general rule, diversions of water from a watershed are looked upon with disapproval in both our American law and the law of all other countries. It has become increasingly evident that even the present diversions at Lake Michigan might be difficult to sustain without at least damages being assessed.

Fifth. The treaty of 1909, while it excepted Lake Michigan from international regulation at that time, conceded

the principle that waters of its sort were subject to international regulation, and the application of this principle to Lake Michigan was really only delayed. The treaty gives Canada the right of navigation on Lake Michigan, it gives the International Commission supervision over a lot of waters in various places throughout the continent flowing in and out of the two countries. Indeed on Lake Michigan itself the claims of Canada to object to the Illinois diversion are expressly reserved at the end of paragraph 2, and the right to make further diversions is limited in the first part of paragraph 2. In other words, the whole principle of Canada's interest in Lake Michigan is conceded although the treaty expressly excludes the narrow and limited point which we have now admitted.

Sixth. In the Supreme Court decision, while the court says that it does not pass upon the right to take water out of Lake Michigan for navigation to the Mississippi because Chicago has not rights under any grant of Congress, all the intimations there are in the opinion indicate that the court would be suspicious about diversions at Chicago for navigation purposes which, as they necessarily would, affect lake levels. It is evident to any lawyer reading the decision that the courts have grave doubts about a diversion from the watershed for this purpose.

Seventh. The effect of the treaty is not only to validate the previously very doubtful position as against Canada and the Lake States for any diversion for navigation purposes at Chicago, but to even enlarge the Supreme Court decree. The emergency provision recognizes the principle of further diversions at Chicago if necessary. They are not limited to sanitary or domestic water requirements but include navigation. From a legal point of view, Chicago is better off with this recognition both as against Canada and the other States than she would be without the treaty. As early as January 5, 1925, in the case of the Sanitary District against the United States, the Supreme Court mentions the fact that this treaty—

Expressly provides against uses "affecting the natural level or flow of boundary waters" without the authority of the United States or the Dominion of Canada within their respective jurisdictions and the approval of the International Joint Commission agreed upon therein (268 S.S., p. 426).

On February 5, 1926, Canada in a note to the United States cited this Supreme Court statement and objected to navigation diversions at Chicago, pointing out that it is a recognized principle of international practice that unless by joint consent, no permanent diversion should be permitted to another watershed from any watershed naturally tributary to the waters forming the boundary between the two countries.

Madam President, I ask unanimous consent to print in the RECORD a statement issued by General Brown, Chief of Engineers of the United States Army, dated July 21, 1932, as to the effect of the St. Lawrence waterway treaty, if and when ratified, upon the Illinois River.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The statement is as follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, July 21, 1932.

Memorandum for the Secretary of War:

The following memorandum is submitted on the effect the provision of the St. Lawrence waterway treaty will have upon the Illinois waterway.

The decree of the Supreme Court entered April 21, 1930, in the matter of the diversion of water from Lake Michigan by the State of Illinois and the Sanitary District of Chicago specified:

"That on and after July 1, 1930, the State of Illinois and the Sanitary District of Chicago are enjoined from diverting any of the waters of the Great Lakes-St. Lawrence system of watersheds through the Chicago Drainage Canal and its auxiliary channels or otherwise in excess of an annual average of 6,500 cubic feet per second, in addition to domestic pumpage;

That on and after December 31, 1935, unless good cause is shown to the contrary, the State of Illinois and the Sanitary District of Chicago are enjoined from diverting as above in excess of an annual average of 5,000 cubic feet per second, in addition to domestic pumpage, and on and after December 31, 1938, are enjoined from diverting as above in excess of an annual average of 1,500 cubic feet per second, in addition to domestic pumpage."

It is estimated that by 1938 the domestic pumpage will be approximately 1,900 cubic feet per second, in addition to the amount of 1,500 feet provided by the decree, giving a total permissible flow through the drainage canal and waterway of 3,400 cubic feet per second. The flow in the Illinois River will be greater.

Article VIII of the Great Lakes-St. Lawrence Waterway Treaty limits the diversion of water from the Great Lakes system through the Chicago Drainage Canal to that decreed by the Supreme Court, but provides that in the event of an emergency the United States proposes to increase the diversion of water from the Great Lakes system through the Chicago Drainage Canal in excess of 1,500 cubic feet per second, as decreed by the Supreme Court; and if the Government of Canada takes exception thereto, the matter shall be submitted for final decision to an arbitral having power to increase the diversion and to stipulate such compensating provisions as may be just and equitable.

There is no conflict between the decree of the Supreme Court and article VIII of the treaty. The decree specifies a minimum withdrawal after December 31, 1938, of 1,500 cubic feet per second in addition to domestic pumpage, unless good cause can be shown to the contrary; whereas the treaty provisions, while limiting the diversion to the same amount, provides that in an emergency an increase may be permitted.

It has been contended that the flow at Lockport as limited by the treaty will destroy the usefulness of the Illinois waterway. This contention is without basis of fact, as will be seen by a study of the table set forth below:

Waterway	Total canalized length	Total fall	Average low-water flow	Average yearly tonnage
	Miles		*Cubic feet per second*	
Monongahela River	131	153.6	200	25,000,000
Ohio River	981	429.14	1,100	20,000,000
Panama Canal	51	85	1,300	28,000,000
Illinois River	291	165	[1] 3,400	[2] 10,000,000

[1] At Lockport.
[2] Estimated commerce upon completion of waterway.

The flow at Lockport permissible under the treaty will not only be more than three times the average low-water flow of the Ohio River at Pittsburgh, and 2.5 times the yearly average amount required for lockages in the Panama Canal, but will be 17 times the low-water flow of the Monongahela River which carries an average yearly tonnage 2½ times that estimated for the Illinois waterway. These facts establish without question that the permissible flow will be more than ample for any commerce that may develop on the Illinois waterway.

If additional locks and dams in that portion of the Illinois River below Utica are found to be necessary to provide a 9-foot channel during low-water stages, the cost thereof will be negligible compared to expenditures made on other waterways and to the advantages resulting to the public from the proposed improvement of the St. Lawrence River.

So far as the Mississippi River is concerned, it is possible that a large diversion in the order of 10,000 cubic feet per second might have a sensibly beneficial effect during extreme low stages. However, such a diversion is unacceptable to the lake States since it materially lowers the level of the lakes, thereby injuriously affecting navigation. The difference between the permissible withdrawal of 3,400 cubic feet per second and 5,000 or 6,000 cubic feet per second which has been advocated, is entirely immaterial, in its effect upon the Mississippi River.

The above facts and opinions do not take into consideration the sanitary situation at Chicago and south of there. It is assumed that it will be safeguarded without requiring more water from Lake Michigan than is specified in the decree of the Supreme Court, and that this will be done in the time allowed for the purpose in that decree.

LYTLE BROWN,
Major General, Chief of Engineers.

HOUSE BILL REFERRED

The bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

EXECUTIVE SESSION

Mr. ASHURST. Madam President, I desire to have a short executive session for the purpose of considering three nominations. Therefore I move that the Senate proceed to the consideration of the executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

Mr. ASHURST. Madam President, from the Committee on the Judiciary, I report favorably three nominations and ask for their immediate consideration.

Mr. DAVIS. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reynolds
Ashurst	Costigan	Kean	Robinson, Ark.
Austin	Cutting	Kendrick	Robinson, Ind.
Bachman	Dale	Keyes	Russell
Bailey	Davis	King	Schall
Bankhead	Dickinson	La Follette	Sheppard
Barbour	Dieterich	Lewis	Shipstead
Barkley	Dill	Logan	Smith
Black	Duffy	Lonergan	Steiwer
Bone	Erickson	Long	Stephens
Borah	Fess	McAdoo	Thomas, Okla.
Bratton	Fletcher	McCarran	Thomas, Utah
Brown	Frazier	McGill	Thompson
Bulkley	George	McKellar	Townsend
Bulow	Glass	McNary	Trammell
Byrd	Goldsborough	Metcalf	Tydings
Byrnes	Gore	Murphy	Vandenberg
Capper	Hale	Neely	Van Nuys
Caraway	Harrison	Norris	Wagner
Carey	Hastings	Nye	Walcott
Clark	Hatfield	Overton	Walsh
Connally	Hayden	Pope	Wheeler
Coolidge	Hebert	Reed	White

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

Mr. ASHURST. Mr. President, I have heretofore reported favorably from the Committee on the Judiciary three nominations. I ask for their immediate consideration.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will report the nominations.

THE JUDICIARY

The Chief Clerk read the nomination of Clarence E. Bailey, of Oklahoma, to be United States attorney, northern district of Oklahoma.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of John P. Logan, of Oklahoma, to be United States marshal, northern district of Oklahoma.

The VICE PRESIDENT. The nomination is confirmed.

The Chief Clerk read the nomination of W. C. Geers, of Oklahoma, to be United States marshal, western district of Oklahoma.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE, FLORIDA

The VICE PRESIDENT. The Chair lays before the Senate the following message from the President of the United States, which will be read.

The Chief Clerk read as follows:

To the Senate:

I nominate Herbert Felkel, of St. Augustine, Fla., to be collector of internal revenue for the district of Florida, in place of Peter H. Miller.

FRANKLIN D. ROOSEVELT.

Mr. FLETCHER. Mr. President, I ask unanimous consent for the present consideration of the nomination.

Mr. McNARY. Mr. President, has the nomination gone to a committee?

Mr. FLETCHER. No; it just came to the Senate from the President.

Mr. BARKLEY. Mr. President, the committee has authorized me to report favorably all nominations that come in at this time. Acting for the committee, I report favorably the nomination just read.

Mr. McNARY. Mr. President, in discussion of the matter with the Senator from Arizona [Mr. ASHURST] earlier in the afternoon, I said I would object to the consideration of any nominations that have not gone to a committee of general jurisdiction. If a committee has not acted on this nomination, I must object.

Mr. FLETCHER. But the committee has acted.

Mr. McNARY. Has the nomination been referred to the committee, and has the committee reported it favorably?

Mr. FLETCHER. Yes.

The VICE PRESIDENT. Is there objection to the confirmation requested by the Senator from Florida? The Chair hears none, and the nomination is confirmed.

Mr. FLETCHER. Mr. President, I ask that the President be notified.

The VICE PRESIDENT. Without objection, the President will be notified.

UNITED STATES DISTRICT ATTORNEY, MISSISSIPPI

Mr. STEPHENS. Mr. President, I ask unanimous consent for the immediate consideration of the nomination of Lester G. Fant, of Mississippi, to be United States attorney for the northern district of Mississippi.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, has the nomination been reported favorably from the committee?

Mr. STEPHENS. I will say that this morning at a meeting of the Judiciary Committee I made the statement that I was very sure this nomination would come during the day. I told the committee about this man's ability and qualifications and a favorable report was authorized. The Senator from Arizona [Mr. ASHURST], chairman of the committee, called my attention to the matter just a little while ago.

The VICE PRESIDENT. Is there objection to confirmation of the nomination as requested by the Senator from Mississippi?

Mr. McNARY obtained the floor.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. McNARY. I yield to the Senator from Arizona.

THOMAS J. MORRISSEY

Mr. ASHURST. From the Committee on the Judiciary I report the nomination of Mr. Thomas J. Morrissey, of Colorado, to be United States attorney, district of Colorado.

The VICE PRESIDENT. Is there objection to the confirmation? The Chair hears none, and the nomination is confirmed.

LESTER G. FANT

Mr. STEPHENS. Mr. President, I desire to inquire whether or not Mr. Fant was confirmed.

Mr. LONG. Let us confirm him.

The VICE PRESIDENT. The nomination has not as yet been confirmed. The Senator from Oregon is addressing the Chair.

Mr. McNARY. Mr. President, I said to the Senator from Arizona today that unless these nominations have been referred to the committee or have been discussed by the committee, and not left here to open discussion on the floor of the Senate, I should object to them.

Mr. STEPHENS. Will the Senator permit me to repeat what I said a moment ago, that this matter was discussed in open session of the committee this morning, and I was authorized to make a favorable report to the Senate if the name was sent in.

The VICE PRESIDENT. Is there objection to confirmation? The Chair hears none, and the nomination is confirmed.

GEORGE L. SWARVA

Mr. BARKLEY. From the Committee on Finance, I report favorably the nomination of George L. Swarva to be assayer in charge of the United States assay office at Seattle, Wash., and ask for its present consideration.

The VICE PRESIDENT. The nomination will be read.

The Chief Clerk read the nomination.

Mr. BONE. Mr. President, I did not get that. Will the clerk read the nomination again? That is in my own State, and this is the first time I have heard of the nomination.

The Chief Clerk reread the nomination.

Mr. BONE. May I ask the Senator from Kentucky who nominated this gentleman?

Mr. BARKLEY. All I know is that the President sent in the nomination.

Mr. BONE. Can the Senator tell me who recommended him?

The VICE PRESIDENT. Is there objection to the confirmation of the nomination?

Mr. BONE. Mr. President, I am not objecting. I am asking the Senator, who sent the nomination in or who recommended the gentleman for the appointment?

Mr. BARKLEY. The President sent in the nomination. I do not know who recommended him.

Mr. BONE. May it go over until I ascertain who recommends the gentleman?

The VICE PRESIDENT. The nomination will be passed over for the moment.

Mr. BARKLEY subsequently said: Mr. President, I renew my request for the confirmation of Mr. Swarva, from Washington, to the assay office.

Mr. BONE. That is entirely satisfactory.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nomination is confirmed.

DEPARTMENT OF LABOR—W. FRANK PERSONS

Mr. BAILEY obtained the floor.

Mr. WALSH. Mr. President——

Mr. BAILEY. I yield to the Senator from Massachusetts.

Mr. WALSH. From the Committee on Education and Labor, I report the nomination of W. Frank Persons, of the District of Columbia, to be director of the United States Employment Service, Department of Labor, and ask for its immediate consideration.

The VICE PRESIDENT. The nomination will be read.

The Chief Clerk read the nomination.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. May I ask the Senator from Massachusetts if the nomination has been referred to the committee?

Mr. WALSH. It has been.

Mr. McNARY. And has there been a favorable report?

Mr. WALSH. Yes; a majority report.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

REORGANIZATION OF EXECUTIVE DEPARTMENTS (H.DOC. NO. 69)

The PRESIDING OFFICER (Mrs. CARAWAY in the chair) laid before the Senate a message from the President of the United States, which was read, ordered to lie on the table, and to be printed, as follows:

To the Congress:

Pursuant to the provisions of section 1, title III, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith an Executive order for certain regroupings, consolidations, transfers, and abolitions of executive agencies and functions thereof.

Please let me tell you very simply and frankly that in transmitting this Executive order at this late hour in the special session, I have had no thought of taking what might be considered an advantage of the Congress. The very urgent demands of the public business, both legislative and administrative, during the past few weeks have made it literally impossible to complete the study of consolidation.

Many other changes are in contemplation and I have selected only those which I believe should be put into effect as quickly as possible. These additional changes I do not feel it right to submit until the next regular session of the Congress.

May I suggest that if the changes proposed in the present Executive order are not concurred in by the Congress they can be restored or otherwise changed at the beginning of the next regular session a few months hence.

The justification for sending this Executive order up, even at this late hour, is that it will effect a saving of more than $25,000,000. This is well worth while.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 10, 1933.*

PERSECUTION OF JEWISH PEOPLE IN GERMANY

Mr. BAILEY. Mr. President——

Mr. TYDINGS. Mr. President, will the Senator from North Carolina yield to me?

Mr. BAILEY. I yield.

Mr. TYDINGS. Mr. President, for just a moment I should like to say that the speech made by the Democratic leader [Mr. ROBINSON of Arkansas] today concerning the treatment of the Jews in Germany was a splendid presentation in a very tolerant and proper way. I heartily endorse every word that he said.

I recall that when Thomas Jefferson, the founder of the Democratic Party, died he requested that there be placed upon his tombstone three things:

That he was the author of the Declaration of Independence.

That he was the father of the statute for religious freedom in the State of Virginia.

That he was the founder of the University of Virginia.

He had been President of the United States, Vice President of the United States, and ambassador to France; but he wrote his record in things that would promote human progress.

As a Democrat, an American citizen, and a Senator from Maryland, I, too, want to join in respectful protest against the treatment of the Jews, and utter a word of sympathy for the Jews at this time when they are the victims of intolerance.

I thank the Senator from North Carolina for giving me this brief moment to endorse most heartily the splendid sentiments expressed by the Senator from Arkansas.

Mr. LEWIS and other Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from North Carolina yield; and, if so, to whom?

Mr. BAILEY. I yield first to the Senator from Illinois, who first requested me to do so.

Mr. LEWIS. Mr. President, I rose merely that I might join with the sentiment of the Senator from Maryland [Mr. TYDINGS] in giving endorsement to the classic utterance and eloquent oration of the Senator from Arkansas upon the subject of the individual liberty of the man. I should like to say, however, to the Senator from Maryland, as well as to all of those who are interested in hearing the matter, that this administration had taken steps looking first to obtaining accurate information as to the charges being made of persecution and oppression of the Jews in Germany; that while the investigation is pending where the matter could be gathered, in cool, faithful service this administration continued to do everything that could be undertaken to assure the families of the Jewish citizens of this community—I use the expression "this community" as meaning the United States—who had relatives in Germany that everything would continue to be done looking to pacifying and calming a situation where friendship could intervene; and that in the meantime great success has followed the action of the administration.

It will please all of us to hear and to know that the administration has received assurance that whatever has been transpiring from any quarter that worked an injustice or oppression to the Jewish people has ceased by the orders of those in charge and control of government in Germany, and that there will be a continuous and complete supervision and observance in every form that hereafter, whatever one friendly nation might say to another friendly nation, everything will be done to insure security of life, the protection of property, and religious freedom of the Jewish citizens residing in Germany or anywhere else where the United States may have an appropriate voice to enforce it.

FOURTH DEFICIENCY APPROPRIATIONS—REPORT OF THE APPROPRIATIONS COMMITTEE

Mr. ROBINSON of Arkansas and Mr. BONE addressed the Chair.

The VICE PRESIDENT. The Senator from North Carolina has the floor.

Mr. BAILEY. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I should like to move that the Senate return to legislative business.

Mr. BRATTON. Mr. President——

Mr. BAILEY. I yield to the Senator from New Mexico.

Mr. BRATTON. It is my desire to present the last deficiency bill, and ask for its immediate consideration. Of course, it will be necessary that we go into legislative session before that can be done.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate return to legislative session.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate resumed legislative session.

Mr. BRATTON. Mr. President——

The VICE PRESIDENT. The Senator from North Carolina has the floor. Does he yield to the Senator from New Mexico?

Mr. BAILEY. I do.

Mr. BRATTON. Through the courtesy of the Senator from North Carolina, I report back favorably, from the Committee on Appropriations, with amendments, the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; and I submit a report (No. 142) thereon.

I ask unanimous consent for the immediate consideration of the bill.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. I object; and I desire to make a statement, Mr. President.

I object to the consideration of this bill—and it can be considered today only by unanimous consent, under the rules of the Senate—until we may know the fate of the conference report on the industrial recovery bill and the independent offices appropriation bill.

The VICE PRESIDENT. Objection is heard.

Mr. BRATTON. I submit the report, and ask that it lie on the table.

The VICE PRESIDENT. The report will lie on the table.

GEORGE ROGERS CLARK MEMORIAL

Mr. BARKLEY. Mr. President, will the Senator from North Carolina yield to me to ask unanimous consent for the present consideration of a bill which I send to the desk?

Mr. BAILEY. I yield.

The VICE PRESIDENT. The bill will be read.

The Chief Clerk read Senate bill 1867, authorizing an appropriation to provide for the completion of the George Rogers Clark Memorial at Vincennes, Ind., as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $250,000, or so much thereof as may be necessary, for the completion of the memorial authorized by section 2 of the joint resolution approved May 23, 1928, as amended, to be erected at or near the site of Fort Sackville in the city of Vincennes, Ind., in commemoration of the winning of the Old Northwest and the achievements of George Rogers Clark and his associates in the War of the American Revolution, and for the acquisition and removal of all structures on the site of such memorial, and for the grading, filling, and landscaping of the grounds thereof. Such sums as may be appropriated pursuant to the provisions hereof shall be expended by the George Rogers Clark Sesquicentennial Commission in the manner provided in section 2 of such joint resolution, as amended.

Mr. BARKLEY. I ask unanimous consent for the present consideration of the bill.

The VICE PRESIDENT. Is there objection?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed.

ADMINISTRATION OF FRANKLIN D. ROOSEVELT

Mr. BAILEY. Mr. President, it happens that the extraordinary session of the Congress is approaching its adjournment on approximately the one hundredth day of the administration of Franklin D. Roosevelt.

I will pass by the historical significance of the phrase "100 days." There was in history, and in modern history, a very significant 100 days. These 100 days of the Franklin Roosevelt administration are manifestly of an historic character. I take it that under any circumstances they will form a chapter of unusual import in the history of the American people, and I am sure there are those who suspect that they may have initiated an era in the history of our Republic.

In view of the significance of these 100 days, I wish to make very briefly certain remarks that occur to me as worthy of record at this moment; and I wish further to have read into the RECORD, or printed in the RECORD, certain data that may be not only of political but also of historical interest.

The first remark I wish to make is this:

We are in the forty-fourth month of what is generally denominated "the depression." It is a singular commentary, in view of all I read in the newspapers and much that I hear, that throughout these 44 months the Congress of the United States has unfailingly responded to the recommendations of two Presidents. If, during the administration of Mr. Hoover, he made even one important request touching the relief or amelioration of conditions which was refused by the Congress, I have no recollection of it, and I do not think the RECORD will show any evidence of it.

Now we come to the end of 100 days of tremendously important legislation, a list of which we find on our calendar, consisting of some 17 or 18 major measures, each of them coming from the present President of the United States, and each of them having been enacted according to his recommendations. I think that this record of responsiveness to the recommendations and the leadership of the Chief Executive of the Nation ought, in justice to the Congress and for the information of the American people, be made known. We have not failed to do anything we were asked to do, and I think the witness might be borne here appropriately that not only under the present administration but under the former administration the Congress, whether on the other side of the aisle or on this side, has with singular regularity subordinated its judgment to the judgments of the two Chief Executives who have presided over our country in these trying times.

All of money that has been asked for has been granted. All of constructive measures which have been recommended have been enacted, and all the power that has been called for has been given; and when we go home, as most of us will in a few days, we at least can go home with the sense of satisfaction that the Congress has responded, not in any small measure but in the utmost measure, to the recommendations of the chosen leader of our people in the present crisis.

The second remark I wish to make about these 100 days is this: By every test of business, by every test of human conditions, by every chart that goes to show the conditions in the United States, these have been the best 100 days in 44 months of this depression.

I have in my hand an article prepared by Mr. Charles Merz, a staff writer of the New York Times, the article being printed in that journal as of Sunday, May 21, 1933, entitled "Business Advances: A Survey of the Trend", and the subtitle "For the first time since the depression there have been 2 months of uninterrupted progress, as shown by the indices of trade."

I am going to hand this statement to the clerk, and I ask consent that it shall be printed in the RECORD with my remarks.

The PRESIDING OFFICER (Mr. MURPHY in the chair). Is there objection? The Chair hears none, and it is so ordered.

(See exhibit A.)

Mr. BAILEY. Mr. President, I wish to read one or two extracts from this article. In his first paragraph the writer states:

Although there are large uncertainties in the international situation and many problems pressing for solution at home, the improvement of business in the United States since early March has now become the largest and best sustained since 1929.

Mr. President, I rejoice that the time has come when record can be made, and I am not rejoicing as a Democrat, I am not taking that to ourselves in any sense of party pride, but I am rejoicing that an independent and disinterested observer can say that we have reached the point of improvement in business that is the largest and the best sustained since the debacle of 1929.

Again this writer says:

Time and again during the last 4 years the prophets of an early return have ascended the mountain tops of their statistics and beheld the promised land at no great distance in the future. But up to the present time they have not had behind them the record

of 2 months of uninterrupted progress and a net gain, measured by many indices of business, which amount to 25 percent. Whatever lies ahead, the stretch immediately behind differs from earlier rallies both in the extent of the ground recaptured and, examination will show, in the character of the advance.

Mr. President, we all know that until the 8th of March, 1933, there appeared to be no bottom whatever for prices of commodities. If they rose, they rose but for a day, and then returned and seemed to be finding a new bottom. But from March 8, four days after Mr. Roosevelt took the oath of office, the commodity prices throughout the whole range of commodities have continued to rise, convincing every thoughtful observer that, whatever else might be said, we had reached the end of the infernal deflation that was destroying the civilization itself.

Let us take the comparative figures. On March 1 of this year wheat was selling at 47½ cents a bushel. On May 17 wheat was selling at 72 cents a bushel, indicating a gain of 52 percent. Since May 17 further gains have been made.

On March 1 cotton was selling at 6.15 cents a pound. Today it is selling at 9.30 cents, which represents a gain of 50 percent a pound in cotton.

Corn was selling on March 1 at 24½ cents. On May 17 it was selling at 45 cents, showing a gain of 85 percent.

I have here the statistics for the other commodities, but I will not trouble the Senate beyond saying that the rise in the prices of commodities produced by the farmers, that is the raw materials, have so outstripped the rise in the prices of manufactured goods that we have corrected the disparity between the prices paid by farmers and the prices received by farmers to the extent of more than 20 percent. The old figures which gave us so much trouble will be remembered. We have cut the manifest injustice of them down, at any rate, by 20 percent in the short space of 100 days.

Now the other remark. With regard to business in general, if we may judge by the charts, American business activity today is precisely at the same point where it was in November 1931, and every curve is upward. We have not only arrested the tide of the depression, but we have turned it back to the point at which it was before the terrific crashes of 1932 and 1933 set in, and we are back upon the plateau of November 1931; and all of that recaptured territory has been recovered and recaptured within these 100 days of the administration of Franklin Roosevelt.

Mr. BORAH. Mr. President, will the Senator from North Carolina yield to me for a moment?

Mr. BAILEY. Certainly.

REORGANIZATION OF EXECUTIVE DEPARTMENTS

Mr. BORAH. Mr. President, I do not wish to divert the Senator from North Carolina from the course of his remarks, but a situation has arisen on which I should like to have the views of the Senator, and particularly of the majority and minority leaders.

The President of the United States has just sent us a message on the reorganization of the departments. That message has not even been printed. I have not been able to find a copy of it, though I understand there are two copies somewhere. We must pass upon that proposal, if we pass upon it at all, within 60 days. We are told we are to adjourn tonight. There is no way in which Congress can pass upon this matter under these circumstances. If we wish to take action, we would have to take action by joint resolution. That is utterly impossible.

I am perfectly cognizant of the fact that the President has been crowded with affairs of state, and I can well understand why this message to the Congress has been delayed. But the question which I present to the Senator from North Carolina and to those who have the shaping of the course of affairs here in charge is how the Congress can possibly deal with this important message between now and 12 o'clock tonight.

I am not charging the President of the United States with anything in the nature of taking advantage of the Congress of the United States, but there are some of these matters connected with the reorganization in which the West is most vitally interested, and I do not know by what possible means I can even get an opportunity to read the message between now and midnight tonight.

It seems to me, if I may make a suggestion, that the majority and minority leaders might ask the President formally to withhold his message until the Congress reconvenes. Unless we do that the law which permits us to pass upon it will have been made a dead letter. I suggest this for the consideration of those who may have something to do with shaping the course between now and 12 o'clock tonight.

I would feel justified in preventing adjournment tonight, if I could, unless we have an opportunity to read that message and to know what there is in it, and if we choose to do so to approve or disapprove it.

Mr. BARKLEY. Mr. President, the Senator from Idaho suggested that the President withhold the message. I understand the message is already before the Senate and has been read.

Mr. BORAH. I understand that, but the President could formally withdraw it.

I see the majority leader has just come into the Chamber. I understand that the message has been formally presented, but it could be withdrawn. I am not asking that, except upon the theory that we are going to adjourn tonight. There are some features of that message and some parts of the reorganization which, as I have said, are of vital concern to the West. We have to pass upon it within 60 days. If we adjourn, say, tonight, we will have no opportunity even to familiarize ourselves with the message.

I ask the majority and minority leaders to take into consideration the fact that some of us are deeply concerned about some features of this possible reorganization, and that some method be arranged so that if we cannot pass upon it tonight, the time will not run against the 60 days which is the limit under the law.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Arkansas?

Mr. BAILEY. I yield.

Mr. ROBINSON of Arkansas. Mr. President, I will be prepared to present to the Senate within a short time an analysis of the Executive order to which the Senator from Idaho has referred. It is, without question, a difficult situation, insofar as the opportunity of the Congress is concerned in relation to the subject matter of the Executive order. I do not at this moment think of any plan which would prevent the order from becoming effective after the expiration of 60 days.

A little later when some notes that have been made have been transcribed, I shall be glad to present the analysis to which I have referred, and if a suggestion occurs to me respecting the point made by the Senator from Idaho, I shall be glad to present it at that time. I do not know of any way, without repealing or modifying the law or passing a joint resolution of Congress, which is the equivalent of passing a new statute, by which the Executive order can be prevented from going into effect at the expiration of 60 days.

I wish to say further that it has been my hope to conclude the session tonight or, at least, during the present legislative day. Always near the conclusion of a session of Congress business becomes congested. The failure to present the Executive order, I am assured by the Executive himself, has not been due to a desire to deny Congress the opportunity of passing upon the merits of the order. It has been due to the pressure of business, to the fact that it has been impossible to frame the details of the order and present them to Congress at an earlier time.

With this statement I shall for the present content myself.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from California?

Mr. BAILEY. I yield.

Mr. JOHNSON. Mr. President, I am entirely certain that what the Senator from Arkansas says is absolutely correct. There is no desire or design on the part of the Executive, I

know, in any fashion whatsoever to bring to us a measure that is of grave importance without giving ample opportunity to Congress to pass upon that measure; but, sir, the fact remains that the measure has come, because of the multiplicity of the duties of the Chief Executive, at a time when we cannot act intelligently upon it.

Not only that, but now at 5 minutes after 8 o'clock we are waiting for conference committee reports on measures that are of the utmost consequence and importance. There is one way in which we can do our duty; there is one way in which we can act as the Chief Executive of the Nation, of course, wishes us to act; that is by staying here for the period that is essential in order to do our job—and our job is to stick here—and if it takes another week or another 2 weeks or another 3 weeks, that is what we are here for, and there is no reason on earth why we should be shoved into an adjournment here at 7 minutes after 8 o'clock or 8 minutes after 12 o'clock tonight. Here is work to be done; work that cannot be done within the limits of the time that has been accorded to us under the agreements that probably have been entered into or the suggestions that have been made. Here are things devolving upon United States Senators which it is their duty to do. Let us do them, and let us take a recess until Monday next to consider the conference reports which will be submitted, which we shall have an opportunity to act upon, and consider then the message of the President, and determine exactly whether or not, under the law, we consent to what the President desires in respect to departmental reorganization.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Arkansas?

Mr. BAILEY. I yield to the Senator.

Mr. ROBINSON of Arkansas. Again I thank the Senator from North Carolina for yielding.

Mr. President, the statement just made by the Senator from California [Mr. JOHNSON] is misleading, in that it suggests that by staying here a brief time the Senate will conclude and reach a decision as to all questions that may be presented. Everyone who hears me knows that if we stay here throughout the summer there will still be problems of legislation upon which to act. Everyone knows that it is not possible to decide every issue that may be raised. If we are to stay here for the disposition of one particular subject, there is no way with which I am familiar to preclude the consideration of other problems.

I know it has been said, and I have heard the Senator from California say within the last few minutes, that Senators ought to remain here and do their duty. Mr. President, never before in the history of this country has so much legislative business been transacted in so short a time as has been disposed of during the last 90 days, and if we were to stay here until Christmas there would still be problems unsolved; there would still be legislation to consider.

Now we have disposed of all the major measures of the program presented by the President except those which are in conference. I admit that any Senator who chooses to do so, acting under the rules of the Senate, can prevent an adjournment, can prevent a decision on these important measures that remain in conference; but, Mr. President, if we stay here indefinitely, we will not have done all that some may demand we shall do; and I wish to point out now that it is a very dangerous issue that the Senator from California has raised. It is my intention to get in touch with the President as soon as it is practicable to do so, and if the withdrawal of the Executive order will enable Congress to go forward to a conclusion on the measures that are regarded as important in the present program, I shall not hesitate to advise him to withdraw the order; but if the suggestion merely means that it is one in a series that are intended to prostrate his program, to protract the session of the Congress, I see nothing to be accomplished by pursuing that course.

I thank the Senator from North Carolina.

Mr. BAILEY. Mr. President——

Mr. JOHNSON. Mr. President, will the Senator from North Carolina yield to me for just a moment?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from California?

Mr. BAILEY. Mr. President——

Mr. JOHNSON. I make my apologies to the Senator.

Mr. BAILEY. I wish to make just one statement.

Mr. JOHNSON. The Senator from Arkansas is entirely right in saying what has been accomplished.

The PRESIDING OFFICER. The Chair understood the Senator from North Carolina [Mr. BAILEY] not to have yielded.

Mr. JOHNSON. I beg the Senator's pardon.

Mr. BAILEY. I will yield to the Senator from California.

Mr. JOHNSON. Mr. President, I thank the Senator from North Carolina. I misunderstood him.

The Senator from Arkansas [Mr. ROBINSON] is entirely correct in what he has said about what has been accomplished in the last 3 months. It has been a marvelous accomplishment, an accomplishment of which the President may well be proud, an accomplishment of which the Congress participating in it—whether it was particularly familiar with the details or not—may be proud, too. I grant that the work that has been done at this session is extraordinary in character, and such as no other Congress has witnessed, but that does not detract from the fact that tonight there come to us other matters that ought to be done as well as we are able to do them.

I hold in my hand the message of the President which is entirely in accord, I think, with what I believe and with what the Senator from Arkansas believes, in which he says:

> Please let me tell you very simply and frankly that in transmitting this Executive order at this late hour in the special session I have had no thought of taking what might be considered an advantage of the Congress. The very urgent demands of the public business, both legislative and administrative, during the past few weeks have made it literally impossible to complete the study of consolidation.

Of course, we know that the President is entirely accurate in that statement, but here comes this important document on consolidation of governmental departments; it is presented to us, and upon it we must act before adjournment, which is to occur this evening, or we cannot act at all. The President has done his utmost in its presentation at the earliest possible moment. He could not have conceived—we could not indeed in justice to ourselves, permit a contrary impression—that we would not, at the earliest possible moment, act upon it, and act as Senators ought to act within the knowledge that they may have and the study that they may make of this important plan. So, Mr. President, not only is this presented to us tonight, but tonight, as well, will be presented disagreements of Members here to amendments of the utmost importance that they have had adopted to bills that are in conference, and upon those amendments we must act; we must act between now and 12 o'clock. Why?

My friend from Arkansas says that we always will have legislative matters before us. True that may be; but the fact is, and the realities are right now, that we will have within the next few hours legislative matters before us. Why should we have to pass upon them by midnight tonight or by 1 o'clock in the morning or by 2 or 3 or 4 o'clock in the morning? Why can we not, in the fashion that we may do our work as we ought to do it, take the requisite time, not until Christmas—although if it were necessary to do our duty upon legislation pending before us, we ought to stay until Christmas—but stay the day or two or the week, if it even went to the length of a week, which will enable us to act upon these matters of extraordinary importance, of marvelous consequence to our people that are coming before us, and determine them as best we can with our judgment and within our consciences.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. JOHNSON. The Senator from North Carolina has the floor.

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Louisiana?

Mr. BAILEY. I yield to the Senator from Louisiana for a question.

Mr. LONG. I wish to ask the Senator from California what is the point the Senator is making? Is it the fact that someone has come here with something upon which we cannot act? I was out of the Chamber for the moment.

Mr. JOHNSON. I do not phrase it in that fashion at all. What I did say is that there has come to us a message from the President of the United States within the hour—read within the hour, but I do not know whether it came before that time—dealing with reorganization of the bureaus and departments of the Government. I am unable to say what they are or what the reorganization plan is, but the fact is that under the law we must act upon that reorganization within 60 days or it becomes final and conclusive. We cannot act within 60 days, of course, if we are going to adjourn between now and midnight.

Mr. LONG. Mr. President, will the Senator from North Carolina be so kind as to indulge me for another sentence?

Mr. BAILEY. Certainly.

Mr. LONG. It rather seems, while we may not be able to act within 60 days, that if we are allowed 60 minutes, it is rather an indulgence. [Laughter.]

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

ADMINISTRATION OF FRANKLIN D. ROOSEVELT

Mr. BAILEY. Mr. President, I am convinced that probably the best way to keep a Senator silent is for him to obtain the floor. I am going to submit the request that my remarks shall be printed in order and that the interruptions all be placed in their proper order.

The PRESIDING OFFICER. Without objection, the request is granted.

Mr. BAILEY. This request is made for the reason that since I rose I have been interrupted—and I am not complaining—28 times, 2 bills have been passed, half a dozen appointees for public office have been confirmed, two speeches have been made on the subject of the Jews in Germany, and there has been debate on the President's latest message to the Congress.

The PRESIDING OFFICER. Will the Senator permit one more interruption so the Senate may receive a message from the House of Representatives? [Laughter.]

Mr. BAILEY. I am delighted.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, agreed to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES, Mr. FULMER, Mr. DOXEY, Mr. CLARKE of New York, and Mr. HOPE were appointed managers on the part of the House at the conference.

ADMINISTRATION OF FRANKLIN D. ROOSEVELT

Mr. BAILEY. Mr. President, when I was interrupted some time ago I was beginning just a brief statement on the subject of the recovery in this country with respect to the condition of unemployment, unquestionably the most perplexing and at the same time the most distressing aspect of the depression.

Mr. President, I am not at all disposed to complain and I am very grateful for the attention I have received. I feel that it is a Senator's duty to yield to a courteous request. I shall always do so. I understand what was on the minds of the Senators who engaged in the debate and I appreciate their motives and I have no complaint to make about it. I am going to get through as soon as I can in order that that debate may proceed, but I do not want anyone to think that I am at all impatient about it. I understand the situation, fully appreciate it, and have no sense of criticism about it.

Mr. President, I was going to point out that with respect to the depression Mr. Lewis Douglas, who I believe is in a position to know, informed me during the present week that the number of unemployed in our land has been reduced within these 100 days by the number of 1,500,000 workmen. That is an achievement not only of great magnitude, but one that reaches the heart of every human being.

That condition of employment and its relief to the extent of 1,500,000 out of a probable total of 12,000,000 is a magnificient achievement that ought to give heart not only to the Members of Congress but to all the people who have hopes for our civilization. I have always known that the unemployed not only have a voice here but they have a right. I have heard a great many things said about the condition of the unemployed, but I have heard very little said in the Congress about the rights of the unemployed. I am going to take time to say something about their rights.

Every man in America has a right to a job. He has it in the Declaration of Independence. Senators have read from and quoted Thomas Jefferson here. The right to life is the right to a job, and it underlies the right to liberty. I do not want to give up liberty; but between the two I will give up liberty to gain life, and every other human being will do likewise.

The inalienable right to the pursuit of happiness is written in the Declaration, underlying the Constitution and determining the character of the Republic itself. The right to the pursuit of happiness is the right to a job. I will stand for doles when they are necessary, but we will never stop short of jobs. That is the justification for the bill for which we voted last night and the justification for the votes which the Senator from Louisiana [Mr. LONG] cast when he found himself divided betwixt the two—and not the first time men have been in that position—when he took section 1 in order to get section 2 he was asserting the right, the underlying right of a man without a job, to a job at the expense of whatever it might be—a fundamental right in America, a fundamental right of a man anywhere.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Louisiana?

Mr. BAILEY. Very well.

Mr. LONG. I want to thank the Senator. I was perplexed between voting for a bill that undid fundamental principles of Democracy on the one hand and a promise of a job to the man unemployed on the other.

Mr. BAILEY. I am going a little farther. He not only has the right to a job, but he has the right to a just reward. That is "the pursuit of happiness." When he cannot get a job and a just reward out of the ordinary economic conditions in which we have lived, it is the duty of the Government which he constitutes to see that he does get it.

I simply wanted to lay down the free rights of the unemployed man in America and I wanted to say that the man in the White House, President Roosevelt, whatever else may be said about him, has convinced the American people that he is a man with a heart for humanity. Whatever we may say about the legislation here, insofar as it is calculated to assert and maintain the rights of the unemployed masses in America, it is profoundly established upon the Declaration of Independence and the Constitution and written in the very character of the Republic itself.

Mr. President, one word more. The people welcomed the Roosevelt administration with hope, and it was a voiceless and inexpressible sort of hope. They hoped, but did not know just why they hoped. As we go home they are hoping, knowing why they hope. Underneath their hopes tonight is the substantial progress of 100 days of real achievement of relief for the American people. It has been brought home in the way of jobs and in the way of better prices for their products.

I have a new hope, Mr. President, and with the expression of this new hope I am going to take my seat. We have all been in more or less of despair. Many of us have not known what to think. Many of us have not dared to say what we were thinking. But as we come to the end of the

session here with commodity prices lifted, as I have shown, from 40 to 60 percent in 100 days, I will make the prophecy that even if they go no higher and the crops come in this fall in ordinary measure, on the existing prices the American farmers will have a gross income of $8,500,000,000 compared with $5,500,000,000 last year—$3,000,000,000 at the head of the stream and gathering force as its runs down throughout the rivers of American commerce. The farmers were not getting cost of production last year. They were losing money. They are going to make some money this year, and that is going to make for the circulation of money. The $3,300,000,000 which we have provided is going to make for more circulation. The two together ought to carry us far forward.

I think it is time for us to cultivate our hopes. It is time to speak the word of cheer to the American people. I think we have something substantial upon which to go. I am not going to assume the role of prophet, but I say in these 100 days we have had 100 days of real achievement; and we have in prospect in the coming in of the harvest at prices, God knows, too low, but so much higher than they were last year, that we can look forward to that and view the turning over of $8,500,000,000 of gross income amongst the farmers and spreading it over our whole commercial life.

The American people's hope in Franklin D. Roosevelt has been justified by these 100 days of achievement. The blowing of the bugle on March 4 rallied the people and now after 100 days, and with Congress coming to an end, he is as strong in their hearts as he was the day he first spoke the word of hope to us. He is the stronger because of the actual justification of their faith in him in the form of realized advancement.

EXHIBIT A

BUSINESS ADVANCES: A SURVEY OF THE TREND—FOR THE FIRST TIME SINCE THE DEPRESSION THERE HAVE BEEN 2 MONTHS OF UNINTERRUPTED PROGRESS AS SHOWN BY THE INDEXES OF TRADE—CAUSES OF THE TURN IN THE TIDE AND QUESTIONS FOR THE FUTURE

By Charles Merz

Although there are large uncertainties in the international situation, and many problems pressing for solution at home, the improvement of business in the United States since early March has now become the largest and best-sustained advance since 1929.

There is reason to believe, as President Roosevelt said in his latest radiobroadcast, "That the domestic situation is inevitably and deeply tied in with conditions in all of the other nations", and that recovery in this country "will not be permanent unless we get a return to prosperity all over the world."

The success or failure of the World Economic Conference at London, and more immediately the efforts now being made to deal with the joint problems of security and armaments, seem certain in the long run to affect the fortunes of the Georgia cotton planter, the steel manufacturer in Cleveland, the textile worker in Fall River. But if we survey the record of events in the United States while the Geneva Conference has been marking time and the question of security has troubled European capitals, we find marked evidence of progress.

Time and again, during the last 4 years, the prophets of an early turn have ascended the mountain tops of their statistics and beheld the promised land at no great distance in the future. But up to the present time they have not had behind them the record of 2 months of uninterrupted progress and a net gain, measured by many indexes of business, which amounts to 25 percent. Whatever lies ahead, the stretch immediately behind differs from earlier rallies both in the extent of the ground recaptured and, as examination will show, in the character of the advance.

The purpose of this article is to consider the extent of the present gains, the apparent causes, and some of the major questions which now lie ahead.

I. The gains

The chart at the top of the page plots three lines, whose successive ups and downs have reflected the alternate hopes and disappointments of the American public since 1929.

The first line (drawn in solid black) represents the New York Times index of business, a component of six significant items which measure weekly changes in freight-car loadings, steel-mill activity, electric-power production, automobile production, lumber production, and forwardings of cotton to the mills.

The second line (checkered) traces the movement of wholesale prices as compiled by the Bureau of Labor Statistics from monthly variations in the value of 784 commodities, each weighted according to its importance in domestic and foreign commerce. This is the line around which revolve most of the arguments for and against inflation.

The third line (white and black dashes) traces successive fluctuations in the average value of 50 representative securities on the New York Stock Exchange. At times this line has shown itself to be a poor prophet of the movement of the other two. From the end of May to the end of August 1929 it went charging up at a time when the index of business activity was headed down. It has repeated this performance less disastrously on several later occasions. But except for these few aberrations in the movement of stock prices all three lines have held together closely in their long, discouraging drift toward lower levels.

THE DECLINE PRIOR TO MARCH

In the period before March 1933 the most characteristic features of this drift were the failure of any improvement of business to hold for more than a few weeks at a time, the small amount of lost ground recaptured during these short-lived revivals, and the persistent decline of commodity prices during the whole period since 1929, though in its later stages this decline showed a tendency to flatten out. Thus commodities lost 16.7 percent of their value in 1930 and 12.5 percent in 1931, but only 8.1 percent in 1932.

With this brief résumé of earlier events and due recognition of the fact that we are still very far indeed from the high plateau of 1929, let us now note the changes which have taken place in recent weeks.

(A) Prices: On March 4, the date which witnessed both the closing of the banks and the inauguration of a new President, the index number of the Bureau of Labor Statistics for all the commodities on its varied list stood at 59.6. On May 6, the latest date for which a figure is available, the same number stood at 61.9. This is a gain of 4 percent in 9 weeks' time, or an advance at the rate of 23 percent for a full year.

Larger gains are evident, if we use a measuring rod that can be brought more nearly down to date. Between March 1 and May 16 the wholesale-price index of the Annalist advanced by 13.9 percent, abruptly wiping out all of the losses sustained during the previous 12 months and lifting the price level from a record postwar low to a point well above that reached on the same date a year ago.

Individually many important commodities have experienced remarkable advances ranging from 20 to more than 100 percent. The following table shows the prices of 10 of these commodities on March 1, compared with last Wednesday's prices, and the consequent percentages of increase during this short period of 11 weeks:

		Mar. 1	May 17	Percent gain
Wheat	bushel	$0.47½	$0.72⅜	52.4
Cotton	pound	.0615	.0875	42.3
Corn	bushel	.24½	.44⅞	83.2
Oats	do	.16¼	.25¼	58.5
Hides	pound	.04¼	.10½	147.1
Wool	do	.54	.81	50.0
Sugar, raw	do	.0285	.0330	15.8
Copper	do	.05	.07	20.0
Zinc	do	.027	.041	51.8
Rubber	do	.0288	.0493	71.2

Not only have the gains since the bank holiday considerably outdistanced those recorded during any equivalent period since 1929; there has also been evident a process of readjustment between farm prices and those of nonagricultural products. Both have been rising since March 1. But the figures of the Bureau of Labor Statistics show that the advance in the case of farm commodities has been at a pace more than four times as swift as the gains achieved by textiles, fuels, metals, machinery, building materials, housefurnishing goods and other industrial products.

For the first time during the whole course of the depression, the growing disparity between prices of goods the farmer sells and of those he buys has been checked, and the trend turned in the opposite direction over a period of several months.

(b) Business: The Times business index reached its lowest point on March 18, shortly after the bank holiday and the inauguration. It then stood at 60. Seven consecutive advances in as many weeks have subsequently carried it to 74.1—a gain of 23.5 percent.

On no previous occasion since the depression first began to deepen has so well-sustained an advance been made, or even one fourth so large a percentage of recovery been achieved.

GAINS NOT SEASONAL

On May 6 the index stood 8 points above its level for the same date a year ago. The gains made in March and April are all the more striking by comparison with the record of these months in other years. For, as the chart shows, in 1930, in 1931, and again in 1932 business was rapidly declining at this season of the year.

The most significant aspect of the present advance, however, is neither its duration nor its extent, but the wide range of the factors participating in the upward movement. Earlier rallies during the depression have invariably been caused chiefly by substantial gains at 1 or 2 points, such as automobile production or cotton forwardings, while the other items included in the Times index have either marked time or actually declined. But in the present case gains have been shared without exception by all of the factors of which the index is comprised.

Moreover, the present advance has been led by steel. This was not true of any of the earlier upturns, and the failure of steel

to lead the way in the spring of 1930 or the fall of 1932 was one reason, as the Annalist has pointed out, why experienced observers doubted the permanence of the recovery then under way. From the lagging figures of steel-ingot production, they drew the conclusion that the advance was inspired primarily by a temporary shortage of consumers' goods—such as shoes and clothing—rather than by an increased demand in basic lines of production.

In the present case, however, the rate of operations in the steel industry has more than doubled in 6 weeks, and for the first time since the beginning of the depression the output of ingots has exceeded production during the corresponding period of the preceding year. The automobile industry furnished the primary market for this increased production in its early stages. But an authoritative trade review, the Iron Age, reported last week "a steadily increasing number of miscellaneous outlets"—including industries engaged in manufacturing kitchen utensils, metal sinks, washing machines, refrigerators, and stoves—and cited as evidence of this broadening consumption "the fact that sheet-mill output going to the automobile industry is declining in percentage, although still increasing in quantity."

OTHER INDICES

Outside of the field of industry directly charted by the Times index, there is other evidence of improvement. Business failures in March were fewer than in the corresponding month of any year since 1925, according to Dun & Bradstreet, and showed a continuing decline last month compared with 1932. The index of department-store sales computed by the Federal Reserve Board advanced from 55 in March to 68 in April. Five of the leading chain-store systems showed increases in that month ranging from 1.8 to 9.4 percent above sales in April 1932. Bank clearings in New York City during May have run ahead of those in the corresponding month last year.

Meantime, factory employment in New York State last month increased by 2.2 percent, compared with March, and pay rolls were 4.4 percent higher, despite the fact that a seasonal decline in both employment and pay rolls usually occurs in April. For the country as a whole the Department of Labor's index showed a gain of 1.6 percent in employment and of 4.5 percent in pay rolls. The counting of jobs proceeds more slowly than the counting of steel sheets or electric kilowatts, and some time will elapse before the effect of the most recent gains in business can be measured accurately in terms of employment.

The reality of these gains, however, is demonstrated by well-tested evidence. Measured either by the extent and duration of the recovery effected since early March, or by the number of industries which have participated in this recovery, the present upturn marks the most substantial change in the course of American business since the summer of 1929.

II. The causes

The progress thus recorded has occurred simultaneously with the suspension of gold payments by the United States and the enactment of legislation permitting a vast inflation of credit and currency. That these influences have played some part both in the rise of prices and the improvement of business is scarcely to be questioned.

OPERATIONS OF INFLATION

Even the most vigorous opponents of inflation recognize its ability to apply a powerful stimulant to prices and to business, though they believe that this stimulant soon loses its force unless it is applied in larger doses, and that, if so applied, it is certain to have disastrous consequences. Fear that the dollar will purchase less 1 month hence or 6 months hence prompts many investors to buy stocks and commodities. Prices rise. And as they rise these same people and others, again fearing depreciation of the dollar, buy the kitchen stoves or the parlor rugs or the low-priced motor cars whose purchase they have been deferring. Goods move from the shelves of retailers and orders go through the wholesale houses to the factories for replacements.

There is no way of determining how large a part has been played in the present upturn by the belief that inflationary measures will be taken. Opinion on this point is likely to vary with the individual observer's approval or disapproval of such measures.

There is a group at one extreme which credits practically the whole gain of recent weeks to the belief that either a great increase of currency or a reduction of the gold content of the dollar is impending. There is a group at the opposite extreme which regards the possibility of inflation merely as an incidental factor in the gains of recent weeks. This group points out that prices were already rising and that business had been expanding over a period of at least a month, from the low point reached in March, before the strength of inflationary sentiment in Congress was suddenly revealed on April 17 by the Senate's vote on a free-silver amendment to the farm bill.

The question can be discussed at length. But whether the influence of inflationary legislation is regarded as the primary cause of recent gains, or an incidental factor, it is important to note that this influence has been exerted precisely at a time when other forces were combining to stimulate recovery. Among these forces we may note:

1. The decline of hoarding: On February 1 the amount of money outside of the Treasury and the Federal Reserve banks stood at $5,652,000,000—a figure far above normal. But by the end of February an additional $893,000,000 had been withdrawn, largely for purposes of hoarding. From this point forward, in a spectacular rise for which no precedent can be found in American financial history, the figure soared to a record-breaking total of $7,536,000,000 on March 8.

The return of money to the Treasury and the Reserve banks has been almost as spectacular as its withdrawal, though the return of funds has attracted less attention. Both movements are shown in the chart at the bottom of the page. At the present time the amount of currency outstanding has fallen below $5,900,000,000. More than four fifths of the damage done during the period from February 1 to March 8 has been repaired since the latter date, with a consequent strengthening of the financial situation.

2. The return of gold: Of particular importance in this movement of money is the return of gold. From a total of $1,346,000,000 outstanding on March 8 in gold coin and gold certificates, the amount outstanding has declined to $653,000,000 on May 11, the latest date for which a figure is available. The position of the Federal Reserve banks has been improved and the basis laid for an expansion of credit. So substantial has been the return of gold during recent weeks that except for a comparatively short period in 1921–22 the amount now outstanding in coin and certificates is actually the smallest figure since 1897.

3. Bank reopenings: Since the enactment of emergency bank legislation on March 9 unrestricted operations have been resumed by 12,787 banks. The fact that about 5,200 are still closed or are operating under restrictions is one of the major problems for the future. But the restoration of normal facilities by banks holding an estimated 90 percent of the money on deposit has inevitably played a part in the recovery of confidence.

4. Federal finance: Confidence has also been strengthened by the energetic efforts of the Roosevelt administration to balance the National Budget for the fiscal year beginning next July. Economies amounting to more than $500,000,000 have already been achieved and additional savings which may equal this figure are in prospect. Unless Federal revenues decline by an even larger amount than the most pessimistic prophets in Washington have assumed, there is reasonable hope that the current expenditures of the Government will be brought within its income after a series of deficits since June 1930, which have amounted to about $5,000,000,000.

It is true that the Government is now planning a program of public works which may involve the expenditure of $3,300,000,000 and that it proposes to finance this program by borrowing outside of the regular Budget. But a distinction may fairly be drawn between an expenditure for purposes of reconstruction, which can readily be discontinued whenever it ceases to be necessary, and routine costs, which constitute an enduring charge. These routine costs the Roosevelt administration has drastically reduced.

5. International cooperation: The past month has witnessed a new and more ambitious effort to deal with influences which have prolonged the depression simultaneously in all parts of the world. Eight of the chief commercial nations have sent representatives to Washington to discuss with the American Government the reduction of tariffs, the stabilization of currencies, and the future of intergovernmental debts. These discussions have resulted in an agreement on a tariff truce and in the fixing of a definite date for the World Economic Conference at London. That any important step toward the solution of international difficulties exerts a stimulating influence in domestic markets was clearly shown 2 years ago by the sharp rally in prices and in business which followed announcement of the Hoover moratorium.

The President has also discussed armaments and security with each of the delegations which has visited Washington. His message of last week, broadcast to 54 governments, was intended to provide a larger basis of confidence for the discussions which begin next month in London.

6. Other factors: Finally, among other favorable factors of varying importance in their effect on the price structure or on the expansion of business activity are the recent Government forecast, predicting the smallest crop of winter wheat since 1904; the legalization of beer, which has in effect created a new industry; and the growing evidence of a shortage in many kinds of manufactured goods. At the end of March the Department of Commerce index of stocks in the hands of manufacturers or at other visible points stood at the lowest level reached in more than 7 years.

III. Future questions

What we have witnessed during recent weeks has been a well-sustained improvement over a broad front, stimulated in part by inflationary legislation and in part by the strongest combination of political and economic influences which have thus far appeared at any point in the depression.

Events of the immediate past have written a dramatic story. There remain, for the immediate future, these important questions to be answered:

First, will the President make use of the inflationary powers which Congress has given him? He is authorized (a) to arrange for an increase of credit through the purchase by the Federal Reserve banks of $3,000,000,000 of Government securities; (b) to issue $3,000,000,000 of Treasury bonds; (c) to reduce the gold content of the dollar by not more than 50 percent; and (d) to provide for the unlimited free coinage of silver at a fixed ratio with gold. These powers are practically equivalent to complete control over the national monetary system. Thus far the President has said only that he will seek "an enlargement of

credit * * * when, as and if it may be necessary" in order to raise prices.

Second, will an enlargement of credit stimulate industrial activity? During the spring and summer of 1932 the Federal Reserve banks bought more than $1,000,000,000 of Government securities in the open market, hoping thereby to make something like 10 times this amount, available as credit for industry. This credit was not used, partly because the banks which had sold bonds to the Federal Reserve were reluctant to hazard the proceeds in the form of loans to business men, under the conditions then prevailing, and partly because comparatively few business men wished to borrow money when they could find no profitable means of using it. Have conditions changed sufficiently in 1933 to insure a larger measure of success for open-market operations?

LONG-TERM LENDING

Third, can long-term lending be revived? Many of the most important types of business activity, such as the building trades, now lagging far behind most other industries, are dependent on long-term investment. Will such investments be made if the Government's intentions regarding the future value of the dollar remain uncertain?

Fourth, how promptly can banks which are still closed be reopened? It has been pointed out that approximately 90 percent of the country's deposits are in institutions now operating without restrictions. But the 10 percent still frozen amount to about $4,000,000,000, and the purchasing power represented by these deposits is not available to help sustain the present movement toward recovery.

Fifth, can the readjustment of existing debt be expedited where such readjustment is necessary? Much has already been done to scale down fixed charges, through reduction of both principal and interest. In many cases this has been accomplished through voluntary agreement between creditor and debtor, thus avoiding bankruptcy proceedings and conserving assets which would otherwise be lost. The necessity of further readjustment is most evident in the case of railways, public-utility holding companies and real-estate obligations.

PUBLIC-WORKS PROGRAM

Sixth, can a large program of public works be undertaken with assurance of a prompt increase of employment, definite advantages for private industry, and adequate protection of national credit? The administration has proposed a broad grant of power to the President, enabling him to spend as much as $3,300,000,000 for the construction of roads, the building of bridges and tunnels, and other public projects. Funds for this purpose would be raised through the sale of bonds. Additional taxes would be imposed to provide $220,000,000 annually for interest and amortization.

Seventh, is the administration's plan for the control of industry a practicable proposal? The plan authorizes any representative group or association within an industry to prepare a code covering wages, hours of labor, and control of output. Once such a code is approved by the President, or issued by him in case the managers of industry fail to act, it becomes the standard of fair competition within the trade to which it applies, and all those who comply with it are exempt from the provisions of the anti-trust laws, while those who violate it are subject to legal penalties.

APPLICATION OF FARM ACT

Eighth, what use will be made of the new farm law? Its purpose is to reestablish the balance between farm prices and those of nonagricultural commodities as it existed in the pre-war period, 1909–14. The broad powers of imposing taxes, allotting bounties, and controlling output, vested in the Secretary of Agriculture, are described by the administration itself as frankly experimental.

It is also recognized that full use of these powers would conflict at certain points with other purposes of the administration. The law provides that in case a tax is imposed on the purchase of wheat, cotton, corn, and other basic farm commodities, an equivalent tariff must be placed on imports of the same products. But the United States now stands as the chief sponsor of the recently accepted tariff truce. And for this reason the administration has deferred for the time being any use of the principal feature of the farm law.

FOREIGN RELATIONS

Ninth, can the President obtain from Congress authority to negotiate reciprocal tariff agreements with other governments and to authorize either postponement or revision of the war debts? On the answer to this question hinges the probability of any action by the American Government with respect to debts and tariffs during 1933.

Finally, can the World Economic Conference justify the elaborate preparations made for it? The difficulties in the way of an agreement are enormous. Some progress must first be made in dealing with security and armaments. But it is clear that any gains achieved at London and Geneva toward a solution of long-standing problems would greatly help American industry hold and consolidate the substantial gains it has made since early March.

(Mr. BAILEY presented a statement showing the closing wholesale cash prices for commodities in the New York market for the previous day, as published in the New York Times of June 11, 1931, which was ordered to be printed in the RECORD following his remarks, as follows:)

EXHIBIT B

[From the New York Times, June 1, 1931]

Yesterday's closing wholesale cash prices for commodities in the New York market, unless otherwise noted, were:

		May 31, 1933	May 24, 1933	June 1, 1932
FOODSTUFFS				
Wheat, No. 2 red	bushel	$0.99⅛	$0.99⅝	$0.69⅛
Corn (h), No. 2 yellow	bushel	.57⅛	.59½	.42⅝
Rye, No. 2 white	bushel	.74½-.77	.75	.51⅝
Oats, No. 2 white	bushel	.35½-.36½	.36¾	.33¼
Flour	barrel 196 pounds	5.25	4.85	4.25
Coffee, No. 7 Rio	pound	.07¾	.08¼	.08¼
Sugar, granulated	pound	.0450	.0450	.0375
Sugar, raw	do	.0330	.0330	.0257
Butter, cr. 92 sc	pound	.21½@.21¾	.22	.17½
Eggs, mix. C, 1st	dozen	.13½@.13¾	.12½	.13¾
Lard, Mid W	pound	.0685@.0695	.0690	.04
Pork, m	bbl. 200 lbs	19.75	18.75	16.25
Beef, family	bbl. 200 lbs	12.50@13.50	13.50	13.00
METALS				
Iron, 2 Phila	ton	16.34	16.34	14.84
Steel billets, Pitts	do	26.00	26.00	27.00
Antimony	pound	.06½	.06¼	.05⅛
Aluminum	do	.2330	.2330	.2330
Copper	do	.07¾@.07⅞	.07	.05¼
Lead	do	.0410	.0365	.03
Quicksilver	flask	62.00	63.00	68.50
Zinc, E.St.L.del	pound	.0437	.0385	.0285
Zinc, N.Y	do	.0472	.0420	.0320
Tin, Straits	do	.41	.37	.2075
Tin, std. nat. m. ex	do	.3780	.3380	.2005
TEXTILES				
Cotton, mid. upl	pound	.0935	.0870	.0505
Printcloths (64-60)	yard	.05½	.04¾	.03
Silk, cr.db.e.(13-15)	pound	1.75	1.57½	1.10
Wool tops, Bos	do	.85	.83½	
MISCELLANEOUS				
Rubber, spot	pound	.0625	.0505	.0269
Hides, hvy., nat. strs	do	.12	.11	.04¼
Gasoline	gallon	.10½	.10½	.0950
Crude oil, Mid-Con., 33 to 33.9 gr., bbl. (42-gallon)		.25	.25	.86

RANGE OF PRICES, 1933

	Highest		Lowest	
	Amount	Date	Amount	Date
Wheat	$1.03⅛	May 27	$0.62⅝	Jan. 3
Corn	.61⅜	May 13	.38½	Mar. 3
Rye	.77¾	May 29	.48½	Jan. 3
Oats	.38	May 11	.25¼	Jan. 3
Flour	5.25	May 29	3.45	Jan. 3
Coffee	.08¾	Feb. 6	.07½	Apr. 18
Sugar, refined	.0450	Apr. 22	.0390	Jan. 19
Sugar, raw	.0340	May 4	.0265	Feb. 3
Butter	.23¾	May 13	.16¾	Feb. 1
Eggs	.34	Jan. 7	.12½	Feb. 1
Lard	.0720	May 13	.0410	Feb. 3
Pork	19.75	May 29	14.25	Jan. 3
Beef	13.50	Apr. 24	9.50	Feb. 28
Iron	16.34	May 24	13.34	Jan. 3
Steel billets	26.00	Jan. 3	26.00	Jan. 3
Antimony	.0650	Apr. 19	.0550	Jan. 3
Aluminum	.2320	Jan. 3	.2320	Jan. 3
Copper	.07⅞	May 31	.05	do
Lead	.0410	do	.03	do
Quicksilver	63.00	May 1	51.00	do
Zinc, E.S.L	.0437	May 31	.0260	Feb. 18
Zinc, N.Y	.0472	do	.0295	do
Tin, standard	.3780	do	.7110	Jan. 4
Tin, Straits	.41	do	.2175	do
Cotton	.0935	do	.0590	Feb. 1
Printcloths	.05½	May 27	.03	Feb. 3
Silk	1.75	May 29	1.12½	Feb. 27
Wool tops	.85	May 27	.54	do
Rubber	.0625	May 31	.0281	Feb. 27
Hides	.12	do	.04½	Feb. 11
Crude oil	.63	Jan. 3	.25	May 10
Gasoline, gallon	.10½	Jan. 2	.09½	Jan. 4

GOVERNOR OF HAWAII

Mr. TYDINGS. Mr. President, I ask unanimous consent for the consideration of the bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii. The bill has been reported favorably.

Mr. NORRIS. Mr. President, may I ask what the bill is?

Mr. TYDINGS. I ask that the clerk read the title of the bill.

The PRESIDING OFFICER. The clerk will read the title as requested.

The CHIEF CLERK. A bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill.

Mr. LA FOLLETTE. I object.

Mr. BORAH. I suggest the absence of a quorum.

Mr. TYDINGS. I still have the floor and should like to say a word, and then I will yield. I have no objection to the suggestion of the absence of a quorum if the Senator wishes to call other Members in so they may hear the explanation I wish to make.

Mr. NORRIS. I am going to object, anyway, whether there is a quorum here or not.

Mr. TYDINGS. Then, of course, the bill will probably be defeated.

Mr. NORRIS. I hope so.

Mr. TYDINGS. Then I will have to move to suspend the rule. May I say to the Senator from Nebraska that I too in general philosophy am opposed to the very bill to which I have referred. I believe the Governors of the Hawaiian Islands should come from the Hawaiian Islands whenever it is possible. The Governor of any one of our territories should be a man who resides in the territory, and I never thought I would be here advocating a measure which would vary that rule. I am advised on reliable authority that this action may be necessary in the best interests of the people who live in the Hawaiian Islands.

I will explain to the Senator why I have that view.

The Senator will recall that last winter, I think, or perhaps last summer, an untoward incident occurred in the Hawaiian Islands. A lady of American nationality was outraged by some four or five persons in Hawaii. Race feeling grew very rapidly and very acutely, and internal conditions were not wholesome there for some time after that occurrence. That occurrence, with the mixed races that reside in Hawaii, has tended to divide the people up into groups. They are not homogeneous. Crime has increased on a very great scale. I am advised by reputable citizens of Hawaii that the reason for this is that the police force is divided into groups, and that a policeman of a certain racial derivation will not arrest violators of the law of his own race. So a period of demoralization has occurred in Honolulu and the Hawaiian Islands which is very, very serious; and good fortune, rather than anything else, has prevented serious trouble.

The President of the United States—I am sure I speak with authority—has no desire in the world to appoint a Governor of the Hawaiian Islands from the mainland as a general proposition; but after careful thought it has occurred to him, in the light of the researches and the information which has come from the islands, that perhaps to get an outside person at this critical time might tend to break down these racial blocs there and permit order to be restored where chaos now exists.

I am not attacking the philosophy of local self-government. I think I have pretty well demonstrated my allegiance to that philosophy through a good many years here in Congress. Normally, I would under no conditions report a measure of this kind; but since I have had the honor of being the chairman of this committee, I have received numerous letters from reputable citizens in the Hawaiian Islands who have written me confidentially of the conditions there. These letters go on to state that normally they would like to have a Hawaiian Governor, but that they believe it will be to the interest of the people of Hawaii now if, during this emergency, a Governor comes from the mainland. They have asked that these communications be held confidential.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. Yes; I yield.

Mr. NORRIS. When was the bill introduced?

Mr. TYDINGS. The bill was introduced in the House about 4 or 5 weeks ago.

Mr. NORRIS. How long has the Senate committee had it under consideration?

Mr. TYDINGS. The Senate committee has had it about 5 days, and the chairman of the committee has vainly tried to hold several meetings.

Mr. NORRIS. How successful has he been?

Mr. TYDINGS. The Senator has not been successful. At the last meeting only one Senator besides the chairman showed up for the meeting.

Mr. NORRIS. Does the Senator think it is fair to override a principle that he himself says he loves and believes in, affecting people two or three thousand miles away, without hearing, on 4 or 5 days of consideration by a committee, when there was not any quorum present, and to bring a measure in before the Senate for consideration at half past 8 on the last day of the session, and expect the Senate to pass it under those conditions, and take those rights away from the Hawaiian people without any hearings whatever?

Mr. TYDINGS. Will the Senator let me answer his question?

Mr. NORRIS. I asked it for that purpose.

Mr. TYDINGS. Yes; I believe it is eminently fair when that request is predicated on the welfare of the people affected, which is the prime consideration in this case; when it comes from the Chief Executive of the Nation, who has had an investigation made; when one branch of Congress has considered it and passed it; and when, if it is not acted upon now, we will leave these people in their present deplorable state of lawlessness.

Mr. NORRIS. Will the Senator yield again?

Mr. TYDINGS. Yes; I yield to the Senator.

Mr. NORRIS. Is it not true that the House of Representatives rejected this bill on the first consideration?

Mr. TYDINGS. No; the House never rejected it.

Mr. NORRIS. I thought they did.

Mr. TYDINGS. It required a two-thirds vote of the House in order to pass the bill, and the House nearly marshaled that number of votes the first time it was up. My recollection is that it lost by some 4 or 5 votes. Subsequent to that time the House did pass the measure with a two-thirds vote.

May I say to the Senator, in all seriousness, that I am just as intent as he is upon upholding the right of local self-government to the people in our possessions wherever possible; and under no ordinary circumstances would I be connected with a proposition of this kind to deprive them of that right. I do submit, however, that these are unusual circumstances, and that our refusal to vary this rule for a temporary period of time is likely to result in permitting lawlessness to exist in the Hawaiian Islands, which would be a source of greater danger to the people of the islands than anything that could result from the temporary change contemplated by the bill.

Mr. NORRIS. Does the Senator think we ought to take advantage, I will say, of a people who are helpless, who have no defense, to whom we have given the right to select their own Governor, and take it away from them without an opportunity to be heard?

Mr. TYDINGS. They do not select their own Governor.

Mr. NORRIS. And does the Senator think——

Mr. TYDINGS. If the Senator will allow me—he certainly is going to allow me to answer his questions in order.

Mr. NORRIS. Oh, yes; certainly; because the Senator has the floor.

Mr. TYDINGS. The Hawaiian people do not select their own Governor. The President appoints the Governor.

Mr. NORRIS. I understand that.

Mr. TYDINGS. They have no voice in the selection of their Governor.

Mr. NORRIS. No; but the President has no right to select in the United States mainland a person to go over to Hawaii and govern them.

Mr. TYDINGS. Not under existing law, no; but we do that in the case of the Philippines. We select from the

United States a governor general for the Philippines. We send to Puerto Rico a Governor for the Puerto Ricans.

Mr. NORRIS. Yes.

Mr. TYDINGS. We send one to the Virgin Islands for the inhabitants of those islands; and inn those places the conditions of law and order are more stable than they are in the Hawaiian Islands.

Mr. NORRIS. The Senator, of course, is speaking upon information that he has gained within a very short length of time, within a few days.

Mr. TYDINGS. That is true, I must concede.

Mr. NORRIS. He ought at least, it seems to me, following out the logical course that he usually takes, to give his colleagues here an opportunity, in meeting that question, at least to come somewhere within reason of hearing the evidence and knowing what the conditions are from their own investigations, if the committee has made none.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Wisconsin?

Mr. TYDINGS. I will yield in a moment.

The Senator's ground is well taken. I am not going to stand here and contend that on this short investigation, here at the heel of the hunt, my position is a strong one and one that ordinarily I would prefer to take; but may I say to the Senator from Nebraska that it has been due to the fact that when the bill was first considered by the House there seemed to be no need for the Senate to take it up if the House was not going to pass it. Then when the House finally did, may I say, to my surprise, pass the measure, there was not time, and Senators were not available, owing to their multifarious duties and the long sessions here, to hold a hearing.

I regret that I am forced to bring up the matter at this time. I can well see how many Senators would not want to consider it now, and I am not quarreling with that position. Neither am I quarreling with those who want the Governor to come from the Hawaiian Islands. I am simply stating that from the investigation I have been able to make and from the investigation I know the President has made, such information as has come to him causes him to want to do this, not to violate the principle of the organic act, but to carry to the people of the Hawaiian Islands what they should and I believe do want above all things, an orderly and a lawful government; and conditions there have been very bad, according to the reports that have come to Washington.

Mr. LA FOLLETTE. Mr. President——

Mr. TYDINGS. I know the Senator's desire for fairness; I know his adherence to principle; and, as great as his allegiance is to the right of local self-government for these people in Hawaii, I am satisfied that if I could convince him—as I have not the time or the facts now to do—that the interests of the people of the Hawaiian Islands would be served by the passage of this bill, he would forego temporarily the very rigid and altogether praiseworthy precepts he has concerning this matter.

Mr. LA FOLLETTE. Mr. President——

Mr. TYDINGS. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. My information is that the people of Hawaii are very much opposed to this legislation. Furthermore, may I remind the Senator that after the unfortunate incident which occurred in the Hawaiian Islands to which he has referred there was introduced at the short session of Congress very comprehensive legislation intended to revise the organic law governing the islands; but upon the assurance of the chairman of the committee that that legislation could not be considered in the short session, people who desired to come from the Hawaiian Islands to be heard and to make their position before the people of the United States clear, following all the unfortunate publicity that there has been concerning this incident, decided not to incur at the time the expense incident to a trip to Washington in order to present their position to the committee.

Mr. President, it seems to me, and I concur absolutely in the statement made by the senior Senator from Nebraska, that this is a snap judgment being taken against the people of Hawaii, who during a long period of years have had an enviable record so far as the enforcement of law and the conduct of their citizenship are concerned.

I believe that it would be eminently unfair for the Senate of the United States and the Congress——

Mr. TYDINGS. Mr. President, I am glad to yield to the Senator for a question, but——

Mr. LA FOLLETTE. Very well; I will wait until the Senator concludes.

Mr. TYDINGS. I do not want to be discourteous, and I am glad to yield for a question; but, knowing that this is the last night of the session, perhaps, I should like to conclude what I have to say.

May I again say that I have no quarrel at all nor do I take issue in any respect with those Members of Congress who believe in local self-government wherever possible for the citizens of our Territories and possessions. I should like to see the Governor of the Hawaiian Islands selected out there at this time. I think the President made an honest effort to find a candidate who would fit into the particular job that has to be done there now. After he had combed the field and gone into it very carefully, he concluded that it would be best to have some detached person put on the islands to reconcile, if possible, these warring racial groups which to a large extent had brought on demoralization of the police force in the islands.

The people of the Hawaiian Islands do not elect their Governor. True, under the existing law the President must nominate a native of the Hawaiian Islands; so that it is not as if we were taking away from the people themselves a right which they now have. All that this bill would do is, as a temporary measure, pending this period of unrest in the Hawaiian Islands, to permit the President to have a detached person go in there, free from influences, free from backgrounds of prejudice, free from the happenings that have occurred out there, and attempt to bring order out of chaos.

Mr. GORE. Mr. President——

Mr. TYDINGS. As I said at the beginning, I have no quarrel in the world with the philosophy of the organic act; and for a long while I said that I would not vote for this bill, even in spite of the President's request, at this session of Congress. It has only been in the last few days, when I have been convinced that the good of the people of Hawaii will be served by this temporary innovation, that I have surrendered my former position and consented to vote for this measure.

I yield to the Senator from Oklahoma.

Mr. GORE. Mr. President, I desire to inquire whether the resolution is limited in duration by its own terms. I have not had a chance to read it.

Mr. TYDINGS. The resolution is not long, and if the Senator from Oklahoma desires, I shall be glad to have it read.

Mr. GORE. I should not wish to have the Senate detained by having that done.

Mr. TYDINGS. No; the resolution is not so limited, but under the terms of the appointment it could not be more than 4 years.

Mr. GORE. Does not the Senator think it would be well to limit it?

Mr. TYDINGS. I do. I should be glad to see an amendment of that kind adopted, limiting it to a lesser period of time than 4 years.

Mr. GORE. I think it ought to be limited by its own terms, if it is to be agreed to.

Mr. TYDINGS. I think it would be a mistake to limit it to a year. I think it should be at least 2 years, because I doubt whether the task can be terminated well by a stranger in less than 2 years. It would take him sometime to familiarize himself with the actual situation there, and it would certainly take him some time to put into effect the necessary reforms. I think it will be unwise to limit the term, but I certainly hope that if it is limited, it will not

be limited to such a short period of time that the job cannot be done by an outsider.

Mr. GORE. I think 1 year would be too short a time. Two years, perhaps, would be better. I wish to say, before I sit down, if the Senator will indulge me, that I am very strong in my conviction for local self-government and home rule, and whoever desires to part from that principle bears the burden of proof, from my point of view.

Mr. TYDINGS. I may point out to the Senator from Oklahoma, in conclusion, that the people of the Hawaiian Islands do not have local self-government and home rule in the sense that they now elect their Governor. In any event, he is appointed by the President. The sole question here is, Shall the Presidential appointee be a mainlander or an islander? The people of Hawaii will have nothing to do with it. The President can appoint any person in Hawaii he wishes to appoint. True, some color of title to local self-government may exist, but that would be a far different proposition were the people themselves to select the Governor. In that case I think the departure would be too pronounced.

For these reasons, Mr. President, I move that the rules be suspended——

Mr. LA FOLLETTE. Mr. President——

Mr. TYDINGS. Just let me finish my motion and then I will be very glad to yield. I move that the rules be suspended so that House bill 5767 may be considered immediately.

Mr. LA FOLLETTE. Mr. President, I make the point of order that the Senator must submit his motion in writing 1 day in advance.

The PRESIDING OFFICER. The point of order is sustained.

Mr. LA FOLLETTE. Mr. President, if I may be recognized by the Chair——

Mr. NORRIS. Mr. President, before we go any farther I want it understood that I have objected to the Senator making the report. I do not want any misunderstanding about it. The Senator asked unanimous consent to make a report, and I have objected to that.

Mr. TYDINGS. The Senator objected, and I submit in view of his objection.

Mr. LA FOLLETTE. Mr. President, since this matter has been disposed of I wish to complete the statement I desired to make while the Senator from Maryland had the floor.

Under the admission of the Senator who desired to report this bill he has come to a conclusion concerning a very fundamental and important change in the organic law of the Hawaiian Islands, without testimony and without facts. Upon that statement the Senate would be justified in refusing to consider the measure.

May I say that I have never had the privilege of visiting the Hawaiian Islands, but I am in possession of information which I believe to be accurate in character, and that information justifies me in making the statement that the record of those islands, insofar as law and order and crime and its punishment are concerned, compare very favorably with records in the United States of America.

True, an unfortunate incident occurred in those islands. True, it was a horrible crime of its kind. But crimes of a similar character occur in every community of any size in the United States. In these islands there are various races represented. I am in possession of information, which I believe to be accurate, that prior to the time this incident occurred these various races had lived in harmony and in peace. So far as I am concerned, I do not propose, insofar as I may exercise my rights under the rules of the United States Senate, to see the people of these islands prejudged, without an opportunity to be heard upon an important change in their organic statutes.

Therefore, Mr. President, I join with the Senator from Nebraska in objecting to the report being received.

Mr. BONE obtained the floor.

Mr. BORAH. Mr. President, will the Senator yield to me?

Mr. BONE. I yield.

BUSINESS OF THE SESSION

Mr. BORAH. Mr. President, may I ask the minority leader if there is any program in contemplation looking to a recess this evening?

Mr. McNARY. Mr. President, it is quite true that I represent the minority in the best way I can. I know it has been the ambition of the able leader of the majority that we should adjourn the session tonight. Some action must be taken by the House on certain matters and their action come to the Senate, in the nature of conference reports, which are not here now. Beyond that I have no knowledge of the program.

Mr. BORAH. Mr. President, what I want to know is whether the program is, as the Senator understands it, that we remain here until the industrial recovery bill is disposed of, until the veterans' legislation is disposed of, and until all such matters are disposed of.

Mr. McNARY. I think that is the hope of the majority leader.

Mr. BORAH. If I may make a suggestion, there had better be a consultation upon that matter, unless Senators want to stay here until tomorrow morning.

Mr. LONG. Mr. President, will the Senator from Washington yield to me for just a moment?

Mr. BONE. I yield.

Mr. LONG. I understand that the industrial recovery bill has been to some extent emasculated, that the provision relating to the publication of income-tax returns has been taken out of the conference report, that our amendment for the taxing of tax-exempt securities has been taken out of the report, that the Borah amendment has been emasculated, that an amendment which I offered has been emasculated; that the veterans' amendment to the economy bill, insofar as it affects Spanish War veterans, has been entirely emasculated, and that the World War veterans have been given considerably less charitable treatment than we intended. Therefore I do not think we should be in any hurry. I hope we will take our time here tonight, and tomorrow night, and the next night. The boys who stood in the trenches for several weeks for us did not ask anything in the way of luxuries whilst they undertook to keep what we call the "foreign foe" away from our shores. They would not have been our foreign foes if we had not decided that we had to have a foe.

Therefore, I hope we will not be in any hurry. I am not in a hurry, and I propose to ask my colleagues not to get excited. Let us take our time. We are not going to leave here tonight, and we are not going to leave here tomorrow night. I am not able to say whether we will be in session the night after that, but I think we may be. Until we do substantial justice by what we thought was enacted in this Chamber, there is no reason to talk about adjourning.

Mr. President, last night I voted "nay" on the recovery bill, and I intended to let that vote stand. I voted "nay" to start with, the first time. But when I began to think that the La Follette amendment for the publishing of income-tax returns was incorporated in the bill, and that the Clark amendment, providing for taxing heretofore tax-exempt securities, was in the bill, I concluded that I was probably voting for the good in order to vote against the bad, and I changed my vote and voted "yea" instead of "nay." I thought the good counterbalanced the bad, and a little more, perhaps. I was not certain, and I am not certain now. But tonight I am told that they have cut out the La Follette amendment, that they have cut out the Clark amendment, that they have emasculated the Borah amendment. I have not looked to see what they did with the amendment they allowed me to adopt unanimously, but I guess they took it out the same way they allowed it to be adopted. They usually do that. They vote for the amendment unanimously, and then take it out the same way. [Laughter.]

Mr. BONE. Mr. President, I do not want to appear ungenerous toward my friend from Louisiana, but I merely

want to proceed. I would be very glad to yield the floor when I am through with the suggestion I want to make.

Mr. LONG. Very well. I will wait until the Senator gets through.

VETERANS' ALLOWANCES UNDER THE ECONOMY ACT

Mr. COPELAND. Mr. President, I ask to have printed in the RECORD resolutions adopted at a mass meeting of veterans in Stanley Hall, United States Soldiers' Home, Washington, D.C., on June 8, 1933.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

VETERANS NATIONAL RANK AND FILE COMMITTEE,
Washington, D.C.

The following resolutions were adopted at a mass meeting of 500 veterans assembled in Stanley Hall, United States Soldiers' Home, Washington, D.C., June 8, 1933:

Resolution No. 1

Whereas the recently passed Economy Act will deprive us and thousands of our disabled comrades of compensations, pensions, disability allowances, hospital and domiciliary rights, throwing us into the streets to suffer extreme privation and starve; and

Whereas we who fought the wars of this country which made large numbers of millionaires and billionaires and those of us who served this country in peace time, are about to be deprived of our meager allowances in order to permit the spending of immediate sums in preparation for future wars: Be it therefore

Resolved, That this body of veterans and ex-service men, assembled in Stanley Hall, United States Soldiers' Home, Washington, D.C., on this 8th day of June 1933, demand the repeal of the so-called "Economy Act" and immediate restoration of our compensations, pensions, disability allowances, hospital and domiciliary rights without discrimination as to race, color, creed, or political affiliation.

FRANCIS R. CHAMBERLAIN,
National Committeeman for District of Columbia, U.S.A.
GEORGE H. NEAL,
Chairman of the Meeting.

Resolution No. 2

Whereas a convention of veterans was recently held in Washington, D.C., and at Fort Hunt, Va., for the purpose of uniting the rank and file of all veterans and veteran organizations on a common program, namely:

1. Immediate cash payment of the remainder due on adjusted-service certificates, the so-called "bonus."
2. Restoration of disability compensation, pensions, disability allowances, and no curtailment in hospital and domiciliary rights.
3. Immediate remedial relief for the impoverished farmers and unemployed; and

Whereas a large degree of unity was achieved in support of this common program, regardless of race, color, creed, or political affiliation; and a plan of national organization of the rank and file adopted to facilitate carrying out this common program: Be it therefore

Resolved, That this body of veterans assembled in Stanley Hall, United States Soldiers' Home, Washington, D.C., on this 8th day of June 1933, do hereby unanimously approve said common program and purpose as adopted by the veterans' national rank and file convention; be it further

Resolved, That we pledge our united efforts to the support of the veterans' national rank and file committee who were elected to carry out the organization program of the rank and file.

FRANCIS R. CHAMBERLAIN,
National Committeeman for District of Columbia, United States of America.
GEORGE H. NEAL,
Chairman of the Meeting.

STATEMENT OF THE AIMS AND PURPOSES OF THE VETERANS' NATIONAL BANK AND FILE COMMITTEE

The Veterans' National Rank and File Committee, elected by the delegated and mass convention of rank-and-file veterans, representing all veteran organizations and unattached groups of veterans throughout the Nation, has for its purpose the uniting of all veterans and veteran organizations, regardless of political differences or race, on a common program agreed upon by the Veterans' National Rank and File Convention (May 13–22).

This program, in keeping with and carrying forward the aims and objects of the retired Veterans' National Liaison Committee, implies not only unity among the ex-service men as a social group but cooperation and unity on the part of veterans, jobless workers, and farmers toward the common end of securing needed and just relief.

OUR PROGRAM

1. Immediate cash payment of the remainder of the adjusted-service certificates.
2. No cuts in disability compenation, disability allowances, pensions, hospitalization provisions, and other veteran benefits. Reconsideration of the Economy Act, with the view of preventing the harsh injustices entailed in its application.
3. Immediate remedial relief for all impoverished farmers and the Nation's unemployed.

VETERANS' NATIONAL RANK AND FILE COMMITTEE,
FRANK A. FLYNN, *Chairman.*
H. S. CANNELL, *Secretary.*
R. L. LOVELACE, *Treasurer.*
HARRY S. BRENNAN, *Contact Officer.*

MESSAGES FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the amendments of the Senate to the bill (H.R. 5645) to amend the National Defense Act of June 3, 1916, as amended.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

The message further announced that the House had disagreed to the amendments of the Senate nos. 1 to 46, inclusive, and Senate amendment no. 48, to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes; that the House had concurred in the amendment of the Senate no. 47 to the said bill with an amendment, in which it requested the concurrence of the Senate; that the House asked for a further conference with the Senate on the disagreeing votes of the two Houses on the amendments still in disagreement, and that Mr. WOODRUM, Mr. BOYLAN, Mr. HASTINGS, Mr. BUCHANAN, Mr. TABER, and Mr. THURSTON were appointed managers on the part of the House at the conference.

REFUNDING OF UNITED STATES GOVERNMENT BONDS AT A LOWER RATE OF INTEREST

Mr. BONE. Mr. President, earlier in the evening the Senate was generous in listening to me discuss a resolution I had introduced many days ago, Senate Resolution 85, dealing with the matter of the refunding of the national debt at lower interest rates.

At the time I discussed the resolution, which is a Senate resolution and not a joint resolution, I asked for a vote on it. The Senator from New York [Mr. WAGNER] got the floor, and it was impossible to have a vote at that time. This seems to be perhaps an opportune moment to ask for an expression of the Senate on that particular resolution.

I am not going to repeat the arguments I employed in presenting the resolution to the Senate this afternoon. I think there are very cogent reasons for the Senate making the request of the Secretary of the Treasury which I am asking. Certainly, in view of the needs of the country in the way of finances to underwrite this proposed $3,300,000,000 issue, it is vital that we use every legitimate method of getting the money without adding burdens of taxation to the burdens the people are already bearing.

At this moment I ask for a vote on the resolution. I should like to have a yea and nay vote, if I can have the support of Senators. I think it is a reasonable request. It does not involve anything more than a reasonable request of the Secretary of the Treasury. I ask for a yea and nay vote.

Mr. LONG. Let us have the yeas and nays

The yeas and nays were not ordered.

Mr. BONE. Mr. President, may I then have a quorum called? I want this matter fairly presented to the Senate, because it is a vital need.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Black	Brown
Ashurst	Bankhead	Bone	Bulkley
Austin	Barbour	Borah	Bulow
Bachman	Barkley	Bratton	Byrd

Byrnes	George	Long	Sheppard
Capper	Glass	McAdoo	Shipstead
Caraway	Goldsborough	McCarran	Smith
Clark	Gore	McGill	Steiwer
Connally	Hale	McKellar	Stephens
Coolidge	Harrison	McNary	Thomas, Okla.
Copeland	Hastings	Metcalf	Thomas, Utah
Costigan	Hatfield	Murphy	Thompson
Cutting	Hayden	Neely	Townsend
Dale	Hebert	Norris	Trammell
Davis	Johnson	Nye	Tydings
Dickinson	Kean	Overton	Vandenberg
Dieterich	Kendrick	Pope	Van Nuys
Dill	Keyes	Reed	Wagner
Duffy	King	Reynolds	Walcott
Erickson	La Follette	Robinson, Ark.	Walsh
Fess	Lewis	Robinson, Ind.	White
Fletcher	Logan	Russell	
Frazier	Lonergan	Schall	

Mr. LEWIS. I rise to announce the absence of the Senator from Montana [Mr. WHEELER], who has been called out on a sudden emergency. He hopes to return later.

The PRESIDING OFFICER. Ninety Senators have answered to their names. A quorum is present.

Mr. LONG. I ask for the yeas and nays.

The PRESIDING OFFICER. The Senator from Washington has the floor.

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Washington yield to me?

Mr. BONE. I merely wish to make a brief statement, and then the Senator may have the floor.

I wish to say to Senators who have come in since I spoke a little earlier in the evening and discussed this resolution, being Senate Resolution 85, that I content myself now with saying that this resolution merely invites the Secretary of the Treasury to call upon the holders of United States Government bonds, particularly those bonds issued to finance the war, asking them—not demanding of them, but asking them—to agree to a refunding of those bonds at a lower interest rate so that they may share in the burdens that the Government has been compelled to place upon the veterans and the wageworkers of the country in the compensation cuts of veterans and in the salary cuts of wage earners. I see no reason why we should not do that, in view of the fact that we have placed this burden on the soldiers and on the wageworkers.

The British and French Governments sent out a call asking that the holders of war bonds of those two countries turn them in and accept bonds paying a lower rate of interest, and that was done; it was accomplished.

The resolution that I have prepared, and on which I am going to ask for a vote, simply follows the technique and formula employed by the British and the French Governments in the fall of last year, by which the English Government saved £38,000,000 by the voluntary bringing in of bonds and their refunding by the Government. What I am seeking to do by this resolution is to ask the Secretary of the Treasury to do that. It is at best a mild gesture for the Senate to make in this hour of peril. It certainly cannot be said to be a very radical or a very drastic step to ask the bondholders of the country to share some of the burdens which all citizens now have to carry.

On this resolution, Mr. President, I am going to ask for the yeas and nays; but I now yield to the Senator from Indiana to enable him to make his statement.

Mr. ROBINSON of Indiana. Mr. President, I held up my hand a moment ago, with a number of other Members of this body, asking for the yeas and nays on this resolution. I am wondering why anybody would hesitate to vote on that question; it seems perfectly apparent to me that something ought to be done in this direction.

The war cost approximately $38,000,000,000. The money came out of the pockets of the American people. Of that vast sum, approximately four and one half billion dollars went to the "cannon fodder"—the troops, the soldiers, the sailors, and the marines. Thirty-three and one half billion dollars, almost all of it, went to the profiteers, so that millionaires were raised up over night like mushrooms.

Thousands and hundreds of thousands of disabled veterans now are abroad in the land. They have not sufficient means with which to live. When they were thrown into the breach and asked to make the sacrifice that has ruined their lives and ruined their careers, the allied cause was a lost cause. Only the intervention of American troops brought victory to the allied armies; and here, 4,000 miles behind the front, in complete safety, the profiteers were busy. They were piling up their millions on the sacrifices of the soldiers, sailors, and marines who were fighting, bleeding, and dying that the swollen fortunes of organized wealth might be increased.

The war ended. The troops came home, and they came home to every family in America; not a home in the land but was affected by bloodshed, in one way or another. Loved ones connected with every home were engaged in that struggle. Hundreds of thousands of them have never to this day been rehabilitated. God pity them all! They are out yonder in the night, looking for jobs and bread. Suddenly the cry goes up in the midst of depression, "Balance the Budget with the nickels of the poor", and the Liberty bond holders who own the bonds, who profiteered as a result of the rivers of blood poured out by the best youth of America, are so unsportsmanlike tonight as not only to demand that the Budget be balanced by the blood of the veterans of our various wars, but they dodge, dodge in the most disgraceful fashion, their own fair share of the cost of government. Witness the House of Morgan—J. Pierpont Morgan and his 19 partners—lying, lying, deceiving right and left, to get out of paying a single penny toward the cause of government, and they receive more protection from the Government than any others in the land. Their huge fortunes must be protected, police protection, fire protection, the many kinds of protection that property demands and that capital has always received. Now, they say, "You must slash the veterans still further, drive them out of the hospitals, refuse to give them decent clothing to go out into the weather; take away the only means they have of sustenance"; and the President of the United States, there in the White House, listens to these bondholders and profiteers.

It is an amazing situation. If anybody had told me 10 years ago that the time would ever come in this country when America would turn on the defenders of the Nation, and that a cowardly Congress would abdicate its powers to a cruel Chief Executive, who, through the means of a lord-high chief executioner would put them to death, I would have told that man it was a slander of my country and its flag. That day has come; we have seen it arrive; and I say to you, Mr. President, with all the earnestness at my command, that whenever a nation—and this has been proven true in all the history of the past—has turned its back on those who have defended it with their blood, it has been on the road to ruin and it has never come back. And I go farther. As I have said in this presence before, a nation that will not deal generously and considerately with those who have defended it in time of peril does not deserve to be defended if war comes—and we may have war tomorrow.

I saw figures a day or two ago, and from an authoritative source in the Treasury Department, to the effect that the bond interest on the Liberty bonds totaled an enormous sum. I am speaking only of the $12,000,000,000 that are due us from foreign lands; we have their bonds in the Treasury; they have given us their bonds; their bonds are there and they will be repudiated next Thursday. I think one of the reasons why the Chief Executive wants to get the Congress out of the way is that he may next Thursday accept 10 percent of the amount due from Great Britain on her bonds.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. No; not now.

Let it be understood that the House of Morgan wants these debts canceled. Up in the Treasury there is Mr. Woodin, who has received gratuity after gratuity from the House of Morgan. How can he deal with the House of Morgan with justice to the American people? There under him is Mr. Acheson, of Maryland, himself an attorney in a firm that

does business for the House of Morgan. He testified, so the Senator from Michigan [Mr. COUZENS] said, that Mr. John W. Davis, the Morgan attorney, frequently counseled with his firm. There in the same place as Commissioner of Internal Revenue is Mr. Helvering, of Kansas—God save the mark—who is charged with selling post offices out there at "so much per." That man the Democrats have placed in office as Commissioner of Internal Revenue. All the ingredients are present for the worst racket the world has ever known.

Mr. President, I saw figures a few days ago which show that something like $800,000,000, almost $1,000,000,000, must be paid out of the Treasury this year to the holders of tax-exempt securities of this Nation.

Mr. BONE. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. Not now. Eight hundred million dollars! That is nearly one fourth of the entire Budget, but we take $450,000,000 from the disabled veterans of the land and put them out on the streets without food. We balance the Budget with the nickels of the poor, and here a cowardly Senate refuses to vote on this question of whether the holders of these tax-exempt securities shall pay taxes or not. Can anybody imagine such a thing?

I yield now to the Senator from Washington.

Mr. BONE. I am sure the Senator realizes that if the interest rate on the bonds is reduced, even though the Congress does not enact a law taxing or attempting to tax the income of the bonds, by the process of reducing even voluntarily the interest rate on the bonds we will have accomplished, I think, a very decent and very reasonable thing in reducing the return on the bonds in that fashion.

Mr. ROBINSON of Indiana. Of course. I understand that. I am trying to get a yea-and-nay vote on the Senator's resolution, but awhile ago when we asked the Senate to vote on that question we were refused. Senators are not afraid to vote on the veterans, not afraid to crucify the veterans by their votes, but they are afraid to vote on a question that might injure the House of Morgan or any of its affiliates, or its pets on the preferred lists, or that might hurt those who have received gratuities who now hold positions of power in the National Government. Why should not the Senate stand up and be counted, yea or nay? Stand where ye belong! Let us see if Senators are for the American people or for the House of Morgan. Here is their chance.

I say again, Norman H. Davis is over yonder speaking for Mr. Roosevelt, not for the country. He is on another preferred list, this time for the Johns-Mansville stock. I think he bought the stock at 57 when it was selling in the open market at 78. He was getting thousands of dollars from the House of Morgan. He is the most powerful man abroad now for this administration, a tool of Morgan who desires the debts canceled in order that his private loans might be the more secure. Here is Mr. Woodin, Secretary of the Treasury, with his sattelite Acheson, attorney for the House of Morgan, and Helvering, of Kansas, who was charged with selling post offices right and left. Mr. Woodin is on all the preferred lists. Mr. Woodin is here at home on the preferred list of pets and over there abroad is Mr. Davis, ambassador at large of the House of Morgan, and here is the President who fears to discharge either of them because he dare not incur the wrath of the House of Morgan; yet this same President fears not to do the gravest sort of injustice to the veterans of America who wore the uniform.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. Yes; I will yield now.

Mr. LONG. I hope my friend from Indiana will not include my friend Mr. Helvering. There is much that he says with which I agree, but he does a grave injustice to my friend Mr. Helvering. I read every line of the evidence in Mr. Helvering's case. I know Mr. Helvering. I never saw a line of competent evidence against Mr. Helvering. My friend from Indiana does a great injustice to the cause we both espouse, because we both think alike on these things.

Mr. Helvering unfortunately, and I say this to my friend from Indiana, set out in some method and course of procedure that aroused Mr. Henry L. Doherty, and Mr. Henry L. Doherty in his newspapers never failed to crack down on Mr. Helvering. I looked over the evidence and so far as any evidence of Mr. Helvering's selling post offices is concerned, there is not one scintilla of even half-way credible evidence to that effect. I hope my friend from Indiana will not jump on my friend Helvering any more, because he is one of the few men that we have been able to confirm who has actually stood for the rights of the little man in the administration of the matter of the income tax laws.

Mr. ROBINSON of Indiana. Mr. President, sometimes I am able most heartily to agree with my friend from Louisiana. Unfortunately in this instance we cannot agree.

Mr. President, I have no more to say at this moment. These facts are entirely plain to the American people. Here is Mr. Woodin on all the preferred lists, running the Treasury of the United States——

The PRESIDING OFFICER (rapping for order). The Senator from Indiana will suspend until the occupants of the galleries are in order. The Chair must admonish the occupants of the galleries that they are here by courtesy of the Senate. Laughter or demonstrations of approval or disapproval of the proceedings of the Senate are strictly forbidden by the rules of the Senate. If necessary, the Chair will have the galleries cleared.

Mr. TRAMMELL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TRAMMELL. Does not the rule apply with equal force to Members of the Senate as it does to occupants of the galleries?

The PRESIDING OFFICER. It does, and the Chair would admonish Members of the Senate as he admonished the occupants of the galleries.

Mr. TRAMMELL. I think very often there is more disturbance and more disorder on the floor of the Senate than there is in the galleries.

The PRESIDING OFFICER. The Chair agrees with the Senator from Florida in that statement.

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. Does not the rule with reference to disorder apply to those who speak as well as to those who listen? [Laughter.]

The PRESIDING OFFICER. The Chair will state to the Senator from Texas that there are certain rules relating to the conduct of Senators in debate. If the Senator from Texas raises the question the Chair will pass on it.

Mr. ROBINSON of Indiana. I am grateful to the Chair. I am wondering if the Senator from Texas desires to call me to order for anything I have said, and if so whether he will specify? I pause for an answer.

The PRESIDING OFFICER. The Chair will pass on such questions when they are raised and submitted to the Chair. The Senator from Indiana will proceed.

Mr. ROBINSON of Indiana. Mr. President, over on the other side of the ocean is Mr. Davis, undertaking to get the debts canceled and to enter into consultative pacts and commit this country to a national policy which it has refused with scorn in the past. I ask, Mr. President, as we now go back to our homes throughout the country, how can we expect the people of the country to have confidence in this administration with Mr. Woodin receiving gratuities right and left from the House of Morgan, now under fire from a committee of the Senate, and ensconced in the Treasury as Secretary thereof, with Mr. Davis, principal agent of the President abroad, an emissary of the House of Morgan, which desires the debts canceled and transferred from Europe to the backs of the American people? I predict that by the time we come back, unless the President gets rid of these people, the American people will have completely lost confidence in this administration.

Now, Mr. President, why not vote "yea" or "nay" on this resolution? Why not stand up here and either vote for

the House of Morgan or against the House of Morgan and its affiliate, the National Economy League, which started out to crucify the veterans of the United States and their dependents?

Mr. President, I join the Senator from Washington [Mr. BONE] in demanding the yeas and nays.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. LONG. Mr. President, apparently we cannot get enough Senators to second the demand for the yeas and nays——

The PRESIDING OFFICER. The Chair will state that the Senator from Illinois claimed the floor and was recognized by the Chair.

Mr. LONG. If the Chair recognized the Senator from Illinois, that is all right with me. I would rather have somebody else talk.

The PRESIDING OFFICER. The Chair recognized the Senator from Illinois, and he has the floor.

Mr. LEWIS. I am glad that my rising meets the approval of the able Senator from Louisiana.

Mr. LONG. It does not meet with my approval.

Mr. LEWIS. Then I am glad it meets the disapproval, for that proves I must be correct in whatever I undertake.

Mr. President, of course under circumstances where events are unusual and the occasion itself remarkable, one may expect the ordinary excitement; and in public speech from a Senator who may be moved either by enthusiasm or indignation we could very readily understand the fever to which our able friend from Indiana [Mr. ROBINSON] has managed, in the fury of his resentment, to bring himself. But, Mr. President, we are about to adjourn. Either we will leave here tonight to return to our homes, or on the following day, after the Sabbath, we will return to duties purely incidental, while a night here will close the important chapters of our legislation.

Everything which can be done, consistent with both liberty and justice, particularly in the speeches of the eminent Members of this great body, to continue the confidence of the country in their Chief Executive and to multiply the hopes of the citizens at large in what they feel is now the rising tide of a new prosperity, should be encouraged. We are doing a great injustice and we are making an assault upon the very heart of the country when our eminent Members here would rise and tell the country that the evils of legislation such as they feel they may perceive, and such as they fancy they are pointing out, are coming from the President of the United States.

It is a very unfortunate observation to go to America from so renowned a source as the distinguished Senator from Indiana when he characterizes, before all America, the President of the United States as a cruel executioner.

If there had been anything in this body in the way of a statement or action that could have justified such an accusation, I have not beheld it; and I am sure the able Senator from Indiana will recognize that unless there be evidences to justify an accusation of such an extreme nature, it ought not to be indulged in.

Mr. President, it is impossible to know what particular details are carried in the bosom of the distinguished Senator from Indiana which, from his point of view, justify him in charging whatever may have been the conduct of what is called Morgan, or any other source, to the President of the United States. I beg to call to the able Senator's attention the fact that his remarks will be printed throughout the land, and wherever there are those inclined to characterize the President unjustly or who in themselves are unworthy of doing justice to an official the speech of the eminent Senator from Indiana will be quoted at length; and among other charges which will be dwelt upon it will be said that here in the Senate a Senator of the United States charges that the President of the United States incites his legislation to the conduct of such cruelty and to the extent of such barbarity that he would rob a crippled soldier.

The eminent Senator probably is not aware to what extent these observations may go, and how throughout the land where the law is not understood, and where the prescriptions of the act that has to do with pensions and with the distribution of compensation and allowances are not understood, the speech of the Senator from Indiana will inspire those who are unfortunate or those who are hopeless to feel that it is the President of the United States who, by some act of his lacking every spirit of justice and inspired by every wanton cruelty, has brought upon the soldier and the unfortunate the fate he is compelled to endure.

Mr. President, no President of the United States should be exempt from a just criticism and a rightful condemnation for any conduct that can be directly traced to his authorship; but we do a great injustice to the citizens when we incline to encourage what must be a misrepresentation of the character of the official, when we weaken the President in the estimate of his countrymen, and leave him before the civilized world as one charged in the highest legislative body of his land with deeds and with conduct that would not be laid to the door of the most ordinary individual engaged in the most cruel and brutal pursuit of ordinary war and murder.

Mr. President, the Senator from Indiana seems to feel some spirit of resentment against those who are the bondholders. I dare say there is none on this floor who has characterized that set of gentlemen with more ferocity for their injustices than have I. But, Mr. President, what I wish understood is that it is an injustice to the President that we should leave in the country the impression that he is in any respect chargeable with responsibility for the exorbitant and inordinate demands of bondholders who became possessed of their property in the form of securities seasons and seasons before the present President of the United States was ever called to office.

Why should he be charged with responsibility for acts of a nature so exacting, and, in the language of the able young Senator from the State of Washington [Mr. BONE], so far-reaching, as to pilfer the Treasury? Why should responsibility for those acts be charged to the present President, who was neither in office at the time as President nor holding any position of authority where he could either guide or direct whatever might have been the course, and now whatever may be the result, of the purchases of those bonds or of their possession?

I feel that too much ardor, we might say, too much spirit, has been disclosed in these debates, leaving upon our countrymen the impression as if there was a breach between the Senate of the United States and the President of the United States, where the Senate is charging the President, through responsible sources, as a public criminal against his country, and, on the other hand, charging the legislators with being remiss in the duty they owe to the office and too cowardly to discharge a duty they owe to mankind and to God.

Mr. President, let us realize that we are leaving for our homes. We are all under the obligation of cooperating as much as possible to bring about a calm spirit of something of renewed brotherly kindness. We are here to restore, if we can, and on tomorrow to multiply confidence in our fellow citizen in his country.

If we at the last hour of this body shall withdrawn from our fellow citizen the respect he has for his Nation, the regard he has for his country, the feeling of obedience he has to his Lord, and the respect he should owe to his officials, we do much, sir, to bring our fellow citizen back to that hour of desperation, that frightful day when in his depression he was helpless and hopeless; and in doing this, far from elevating the country with education in truth, we are bringing it down to the very low level where only falsehood and defamation could possibly have hurled it. Not intending such, I am sure the able Senator from Indiana upon reflection on his address will discover that the injury

he is doing unconsciously by the manner in which he anathematizes the great heads of his Government will fall upon a million who are helpless and just now in doubt and want of confidence and send them to where they are without faith and without hope.

At this hour, Mr. President, since the record of the President of the United States discloses no incident in all his life of cruelty to mankind, of barbarity to beasts, or anything save gentle humanity to fellow sufferers, let us feel that it has been a misapprehension on the part of any source that he would hold the office to the desecration of mankind and expose himself to the execration of his fellow citizens.

We will depart, we hope, after the few hours that hold us here, to return to where we may behold the brightened faces of our fellow citizens—those who have looked to us to restore to them faith and ardor, who are regarding us now as those who are bringing back a lost prosperity. If this can continue and be multiplied, as we are sensing it now to be, we will invite our fellow citizens into a new cooperation, and as they meet each other it will be with extended hand of a new aid and a new help; and without party distinction or party name we will, sir, reunite our fellow citizens in the confidence they have in each other, in the faith they have in their country, in the respect they bear the President of the United States; and, sir, in the full consciousness that there is now flowing to them once again the prosperity of which they dream; that there is revivified the honor and faith which is a part of their nature, which link them in one great chain of loyalty and devotion to their country and appreciation of their officials. They may render their thanks to Almighty God that they are Americans.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 804. An act to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co.;

S. 1536. An act giving credit for water charges paid on damaged land;

S. 1745. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg.;

S. 1746. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg.;

S. 1747. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Waldport, Lincoln County, Oreg.;

S. 1748. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg.;

S. 1749. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg.;

S. 1783. An act granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key:

S. 1808. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century;

H.R. 3511. An act to authorize the creation of a game refuge in the Ouachita National Forest in the State of Arkansas;

H.R. 3659. An act to extend the mining laws of the United States to the Death Valley National Monument in California;

H.R. 4872. An act authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.;

H.R. 5589. An act granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.; and

H.J.Res. 183. An act extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.

FARM CREDIT ADMINISTRATION—CONFERENCE REPORT

Mr. BYRNES submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 6, and 56.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, and 54, and agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: On page 7, line 19, of the Senate engrossed amendments strike out " and representing the public interest " and insert in lieu thereof the following: " of whom two shall represent the public interest and one shall represent national farm-loan associations and borrowers through agencies and such director shall be a borrower from a Federal Land Bank "; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows:

" SEC. 86. Subdivision (a) of section 10 of the act entitled 'An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes', approved May 12, 1933, is amended by inserting before the period at the end of the first sentence a colon and the following: '*And provided further*, That the State administrator appointed to administer this act in each State shall be appointed by the President by and with the advice and consent of the Senate.' "

And the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " 87 "; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "88"; and the Senate agree to the same.

JAMES F. BYRNES,
P. L. GOLDSBOROUGH,
ALVA B. ADAMS,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
JOHN D. CLARKE,
CLIFFORD R. HOPE,
Managers on the part of the House.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on agreeing to the conference report.

The report was agreed to.

REFUNDING OF UNITED STATES GOVERNMENT BONDS AT LOWER RATE OF INTEREST

The Senate resumed the consideration of the resolution (S.Res. 85) favoring the refunding of United States Government bonds at a lower rate of interest.

Mr. BONE. Mr. President, there was so much confusion in the Chamber that I am not aware whether the Chair ruled on the question of whether there was a sufficient showing of hands to have a roll call on the vote on Senate Resolution 85.

The PRESIDING OFFICER. The present occupant of the chair is advised that the previous occupant of the chair ruled that there was not a sufficient number. The question is on agreeing to the resolution of the Senator from Washington.

Mr. REED, Mr. ROBINSON of Indiana, Mr. TRAMMELL, and other Senators called for the yeas and nays, and they were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DALE (when his name was called). I have a pair with the junior Senator from California [Mr. McADOO]. In his absence I withhold my vote.

Mr. WAGNER (when his name was called). On this vote I am paired with the senior Senator from Missouri [Mr. PATTERSON]. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and vote "yea."

Mr. LEWIS (when Mr. WHEELER's name was called). I again announce the absence of the Senator from Montana [Mr. WHEELER] on official business.

The roll call was concluded.

Mr. AUSTIN (after having voted in the affirmative). Again announcing my pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily absent, I withdraw my vote.

Mr. BULKLEY (after having voted in the affirmative). I have a general pair with the junior Senator from Wyoming [Mr. CAREY], who is absent. Not knowing how he would vote, I withdraw my vote.

Mr. HEBERT. The Senator from New Hampshire [Mr. KEYES] has a general pair with the Senator from Massachusetts [Mr. COOLIDGE]. I do not know how either of those Senators would vote on this question if present.

Mr. ROBINSON of Indiana (after having voted in the affirmative). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. I understand that that Senator has not voted, and that if he were present he would vote as I have voted, and therefore I permit my vote to stand.

Mr. WALSH. My colleague the junior Senator from Massachusetts [Mr. COOLIDGE] is absent from the Senate on official business. As stated by the Senator from Rhode Island [Mr. HEBERT], he is paired on this question with the senior Senator from New Hampshire [Mr. KEYES].

Mr. LEWIS. I desire to announce that the following Senators are absent on official business: Mr. MURPHY, Mr. LONG, Mr. BANKHEAD, Mr. BARKLEY, Mr. BYRNES, Mr. PITTMAN, Mr. ERICKSON, Mr. HARRISON, Mr. STEPHENS, Mr. THOMPSON, and Mr. VAN NUYS.

The result was announced—yeas 69, nays 1, as follows:

YEAS—69

Adams	Cutting	King	Schall
Ashurst	Davis	La Follette	Sheppard
Bachman	Dickinson	Lewis	Shipstead
Bailey	Dieterich	Lonergan	Smith
Barbour	Dill	McCarran	Steiwer
Black	Duffy	McGill	Thomas, Okla.
Bone	Fletcher	McKellar	Thomas, Utah
Borah	Frazier	McNary	Townsend
Bratton	George	Neely	Trammell
Brown	Goldsborough	Norris	Tydings
Bulow	Gore	Nye	Vandenberg
Byrd	Hastings	Overton	Wagner
Capper	Hatfield	Pope	Walcott
Caraway	Hayden	Reed	Walsh
Clark	Hebert	Reynolds	White
Connally	Johnson	Robinson, Ark.	
Copeland	Kean	Robinson, Ind.	
Costigan	Kendrick	Russell	

NAYS—1

Logan

NOT VOTING—26

Austin	Couzens	Keyes	Pittman
Bankhead	Dale	Long	Stephens
Barkley	Erickson	McAdoo	Thompson
Bulkley	Fess	Metcalf	Van Nuys
Byrnes	Glass	Murphy	Wheeler
Carey	Hale	Norbeck	
Coolidge	Harrison	Patterson	

So Mr. BONE's resolution was agreed to.

REORGANIZATION OF EXECUTIVE DEPARTMENTS

Mr. ROBINSON of Arkansas. Mr. President, a short time ago a discussion was had concerning the Executive order sent to the Senate this afternoon by the President. The thought was expressed by the Senator from California and others that the session of the Congress should continue until an opportunity should be afforded for the Congress to study the Executive order and to take any action which might be found desirable respecting it.

While that discussion was in progress I stated that in a short time I would be ready to present an analysis of the Executive order, in the belief that we would be better able to determine whether it was necessary to prolong the session in order to afford an opportunity of rejecting or disapproving the order referred to.

Mr. BORAH. Mr. President, may I suggest that there is no copy of that message to be had at this time? I think there is one copy—perhaps there are two copies—in the Chamber. I am unable to get a copy. I wanted to ask some questions as the Senator proceeded. I will ask, is there a copy of the message on the desk?

The VICE PRESIDENT. There has not been a copy delivered to this desk.

Mr. ROBINSON of Arkansas. Mr. President, I will proceed with my remarks. In this Executive order the President believes that he has eliminated those subjects which are likely to provoke and to prompt controversy, and has limited the order to those eliminations in the service, to those consolidations and other changes, which it is believed will meet with general approval.

Projects for reorganization in the Executive agencies which would secure greater efficiency of operation with reductions in expenditures, have been submitted in large numbers from many sources during the course of the study that has been made, both within and without the Government agencies. These suggestions, dealing not only with mere bodily transfers of bureaus from one department to another, but also going into the principles of the distribution of work, have required an immense amount of study and consolidation with many officers and agencies of the Government. It was the desire of the President to submit at this session of the Congress, as early as practicable, a complete, integrated plan.

The course of unexpected and emergent business, and the necessity of giving primary attention to measures calculated to meet economic conditions, have made it literally impossible to give the matter of reorganization that full measure of study and consideration which it deserves.

Probably it is not necessary for me to remind Senators that while we have all been very busy, perhaps the busiest man in the whole world during the last 3 months has been the President of the United States. In spite of what has been said about him this evening by the Senator from Indiana, he has toiled with great energy and patience in an effort to work out the emergent problems which we all recognize as necessary of solution before a more stable condition may be established respecting the business affairs of the Nation.

I shall not attempt at this juncture to enter into any political discussion whatever. It is recognized now, was recognized by the President when he sent this Executive order to the Senate, that it is unfortunate it could not have been presented at an early enough day to permit fuller consideration of its provisions, but, as has already been stated, the plan involved in the Executive order was intended to eliminate matters substantially controversial and restrict the order to those changes in the organization of the Government which were believed to command almost universal approval and support.

In this contingency the Executive was faced with the alternative of deferring the presentation of reorganization matters altogether or of presenting certain selected ones, the desirability of which could be established within the limits of time available for their consideration. To have followed the former course would have postponed for a considerable period of time all the economies to be derived from these measures. To follow the latter course makes it impossible to allow the amplitude of time for consideration by Congress which the Executive earnestly desired. Balancing the relative disadvantages between these two courses, it has seemed the more in the public interest to follow the latter course and thus to realize the very considerable economies which the items of reorganization now possible of endorsement will yield.

The Executive is the more encouraged to the latter course because it is believed that the matters of reorganization to which it has been possible to give proper study are those whose desirability is the least debatable.

In detail the reasons for the various measures embraced in the Executive order will now be presented. First, with respect to procurement or purchases. Are Senators aware that there are six agencies of the Government authorized by law to purchase trucks, those agencies being the War Department, the Navy Department, the Commerce Department, the Interior Department, the Agricultural Department, and the Post Office Department?

The agencies purchasing clothing are three in number, the War Department, the Navy Department, and the Interior Department.

The agencies leasing lines of communication include the War, the Navy, the Commerce, the Treasury, and the Agricultural Departments.

The agencies purchasing medical supplies are the Interior Department, the War Department, the Navy Department, the Treasury Department, and the Interior Department.

Practically every agency of the Government now makes purchases. In doing so they very frequently compete against each other. The economy of centralized purchase was long ago established in business enterprises. It cannot be questioned that the same economy is possible in the Government service. In the execution of this centralization a sane course naturally will be followed. It is not the intent that the centralized purchasing agency will buy specialized articles which are peculiar to a particular Department. To state an extreme case, for example, the Navy obviously will continue to procure battleships. As to such specialized purchases, the central purchasing agency will exercise only a coordinating and information-assembly function. In brief, it will undertake purchasing of products used in common by several Departments and simply lend whatever of its advice and cooperation may be useful to other kinds of purchasing. The same observation applies to construction work. Buildings of a more or less standard nature will, in general, be constructed under the supervision of the Procurement Division; buildings of a specialized nature will continue to be constructed by the agency using them.

In connection with supplies which are in common use the Procurement Division will naturally undertake such warehousing and distribution functions as are reasonably connected with purchasing. In addition, in order to assure economic use of surplus properties of the Government, the Procurement Division will have charge of such surpluses and will apply them to all requirements before purchasing similar materials.

I pass now from the procurement provisions of the order to national parks, buildings, and reservations.

The administration of national parks, monuments, cemeteries, and other reservations, and of public buildings is of a similar character to that described with respect to procurement. Generally speaking, such administration involves problems of maintenance and operation which are akin throughout. These problems of maintenance and operation rather obviously can be more economically administered if under a single organization.

What has been said above applies to those facilities which are not devoted to the use of any particular agency. Buildings used solely by the Post Office Department, for example, should be administered most economically by that Department, and therefore the order provides that facilities employed in the work of a particular agency may be administered by that agency.

The order abolishes certain commissions which carried on particular aspects of this work. The necessity for such commissions which existed in the absence of any centralized administration of buildings and reservations disappears with the organization of such an agency.

The third feature of importance embraced within the Executive order relates to governmental investigations.

To the extent that the Bureau of Prohibition deals with permits for the manufacture and sale of alcohol, it duplicates work now done by the Bureau of Internal Revenue. The latter Bureau, being a revenue-collecting agency, is the proper agency to administer the issuance and cancelation of permits which are closely tied up with the collection of revenue, and therefore this function is centralized in Internal Revenue.

With a few minor exceptions, the remaining functions of the Bureau of Prohibition involve the investigation of infractions of the prohibition law. No organizational reason is perceived for a special bureau for the investigation of a particular kind of crime. The Bureau of Investigations of the Department of Justice is charged with the general investigation of crimes against Federal laws, and the apprehension of criminals, and it is believed that the Federal laws may be better enforced if the investigatory personnel is consolidated in a single organization.

The fourth feature of this Executive order relates to disbursements. There are about 2,200 disbursing officers in the United States. This is rather an absurd situation. No business organization would think of scattering a function among so many different persons and offices. Disbursement is a technical function which should be performed by a specialized personnel and could be so performed with an increased efficiency and greater economy.

The order also provides for transference to spending agencies of responsibility for improper expenditures for which disbursing officers now are solely held.

The fifth feature of the Executive order has to do with claims by or against the United States. Responsibility for prosecuting and defending suits to which the United States is a party is governed by a multiplicity of laws which are a maze of conflicting and anomalous provisions. District attorneys and marshals are responsible to the Attorney General. Nevertheless, certain agencies of the Government have the right to issue binding instructions to attorneys and marshals regarding the prosecution of suits. The Solicitor of the Treasury, who is in point of law a subordinate of the Attorney General, has the anomalous authority of final decision in certain matters without respect to the judgment of the Attorney General. It was clearly the

intent of the law creating the Department of Justice that the Attorney General should have responsibility for prosecuting and defending suits to which the United States is a party, and the whole conflict comes from failure to properly amend antecedent laws.

The order gives effect to the legislative intent respecting the Department of Justice and centers in the Attorney General the sole responsibility for the conduct of suits. The order in nowise diminishes the present authority of the various departments in respect to controversies before they get into the courts, but it provides that, once the Attorney General is called upon to act in the matter, thereafter his judgment is to be conclusive. This is highly desirable from the standpoint of sound organization and it will be productive, perhaps not of savings in actual expense, but of savings due to better administration of court matters.

Under this provision, the defense of suits regarding war-risk insurance will be transferred from the Veterans Administration to the Department of Justice, and there is a very considerable saving to be expected from this.

This provision does not relieve the Solicitor of the Treasury of his duties as legal adviser of the Secretary of the Treasury, but for the better performance of such duties he is placed in the Treasury Department.

Next I pass to the consideration of the sixth prominent feature of the order having relation to insular courts. All other courts being either under the Department of Justice in the case of legislative courts, or in the case of constitutional courts provided for by appropriations through the Department of Justice, it appears in the interest of sound organization to transfer to that Department jurisdiction of the courts in China, Panama Canal Zone, and the Virgin Islands.

Section 7. Solicitors: By an archaic bit of organization the Solicitors for the Departments of Commerce and Labor are nominally under the Attorney General but actually under the respective Secretaries. The order recognizes the facts and transfers the solicitors from the rolls of the Department of Justice.

Section 8. Internal Revenue: The Bureau of Industrial Alcohol is an offshoot of the Bureau of Internal Revenue. If reason ever existed for the segregation of this particular phase of revenue collecting, no reason is perceived for its continuance. The consolidation brings all phases of internal-revenue collection under one head.

Section 9. Assistant Secretary of Commerce: It is desired to broaden the responsibilities which may be assigned to the junior Assistant Secretary of Commerce in order that he may be of greater usefulness in the Department.

Section 10. Official Register: Preparation of the Official Register is largely from the records of the Civil Service Commission and may much better be placed there than with the Bureau of the Census.

Section 11. Statistics of cities: In the interest of economy it is believed that for a period of 2 years the collection of statistics of cities under 100,000 population may properly be suspended.

Section 12. Shipping Board: The functions of the Shipping Board are closely allied with many functions now performed by the Department of Commerce, particularly those having to do with navigation and steamboat inspection, and it is believed that material economies will result from abolishing the Board and transferring its duties to the Department.

Section 13. National Screw Thread Commission: The National Screw Thread Commission performs duties which may be performed to equal advantage within the Department of Commerce, and this provision is in the interest of simplification of the governmental structure.

Section 14. This is important. It relates to immigration and naturalization. The Bureaus of Immigration and Naturalization obviously deal with similar problems and economies will be possible in the solution of these problems if they are consolidated in a single organization.

Section 15. Vocational education: The transfer of functions of the Federal Board for Vocational Education to the Department of the Interior is proposed in the interest of simplification of the governmental structure, preserving at the same time the usefulness of the Board in an advisory capacity so that the Department may have the benefit of the various viewpoints now represented by members of the Board.

Section 16. Apportionment of appropriations: The functions of making, waiving, and modifying apportionments of appropriations were established by the Antideficiency Act, which considerably antedated the Budget and Accounting Act. They are clearly matters of budgetary control. At the present time they are exercised in a rather perfunctory manner and it is believed that the intent of Congress as expressed in the Antideficiency Act will be more fully realized by the proposed transfer.

Section 17. Coordinating service: The necessity for the coordinating service arose out of the dispersion of similar activities among all the departments. Among the most significiant of these is that of purchase. A great deal of the effort of the coordinating service has been to secure some measure of coordination of purchase. With the organization of the Procurement Division, this effort becomes unnecessary. Similar observation is to be made with respect to other activities, namely, it is believed that improvements in the organization of governmental functions will render efforts at coordination unnecessary. In view of this it is felt that the service may be abolished at this time.

Section 18. The reduction of 25 percent in the functions named in this section is in the interest of economy.

Section 19. General provisions: This section makes general provision for disposition of the records, property, facilities, equipment, and supplies of transferred and abolished agencies and functions. In respect to personnel, it enables the agencies to which functions are transferred to make selection of the best of the personnel hitherto employed upon the transferred functions.

Section 20. Appropriations: The provisions of this section enable transfer of appropriations and impoundment of savings as contemplated in the law.

Section 21. Definitions:

There are a number of definitions which are not regarded as of sufficient consequence to require discussion at this juncture.

Section 22, effective date: In accordance with law the order is made to become effective 61 days from date, except that it is felt that some discretion must be reserved to postpone the effective date in the case of particular transfers. The consolidation of procurement, for example, must follow an orderly procedure in order to avoid any disruption of service, and it is not felt possible at this time to forecast the exact date at which such transfers may be made.

In order that the Senate may fairly understand the provisions and effect of the Executive order this statement is submitted. As I said some moments ago, it is believed that the necessity for the changes contemplated in the order are apparent; that Senators upon consideration of the explanation will not find it necessary to prolong consideration of the order. If mistakes should hereafter appear to have been made, they may be corrected by legislation or by modification of the order.

I have stated as fully as I am able to do the effects of the provisions contained in the order, and I thank the Senate for the very patient manner in which it has heard me.

Mr. REED. Mr. President, it seems to me that the submission of this message is the crowning travesty in a week that has made a perfect farce of representative government. Here in the closing hours of the session comes a message from the Executive couched, so far as I have been permitted to read it—because only one copy of this has been available and that has mostly been in the possession of other Senators—in terms so general that it is utterly meaningless.

The first section, which I was enabled to read before the copy was taken from me by another eager Senator, speaks of the organization of the "procurement division." All of the accumulated wisdom of a century and a half of the Nation's experiences goes overboard now without an oppor-

tunity for the Senate or the House to consider it. All the training we have had in making purchases for the Government in such manner as to get the best quality at the lowest price and the most complete freedom from corruption, all goes overboard in a new institution called the "Division of Procurement of the Treasury Department."

That division, if you please, Mr. President, is to be charged with the duty of buying highly technical and scientific machines for the Bureau of Standards, buying ordnance for the Army, buying scientific apparatus for the Navy, buying even for the Department of Agriculture and for the Department of the Interior. A new organization, enormous in its scope, is being created to buy for all the different departments of the Government.

It means not a saving but a duplication. If that organization were to function intelligently in buying ordnance for the Army, it must have ordnance experts to place the order, but the Army must still make its request and it must maintain its present ordnance experts to make the request of this new division as to what shall be bought. So, instead of having one group of experts making the decision and guiding the purchase, we will have two of them with all of the red tape that goes in the negotiations from one department to the other. That is only an instance in miniature of what will occur throughout all the departments of the Government. The great superorganization that will do the purchasing must of necessity be duplicated in every one of the departments that it is intended to serve.

I am criticizing only the first paragraph of the Executive message. I have not had the privilege or the time of reading any further, nor have most of the Senators who sit here. When the message came to us it was expected that we were going to adjourn tonight. To shove such a thing before the Congress and ask for its passive acquiesence in this revolutionary change in our Government structure seems to me to be little more than a contemptuous gesture toward the Members of Congress, who are not expected to read or to understand or to act on what the Executive submits.

Mr. HASTINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Delaware?

Mr. REED. Yes; I yield.

Mr. HASTINGS. I wish to inquire whether the Senator knew whether it was expected that the Congress was to act favorably upon this matter at this time or whether it was not intended that this order should become effective until after the expiration of 60 days.

Mr. REED. So far as I am aware, it is intended to take advantage of the clause in the present law which provides that the Executive may submit to Congress changes in the structure of the Government and that unless Congress disagrees with them within 60 days the changes become settled fact, and the proclamation of the Executive becomes settled law. Under that clause this order is submitted to us within a few hours of expected adjournment, when it is manifest to everyone that Congress cannot possibly take any action for or against it.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. I yield to the Senator from Idaho.

Mr. BORAH. No change can be made in this matter except through the affirmative act of the Congress. That is to say, if we do not take some affirmative action, such as passing a joint resolution, and adjourn tonight, the order becomes a law, because we have no chance to act.

Mr. REED. Precisely. If we take no action, it becomes a law.

Mr. BORAH. Mr. President, may I say that with a very large portion of this message I am in sympathy. As explained by the Senator from Arkansas, there are in it two or three matters of very great importance to the West. I do not see how it is possible for us to change it. We cannot pass a joint resolution between now and 12 o'clock.

Mr. REED. Obviously not.

Mr. BORAH. But I am of the opinion that we are not going to adjourn at 12 o'clock.

Mr. REED. I quite agree with the Senator. We are not going to adjourn at 12 o'clock.

Mr. DICKINSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. REED. I yield.

Mr. DICKINSON. I desire to suggest that in paragraph 5 there is also a transfer of power to the Attorney General to allocate such new duties as he may desire to allocate. In the original law we gave the President certain authority; but we certainly did not give him any authority to delegate to any other official of the Government the right to allocate new positions and new jobs and assign them as he saw fit.

Mr. REED. Apparently the theory is that the trust we have reposed in the President can be delegated by him to anybody he may select.

Mr. ROBINSON of Indiana. Mr. President——

Mr. REED. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. I wish to ask the Senator from Pennsylvania if he or anybody else knows what is in the Executive order.

Mr. REED. I do not, except as we have had a very helpful exposition of it from the Senator from Arkansas; but none of us has been able to digest that. None of us has had time to consider it. In fact, the whole animating spirit this week has seemed to be to drive Congress to the point where it is incapable of thought.

The idea of asking any parliamentary body to sit for such hours as the Senate has sat in the last 3 days! At this moment we have been in session more than 12½ hours, in addition to many committee meetings that have been forced upon us. Yesterday we were in session more than 11 hours; the day before for 13 hours. How can men give good thought to the business of government and drive ahead at any such rate? How is it possible to give of ourselves our best judgment to governmental problems and work at any such speed? And as far as I am able to discover, the only reason why we are working at any such speed is that the President wants to go on a vacation. All Government business must yield for that.

I submit that it is a travesty on popular government.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Washington?

Mr. REED. I do.

Mr. DILL. Does the Senator think that if the Congress stayed in session for the next 60 days there would be any possibility that we would pass a joint resolution interfering with this Executive order?

Mr. REED. Probably not, because the Democratic majority is so great as to prevent it; but at least those of us who are in the minority could say to the country why and wherein we believe it to be unsound—a privilege that the minority in every legislative body, outside of Russia and Italy, has been accustomed to exercise ever since parliamentary government began.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Mississippi?

Mr. REED. I yield.

Mr. HARRISON. Is it not a fact that when the Senator's own party was in control of the Government, at the instance of President Harding and his successor, when the Republicans controlled the Congress, and when the Senator sat as one member of the Joint Committee on Reorganization, they framed a reorganization plan, and it failed to get through Congress?

Mr. REED. That is quite true, excepting——

Mr. HARRISON. And that is what would happen now if it were left to Congress and not to the President.

Mr. REED. That is quite true, excepting that I did not sit as a member of the committee of which the Senator

speaks; but Congress, representing the people, has a right to be heard on this matter. It may be that you can whip it through with this majority; but at least we have a right to call the attention of the people to what we believe to be its defects, and that right is being denied us.

Mr. JOHNSON. Mr. President, I do not join in any animadversions upon the President of the United States in relation to this matter, or in relation to any other matter. I am grateful indeed that the Senator from Arkansas [Mr. ROBINSON] should have submitted to us an explanation of the message which came to us so late tonight; but the explanation that thus he submits is the demonstration that this session of Congress ought not to adjourn until it has had the opportunity itself to study the message presented, and to determine for itself whether or not the recommendations therein shall be carried out.

Mr. President, I do not question at all that doubtless there are many things in the reorganization program of the President which will meet with hearty approval from all of us. But, sir, I am not ready to concede that without its being read by any of us, practically, without any of us indeed having the opportunity that the Senator from Arkansas has had to know the explanation of each particular section of the message, we should abandon our prerogative, and abandon what we ought to do in relation to a measure of this importance.

The vice of the situation is this:

Unless affirmative action be taken by us, we are denied any action at all; for the law provides that if within 60 days we do not act in respect to the recommendations that are made, then those recommendations become final and conclusive, and they are then substantive law. That is the vice of the situation here, because it is an utter, absolute impossibility for any of us, save possibly the Senator from Arkansas, who has the explanation before him—to familiarize himself with what has been presented to us by the President's message.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from California yied to the Senator from Louisiana?

Mr. JOHNSON. No; I will not yield for the moment. Subsequently, I will yield.

The VICE PRESIDENT. The Senator declines to yield.

Mr. JOHNSON. But, Mr. President, there is another cogent reason, too. Concede, if you will—I am ready to concede it, although I do not know the fact, and I insist upon knowing it before I act—concede that every provision contained in this message is one which ought to be accepted by us, and is one which will mean betterment and greater efficiency in the service of the Government: Under those circumstances, if it be of the character that is indicated to us; if the savings are to be made that are set forth in the message; if, indeed, efficiency is to be increased and enhanced; if all of the benefits that have been described so eloquently in the message that has been read by the Senator from Arkansas are to accrue, then we should act affirmatively, so that this beneficent measure shall go into effect, not 60 days from now, but immediately—day after tomorrow, as the case may be, or the day after that—for the law in respect to this matter is set forth in no uncertain terms:

> Whenever the President makes an Executive order under the provisions of this title, such Executive order shall be submitted to the Congress while in session, and shall not become effective until after the expiration of 60 calendar days after such transmission, unless the Congress shall by law provide for an earlier effective date of such Executive order or orders.

If this message contains all the good that we believe it does; if it has within it the germ of economy for which we are all striving and all praying; then, when we have read it, and when we know it, let us act affirmatively, and put it in operation immediately, instead of waiting the 60 days that under the procedure that is here advanced we must wait before we act.

If it is not all of the character that it is asserted to be, then we ought to be able to act, and act affirmatively.

So take either horn!

First, assert—which probably is not the fact—that the order contains within itself germs that are injurious to certain sections of his country: Then we should act, and we should act in a fashion, of course, to indicate those things that we think are harmful or perilous to the service.

Secondly, if the order is of such inestimable importance, if it does have within it all of the things that are asserted by the Senator from Arkansas in the disquisition that he read, then we should act upon it and put it in force, not 61 or 60 days from now, but immediately.

We can do that only in one fashion, and we act in respect to either horn of the dilemma in one fashion, and one alone; that is, by knowing what we are doing, and then acting as our consciences and our judgments direct.

We cannot do it tonight. That is admitted. We are being driven now with all the force of a Juggernaut into an adjournment. I do not object to an adjournment early. I do not object to an adjournment whenever it may occur without harm to the public service. But if the Senate yet retains a shadow of a scintilla of a particle of its dignity, there is no reason that can be presented here, if individual Senators still have a sense of their responsibility, why we should not work on this matter on Monday, with Sunday intervening, in which we might familiarize ourselves with it; and then on Monday, if it has within it the great benefits that some of us believe it may have, by substantive law put it in force immediately; or, if it be the reverse express ourselves in that regard and prevent its being operative at all.

It means a delay of a day, a delay of 2 days, in adjournment. What of it, I ask? What of it? It may mean a day, it may mean 2 days; but think: If this message presents what we think is of vast aid to the Government of the United States, what is a day, or what are 2 days? Why not put this reorganization scheme into effect without delay; or, if it be of the other kind that some seem to assert here, then act so that it shall not go into effect at all?

Mr. LONG. Mr. President, I do not think the Senator from California need worry that he is not going to have time to familiarize himself with this particular matter before us. I called at the desk for a copy, but the copy had not yet been forthcoming. It is probably here in the hands of some Member of the Senate, but we have entirely too much business before us to be contemplating an immediate adjournment.

We legislated rather hurriedly last evening, but we were settling some propositions which had been before the American people for a number of years. We took unto ourselves the task of settling once and for all a long-argued squabble of whether we should or should not publish income-tax returns. Notwithstanding the fact that our well-recognized and beloved leaders on both sides of this Chamber voted against the publication of income-tax returns and the information therein contained, by a vote of 2 to 1 the Senate went on record last evening in favor of publishing the income-tax returns.

My learned and distinguished friend from the State of Missouri [Mr. CLARK], who I understand in a kindly and complimentary way gave me respectful mention in my absence this afternoon——

Mr. CLARK. Mr. President, it was after the Senator had made an eloquent speech, to which I called attention.

Mr. LONG. The Senator from Missouri cannot get into an argument with me, inasmuch as he refers to my speech as an eloquent speech. I am too much complimented to say anything further. My distinguished friend offered on the floor of the Senate an amendment to tax the incomes from tax-exempt securities, long a bone of contention in legislative circles, which has plagued us here for many, many years. At the conclusion of the debate the Senate went on record in favor of imposing a tax on heretofore tax-exempt securities.

Mr. President, when we had under consideration the industrial recovery bill—I believe it is called that—the Senator from Idaho [Mr. BORAH] proposed an amendment,

which in effect emasculated the so-called "exceptions" by which the antitrust law was ignored.

Mr. LEWIS. Mr. President, I ask for order in the Chamber.

The VICE PRESIDENT. Our guests will kindly retire in case they desire to.

Mr. LONG. I understand there has been some kind of a roll call ordered over in the House, and I will wait a moment until the Members of the House have retired, or expired. [Laughter.]

Mr. President, I supported last evening the proposition of imposing an income tax on the income from tax-exempt securities, and that was voted into the bill by a large majority in the Senate. I was in doubt about my vote on that matter for some time, but the more I have thought about it today the prouder I am that the Senate went on record as in favor of imposing a tax on incomes from these tax-exempt securities.

The Senator from Idaho offered an amendment in the Senate which was such that it might be called an imposition on the price fixers and trade manipulators who might seek to hide behind the so-called "annulment" of the antitrust laws. I had depended upon that amendment being retained in the bill, but I understand that has been emasculated in part.

I have not seen the report of the conference yet, but I myself proposed an amendment, which was accepted unanimously on the floor of the Senate, to the effect that the licensing provision in the law should in no manner prevent a man pursuing his customary pursuits of manual labor and marketing the products thereof. It also would have permitted a man to market and sell the products from any farm without interference from any Government bureaucrat or Government administrator. I do not know what happened to that; but I simply say, by way of passing remark, that the chances are more or less certain that the amendment has been emasculated and torn from the bill.

Such being the case, we are then faced tonight with the proposition of the veterans legislation. On the floor of the Senate my friend from the State of Texas [Mr. CONNALLY] proposed an amendment to the amendment proposed by my friend from the State of Florida [Mr. TRAMMELL]. We had stood by the Trammell amendment, proposing to limit the amount of reductions which could be put into effect by the President of the United States to 15 percent.

Lo and behold, all of a sudden, through the support of party leaders, the distinguished junior Senator from the State of Texas rose and informed us that he was armed with an amendment which would receive the approval and the benediction of all proper and necessary sanction to become law. Thereupon enough Senators, not including myself, sacrificed the better Trammell amendment to vote for the Connally amendment, under the proposed-to-be legislative assurance that that was going to mean a law to that effect, with no quibble or equivocation about it one way or the other.

I am informed from the daily press and from such information as we Senators and Representatives get that that has been emasculated, and what has been given the veterans now could be put in the eye without even soiling the most tender tissue of it.

AMENDMENT OF CRIMINAL CODE

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 5091) to amend section 289 of the Criminal Code, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ASHURST. Mr. President, I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. KING, Mr. STEPHENS, and Mr. BORAH conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 1425. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933; and

S. 1648. An act to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 5091) to amend section 289 of the Criminal Code; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SUMNERS of Texas, Mr. MCKEOWN, and Mr. KURTZ were appointed managers on the part of the House at the conference.

The message further announced that the House had passed without amendment the bill (S. 1634) to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue.

REORGANIZATION OF EXECUTIVE DEPARTMENTS

Mr. LONG. Mr. President, we have heard about the industrial recovery bill, we have heard about the veterans' bill, and we now come to the further fact of the President's order as to certain readjustments in the executive departments of the Government. This reorganization will take effect in 60 days unless Congress takes affirmative action to the contrary.

Mr. BARKLEY. Mr. President, reading the law under which this reorganization plan is submitted, it occurs to me that Congress has no jurisdiction to veto the action of the President in sending in this reorganization message. The language is:

> Whenever the President makes an Executive order under the provisions of this title, such Executive order shall be submitted to Congress while in session and shall not become effective until after the expiration of 60 calendar days after such transmission, unless Congress shall by law provide for an earlier effective date of such Executive order or orders.

In other words, Congress could vote to put this order into effect within less than 60 days, but it has no authority under this law to nullify the President's order or to postpone its execution beyond 60 days. So that if Congress should remain in session all summer, all we could do about it would be to pass a joint resolution making it effective in less than 60 days rather than at the end of 60 days; except that we could, of course, repeal the whole law by a joint resolution, nullifying any action on the part of any department with reference to the consolidation. But this law itself under which we are acting does not provide for the nullification of the President's order by act of Congress.

Mr. BORAH. Mr. President, do I understand the Senator from Kentucky to say that it is not within the power of Congress to nullify or to vacate this order by a joint resolution?

Mr. BARKLEY. I did not say that. I said, on the contrary, that Congress, of course, could repeal the law under which the President acted or it could pass a joint resolution nullifying any order of reorganization. But this law itself does not provide for any affirmative action on the part of Congress or any negative action on the part of Congress, except action that would look to the earlier inauguration of the reorganization than the 60-day period provided in the law.

Mr. BORAH. Exactly. But suppose Congress did desire to nullify or to vacate a part of the order, or all of it, let us say a portion of it. It could do that by joint resolution.

Mr. BARKLEY. Yes; and, of course, that joint resolution would require the President's signature. Of course, it could be vetoed by the President.

Mr. BORAH. I thought when we were passing the bill that we were taking from ourselves the power to legislate without a two-thirds vote. We are in that situation, nevertheless. The only way we can do anything about it is by joint resolution.

Mr. BARKLEY. That is my interpretation.

Mr. BORAH. It would be utterly impossible to pass the joint resolution between now and the time we are going to adjourn.

Mr. BARKLEY. I am not assuming that Congress would want to pass the joint resolution.

Mr. BORAH. I think I can call the Senator's attention to a few matters from which he would agree that we would want a change.

Mr. BARKLEY. I would not want to commit myself to that in the dark.

Mr. BORAH. No; and I would not expect the Senator to do so, but we are committing ourselves to this measure in the dark, because nobody has yet been able to get a copy to read.

Mr. CLARK. Mr. President, I should like to ask the distinguished Senator from Kentucky if he can give any reason on earth, outside of the ukase of the distinguished majority leader in this body, why this particular day, the 10th day of June, 1933, is held sacred for adjournment, and why it was necessary to run night and day several days before this day in order to adjourn on this particular day. The Constitution says nothing about it, the President has said nothing about it and nothing has been said about it anywhere until within the last 10 or 15 days.

Mr. BORAH. Mr. President, the Senator from Missouri I think has fallen into an error. The international conference will meet on Monday next.

Mr. FLETCHER. Mr. President, I should like to ask the Senator from Idaho if he has looked into the question as to whether the Congress could approve a portion of the Executive order and disapprove other portions. In other words, we do not have to accept it all or reject it all, do we?

Mr. BORAH. No; I do not think so.

Mr. FLETCHER. We can approve a portion of it and reject another portion?

Mr. BORAH. I think so.

Mr. LONG. Mr. President, I understand that we will probably have some more legislation which may be thought out. Conferences are going on even now. Some have been called for 11 o'clock.

Mr. BARKLEY. Mr. President, is the Senator referring to something he heard from the junior Senator from Michigan [Mr. VANDENBERG] a moment ago?

Mr. LONG. Yes; that was the information I got. I hope it is wrong, and I hope nothing will come from the conferences about which I have been hearing.

Mr. TRAMMELL. It is a matter of common knowledge to every Senator who has been listening that only about 3 to 5 minutes ago a conference was provided for. When the Senator yielded a few moments ago, the Chair appointed conferees on a certain bill.

Mr. LONG. But there is another one.

Mr. TRAMMELL. I do not know anything about that. This one was just mentioned in the regular parliamentary procedure, so that every man in the Senate who has been listening knows that that conference has not yet gotten into operation.

Mr. LONG. There is worse than that going on. We have been praying to get back where we started. We started out here to guarantee bank deposits, and now we have been praying to get something through Congress, without any law at all on the subject, because they are emasculating the measure we passed, and we would be tickled to death if we had never opened up the subject. What we are trying to do now is to get a way out, like the old man who reached in the hollow of a tree and got the coon. His boy asked him if he wanted him to help him hold the coon. He said he did not want him to help him hold him, but for God's sake come and help him turn him loose. [Laughter.] We have been trying to turn loose this bank law ever since we sent it out of here, and now I understand they are having another conference here tonight. Well, if we are going to recess, that is all right, but when are we going to recess?

Mr. ROBINSON of Arkansas. I am ready to make a motion now, if the Senator will suspend.

Mr. LONG. Very well.

NATIONAL INDUSTRIAL RECOVERY—CONFERENCE REPORT

Mr. HARRISON. Mr. President, will the Senator from Louisiana yield to me to submit a conference report so that it may be printed and be available to Members of the Senate?

Mr. LONG. I yield for that purpose.

The VICE PRESIDENT. The Senator from Mississippi submits a conference report.

The report submitted by Mr. HARRISON is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 10, 21, 23, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 47, 49, 54, 69, 76, 79, 80, 88, 89, 90, 92, and 93.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 6, 7, 8, 9, 12, 13, 14, 15, 16, 17, 18, 19, 20, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 51, 52, 53, 55, 56, 57, 58, 59, 60, 61, 62, 63, 65, 67, 70, 71, 72, 73, 74, 75, 77, 81, 82, 83, 84, 85, 87, 91, 94, and 95, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restriction of production (except as may be temporarily required), to increase the consumption of industrial and agricultural products by increasing purchasing power"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert ": *Provided*, That such code or codes shall not permit monopolies or monopolistic practices"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with the following amendments: On page 3 of the Senate engrossed amendments, line 11, strike out "and" and insert "quantities or"; on page 3 of the Senate engrossed amendments, line 16, strike out "shall" and insert "may"; and on page 3 of the Senate engrossed amendments, line 21, strike out "may" and insert "shall"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "and also the construction of any river or drainage improvement required to perform or satisfy any obligation incurred by the United States through a treaty with a foreign Government heretofore ratified and to restore or develop for the use of any State or its citizens water taken from or denied to them by performance on the part of the United States of treaty obligations heretofore assumed: *Provided*, That no river or harbor improvements shall be carried out unless they shall have heretofore or hereafter been adopted by the Congress or are recommended by the Chief of Engineers of the United States Army"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46 and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and "reconstruction, alteration, or repair"; and the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "and paragraph (3) of such subsection (a) shall for such purposes be held to include loans for the construction or completion of hospitals the operation of which is partly financed from public funds, and of reservoirs and pumping plants and for the construction of dry docks"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "heavier-than-air aircraft and technical construction for the Army Air Corps and"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "and bridge"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert "seven eighths"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert "and one eighth in the ratio which the population of each State bears to the total population of the United States, according to the latest decennial census"; and the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert "citizens of the United States and aliens who have declared their intention of becoming citizens, who are"; and the Senate agree to the same.

Amendment numbered 79½: That the House recede from its disagreement to the amendment of the Senate numbered 79½, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert "citizens of the United States and aliens who have declared their intention of becoming citizens, who are"; and the Senate agree to the same.

Amendment numbered 86: That the House recede from its disagreement to the amendment of the Senate numbered 86, and agree to the same with amendments as follows:

On page 21 of the Senate engrossed amendments, line 15, strike out all after the figures "1932" down to and including the word "act" in line 17;

On page 25 of the Senate engrossed amendments, line 14, strike out "214" and insert "215";

On page 26 of the Senate engrossed amendments, line 12, strike out "the date of";

On page 26 of the Senate engrossed amendments, line 19, strike out "212" and insert "213";

On page 27 of the Senate engrossed amendments, line 15, strike out all after the colon down to and including line 20, and insert the following: "No part of any loss disallowed to a partnership as a deduction by section 23 (r) shall be allowed as a deduction to a member of such partnership in computing net income.";

On page 28 of the Senate engrossed amendments, line 2, strike out "taxable year 1932" and insert "taxable years 1932 and 1933";

On page 28 of the Senate engrossed amendments, line 5, strike out "1933, 1934, and 1935" and insert "1934 and 1935";

On page 28 of the Senate engrossed amendments, line 7, strike out the period and insert a period at the end of the line;

On page 28 of the Senate engrossed amendments, strike out lines 19 to 25, both inclusive, and lines 1 to 11, both inclusive, on page 29;

On page 29 of the Senate engrossed amendments, line 12, strike out "(i)" and insert "(h)";

On page 29 of the Senate engrossed amendments, line 14, strike out all after the colon down to and including line 17 and insert the following: "and all returns made under this act after the date of enactment of the National Industrial Recovery Act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President" and a period;

On page 30 of the Senate engrossed amendments, strike out lines 4 to 24, both inclusive, and lines 1 to 19, both inclusive, on page 31;

On page 26 of the House bill, at the end of line 18, insert the following: "The President is authorized to allocate so much of said sum, not in excess of $100,000,000, as he may determine to be necessary for expenditures in carrying out the Agricultural Adjustment Act and the purposes, powers, and functions heretofore and hereafter conferred upon the Farm Credit Administration"; and

On page 26 of the House bill, after line 18, insert the following:

"SEC. 221. Section 7 of the American Adjustment Act, approved May 12, 1933, is amended by striking out all of its present terms and provisions and substituting therefor the following:

"'SEC. 7. The Secretary shall sell the cotton held by him at his discretion, but subject to the foregoing provisions: *Provided*, That he shall dispose of all cotton held by him by March 1, 1936: *Provided further*, That, notwithstanding the provisions of section 6, the Secretary shall have authority to enter into option contracts with producers of cotton to sell to the producers such cotton held by him, in such amounts and at such prices and upon such terms and conditions as the Secretary may deem advisable, in combination with rental or benefit payments provided for in part 2 of this title.

"'Notwithstanding any provisions of existing law, the Secretary of Agriculture may in the administration of the Agricultural Adjustment Act make public such information as he deems necessary in order to effectuate the purposes of such act.'"

And the Senate agree to the same.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
Managers on the part of the Senate.

R. L. DOUGHTON,
HEARTSILL RAGON,
SAM B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

Mr. HARRISON. I ask the report may be printed and that it may go over until Monday.

The VICE PRESIDENT. The report will be printed and go over.

LOANS TO CLOSED BUILDING-AND-LOAN ASSOCIATIONS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1648) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan

associations, which was, on page 2, line 15, after the word "same", to strike out all down to and including "purposes", in line 20.

Mr. BULKLEY. I move that the Senate concur in the House amendments.

The VICE PRESIDENT. The question is on the motion of the Senator from Ohio.

Mr. CLARK. Mr. President——

Mr. LONG. Mr. President, I yielded only for a motion to recess. I do not want to concur in anything until we take a look at what we have been doing here.

ADDITIONAL PETITIONS AND MEMORIALS

Mr. COPELAND presented a resolution adopted by the Sunnyside Branch Local of the Socialist Party, of New York City, N.Y., favoring the immediate abrogation of the Platt amendment embodied in a treaty between the United States and Cuba, and its replacement by another treaty which will accord fuller independence to the Cuban people, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Albany (N.Y.) Realty Board, protesting against the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty, which were ordered to lie on the table.

He also presented a resolution adopted by the Community Councils of the City of New York, N.Y., favoring the passage of legislation permitting the Reconstruction Finance Corporation or other agency to loan money to municipalities for the construction or the rehabilitation of school buildings, being non-self-liquidating projects, which was ordered to lie on the table.

ADDITIONAL ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, June 10, 1933, the committee presented to the President of the United States the following enrolled bills:

S. 1129. An act to amend sections 4399, 4418, 4429, 4430, 4431, 4432, 4433, and 4434 of the Revised Statutes, as amended, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof;

S. 1514. An act authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss.;

S. 1561. An act providing for the payment of $50 to each of the enrolled Chippewa Indians of the Red Lake band of Minnesota from the timber funds standing to their credit in the Treasury of the United States; and

S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

ADDITIONAL BILL INTRODUCED

Mr. CUTTING introduced a bill (S. 1928) to enable the United States to enter the International Copyright Union, which was read twice by its title and referred to the Committee on Foreign Relations.

AMENDMENT TO THE INDEPENDENT OFFICES APPROPRIATION BILL—VETERANS' BENEFITS

Mr. STEIWER and Mr. CUTTING submitted an amendment in the nature of a substitute intended to be proposed by them to the House amendment to Senate amendment no. 47 to House bill 5389, the independent offices appropriation bill, which was ordered to lie on the table and to be printed.

"POLITICAL ORATORY AND THE NEW DEAL"—ADDRESS BY GEORGE F. AUTHIER

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by George F. Authier on June 7, 1933, entitled "Political Oratory and the New Deal."

There being no objection, the address was ordered to be printed in the RECORD as follows:

Political oratory of the old school, which Bryan, La Follette, and others represented, has succumbed to the "new deal" brought about by radio and other devices.

A new school has arisen in its place. While William Jennings Bryan is the outstanding example of the old style, President Franklin D. Roosevelt has become the most prominent personification of the new. The chapter once made bright by the stump speaker, the platform and Chautauqua lecturer, and the old-time convention orator, has been closed and a new one begun.

The machine age has advanced with no more far-reaching consequence than in the development of devices for enabling the human voice to broadcast itself. The radio, the loudspeaker, and the movietone have closed the story on those old-time political orators—a race of giants who contributed much to the upbuilding of American civilization and culture.

Not only has there been witnessed the withdrawal from the stage of the men whose mechanically unaided eloquence stirred multitudes but the "new deal" has resulted in a starting independence in politics, spelling a new era in political life.

The result of the last presidential election illustrates what has occurred. A country hitherto overwhelmingly Republican placed a Democrat in the White House by one of the greatest majorities ever recorded.

President Roosevelt personifies the new political oratory. His vibrant voice, his simple and straightforward style, have enabled him to project his vivid personality over the air. His radio addresses since he became President have given him the premiership among those who receive a hearing over this new medium.

The speaker of the old school had to have a unique equipment. To be successful when there was no artificial aid for the amplification of the voice required personality, art, histrionic talent, magnetism, quickness of perception. Above all there was required a voice as splendidly equipped and as exquisitely modulated for public speaking as the wonderful throat of Caruso was adapted to singing.

The old-time orator addressed partisans and he talked partisanly. The speaker of the new school does not know whom he is addressing. His unseen audience is more interested in argument than in imagery; more in substance than in form. The appeal, accordingly, is made without glaring partisanship, and the answer is on an independent basis.

The passing of the great artists of the past will be noted with regret. They furnish the color in the pages of American history. Each generation produced its own list of champions of the spoken word, and their place in history is secure.

No American popular orator ever has reached the Presidency. Abraham Lincoln and Woodrow Wilson were effective orators, but their genius rested chiefly in the mastery of style. The halls of Congress have resounded with the eloquence of Henry Clay, of Daniel Webster, of Calhoun, of Stephen A. Douglas. Just as the great Mirabeau voiced the spirit of the French Revolution in words of flaming eloquence, so these Americans made vocal the aspirations of their time. In the final analysis they were shunted aside by men of different mold.

Within our own times a galaxy of these epic word painters burst forth with unusual brilliancy.

Like their predecessors, they failed of the grand prize in American politics and a tragic note accompanies the closing of their careers.

Outstanding in the list were Jonathan Prentiss Dolliver, of Iowa; Albert J. Beveridge, of Indiana; Robert M. La Follette, of Wisconsin; William J. Bryan, of Nebraska; and a score of others. The list is continued by men of note of today whose ranks are fast closing. Among them are Norris of Nebraska; Reed, of Missouri; Borah, of Idaho; and Johnson, of California.

In his latter years Senator La Follette made a gallant fight for the Presidency as an independent. He encountered the radio age. He complained bitterly about the effect of it upon his style. "This instrument", he said ruefully, "makes me feel as if my feet were tied to the floor." The Senator never fully adjusted himself to speaking to an unseen audience.

Of the orators of the old school, William Jennings Bryan stands out as the man who accomplished the most through sheer oratory. Other great speakers were aided by their official place. Bryan made his way through the qualities of his voice, plus those other qualitiies that make a great public speaker. Like Henry Clay, his speeches do not read well. But in the case of both, the effect of the spoken word must have been tremendous, judging from the influence they exerted.

The presidential campaign of 1896 was the crowning point in the career of Mr. Bryan. Projected into the political arena with dramatic suddenness as the result of his celebrated cross of gold speech, everything after that was largely momentum.

Bryan was 36 years old when he swept the Chicago convention off its feet. He entered the campaign with the glamor of youth.

Men and women who have come upon the stage since then little realize the fiery enthusiasm with which that campaign was waged. Bryan entered into it with the spirit of a crusader and the note of a crusade was continued to the end. The candidate traveled more than 18,000 miles. He drew large crowds everywhere, whether in the "enemy country" as he called New York, the Middle West, or the solid South. "The prairies were on fire for the candidate", it was reported. It was not until Mark Hanna had perfected his great organization that the tide was stopped. Despite the charm which the Bryan oratory exerted, regardless of the hold he had on the popular imagination, it was evident as the campaign progressed that he became less convincing, although continuing a drawing card to the end.

Bimetallism had caught the popular fancy. Accordingly, when Bryan arose before the Chicago convention to say, even then having a tendency toward biblical paraphrase:

"That if protection has slain its thousands, the gold standard has slain its tens of thousands", he was merely uttering a sentiment that already existed.

Bryan fought against ever-increasing odds. He was thundered at by pulpit and press. The Late Archbishop Ireland, of St. Paul, openly opposed him. The Reverend Thomas Dixon, Jr., of New York, in the Academy of Music, said that Mr. Bryan was a "mouching, blubbering demagogue, whose patriotism was all in his jawbone."

The late Col. Henry Watterson, in the Democratic Louisville Courier-Journal, said:

"Mr. William J. Bryan has come to Kentucky, and Kentuckians have taken his measure. He is a boy orator. He is a dishonest dodger. He is a daring adventurer. He is a political faker. He is not the material of which the people of the United States ever made a President, nor is he the material of which any party has ever before made a candidate."

When a Democratic paper could so assail him it may be imagined how he was attacked by the Republican press.

The campaign started in a blaze of glory and ended in disaster. No sooner was the result announced than Mr. Bryan commenced to build all over again. It was then he demonstrated he was the "most successful unsuccessful politician" this country ever has produced.

Up to the last he remained a member of the old school. His marvelous voice, with its bell-like tone, never needed the loudspeaker, nor was the radio a going concern in his day.

In his closing moments Mr. Bryan requested that he be buried in Arlington, the shrine of America's soldier dead. He had worn the uniform in the Spanish War, but he always maintained that "peace hath her victories as well as war."

It was in the selection of his final abode that the drama of his going away rested. The muffled note of military suggestion, the martial surroundings, the nearby presence of the tomb of the Unknown Soldier, the broken masthead of the *Maine*, whose destruction started America upon a career of adventure which Bryan deprecated—all suggested fleeting notes in the adventurous and battling life which had been led by the Apostle of Peace.

The place itself where he is buried has a suggestion of the vanished hopes which had cheered the Commoner during the burning moments of his fretted career.

Between him and the home of the Presidents lies the Potomac. During his entire lifetime Mr. Bryan had been permitted to look into the promised land, but entrance had been denied him. Like Moses he lies buried at its portals, with its historic monuments glistening in unattainable allurement.

So long as men grope for new ideas, and so long as there are others with messages to deliver, political oratory never will die. The great and eloquent voices of the past are now silent forever. The new deal and the new school make impossible the direct appeal by which the former political leaders and great popular speakers like Robert G. Ingersoll, Henry Ward Beecher, and Wendell Phillips triumphed. But where they spoke to a few thousand, the speaker of today, aided by science and invention, may reach millions. The pathway of this new experiment still is being explored, but an invitation is extended to the human voice to attain heights of eloquence never before approached.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 11 o'clock a.m. on Monday next.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

Mr. STEIWER. Mr. President, will the Senator from Arkansas withhold the motion for a moment?

The VICE PRESIDENT. The Senator from Louisiana said he yielded only for the purpose of taking a recess.

Mr. LONG. That is all.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 11 o'clock and 3 minutes p.m.) the Senate took a recess until Monday, June 12, 1933, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate June 10 (legislative day of June 6), 1933

AMBASSADORS EXTRAORDINARY AND PLENIPOTENTIARY

William E. Dodd, of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Germany.

John Cudahy, of Wisconsin, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Poland.

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Lincoln MacVeagh, of Connecticut, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Greece.

ASSISTANT SECRETARY OF STATE

Harry F. Payer, of Ohio, to be an Assistant Secretary of State.

UNITED STATES ATTORNEYS

Thomas J. Morrissey, of Colorado, to be United States attorney, district of Colorado, to succeed Ralph L. Carr, term expired.

Clarence E. Bailey, of Oklahoma, to be United States attorney, northern district of Oklahoma, to succeed John M. Goldesberry, term expired.

Lester G. Fant, of Mississippi, to be United States attorney, northern district of Mississippi.

UNITED STATES MARSHALS

Guy McNamara, of Texas, to be United States marshal, western district of Texas, to succeed Scott C. White, whose term expires June 13, 1933.

John P. Logan, of Oklahoma, to be United States marshal, northern district of Oklahoma, to succeed John H. Vickrey, term expired.

W. C. Geers, of Oklahoma, to be United States marshal, western district of Oklahoma, to succeed Duke Stallings, appointed by court.

MEMBER OF RECONSTRUCTION FINANCE CORPORATION

Frederic H. Taber, of Massachusetts, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932, vice Gardner Cowles, Sr.

DIRECTOR OF THE UNITED STATES EMPLOYMENT SERVICE

W. Frank Persons, of the District of Columbia, to be Director of the United States Employment Service, Department of Labor.

ASSAYER IN CHARGE

George L. Swarva, of Seattle, Wash., to be assayer in charge of the United States Assay Office at Seattle, Wash., in place of Thomas G. Hatheway.

COLLECTORS OF INTERNAL REVENUE

Robert L. Douglass, of Nevada, to be collector of internal revenue for the district of Nevada, in place of Louis A. Spellier.

Herbert Felkel, of St. Augustine, Fla., to be collector of internal revenue for the district of Florida, in place of Peter H. Miller.

Ira N. Hinckley, of Salt Lake City, Utah, to be collector of internal revenue for the district of Utah, in place of James H. Anderson.

Charles V. Duffy, of Paterson, N.J., to be collector of internal revenue for the fifth district of New Jersey, in place of John R. Rogers.

George W. O'Malley, of Greeley, Nebr., to be collector of internal revenue for the district of Nebraska, in place of Arthur B. Allen.

Harry L. Maloney, of Camden, N.J., to be collector of internal revenue for the first district of New Jersey, in place of Edward L. Sturgess.

Hector H. Perry, of Ellendale, N.Dak., to be collector of internal revenue for the district of North Dakota, in place of Gunder Olson.

Otto A. LaBudde, of Wisconsin, to be collector of internal revenue for the district of Wisconsin, in place of Alonzo H. Wilkinson.

COLLECTOR OF CUSTOMS

William H. Gilliland, of Fort Arthur, Tex., to be collector of customs for customs collection district no. 21, with headquarters at Port Arthur, Tex., in place of Kyle Elam.

Carl E. Moore, of Cleveland, Ohio, to be collector of customs for customs collection district no. 41, with headquarters at Cleveland, Ohio, to fill an existing vacancy.

COMPTROLLER OF CUSTOMS

David M. Barnwell, of Fresno, Calif., to be comptroller of customs in customs collection district no. 28, with headquarters at San Francisco, Calif., in place of John J. Deane.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 10 (legislative day of June 6), 1933

AMBASSADORS EXTRAORDINARY AND PLENIPOTENTIARY

William E. Dodd to be Ambassador Extraordinary and Plenipotentiary to Germany.

Robert P. Skinner to be Ambassador Extraordinary and Plenipotentiary to Turkey.

John Cudahy to be Ambassador Extraordinary and Plenipotentiary to Poland.

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

Francis White to be Envoy Extraordinary and Minister Plenipotentiary to Czechoslovakia.

John Flournoy Montgomery to be Envoy Extraordinary and Minister Plenipotentiary to Hungary.

Robert Granville Caldwell to be Envoy Extraordinary and Minister Plenipotentiary to Portugal.

Alvin Mansfield Owsley to be Envoy Extraordinary and Minister Plenipotentiary to Rumania.

Lincoln MacVeagh to be Envoy Extraordinary and Minister Plenipotentiary to Greece.

ASSISTANT SECRETARY OF STATE

Harry F. Payer to be an Assistant Secretary of State.

ASSISTANT ATTORNEYS GENERAL

George C. Sweeney to be Assistant Attorney General.

William Stanley to be Assistant to the Attorney General.

Harold M. Stephens to be Assistant Attorney General.

Frank J. Wideman to be Assistant Attorney General.

UNITED STATES CIRCUIT JUDGE

Louis FitzHenry to be United States circuit judge, seventh circuit.

UNITED STATES DISTRICT JUDGES

Robert C. Bell to be United States district judge, district of Minnesota.

Patrick T. Stone to be United States district judge, western district of Wisconsin.

UNITED STATES ATTORNEYS

William J. Barker to be United States attorney, district of New Mexico.

Carl C. Donaugh to be United States attorney, district of Oregon.

William McClanahan to be United States attorney, western district of Tennessee.

Clyde O. Eastus to be United States attorney, northern district of Texas.

Carl L. Sackett to be United States attorney, district of Wyoming.

William A. Holzheimer to be United States attorney, division no. 1, district of Alaska.

Ralph J. Rivers to be United States attorney, division no. 4, district of Alaska.

Thomas J. Morrissey to be United States attorney, district of Colorado.

John A. Carver to be United States attorney, district of Idaho.

Charles C. Wyche to be United States attorney, western district of South Carolina.

Joseph A. McNamara to be United States attorney, district of Vermont.

Berthol J. Husting to be United States attorney, eastern district of Wisconsin.

Lester G. Fant to be United States attorney, northern district of Mississippi.

Clarence E. Bailey to be United States attorney, northern district of Oklahoma.

UNITED STATES MARSHALS

Bertrand Money Bates, Jr., to be United States marshal, western district of Tennessee.

Joseph A. McDonald to be United States marshal, division no. 4, District of Alaska.

John M. Comeford to be United States marshal, western district of Wisconsin.

Guy McNamara to be United States marshal, western district of Texas.

W. C. Geers to be United States marshal, western district of Oklahoma.

John P. Logan to be United States marshal, northern district of Oklahoma.

JUDGE OF THE UNITED STATES CUSTOMS COURT

William J. Keefe to be judge of the United States Customs Court, New York City.

MEMBERS OF THE FEDERAL RESERVE BOARD

J. J. Thomas to be a member of the Federal Reserve Board.

M. S. Szymczak to be a member of the Federal Reserve Board.

MEMBERS OF THE FEDERAL HOME LOAN BANK BOARD

John H. Fahey to be a member of the Federal Home Loan Bank Board.

Russell Hawkins to be a member of the Federal Home Loan Bank Board.

Walter H. Newton to be a member of the Federal Home Loan Bank Board.

MEMBER OF THE BOARD OF DIRECTORS OF THE RECONSTRUCTION FINANCE CORPORATION

John J. Blaine to be a member of the board of directors of the Reconstruction Finance Corporation.

C. B. Merriam to be a member of the board of directors of the Reconstruction Finance Corporation.

MEMBERS OF THE BOARD OF DIRECTORS TENNESSEE VALLEY AUTHORITY

Harcourt Alexander Morgan to be member of the board of directors of the Tennessee Valley Authority.

David E. Lilienthal to be member of the board of directors of the Tennessee Valley Authority.

INTERSTATE COMMERCE COMMISSIONER

Carroll Miller to be Interstate Commerce Commissioner.

FEDERAL TRADE COMMISSIONER

Raymond B. Stevens to be Federal Trade Commissioner.

MEMBER OF THE FEDERAL POWER COMMISSION

Basil Manly to be member of the Federal Power Commission.

MEMBER OF THE BOARD OF MEDIATION

Vincent Y. Dallman to be member of the Board of Mediation.

PURCHASING AGENT OF THE POST OFFICE DEPARTMENT

Harrison Parkman to be purchasing agent of the Post Office Department.

SOLICITOR FOR THE DEPARTMENT OF COMMERCE

South Trimble, Jr., to be solicitor for the Department of Commerce.

SUPERINTENDENT OF MINT

Peter J. Haggerty to be superintendent, United States mint, San Francisco, Calif.

COMMISSIONER OF PATENTS

Conway P. Coe to be Commissioner of Patents.

COMPTROLLER, BUREAU OF ACCOUNTS, POST OFFICE DEPARTMENT

William L. Slattery to be Comptroller, Bureau of Accounts, Post Office Department.

DIRECTOR BUREAU OF STANDARDS

Lyman J. Briggs to be Director of the Bureau of Standards.

MEMBER OF THE UNITED STATES EMPLOYEES' COMPENSATION COMMISSION

Jewell W. Swofford to be a member, United States Employees' Compensation Commission.

DIRECTOR OF THE UNITED STATES EMPLOYMENT SERVICE

W. Frank Persons to be Director of the United States Employment Service, Department of Labor.

REGISTER OF THE LAND OFFICE

Maurice F. Miera to be register of the Land Office at Santa Fe, N.Mex.

ASSAYER IN CHARGE OF ASSAY OFFICE

George L. Swarva to be assayer in charge of the United States Assay Office at Seattle, Wash.

INTERNAL REVENUE COLLECTORS

Harwell G. Davis, district of Alabama.
Sidney P. Osborn, district of Arizona.
John P. Carter, sixth district of California.
John V. Lewis, first district of California.
Ralph Nicholas, district of Colorado.
William E. Page, district of Georgia.
Fred H. Kanne, district of Hawaii.
John R. T. Viley, district of Idaho.
Will H. Smith, district of Indiana.
Charles D. Huston, district of Iowa.
Harry D. Baker, district of Kansas.
Steven P. Vidal, district of New Mexico.
Charles H. Robertson, district of North Carolina.
J. Enos Ray, district of Maryland.
Eugene Fly, district of Mississippi.
Lewis Penwell, district of Montana.
James W. Maloney, district of Oregon.
David L. Lawrence, twenty-third district of Pennsylvania.
Alvin F. Fix, first district of Pennsylvania.
Robert M. Cooper, district of South Carolina.
Charles M. McCabe, district of Tennessee.
William A. Thomas, second district of Texas.
Alexander S. Walker, first district of Texas.
Fred C. Martin, district of Vermont.
John C. Bowen, district of Washington.
Walter R. Thurmond, district of West Virginia.
Thomas K. Cassidy, district of Wyoming.
George W. O'Malley, district of Nebraska.
Henry Clifford Jones, district of Oklahoma.
Herbert Felkel, district of Florida.
Otto A. LaBudde, district of Wisconsin.
Robert L. Douglass, district of Nevada.
Ira N. Hinckley, district of Utah.
Harry L. Maloney, first district of New Jersey.
Charles V. Duffy, fifth district of New Jersey.
Hector H. Perry, district of North Dakota.

COMPTROLLER OF CUSTOMS

David M. Barnwell to be comptroller of customs in customs collection district no. 28, San Francisco, Calif.

COLLECTORS OF CUSTOMS

Joseph H. Lyons, district no. 19, Mobile, Ala.
William B. George, district no. 25, San Diego, Calif.
Charles O. Dunbar, district no. 28, San Francisco, Calif.
Joseph A. Maynard, district no. 4, Boston, Mass.
John O'Keefe, district no. 34, Pembina, N.Dak.
James Houlahen, district no. 12, Pittsburgh, Pa.
Warren Van Dyke, district no. 11, Philadelphia, Pa.
Verda Allison Wright, district no. 43, Memphis, Tenn.
Fred C. Pabst, district no. 22, Galveston, Tex.
Saul Haas, district no. 30, Seattle, Wash.
William H. Gilliland, district no. 21, Port Arthur, Tex.
Carl E. Moore, district no. 41, Cleveland, Ohio.

APPOINTMENTS IN THE REGULAR ARMY

To be second lieutenants

CORPS OF ENGINEERS

Kenneth E. Fields
George Wood Beeler
John Joseph Danis
Duncan Hallock
Alfred Dodd Starbird
Jonn Douglas Matheson
Richard Davis Meyer
Alden Kingsland Sibley
Paul R. Gowen
Marshall Bonner
Lawrence Joseph Lincoln
Clayton Samuel Gates
James Vance Hagan
Robert Campbell Tripp
Edward George Herb
Jonas Arthur Ely
Charles Russell Broshous
Percival Ernest Gabel
Bernard Card
Rodney Cleveland Gott
Hoy D. Davis, Jr.
Alvin Charles Welling
Douglas Charles Davis
Ellsworth Barricklow Downing

SIGNAL CORPS

John Edward Watters
David Parker Gibbs

CAVALRY

Charles Wheeler Thayer
Frank Sherman Henry
Howard Elwyn Webster
James Hilliard Polk
Donald Gordon McGrew
William Gordon Bartlett
Joseph Henry O'Malley
Jack Wellington Turner
Edward Deane Marshall
David Virgil Adamson
James Leo Dalton, 2d
Marshall Woodruff Frame
Robert Allen Brunt
Sherburne Whipple, Jr.
Edwin Martin Cahill
Anthony Frank Kleitz, Jr.
Joseph Edward Bastion, Jr.
Franklin Stone Henley
Harold Lindsay Richey
Charles Fauntleroy Harrison
William Howard Thompson
William Fant Damon, Jr.
Robert Evans Arnette, Jr.
Francis Clay Bridgewater
Victor Haller King
Randall Elwood Cashman
Donald Cameron Cubbison, Jr.
Robert Harold Beans
Bruce von Gerichten Scott
Matthew William Kane
Richard Ensign Myers
Jules Verne Richardson
Norman Kemp Markle, Jr.
Charles Edmund Voorhees
Jesse Martin Hawkins, Jr.
Charles Ellsworth Leydecker

FIELD ARTILLERY

John Thomas Honeycutt
William Allen Harris
John Gardner Shinkle
Walter Adonis Downing, Jr.
Guy Cecil Lothrop
Thomas Samuel Moorman, Jr.
Herbert George Sparrow
Robert Wolcott Meals
Winton Summers Graham
William Livingston Travis
Thomas Burns Hall
Chalmer Kirk McClelland, Jr.
David Nicholas Crickette
John Denton Armitage
Paul Elton LaDue
Edward Joseph Hale
William Joseph Daniel
Tayloe Stephen Pollock
William York Frentzel
Samuel Edward Otto
Gerald Chapman
Daniel Parker, Jr.
Robert Beall Franklin
Paul Rudolf Walters
Vernon Cleveland Smith
Francis Hill
Herbert Charles Plapp
Lassiter Albert Mason
Francis Iden Pohl
Harrison King
Richard Park, Jr.
Beverly DeWitt Jones
William Hadley Richardson, Jr.
Frank Patterson Hunter, Jr.
Richard Channing Moore
John Roosevelt Brindley
Marcus Tague
Joseph Leonard Cowhey
Newell Charles James
John William Ferris
Robert Penn Thompson
Neil Merton Wallace
William Paul Whelihan
Robin George Speiser
William James Given, Jr.
Avery John Cooper, Jr.
Lawrence Browning Kelley
Cam Longley, Jr.
Carlyle Walton Phillips
Robert Benton Neely
Phillip Henshaw Pope
William John Ledward
George Allen Carver
James Monroe Royal, Jr.
Robert Totten
Douglas Moore Cairns
William Orlando Darby
Daniel Light Hine
George Thomas Powers, 3d
Frank James Carson, Jr.
Joshua Robert Messersmith
William Francis Ryan
James Henry Skinner
Richard John Meyer
Randolph Whiting Fletter
Horace Benjamin Thompson, Jr.
Humbert Joseph Versace
Milton Fredrick Summerfelt
Franklin Guest Smith
Gabriel Poillon Disosway
James Pugh Pearson, Jr.
Emile Jeantet Greco

COAST ARTILLERY CORPS

William Harris Ball
Robert Amrine Turner
Robert Crain Leslie
Francis Joseph McMorrow
Charles Golding Dunn
Thomas Allen Glass
Harry Julian
William Cunningham Reeves
Dabney Ray Corum
Edward Bodeau
Ferdinand Marion Humphries
John Joseph Lane

Travis Monroe Hetherington
Edgar O. Taylor
Ira Whitehead Cory
Thomas Kocher MacNair
John Glenn Armstrong
Robert Richard Lutz
Harry Winfield Schenck
Lamar Cecil Ratcliffe
Robert John Lawlor
Arthur Alfred McCrary
Edgar Haskell Kibler, Jr.
Harold Cooper Donnelly
William Oscar Senter
Frank Joseph Zeller
Richard Louis Matteson
Sidney Francis Giffin
Paul Nelson Gillon
John Hardy Lewis
Edward Thorndike Ashworth
William Bruce Logan
Lafar Lipscomb, Jr.
Harry Stephen Bishop
Harry Sheldon Tubbs
Frederic Henry Fairchild
Emory Edwin Hackman
Patrick William Guiney, Jr.
John Frederick Thorlin
Frank Harris Shepardson
William George Fritz
Robert Worman Hain
Charles Goyer Patterson
Ethan Allen Chapman
George Harold Crawford
Samuel McFarland McReynolds, Jr.

INFANTRY

John Steven Conner
David Warren Gray
William Orin Blandford
Lauren Whitford Merriam
Walter August Jensen
Theodore John Conway
Clayton Earl Mullins
Chester Arthur Dahlen
Morris Oswald Edwards
Herman Henry Kaesser, Jr.
George Hobart Chapman, Jr.
Henry Taylor Henry
Clyde Lucken Jones
Victor Edward Maston
Oren Eugene Hurlbut
George Warren White
Harold Roth Maddux
Dwight Divine, 2d
George Leon Van Way
Charles Henry Chase
Russell Roland Klanderman
Harry Nelson Burkhalter, Jr.
Stephen Ogden Fuqua, Jr.
Hardin Leonard Olson
Benedict Ray
Joseph Warren Stilwell, Jr.
Peter Paul Bernd
Arthur Robert Cyr
Arthur Wilson Tyson
Joseph Menzie Pittman
Gordon Pendleton Larson
Thomas Joseph O'Connor
George Rushmore Gretser
Edgar Collins Doleman
Cyril Joseph Letzelter
Jack Wallace Rudolph
John Abell Cleveland, Jr.
Roy Tripp Evans, Jr.
Raymond Emerson Kendall
Paul Thomas Carroll
Joseph Lockwood MacWilliam
Charles Harlow Miles, Jr.
William Henry Baumer, Jr.
Earl Jacob Macherey
Ralph Alspaugh
Gerald Lorenzo Roberson
Jewell Burch Shields
Thomas Herbert Beck
Maurice Evans Kaiser
Benjamin Thomas Harris
Gardner Wellington Porter
Harry William Sweeting, Jr.
Cyrus Abda Dolph, 3d
John Martin Breit
Thomas Bowes Evans
Walter Andrew Valerious Fleckenstein
Franklin Gibney Rothwell
Leo Harold Heintz
William Gray Sills
Ernest Mikell Clarke
Daniel W. Smith
Thomas de Nyse Flynn
Harold Keith Johnson
James Orr Boswell
William Howard Garrett Fuller
Gordon Milo Eyler
Cordes Frederich Tiemann
Maddrey Allen Solomon
Lyle William Bernard
Shelby Francis Williams
Richard Glatfelter
Jean Evans Engler
Corwin Paul Vansant, Jr.
Walter Abner Huntsberry
Andrew Donald Stephenson
Douglas Graver Gilbert
Frank Laurence Elder
Amaury Manuel Gandia
Samuel Abner Mundell
Felix Louis Vidal, Jr.
Gwinn Ulm Porter
Frederick Robert Zierath
Robert Hulburt Douglas
Carl Darnell, Jr.
Ira Bashein
Joseph Brice Crawford
Frederick William Coleman, 3d
Raymond Wiltse Sellers
Alton Alexander Denton
Frederick William Gibb
Ralph Talbot, 3d
Austin Andrew Miller
Henry Walter Herlong
Morris King Henderson
Earl Francis Signer
Richard Thomas King, Jr.
John Daniel O'Reilly
Roland Arthur Elliott, Jr.
Lloyd Ralston Fredendall, Jr.
Edson Schull
Joel Lyen Mathews
Royal Reynolds, Jr.
George Hollie Bishop, Jr.
Stephen B. Mack
Lawrence Kermit White
Graydon Casper Essman
Russell Franklin Akers, Jr.
Claude Leslie Bowen, Jr.
Duff Walker Sudduth
David Wagstaff, Jr.
Clyde Jarecki Hibler.
James Rhoden Pritchard
James Dennis Underhill
Robert Emmett Gallagher
Samuel Edward Gee
Alston Grimes
Nelson Parkyn Jackson
Frederick Otto Hartel
Ivan Walter Parr, Jr.
William Roberts Calhoun
Roy Dunscomb Gregory
Karl Truesdell, Jr.
William Anderson Hunt, Jr.
Glenn Howbert Garrison
Edson Duncan Raff
Chester Braddock Degavre
Erdmann Jellison Lowell
William Agin Bailey
Seymour Eldred Madison
Robin Bruce Epler
John Newman Scoville
William Field Due
Peter Demosthenes Clainos
John Frederick Schmelzer
Sydney Dwight Grubbs, Jr.
John Caldwell Price, Jr.
David Thomas Jellett
Millard Loren Haskin
Joseph Anthony Remus
Ben Harrell
Richard Churchfield Blatt
Richard Allen Risden
Joseph Ermine Williams
Miller Payne Warren, Jr.
Stanley Nelson Lonning
Robert Moore Blanchard, Jr.
William Wilson Quinn
Charner Weaver Powell
Charles Pearce Bellican
Edward Spalding Ehlen
Travis Albert Beck
Thomas Tallant Kilday
Richard Mattern Montgomery
Charles Hoffman Pottenger
John Roberts Kimmell, Jr.
William Vernard Thompson
Paul Douglas Wood
Gerald Carrington Simpson
Robert Wilkinson Rayburn
John Baird Shinberger

APPOINTMENT IN THE PHILIPPINE SCOUTS

Emanuel Cepeda y Salvador to be second lieutenant.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

First Lt. William John Crowe to Ordnance Department.

PROMOTIONS IN THE REGULAR ARMY

Fay Warrington Brabson to be colonel, Infantry.

Oliver Seth Wood to be lieutenant colonel, Infantry.

Allen Mitchell Burdett to be lieutenant colonel, Judge Advocate General's Department.

Edwin Kennedy Smith to be lieutenant colonel, Coast Artillery Corps.

Frederic Ballard Westervelt to be captain, Medical Corps.

Edmund Anthony Buchanan to be colonel, Cavalry.

Benjamin Delahauf Foulois to be colonel, Air Corps.

Ralph Hill Leavitt to be colonel, Infantry.

Goodwin Compton to be colonel, Signal Corps.

Sam Pruitt Herren to be colonel, Infantry.

Robert Goolrick to be lieutenant colonel, Air Corps.

Marshall Magruder to be lieutenant colonel, Field Artillery.

Walter Putney Boatwright to be lieutenant colonel, Ordnance Department.

John Piper Smith to be lieutenant colonel, Coast Artillery Corps.

George Richard Koehler to be lieutenant colonel, Infantry.

Joshua Dever Powers to be major, Coast Artillery Corps.

William Thomas Connatser to be major, Quartermaster Corps.

Frank Augustus Keating to be major, Infantry.

Richard David Daugherity to be major, Infantry.

Thomas Francis Kern to be captain, Corps of Engineers.

Ralph Edward Cruse to be captain, Corps of Engineers.

Lewis Tenney Ross to be captain, Corps of Engineers.

Charles Francis Baish to be captain, Corps of Engineers.

Lewis Hinchman Ham to be first lieutenant, Field Artillery.

Virgil Miles Kimm to be first lieutenant, Coast Artillery Corps.

Milton Merrill Towner to be first lieutenant, Air Corps.

Robert Curtis White to be first lieutenant, Field Artillery.

Clarence Ralph Bell to be lieutenant colonel, Medical Corps.

Robert Henry Duenner to be lieutenant colonel, Medical Corps.

PROMOTIONS IN THE NAVY

William H. Standley to be Chief of Naval Operations in the Department of the Navy with the rank of admiral.

William S. Hogg, Jr., to be a commander.

To be lieutenant commanders

William D. Sample	Richard B. Tuggle
Alfred P. Moran, Jr.	Henry R. Herbst

To be a lieutenant

William D. Brown.

To be lieutenants (junior grade)

Andrew M. Jackson, Jr.	Ray E. Malpass
Philip C. Evans	Roy A. Newton
Richard T. Spofford	Theodore T. Miller
Charles B. Martell	Horatio A. Lincoln
James H. Howard	Paul W. Hanlin
Frederick V. H. Hilles	George K. Brodie
Richard R. Briner	George Cook
Harry B. Dodge	Mervin Halstead
Kleber S. Masterson	Mack E. Vorhees
Claud W. Hughes	Samuel P. Weller, Jr.
Wilfred A. Walter	Frederick W. Laing
Frank E. Highley, Jr.	Hiram W. Spence
William A. Burgett	Edward Brumby
Peter R. Lackner	David A. Harris
Nicholas Lucker, Jr.	Leo G. May
Herman A. Pieczentkowski	Nathan S. Haines
Mell A. Peterson	Walter W. Strohbehn
Burrell C. Allen, Jr.	Elonzo B. Grantham, Jr.
John O. Kinert	Charles E. Earl
Denys W. Knoll	Montgomery L. McCul-
Martin C. Burns	lough, Jr.
Edward S. Carmick	Frederic C. Lucas, Jr.
John R. McKnight, Jr.	Walter G. Ebert
Jefferson R. Dennis	Kyran E. Curley
John E. Lee	Dana B. Cushing
Henry O. Hansen	Herbert H. Marable
Christian L. Engleman	Everett M. Block
Robert S. Trower, 3d	Bowen F. McLeod
Gifford Scull	Josephus A. Robbins
Alfred E. Grove	John B. Azer
Cyrus G. Hilton	Oliver D. T. Lynch
James W. Davis	Edson H. Whitehurst
Clyde B. Stevens, Jr.	William H. Sanders, Jr.
Harvey P. Burden	Walter C. Wingard, Jr.
George M. Holley, Jr.	Elias B. Mott, 2d
Robert J. Esslinger	William L. Harmon
Albert P. Kohlhas, Jr.	Ned Harrell
James D. L. Grant.	Burton S. Hanson, Jr.
Edgar J. MacGregor, 3d	Kelvin L. Nutting
Parke H. Brady	Davis W. Olney
Charles W. Lord	Oakleigh W. Robinson
James E. Stevens	George W. Foott, Jr.
Rowland C. Lawver	Royal A. Wolverton

To be ensigns, revocable for 2 years, from the 1st day of June 1933

Harold E. Ruble
Howard C. Duff
Charles W. Travis

To be an assistant dental surgeon

Richard H. Barrett, Jr.

To be a pay director

John H. Knapp.

To be assistant paymasters in the Navy with the rank of ensign, revocable for 2 years

Howard T. Bierer	Herbert S. Fulmer
Francis L. Blakelock	Donald O. Lacey
Hugie L. Foote, Jr.	Alfred T. Magnell

To be a chief pharmacist

John O. Labrie.

MARINE CORPS

Gerald Roland Wright to be a second lieutenant.

HOUSE OF REPRESENTATIVES

SATURDAY, JUNE 10, 1933

The House met at 10 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O give thanks unto the Lord, for He is good and His mercy endureth forever. We thank Thee, our blessed Heavenly Father, that Thy mercies are fresh every morning and new every evening. The tides of divine care are still chanting a lay of our Father's love. In these moments let a solemn hush be upon us. Praises be unto Thy excellent name for the hearts that are near when labor is heavy, for the joy of companionship and for those who just loiter with us, for the firesides that radiate the sweet sunlight of happiness, and for the wealth of pleasure which bids us forget the hardships of life. Father, for all these blessings we most gratefully thank Thee. Bless the President of the United States, the Speaker, and Members of the Congress assembled. May they administer the sacred trust committed unto them in the fear of God and in the love of man. Abide with us all until the sun eternal breaks. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes; also the Senate agrees to the amendment of the House to the amendment of the Senate, no. 3.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 1129) to amend sections 4399, 4418, 4428, 4429, 4430, 4431, 4432, 4433, and 4434 of the Revised Statutes, as amended, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 1562) granting the consent of Congress to the Levy Court of Sussex County, Del., to construct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 5091. An act to amend section 289 of the Criminal Code;

H.R. 5495. An act to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge; and

H.R. 5645. An act to amend the National Defense Act of June 3, 1916, as amended.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. There are various rumors relative to adjournment. We on this side do not intend to, or want to, put any unnecessary hurdles into the orderly procedure of business today, if it is the intention to adjourn this session of Congress sometime today or tonight; but I wish the majority leader would give us an outline of the program he intends to present and let us have an opportunity to consider it at this time.

Mr. BYRNS. There are three essentials necessary in order to bring about an adjournment tonight, and there should not be any difficulty in disposing of all three of these matters if Members are anxious to get away, if we do not throw anything that is unnecessary in the way.

These essentials are, in the first place, the industrial recovery bill which passed the Senate last night. The gentleman from North Carolina [Mr. DOUGHTON] will, as soon as we have concluded, ask unanimous consent to disagree to the Senate amendments and to put that bill into conference, and the conferees will meet at 10:20 this morning for the purpose of considering these amendments, if the House will give its consent to an immediate disagreement to the Senate amendments.

The second essential is the independent offices appropriation bill, which, as you gentlemen know, carries the provision relative to the veterans. A rule was to be presented this morning upon this subject, but there will be a little delay before the rule is presented, because some objection has been raised. Several Members have gone down to the White House now for the purpose of conferring with the President relative to a few changes that were made by a committee which has been conferring with him. As soon as they return I am hoping it will be possible to present this rule, and I hope the Members will not ask for more than an hour at the outside for its discussion. We all know what we are going to do about it in advance of the discussion.

I think we ought to adopt it. It represents concessions made by the President which we should accept, and I think it is in the interest of the veterans to accept it, because no one knows what may happen if we do not accept this rule or if we should adopt the Connally amendment.

The third essential is the appropriation bill. The Appropriations Committee was in session last night. I understand they are ready to make their report. It carries some provisions which may be subject to points of order. If no point of order is made and these matters are discussed upon their merits, it ought to be very easy to pass that bill quickly.

When these three matters are disposed of the House and the Senate are ready to adjourn, having completed the entire emergency program of the President. [Applause.] We can easily do it if we all show a disposition to put it through, and I am sure we will. We can do it and get away at a very reasonable hour this evening, and possibly we can take a recess this afternoon for 3 or 4 hours while these conference committees are in session. [Applause.]

Mr. SNELL. We are perfectly willing to cooperate with you and give unanimous consent, but we would like to have the understanding that no highly controversial matters are going to be thrown in later in the afternoon. We are willing to grant the unanimous-consent request in respect of all these emergency matters.

Mr. BYRNS. There is a rule pending that the gentleman from New York [Mr. CELLER] and some others are very anxious to bring up. I understand it is controversial.

Mr. SNELL. It is very controversial.

Mr. BYRNS. The gentleman from New York was anxious to bring it up yesterday, but the time that was taken in the consideration of the bill which was passed yesterday prevented it, and he deferred it out of deference to the House. He would like to call it up sometime today. Personally, I should like to see him have an opportunity to call it up, but if it means any interference with this program and the possibility of getting away tonight, I do not want to see it called up, nor do I want to see anything taken up which would cause delay.

Mr. SNELL. That is my position, I may say to the gentleman from Tennessee. We are perfectly willing to cooperate in respect of all essential matters in the President's program, but I should like it to be understood that none of these highly controversial matters are going to be thrown in that will prevent our going along with you in your program.

Mr. BYRNS. May I ask the gentleman from New York this question: Suppose we should go into conference on these two bills, pass the appropriation bill, and then have to wait a number of hours before we could consider the conference report and also to give the Senate an opportunity to pass the appropriation bill, would there be any objection in the interim to taking up that resolution?

Mr. SNELL. I notice several small matters are on the desk. I suppose they will be taken up. So far as I can see there is no serious objection at this time to their consideration, but I know there will be some objection if we are going to take up the matter to which the gentleman refers.

Mr. BYRNS. If it is going to mean an objection to this program I have outlined I, too, shall be opposed to taking it up.

Mr. SNELL. I think it is only fair. Now, we will go along to the extent of the regular program, but we ought not to have to sit here all night taking up these extremely controversial matters.

Mr. MAPES. Will the gentleman from New York yield?

Mr. SNELL. I yield to the gentleman from Michigan.

Mr. MAPES. I should like to make this inquiry of the gentleman from Tennessee and also the gentleman from New York, the two leaders. As I understood the statement of the gentleman from Tennessee [Mr. BYRNS], it was to the effect that a committee of the House is still negotiating with the President in regard to veterans' legislation. If any agreement is reached further than what was contemplated by the report of the Committee on Rules yesterday, will it not take either a unanimous-consent agreement to bring it up or another meeting of the Committee on Rules and two thirds action on the part of the House to bring the matter before us today?

Mr. O'CONNOR. That is not necessarily true. We could amend the rule.

Mr. BYRNS. I hope the matter will be ironed out, but as the gentleman from New York [Mr. O'CONNOR] says, if this Committee should find that some objections which may have been raised from certain quarters—and I am not speaking now of the President—are well taken, the rule could be amended on the floor so as to permit an amendment to cure the trouble. I am not certain this will be done, and in any event, when this committee comes back we will know more about it.

Mr. MAPES. Of course the gentleman is correct in saying that the rule could be amended, and I presume he contemplates doing it in that way rather than asking for a new report from the Committee on Rules?

Mr. BYRNS. That would be, in my judgment, the proper method to adopt in order to get away, because you know that otherwise the Committee on Rules would have to meet, and some objection could force the rule to lie over.

Mr. MAPES. Is the gentleman from Tennessee at liberty to state or could he give the House some information as to what changes are contemplated in the veterans' legislation?

Mr. BYRNS. I do not want to be understood as saying changes are contemplated. I said there were some objections to certain language. I have been advised as to what it is, but until this committee reports I believe I would prefer not to make any further statement.

Mr. CELLER. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from New York.

Mr. CELLER. I may say for the edification of the gentleman from New York that so far as I have been able to canvass the situation on this side of the House there seems to be no controversy whatever over the bill that the gentleman adverted to, namely, the bill whose consideration was deferred yesterday. If there is any controversy, it is on the other side of the House and not on this side, and I do not think we should be forestalled from the consideration of that bill for that reason. The consideration of the matter would not consume very much time. The rule provides for 1 hour, but I am sure we could arrange on this side to consider it in 10 minutes and then put it to a vote.

Mr. RAGON. Is it a House resolution the gentleman is talking about?

Mr. CELLER. Yes.

Mr. SNELL. I may say that we already have had several requests on this side for time from Democrats to speak against the resolution. So it is not unanimous on the gentleman's side.

Mr. CELLER. Those differences have already been resolved and changes have been made to meet the objections raised on this side of the House.

Mr. SNELL. I see no reason why we should do everything to cooperate in the carrying out of the real program if we are going to be forced to take up a highly controversial matter later in the day.

Mr. CELLER. I may say to the gentleman that it is not a very controversial matter.

Mr. VINSON of Georgia. If the gentleman from Tennessee will yield, I desire to inquire of the gentleman the status of the banking bill. That is a measure in which we are vitally interested, and I hope we are not going to adjourn without reaching a decision on that bill.

Mr. BYRNS. The conferees have not yet reached an agreement, and, frankly, if we are to adjourn tonight I do not think we will be able to pass it, even though they may agree.

Mr. WOODRUFF. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. WOODRUFF. May I say in that connection that I have it from one of the members of the committee, who, I think, is a conferee on the measure, that if the Congress remains in session until next Tuesday, in all probability the bank bill can be placed on the statute books. I believe there is no one better qualified to judge this matter than the gentleman I refer to. The differences between the conferees cannot be irreconcilable. Certainly the time of the Members of the House and the Senate is not their own to dispose of as their whims may dictate. That time and all of it should be consecrated to the welfare of the people who send us here. The cry comes from every section of this great country for a strengthening of our banking laws, for a guarantee to the people who deposit their money in banks that this money will be safe; that it, and all of it, will be available to them whenever they want or need it. By remaining in session a few days more we can pass this bill. If this is done, we will have accomplished more toward the rehabilitation of industry and the release of credit, and through these two results a greater reduction of unemployment, than will be accomplished through the enactment of all the other measures in the Presidential program of relief. To adjourn without passing this bill is unthinkable. There is not a man here who does not appreciate the importance of it, and if each of us will listen to the convictions within him, he will vote with me to stay here till this bill is enacted. To adjourn without having passed this legislation will prove a great misfortune and one which the people back home should not easily or soon forget. [Applause.]

Mr. McFADDEN. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. In view of the statement the majority leader has made this morning relative to the program before adjournment, I want to ask him whether I am to understand that no action is to be taken by the Judiciary Committee on my impeachment of the Federal Reserve System?

Mr. BYRNS. I just do not know, I will say to the gentleman.

Mr. McFADDEN. There is no more important matter pending before this Congress than that resolution, and I should like to know what the majority party proposes to do in regard to it.

Mr. BYRNS. I am sorry to say that I have no information on the subject. My desire—and, I think, the people's desire—is that this Congress shall adjourn as quickly as possible, and I do not see how those matters can come up unless we decide to stay here 2 or 3 weeks longer.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. VINSON of Georgia. I think if the gentleman will ascertain the sentiment of the House he will find that it will be like that of the gentleman from Michigan. Everyone wants that measure, and we do not want to adjourn until we pass the banking law.

Mr. BYRNS. Now, I am going to refer to this because the newspapers have had something to say about it. I think the Members of the House on both sides of this main aisle will agree that this Congress should not continue in session if possible after today. [Applause.] There are reasons which I feel that the patriotism and the Americanism of every Member of the House should realize that we ought to get away, and you gentlemen know to what I refer. We cannot afford to be here in session while there is a delegation attending the economic conference on the other side of the ocean, and there is an opportunity to advise them through our speeches.

Mr. RANKIN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RANKIN. I did not understand the answer of the gentleman from Tennessee to the question of the gentleman from Georgia [Mr. VINSON] as to what the chances are of getting the bank-guaranty bill through.

Mr. BYRNS. I stated to the gentleman from Michigan that my information from the conferees was that they have not been able to agree, and that if we are to adjourn today I did not see any possibility of disposing of it.

Mr. RANKIN. Is not there some way that we can spur the conferees up and get the bill out? I agree with the gentleman from Michigan [Mr. WOODRUFF] and the gentleman from Georgia [Mr. VINSON] that we could do nothing more disastrous to the business of this country at this time, in my opinion, than to adjourn without the bank bill becoming a law. [Applause.]

Mr. BYRNS. I am as much in favor of some features of the bank bill as any gentleman on the floor. If the gentleman could get the conferees to bring out a report today, we could pass it, but unless the conferees do make a report I do not see any possibility of passing it unless we stay here next week.

Mr. RANKIN. Will the gentleman yield further?

Mr. BYRNS. Yes.

Mr. RANKIN. The appropriation bill to which the gentleman refers as coming in this afternoon carries an appropriation for Muscle Shoals.

Mr. BYRNS. Yes; and for other special legislation.

Mr. RANKIN. That is fine. Now, will the gentleman help us to spur up the conferees on the bank bill?

Mr. BYRNS. I will do the best I can.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from Texas.

Mr. BLANTON. The way to adjourn today is to do our work and then adjourn. We have wasted 30 minutes al-

ready. Let us do the work that must be done and then adjourn. [Applause.]

Mr. BYRNS. I think the gentleman is right. But let me ask the gentleman from New York, before I yield the floor, one question. I have not seen a copy of the appropriation bill, but I have been advised that there are some matters in it subject to a point of order. Will it be the disposition of the gentleman from New York and those on his side of the Chamber to permit those points of order to be waived and discuss the matters on their merits and so relieve us of the necessity of bringing in a rule?

Mr. SNELL. I do not know; I will have to confer with the minority members of the committee.

Mr. TABER. I understand that one member of the committee wants to make a point of order on a matter relating to the Tennessee Valley.

Mr. BYRNS. And then, if we have the time, why could not we consider the Celler resolution on its merits in the House, and save us the necessity of a rule?

Mr. SNELL. Mr. Speaker, I think if the gentleman makes that concession to us we will let the other matter come in. We know that the gentleman can bring in a rule, though it may take some time. We want to cooperate and finish up as quickly as possible.

Mr. BYRNS. I do not think that we will have any trouble.

RESIGNATION FROM COMMITTEES

The SPEAKER laid before the House the following communication:

HOUSE OF REPRESENTATIVES,
Washington, D.C.

SPEAKER OF THE HOUSE OF REPRESENTATIVES:

Please accept my resignation from the following committees of the House: Irrigation and Reclamation, Coinage, Weights and Measures, District of Columbia, Insular Affairs.

J. G. SCRUGHAM.

The SPEAKER. Without objection, the resignation will be agreed to.

There was no objection.

ELECTION TO A COMMITTEE

Mr. DOUGHTON. Mr. Speaker, I offer the following privileged resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 187

Resolved, That JAMES G. SCRUGHAM, of Nevada, be, and he is hereby, elected a member of the Committee on Banking and Currency.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

H.R. 5981—EXTENSION OF REMARKS

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including House bill 5981, introduced by me in the House in aid of disabled veterans, and also an article appearing in the Plasterer in support of the purposes of the bill by Mr. William Cooper, of New York.

The SPEAKER. Is there objection?

There was no objection.

Mr. KENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following bill (H.R. 5981) introduced by me in the House in aid of disabled veterans, and also an article appearing in the Plasterer in support of the purposes of the bill by Mr. William Cooper, of New York:

H.R. 5981

A bill to allow the use of the mails in aid of sick, disabled, and indigent former soldiers and sailors, and for other purposes

Be it enacted, etc., That section 213 of the Criminal Code (U.S.C., title 18, sec. 336) is hereby amended by adding at the end thereof the following paragraph:

"Nothing in this section or in any other act of Congress shall be construed to prohibit the use of the mails in any manner for the purpose of conducting or participating in, as a patron or otherwise, any such lottery, enterprise, or prize offer which is conducted by the Veterans' Administration and all the profits of which are to be applied to the benefit of sick, disabled, or indigent former members of the military or naval forces of the United States or to the operation and maintenance of hospitals and homes for such former members. No mail matter shall be transported in the mails under this section unless it is plainly marked on the outside 'National Service Men's Benefit Fund.' All funds received by the Veterans' Administration under this paragraph shall be audited by the Comptroller General. Any person violating any provision of this paragraph shall be subject to the penalties prescribed in the first paragraph of this section."

[From the Plasterer]

REVENUE TO RELIEVE THE OPPRESSED TAXPAYER

Now that the Government is about to restore the legal respectability of the ancient industry of manufacturing beer and make it contribute to the financial needs of the country, may it not be an opportune time to also restore the legality of the lottery and make it also contribute to the support of the Government and lessen the tax on homes?

The newspaper reports of the large amounts of money paid by lotteries lawfully conducted in foreign countries to citizens of the United States holding winning tickets in them and of the contributions made by these lotteries of millions of dollars to erect and maintain hospitals, aid disabled veterans, and for other useful and humane purposes has focused suggestively the attention of the citizens of our country upon the world-wide interest in and approval of the lottery.

The interest of our people in lotteries is further evidenced by the startling fact that they send millions of dollars each month out of our country to buy tickets in lotteries conducted in other nations. To those outgoing millions of dollars, so eagerly and hopefully sent abroad, must be added the additional millions spent in the United States for tickets in bootleg lotteries and others conducted clandestinely, unlawfully, and often dishonestly in the United States.

The Government receives no revenue from this gigantic domestic and foreign business in lottery tickets.

It is a business that will persist. Despite laws against them, lotteries are born by the hour. They are on every hand by the hundreds throughout the land. No matter how much camouflaged by divertive names and ingenious methods, they are lotteries and nothing else.

The people will gamble. Gambling is a part of the mental, emotional, and spiritual nature of normal women and men. No act of government can eradicate this instinct. Moses was too wise to include prohibition of drinking and gambling in his famous Ten Commandments.

History establishes that the lottery is neither a shameful nor dishonorable institution. No other form of chance has a more honorable and distinguished background. Emperors, kings, queens, statesmen, artisans, writers, scholars, preachers, priests, and bishops have officially and individually approved, sponsored, and patronized the lottery. The lottery is, indeed, the aristocrat of chance.

At this fateful moment in our national life the lottery boldly challenges the thought of Government to accept it as an available and effective means of relief to the Nation from its financial and industrial prostration, and to bring sustaining hope to the people.

The lottery offers the Government an easy, attractive, and quick method by which it can raise additional revenue, increase its income to meet demands of the Budget, reduce taxes, care for the unemployed, pay the $2,300,000,000 soldiers' bonus payment maturing in 1945, and inaugurate a vast public-improvement program and thus create jobs and pay rolls. Without which all else is unavailing.

Not only would a national lottery lighten the financial burdens of our people but it would as well quicken the drooping spirits of the "forgotten man."

The repeal of the antilottery law would thrill the entire Nation; it would bring inspiration and contentment; it would open the doors of the land of hope as no other single act of government could do at this moment. The people long for a hope expressed in terms of opportunity. The experience of the ages proves this.

Practically every nation has at one time or another sanctioned and employed the lottery to advance and conserve its welfare and to bring contentment and hope to its citizens.

Governments have found the lottery a friend in time of need; relieving financial strain, providing money for public improvements, charity organizations, maintaining national credit, and for other constructive and protective purposes.

It would require considerable space to list the achievements of the lottery in the life and affairs of government.

The records show that as far back as the period between 1707 and 1824 England raised money by lotteries for governmental uses; that by an act of Parliament money was raised by lottery for the British Museum, also that England provided money in 1612 by means of the lottery for the benefit of our Virginia colonists.

Thomas Jefferson in 1776 heartily endorsed a national lottery created * * * by the American Congress.

John Adams and Benjamin Franklin at the close of the Revolutionary War obtained a "lottery loan" by the Government to meet Government bills.

John Hancock, in 1765, signed tickets for a lottery, authorized by the Province of Massachusetts Bay to rebuild Faneuil Hall—the "cradle of liberty."

Harvard College authorized a lottery, and among the many other colleges that have been financially benefited from lotteries may be mentioned William and Mary, Dartmouth, New Jersey, Union, Queen, Gaines Academy, and other colleges and institutions of learning.

In 1790 a lottery was operated in New York for the enlarging of the city hall. New York State has authorized lotteries for many different purposes. In 1867 Pennsylvania granted a charter for a lottery "to erect the Gettysburg Asylum for Invalid Soldiers."

It is interesting to note that at the time of the Paris Exposition of 1878 France authorized a lottery for the happy purpose of meeting "the expense of workingmen visitors." Well might our Government at this time authorize a lottery to meet the living—the bread and butter—expenses of her unemployed citizens.

Protestant and Catholic churches, hospitals, academies, prisons, public schools, highways, town halls, lighthouses, canals, the clergy, municipal expenses, and many other varied and worthy institutions and causes have been financed by the lottery in this and other countries.

While the Government now has before it the matter of repealing the eighteenth amendment and invalidating the Volstead law, it should investigate the historic facts relating to the lottery and its constructive accomplishments for peoples, institutions, and governments, and evolve a plan for a national lottery to be so controlled and supervised by Government as to assure the purchasers of tickets at home and abroad the absolute honesty and impartiality of its administration.

A lottery so conducted would provide the people an opportunity to speculate on a more definite and honest basis than is now or ever has been offered by stock exchanges.

The lottery calls for no additional cash; no margins to protect the money invested; nor are its winnings and losses subject to control by prearrangement by groups of market manipulators. The subject of this article is timely and important. It should receive the serious consideration of citizens throughout the country and by our representatives in Congress, looking to the repeal of the present anti-lottery laws.

ORDER OF BUSINESS

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUNDEEN. Mr. Speaker, I have no desire to delay the proceedings in any way, but I want to make a brief statement, inasmuch as it appears we are to have no real bank guaranty deposits law enacted, and that there will be no real solution of veterans' legislation. We have gentlemen in Europe representing us there in international affairs who seem to be controlled by the House of Morgan. I think it is our patriotic duty to stay here and see that America is protected. I think that we ought to see to it that American interests are protected in Europe, and they are not going to be protected when we have a lot of representatives of international bankers there speaking for America.

So long as we have no real bank-guarantee law enacted to protect the people's deposits in the banks, so long as there is no real solution of the veterans' legislation problem, and so long as there are many other vital measures pending which affect millions of Americans and billions of dollars in resources, I am opposed to adjournment. [Applause.]

I wish briefly to state that we have no business to adjourn this Congress and leave the Morgan-controlled Davis in Europe to represent America in our foreign affairs. I am for an America-first policy in world affairs, and I know that American affairs will be in safer hands if Mr. Davis is recalled by the administration and if some real Washington American represents us there. I fear that the administration is following in the footsteps of Wilson's administration in world affairs, a course which led to financial, political, and international disaster. I hope that the President will keep to these American shores, and that he will not, like his war-time predecessor, leave the United States and plunge himself into conferences and discussions with consummate, scheming diplomats who were brought up in the European school of diplomacy to believe that real diplomacy is the art of skillful twisting of the truth. His war-time predecessor became so involved and helpless when caught in the web of European diplomacy that he has been hurled downward in the course of history, and it is now recognized on all hands that he committed terrible blunders and fearful mistakes, which will cost America huge losses through more than a century.

Let me appeal to this House once more against adjournment while the administration proposes to make unjust and cruel cuts in veterans' pensions and compensations. And may I warn this House to adhere to the foreign policy of George Washington, the Father of our Country; of Thomas Jefferson, the author of our Declaration of Independence; of Abraham Lincoln, the first Republican President; and of all other worth-while American statesmen, to keep ourselves free from European entanglements, into which we are now being plunged deeper and deeper by international bankers, like the House of Morgan, and other international bankers. I repeat that which I have said before: The international banker has no flag, he has no country, and he knows no patriotism, and the only god his greedy heart worships is the god of gold, the god of profits. [Applause.] If the interests of our country are sacrificed, that is of secondary consideration to him so long as billions can be made and further loans extended to foreign kings and emperors. Further commitments made to foreign nations will only lead us still further into ways and byways from which we will some day regretfully return to the great highway of America-first progress and prosperity laid down by our forefathers.

We must not adjourn now. We must pass at once the Frazier refinancing bill for the farmer. Hundreds of thousands of veterans are depending upon us to remain here on the job until the inhuman "Economy League" bill is repealed. There are more than 13,000,000 Americans unemployed. We must stay on the job in Washington until we have solved these problems. We cannot permit these foreclosures to go on. We must save the homes of the American people.

The gentlemen of this House may adjourn, but I am willing to stay here through this summer and through this fall. I am willing to remain on the job to consider and pass unfinished and important legislation to safeguard America, both at home and abroad. [Applause.]

Mr. BYRNS. They will be protected; but it might destroy the efforts of the delegation consisting of Democrats and Republicans if Members, regardless of their duty to their country, should get up here next week and undertake to make speeches and present their personal views as to what should be done, when they cannot possibly know what the situation is at this time.

The SPEAKER. The time of the gentleman from Minnesota has expired.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, unfortunately the industrial-recovery bill has not yet been messaged over from the Senate. I have been informed that there are four or five bridge bills which have been favorably reported, and to which there will not be the slightest objection, and which will not take very much time. It seems to me, with the consent of the House, that we might consider those bridge bills while waiting for the industrial recovery bill. I ask unanimous consent that these bridge bills may be now considered.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that we proceed now to consider certain bridge bills on the Consent Calendar. Is there objection?

Mr. LUNDEEN. Mr. Speaker, I reserve the right to object. I do so in order to say, in answer to the concluding statement of the gentleman from Tennessee, that if you will return to the United States the House-of-Morgan-controlled Mr. Davis and send over there some real America-first American, I shall have no objection. [Applause.] The international bankers and their errand boys must be brought back home and put under American discipline. [Cries of "Regular order!"]

The SPEAKER. The regular order is demanded. Is there objection?

Mr. BYRNS. Mr. Speaker, first let me say in reply that Mr. Davis is not a part of this delegation and has nothing whatever to do with the Economic Conference to be held in London.

Mr. DIES. Mr. Speaker, I reserve the right to object. The Committee on Coinage, Weights, and Measures has a

bill that we want to get recognition on as soon as possible and pass it. It has already passed the Senate. I am wondering if the gentleman from Tennessee will not permit us to move to suspend the rules at this time?

Mr. FISH. Mr. Speaker, I reserve the right to object.

Mr. BYRNS. Mr. Speaker, I withdraw my request and ask unanimous consent that the House stand in recess subject to the call of the Speaker.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that the House stand in recess subject to the call of the Chair. Is there objection?

Mr. McFADDEN. Mr. Speaker, I reserve the right to object. If representatives of the people are to be muzzled when they are looking out for the people's interest, I shall object. If the gentleman wants to get through his program, he must not resort to muzzling the representatives of the people in this House.

Mr. BYRNS. I am not seeking to muzzle anybody, but I do think that we should not stay here and discuss highly controversial matters with which we have nothing to do. Fod God's sake, let us pass this legislation and adjourn.

Mr. SNELL. There is no objection to these bridge bills.

Mr. FISH. I do not propose to object. I am not responsible for what the gentleman said. I only want to ask one question of the gentleman from Tennessee in reply to a statement he made. The gentleman made the statement that Republicans were over at the conference representing this country. I want to deny that Republicans are on that delegation.

Mr. BYRNS. Well, I think the country knows the personnel of the delegation. [Cries of "Regular order!" "Regular order!"]

BRIDGE BILLS

Mr. BYRNS. Mr. Speaker, I renew my unanimous-consent request that bridge bills on the Consent Calendar be considered.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

Mr. PARKER of New York. Reserving the right to object, Mr. Speaker, these bills are all important bills that have passed the Senate, and there is no objection to them.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The SPEAKER. The Clerk will call the first bill.

BRIDGE ACROSS LAKE SABINE AT OR NEAR PORT ARTHUR, TEX.

The Clerk called the bill (H.R. 4870) to extend the time for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent that that bill may go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. MILLIGAN]?

There was no objection.

TOLL BRIDGE ACROSS MISSISSIPPI RIVER BETWEEN STATES OF IOWA AND ILLINOIS

The Clerk called the next bill, H.R. 5659, authorizing Charles N. Dohs, R. R. Hunt, their heirs, legal representatives, and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River between the States of Iowa and Illinois at or near the junction of the Iowa and Mississippi Rivers.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. THOMPSON of Illinois. Mr. Speaker, I object.

BRIDGE BILLS IN THE STATE OF OREGON

Mr. HOLMES. Mr. Speaker, I ask unanimous consent to take up next the following five bills: S. 1745, S. 1746, S. 1747, S. 1748, and S. 1749. These five bills were referred to the committee, and the committee in session this morning considered the bills. They all have to do with and are all connected with the State of Oregon. The reason we are anxious to get these bills passed today is that the State of Oregon has received money from the Reconstruction Finance Corporation, and there is a possibility that if these bills are passed, a great deal of work can be started on the various bridges in the very near future and furnish employment in that territory. So I ask unanimous consent for the present consideration of bills S. 1745 to S. 1749, both inclusive, reported by the committee.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the first bill.

BRIDGE ACROSS UMPQUA RIVER NEAR REEDSPORT, OREG.

The Clerk called the next bill, S. 1745, granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg.

The SPEAKER. Is there objection?

Mr. COCHRAN of Missouri. Reserving the right to object, are these toll bridges?

Mr. HOLMES. These are toll bridges to the State of Oregon.

Mr. COCHRAN of Missouri. The right does not go to the individual?

Mr. HOLMES. No. The rights go to the State of Oregon.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Oregon to construct, maintain, and operate a bridge and approaches thereto across the Umpqua River, at a point suitable to the interests of navigation, at or near Reedsport, Douglas County, Oreg., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 15 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed. A motion to reconsider was laid on the table.

TOLL BRIDGE ACROSS YAQUINA BAY AT OR NEAR NEWPORT, OREG.

The Clerk called the next bill, S. 1746, granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Oregon to construct, maintain, and operate a bridge and approaches thereto across Yaquina Bay, at a point suitable to the interests of navigation, at or near Newport, Lincoln County, Oreg., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 15 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the

expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed. A motion to reconsider was laid on the table.

TOLL BRIDGE ACROSS ALSEA BAY AT OR NEAR WALDPORT, OREG.

The Clerk called the next bill, S. 1747, granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Waldport, Lincoln County, Oreg.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Oregon to construct, maintain, and operate a bridge and approaches thereto across Alsea Bay, at a point suitable to the interests of navigation, at or near Waldport, Lincoln County, Oreg., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 15 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TOLL BRIDGE ACROSS COOS BAY AT OR NEAR NORTH BEND, OREG.

The Clerk called the next bill, S. 1748, granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Oregon to construct, maintain, and operate a bridge and approaches thereto across Coos Bay, at a point suitable to the interests of navigation, at or near North Bend, Coos County, Oreg., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financial cost, as soon as possible under reasonable charges, but within a period of not to exceed 15 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TOLL BRIDGE ACROSS SIUSLAW RIVER AT OR NEAR FLORENCE, OREG.

The Clerk called the next bill, S. 1749, granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Oregon to construct, maintain, and operate a bridge and approaches thereto across the Siuslaw River, at a point suitable to the interests of navigation, at or near Florence, Lane County, Oreg., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges but within a period or not to exceed 15 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE FROM LOWER MATECUMBE KEY TO NO NAME KEY, FLA.

Mr. WILCOX. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1783) granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key, which is similar to the bills which have just been passed.

The Clerk read the title of the bill.

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, as I understand, this bill gives to the State of Florida, or an authority of the State of Florida, the right to construct a bridge for that State.

Mr. WILCOX. That is correct.

Mr. COCHRAN of Missouri. An authority created by the legislature of the State.

Mr. WILCOX. That is correct; a public authority.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges and approaches thereto across the navigable waters in Monroe County in the State of Florida, at points suitable to the interests of navigation, between Lower Matecumbe Key and No Name Key (including such toll highways, bridges, viaducts, causeways, fills, embankments, roads, trestles, and other appurtenant structures as may be necessary to connect certain of the present termini of State road no. 4–A in such manner as to complete a system of highways and bridges extending from Miami to Key West, via Key Largo), in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridges, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridges and their approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridges and their approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 40 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridges shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridges and their approaches under economical management. An accurate record of the costs of the bridges and their approaches, the expenditures for maintaining, repairing, and op-

erating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. WILCOX, a motion to reconsider the vote by which the bill was passed was laid on the table.

COINAGE OF TEXAS ANNIVERSARY HALF DOLLARS

Mr. DIES. Mr. Speaker, I ask unanimous consent to call up for present consideration the bill (H.R. 5821) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century.

The Clerk read the title of the bill.

Mr. SNELL. Mr. Speaker, reserving the right to object, will the gentleman inform the House what committee this came from?

Mr. DIES. From the Committee on Coinage, Weights, and Measures. The bill has already passed the Senate. It merely provides for the coinage of not more than a million and a half 50-cent pieces in commemoration of the one hundredth anniversary of the independence of Texas. The American Legion of Texas agrees to pay all the expenses incident to the coinage, and the Government will not incur any expense whatsoever.

Mr. SNELL. How can they pay the expenses of the coinage?

Mr. DIES. They are going to pay the expenses before the Government coins these pieces. There is no objection to the bill, so far as I know.

Mr. McCLINTIC. Mr. Speaker, will the gentleman yield?

Mr. DIES. I yield.

Mr. McCLINTIC. Does the gentleman have in mind asking for an appropriation in the future?

Mr. DIES. We shall ask for no appropriation whatsoever.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. DIES. Mr. Speaker, I ask that a similar Senate bill (S. 1808) be considered in lieu of the House bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate bill as follows:

Be it enacted, etc., That in commemoration of the one hundredth anniversary in 1936 of the independence of Texas and of the noble and heroic sacrifices of her pioneers, whose memory has been an inspiration to her sons and daughters during the past century, there shall be coined at the mints of the United States silver 50-cent pieces to the number of not more than one and one-half million, such 50-cent pieces to be of the standard troy weight, composition, diameter, device, and design as shall be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, which said 50-cent pieces shall be legal tender in any payment to the amount of their face value.

SEC. 2. That the coins herein authorized shall be issued only upon the request of the American Legion Texas Centennial Committee, of Austin, Tex., upon payment by such American Legion Texas Centennial Committee of the par value of such coins, and it shall be permissible for the said American Legion Texas Centennial Committee to obtain said coins upon said payment, all at one time or at separate times, and in separate amounts, as it may determine.

SEC. 3. That all laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating the guarding and process of coinage providing for the purchase of material and for the transportation, disposition, and redemption of coins, for the prevention of debasement or counterfeiting, for security of the coins, or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein authorized: *Provided*, That the United States shall not be subject to the expense of making the necessary dies and other preparations for this coinage.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. DIES, a motion to reconsider the vote by which the bill was passed was laid on the table.

AMENDMENT OF THE PROBATION LAW

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5208) with a Senate amendment, and concur in the Senate amendment.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read the Senate amendment, as follows:

Page 1, line 3, after "paragraph", insert "of section 2."

Mr. SNELL. Mr. Speaker, will the gentleman tell the House what this bill is?

Mr. McKEOWN. It is a bill that passed the House permitting the arrest of persons who violate their parole. This amendment corrects the language of the bill.

Mr. SNELL. Does the gentleman from Pennsylvania say it is all right?

Mr. KURTZ. It is all right.

The Senate amendment was agreed to.

CATHERINE JANE M'KEE

Mr. COCHRAN of Missouri. Mr. Speaker, I present a privileged report from the Committee on Accounts for present consideration.

The Clerk read the House resolution, as follows:

House Resolution 182

Resolved, That there shall be paid out of the contingent fund of the House to Catherine Jane McKee, daughter of J. M. McKee, late an employee of the House, an amount equal to 6 months' compensation, and an additional amount, not exceeding $250, to defray funeral expenses of the said J. M. McKee.

THE DALLES BRIDGE CO.

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 804) to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co. for present consideration.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and empowered to grant to The Dalles Bridge Co., a corporation organized and existing under the laws of the State of Washington, its successors and assigns, a permanent right of way, in such location and under such terms and conditions as may be approved by the Secretary of War, over and across the Celilo Canal and other Government lands along the Columbia River near The Dalles, Oreg., for bridge and highway purposes, with full power to locate, construct, and operate a bridge, approaches and approach highways, and adjuncts: *Provided*, That the land shall not be used for other purposes and when the property shall cease to be so used it shall revert to the United States: *Provided further*, That the right to compel the removal of said bridge, approaches and approach highways, and adjuncts is hereby reserved in the Secretary of War, whenever he may determine the interests of the Government so require, and which said removal is to be without expense to the Government as a condition of this grant.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. HILL of Alabama, a motion to reconsider the vote by which the bill was passed was laid on the table.

GEORGE ROGERS CLARK SESQUICENTENNIAL COMMISSION

Pursuant to the provisions of the act approved May 23, 1928 (45 Stat. 723), as amended by the act approved February 28, 1931 (46 Stat. 1459), the Chair appointed the gentleman from Illinois [Mr. KELLER] to fill the vacancy on the George Rogers Clark Sesquicentennial Commission.

WATER CHARGES ON DAMAGED LAND

Mr. MARTIN of Oregon. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1536) giving credit for water charges paid on damaged land.

Mr. SNELL. Reserving the right to object, will the gentleman tell us what this bill provides?

Mr. MARTIN of Oregon. This bill has passed the Senate. The Government sold land to a party in Oregon in the Lake Klamath region, and after selling the land it was ruined by

drainage ditches that the Government put in. They now want to exchange this land for land that has not yet been ditched.

Mr. SNELL. It is just an exchange of some land? How much land is involved?

Mr. MARTIN of Oregon. About 3,000 acres. The measure has the approval of the Secretary of the Interior and has been passed by the Senate.

Mr. SNELL. If the gentleman says it is all right, I do not know that there is anybody else who knows anything about it.

Mr. MARTIN of Oregon. There is no doubt about that.

Mr. PIERCE. If the gentleman will yield, I represent the district involved, and this measure has the unanimous approval of everyone concerned. It is an old bill, having been introduced originally by my predecessor, former Congressman Butler.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That all construction charges heretofore paid by owners on lands to be conveyed to the United States of America pursuant to the act of Congress approved March 23, 1933 (S. 156, 73d Cong.), shall be transferred as a credit to the lands to be so patented by the United States, and all payments of operation and maintenance charges with penalty and interest heretofore made on such of the lands to be conveyed as were not, in the determination of the Secretary of the Interior, during the period for which payment was made, susceptible of successful cultivation by reason of seepage, alkalinity, or other causes not within the control of the owners of such land, shall be allowed as credits on future construction, operation, and maintenance charges on the lands retained or those to be patented by the United States pursuant to the act of Congress approved March 23, 1933 (S. 156, 73d Cong.). Like credit shall also be given the irrigation district for all the charges heretofore paid by it on such lands and for which the owners of said lands have not in turn reimbursed the irrigation district.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. MARTIN of Oregon, a motion to reconsider the vote by which the bill was passed was laid on the table.

A similar House bill was laid on the table.

RECESS

Mr. BYRNS. Mr. Speaker, I understand that the delay incident to the messaging over of the national recovery bill is due to the fact that there has been some delay in the Printing Office, which in turn is due to the fact that the bill arrived there very late. It will be here very shortly, and I therefore ask unanimous consent that the House stand in recess subject to the call of the Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none, and the Chair will state that 5 minutes' notice will be given by the ringing of the bells.

Thereupon (at 11 o'clock and 5 minutes a.m.) the House stood in recess, to meet at the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 11:32 o'clock a.m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes; that the Senate insists upon its amendments to said bill, requests a conference with the House thereon, and appoints Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. REED, and Mr. KEYES to be the conferees on the part of the Senate.

NATIONAL RECOVERY BILL

Mr. BYRNS. Mr. Speaker, the gentleman from North Carolina [Mr. DOUGHTON], the Chairman of the Committee on Ways and Means, and those who will constitute the conference committee are now in an informal conference with the Members of the Senate with a view to expediting matters, if possible. At the request of the gentleman from North Carolina [Mr. DOUGHTON] I ask unanimous consent to take from the Speaker's table the bill H.R. 5755, the national recovery bill, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

Mr. SNELL. Mr. Speaker, reserving the right to object, I understand there has been an amendment put on this bill in the other body again providing for publicity of income-tax returns. This is a proposition that has already been tried out and has proven disappointing and disadvantageous to both the Government and the individual citizen, and the House and Senate repealed the former act. If this is true, and if this provision is now in the bill, I think we should have some statement that it will at least be brought back here for a vote.

Mr. BYRNS. The gentleman can readily appreciate that I am unable to make any promise of that kind because I am simply acting at the request of the Chairman of the Ways and Means Committee, and I am frank to say I am not familiar with any of the amendments.

Mr. SNELL. The statement I have made, the gentleman knows, is correct.

Mr. BYRNS. I hope the gentleman will let the bill go to conference.

Mr. SNELL. I am going to let it go to conference, but I wanted that matter called to the attention of the country at this time.

Mr. McCLINTIC. Mr. Speaker, reserving the right to object, I made a statement here a few days ago that showed that certain big institutions were pensioning for life some of their men at the rate of $100,000 a year. I also put in the RECORD a statement which showed that they are paying salaries and compensations that amount to $400,000 or $500,000 a year. I am firmly of the opinion we will never break up this practice that has been used to dry up the resources of this country unless we do something to give publicity to such transactions, and I hope this can be done. [Applause.]

Mr. SNELL. We tried that once and then repealed the act.

Mr. McCLINTIC. We have a different situation now.

Mr. SNELL. What difference is there?

Mr. McCLINTIC. A great difference.

Mr. BYRNS. In the interest of expedition, let me make the suggestion that the gentleman from New York [Mr. SNELL] and the gentleman from Oklahoma [Mr. McCLINTIC] appear before the conferees on this measure and present their respective views.

Mr. SNELL. I think that is probably fair.

Mr. CONNERY. Mr. Speaker, reserving the right to object, I understand there is a provision in the bill taxing tax-exempt securities, and I hope there is, and I further hope we will be given an opportunity to concur in that Senate amendment.

Mr. BYRNS. As I just stated to the gentleman from New York, I am not in a position, as the gentleman can well appreciate, to make any promise.

Mr. PARKS. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. CARPENTER of Nebraska. I object, Mr. Speaker.

DEFICIENCY APPROPRIATION BILL

Mr. BUCHANAN, Chairman of the Committee on Appropriations, submitted a favorable report on the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union.

Mr. TABER reserved all points of order.

NATIONAL RECOVERY BILL

Mr. BYRNS. Mr. Speaker, I want to renew the request I made a few moments ago, and I hope the gentleman from Nebraska [Mr. CARPENTER] will let this particular bill go to conference, because it has nothing to do with the matter which he has in mind, and I am sure, whenever it can do so, the House will give the gentleman 5 minutes on that bill.

Mr. CARPENTER of Nebraska. In reply to the gentleman, the only object I have is to keep this Congress in session as long as it is physically possible in order to get a report on the bank bill. Personally, I am willing to stay here all summer to accomplish that purpose.

I withdraw the objection in this particular instance, but if there are any further requests, I am going to object until I find out it is possible to bring before the House the bill I refer to.

Mr. COLLINS of Mississippi. Mr. Speaker, I have a motion at the desk.

The Clerk read as follows:

Mr. COLLINS moves that the House recede and concur in the Senate amendment known as the "Borah amendment", which is as follows:

"*Provided*, That such code or codes shall not permit combinations in restraint of trade, price-fixing, or other monopolistic practices."

Mr. BYRNS. Let me say to my friend from Mississippi that we have a request from one of his own Senators, Senator HARRISON, saying it was most important that all of these amendments go into conference, and I hope the gentleman will not insist on his motion. It will only delay the matter.

Mr. COLLINS of Mississippi. It will not delay, it will expedite. The Senator from Idaho [Mr. BORAH] offered the amendment in the Senate and it was adopted unanimously by the Senate.

Mr. BYRNS. Mr. Speaker, I make the point of order against the amendment, that it is not in order at this time pending the request I made that the matter go to conference, and which was agreed to before the gentleman from Mississippi got the attention of the Chair.

Mr. COLLINS of Mississippi. The only time the motion would be in order is at this time—the period intervening between the announcement by the Speaker that there is no objection and the appointment of conferees.

The SPEAKER. The gentleman was in ample time, but the Chair thinks it is not in order to make the motion to recede and concur. The gentleman can move to instruct the conferees.

Mr. COLLINS of Mississippi. Mr. Speaker, I amend the motion by moving that the House instruct the conferees to concur in the amendment, which I have read, known as the "Borah amendment."

The SPEAKER. The gentleman from Mississippi moves that the House instruct the conferees to concur in the Senate amendment.

Mr. BYRNS. Mr. Speaker, who has the floor for debate?

The SPEAKER. The gentleman from Mississippi moves to instruct the conferees to concur in the Borah amendment.

Mr. COLLINS of Mississippi. Mr. Speaker, in the CONGRESSIONAL RECORD, page 5247, on June 8, we find the following colloquy:

Mr. HARRISON. I may say that the amendment suggested by the Senator from Idaho [Mr. BORAH] with reference to restraint of trade, monopolistic purposes, and so forth, is carrying out the purposes of the bill as we construe it. I ask unanimous consent that it may now be offered so we can eliminate that matter in the hope that we may conserve some time and expedite the passage of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi?

Mr. LONG. I yield for that purpose.

The PRESIDING OFFICER. There being no objection, the amendment of the Senator from Idaho will be stated.

The CHIEF CLERK. The Senator from Idaho [Mr. BORAH] proposes, on page 4, line 13, after the word "title", to insert the following:

"*Provided*, That such code or codes shall not permit combinations in restraint of trade, price-fixing, or other monopolistic purposes."

The PRESIDING OFFICER. Is there objection to the immediate consideration of the amendment? The Chair hears none. The question is on agreeing to the amendment.

The amendment was agreed to.

It appears that the Borah amendment was unanimously agreed to. Ladies and gentlemen of the House, the Democratic Party in its last platform used this language in discussing antitrust and antimonopoly legislation:

We advocate strengthening and impartial enforcement of the antitrust laws to prevent monopoly and unfair trade practices—

And so forth. "Strengthening" the antitrust laws does not mean tearing them down, nor suspending them 2 years or indefinitely.

Without the amendment which I ask the House to agree to, the antimonopoly laws will be stricken down, and those of us charged with carrying out platform promises are the ones who will be guilty of this act.

The amendment was passed unanimously by the Senate. The House should not place itself in the position of protector of the monopolies of the country. Independent producers will be destroyed and the public will be mulcted by excessive prices when the independents are gone. This is exactly what will happen if this bill finally passes without the Borah amendment.

Ladies and gentlemen of the House, in order to give you some idea of the extent of the fears of independent producers, unless this amendment be adopted, I shall read to you two telegrams sent to Senator BORAH.

NEWARK, OHIO.

Hon. W. E. BORAH,
Senate Office Building:

We want to express our appreciation to you for interest you have taken in trying to defeat industrial control bill. We have example of the giant tire companies already showing their attitude in formation of code by employing corporation lawyer who is chief counsel for one of the giant tire companies to write code and then become policeman to enforce same. The giants are using mail-order houses as medium to cut prices and will continue. We beg you to use all your influence to defeat the bill in its entirety; otherwise it will be the end of independent manufacturers.

CARL PHARIS,
Of the Pharis Tire & Rubber Co.

LINCOLN, NEBR., *June 10, 1933.*

Senator BORAH,
Senator from Idaho:

Thank God again for Senator BORAH. We mean this in all sincerity from the bottom of our hearts. You have saved the independent oil industry by your amendment to the antitrust section of the industrial bill. We operate 350 drive-in stations over 7 Middle West States. We hope you will continue to watch this to see that they don't put it over yet without the amendment. We doubt if you could possibly have realized the ulterior motives in the background of powerful oil quarters in this industrial bill. We are generally in position to know in advance the inside activities in these above-mentioned quarters, and if we can ever in the slightest respect be of service to you don't fail to call us. Also feel free to telephone us collect at any time if you should want any information regarding oil activities. Again we say in all sincerity you positively have saved the independent industry in which hundreds of millions are invested by hard-working independent oil men all over Nation. Again and again we thank you sincerely.

L. L. CORYELL & SON AND ASSOCIATED COMPANIES,
By L. L. CORYELL, *Senior President.*

Mr. Speaker, I call your attention also as to the character of codes already proposed to be adopted. In the hearings last night on the fourth deficiency bill Mr. Bane, of the Federal Trade Commission, testified as follows:

Mr. BANE. Let me show you how such rules operate * * *.

The Commission has held a set of these conferences leading to the establishment of these codes, and some of the rules have been put over.

One industry offered a rule, which the Commission adopted, which said that all commissions, if any, shall be paid by the seller.

That is what the rule provided on its face, and it was a very innocent-appearing rule.

Without an investigation to determine the conditions under which that rule was to be applied, that rule meant the elimination of all competition in the purchase of raw materials in that industry, which was a farming product. Without an investigation you cannot determine that kind of thing.

This shows what the country may expect if we fail to adopt this amendment. I hope the Democratic Party will

not align itself with monopoly. It has always advocated equality of opportunity to all. Let us continue to steer in that direction.

Mr. KELLY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mr. KELLY of Pennsylvania. I call the gentleman's attention to the statement made on page 5243 by the author of the amendment in which he stated——

Mr. COLLINS of Mississippi. I do not yield for a speech from the gentleman, Mr. Speaker. I move the previous question.

Mr. BYRNS. Oh, Mr. Speaker, I think I should have an opportunity to be heard.

Mr. COLLINS of Mississippi. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, I cannot imagine that there will be any Member of this body, whether he be Democrat or Republican, who would rise in opposition to the motion of the gentleman from Mississippi [Mr. COLLINS]. You are obliged to understand that the opposition, if there is such, to the motion, comes from those who have for many years complained of the restraints of the antitrust laws. There is a certain class of manufacturers in this country who for many years have been undertaking to establish monopolies and to set up other conditions to enable them to indulge in general price fixing. You all know what price fixing means. This amendment is simply an effort to curb the activities of those who enjoy monopoly as a result of the ownership of trade marks, and so forth. I remind you of one concern that enjoys a monopoly in its business and has a valuation of physical property amounting to a million dollars, with a $20,000,000 valuation placed upon its trade mark. As a result of the defeat of this Borah amendment it would be able to fix prices on its output which gives an earning not only on physical property valuation, but upon the $20,000,000 valuation put upon the trade mark. I call attention to the tobacco manufacturers of this country, those who make the popular-brand cigarettes. They have valuations upon trade marks running all the way from $40,000,000 to $65,000,000. It is the tobacco people, the patent-medicine owners, the jewelry manufacturers, who want this industrial recovery bill as it is written, and who are fighting the motion of the gentleman from Mississippi. In the interest of the rights of the great unorganized masses this House ought to approve the Borah amendment to this bill. [Applause.]

Mr. COLLINS of Mississippi. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, I hope this motion will not prevail. There is a request pending to refer all of these amendments to the conference committee. I stated a moment ago that I had word direct from Senator HARRISON to the effect that it was most important that all of these amendments should go to conference. I am sure we have confidence in the conferees who will be appointed from the House as well as those who will be appointed from the Senate. I appeal to all Members. Here is a bill which is one of the most important bills which has been proposed by the President. We are now on the eve of adjournment. I am reliably informed that the President himself—although I am not quoting him, because he has not stated it to me—and Senator WAGNER have said that if this amendment stays in, it will kill the bill.

Mr. KELLY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. KELLY of Pennsylvania. I think that statement as to the effect of this amendment is true, according to the statements made yesterday during debate in another body. The author of this amendment himself said that in almost as many words when he said:

> Mr. President, you cannot fix the price of labor unless you fix the price of the commodity which you are selling.

He opposed the bill in its entirety, and his amendment practically emasculates the value of the coordination and cooperation sought to be obtained.

Mr. BYRNS. Precisely. Gentlemen have not read the amendment, nor have I. We have not had the opportunity or the time. We do not know what these amendments are. We are referring them under special circumstances and to meet the exigencies of the situation in which we find ourselves. Why should you and I, without opportunity to read the amendment referred to, undertake to instruct the conferees to agree to it. It may be that the conferees may agree to it, or they may be willing to agree to it with different language, or they may be opposed to it altogether. Certainly we should trust our conferees and permit this matter to go to conference, and let them report back here with such recommendations as they wish to make, and then we will have an opportunity to pass on this matter with some knowledge and understanding of the situation. [Applause.]

Mr. McCORMACK. And might I also suggest that this bill operates for 2 years only, and that its very success is in vesting in the President particular administrative and discretionary powers to make any changes that may develop during the next 2 years.

Mr. BYRNS. I thank the gentleman for that suggestion. This bill, as the gentleman suggests, lasts for only 2 years. It does seem to me under these circumstances that we should place this power in the President. We certainly should do it for the period of 2 years, and no rights will be surrendered when we do it. I hope the House will vote down the motion.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. COLLINS. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. BUSBY].

DO NOT REPEAL THE ANTITRUST LAWS

Mr. BUSBY. Mr. Speaker, I want to remind this House that our rules of procedure are such that if we relinquish this opportunity to preserve the antitrust laws we will have no other opportunity to vote directly on the proposition. We are so constituted and so hedged about by rules that this particular time is the only time we can assert ourselves.

The antitrust laws grew out of a condition. There was a time when trusts were formed without any restraint whatever, and back in another Roosevelt's day we had the saying that he was a "trust buster" for the welfare and benefit of the common people. The laws we are now about to repeal were wholesome laws and for the protection of the common people against oppressive combinations. We do not want to tear down those laws that were enacted as the result of a condition that existed then for the protection of the masses of the people. Let us adopt this motion and retain those laws.

PRICE FIXING TO THE CONSUMER

The gentleman from Pennsylvania [Mr. KELLY] has always been for fixing the price which a retailer must pay for an article. The gentleman has been for letting the manufacturer place upon the consumer the absolute say as to what he shall pay for an article that he consumed. I am not surprised that the gentleman takes the attitude he does here today. Let us vote for this motion offered by the gentleman from Mississippi [Mr. COLLINS] and end the controversy between the House and the Senate, because the Senate has given us, through the Senator from Idaho [Mr. BORAH], what we want and what the country must have for its protection from those trusts. This is the only time you will ever have in which to do it.

The SPEAKER. The time of the gentleman from Mississippi [Mr. BUSBY] has expired.

Mr. COLLINS of Mississippi. Mr. Speaker, I move the previous question.

Mr. KELLY of Pennsylvania. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KELLY of Pennsylvania. Is is not possible that some time can be granted now for a little explanation?

The SPEAKER. Not unless the previous question is voted down.

The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi.

Mr. MEAD. Mr. Speaker, may we have the motion read again? This motion cuts the heart out of the bill, and we ought to hear it read again.

The SPEAKER. Without objection, the motion will again be reported for information.

There being no objection, the Clerk again reported the motion offered by Mr. COLLINS of Mississippi.

The SPEAKER. The question is on the motion of the gentleman from Mississippi [Mr. COLLINS].

The question was taken, and the Speaker announced the noes seemed to have it.

Mr. COLLINS of Mississippi. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

So the motion was rejected.

The Chair appointed the following conferees: Messrs. DOUGHTON, RAGON, SAMUEL B. HILL, TREADWAY, and BACHARACH.

FOURTH DEFICIENCY APPROPRIATION BILL

Mr. BUCHANAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years; to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; and pending that motion I ask unanimous consent that there be 1 hour of general debate, one half the time to be controlled by the gentleman from New York [Mr. TABER] and one half by myself.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BUCHANAN]?

Mr. GOSS. Mr. Speaker, reserving the right to object, does the request confine the general debate to the bill?

Mr. BUCHANAN. I did not make that request.

Mr. GOSS. Well, reserving the right to object, Mr. Speaker, is the debate confined to the bill?

Mr. BUCHANAN. No, sir; I did not make that request.

Mr. BYRNS. Why not confine it to the bill?

Mr. TABER. When there is only 1 hour of debate, practically all of it will be taken up on the bill, of course.

Mr. O'CONNOR. Reserving the right to object, what speech outside the bill has the gentleman in mind that might be delivered?

Mr. SNELL. Well, we do not want to be too fussy about that.

Mr. O'CONNOR. Well, I will be so fussy that I will object to the unanimous-consent request if it is not confined to the bill.

Mr. SNELL. Now, there may be some other unanimous-consent requests that you will want to put today. We have been very liberal on this side.

Mr. O'CONNOR. Is there going to be any talk about the London Conference or Mr. Norman H. Davis?

Mr. SNELL. I will say I do not know anything about it.

Mr. CELLER. Mr. Speaker, I object.

The SPEAKER. Is there objection to the request of the gentleman from Texas that general debate be confined to 1 hour, one half to be controlled by the gentleman from New York [Mr. TABER] and the other half by the gentleman from Texas [Mr. BUCHANAN]?

Mr. CELLER. Mr. Speaker, I object, unless it is confined to the bill.

Mr. BUCHANAN. Mr. Speaker, I move that general debate be confined to 1 hour, 30 minutes to be controlled by the gentleman from New York [Mr. TABER] and 30 minutes by myself.

The motion was agreed to.

The SPEAKER. The question is on the motion of the gentleman from Texas [Mr. BUCHANAN] that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6034.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6034, the fourth deficiency appropriation bill, with Mr. SIROVICH in the chair.

The Clerk read the title of the bill.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TABER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill calls for an appropriation of $3,459,480,000, certainly the largest peace-time appropriation ever made by the Congress of the United States, and I believe by any other legislative body. It is an item so large as to stagger the imagination, but the thing that worries me the most about it is this: The bill itself in the main is for $3,300,000,000. That is the main thing. The item which is contained in the so-called "industrial recovery bill", which I believe is misnamed, and other items amounting to approximately $150,000,000.

Now, the Federal Budget with the bills now before the House is unbalanced almost beyond the dreams of war time.

Savings have been made by the Roosevelt administration in all departments to date amounting to the following, according to my figures on the basis of what this veteran situation will be if House Resolution 185 is adopted:

Veterans' Administration, $300,000,000.

Salary cuts beyond those that were made before, $100,000,000.

Army, $20,000,000.

Navy, $10,000,000.

This makes a total of $430,000,000.

As against these items we have expenditures in sight based on appropriations alone for expenditures and not including funds raised for loans by the Reconstruction Finance Corporation or otherwise as follows:

Cost of labor, including transportation in Pullmans of those who are to work for $1 a day in the camps, $250,000,000.

The so-called "Wagner-Costigan bill", $500,000,000.

This fourth deficiency bill, not including those items which relate to loans or advances which might be paid back, $3,349,000,000, a total of increased expenditures of $3,699,000,000.

Take out the savings, and you have an increase of expenditures of $3,269,000,000 for the year.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a short question?

Mr. TABER. I yield.

Mr. SNELL. I notice by the papers that the President said if this increased amount of $170,000,000 is paid to the soldiers we would have to have new or excess taxes. What provision is made to take care of all these increased expenditures the gentleman has just been talking about?

Mr. TABER. Oh, we will just issue bonds. That is easier than increasing the taxes.

Mr. SNELL. Does this provide the balanced Budget we have been talking about?

Mr. TABER. Oh, no; only in somebody's imagination, but not in the Treasury of the United States.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. HARLAN. Does not the gentleman make a distinction between those expenditures that are for 1 year, for which bonds may be issued, and those recurring expenditures such as veterans' relief, which are going on from year to year?

Mr. TABER. Why, these bond expenditures have been going on, and they are not going to stop if we go along this

time. These bond expenditures are all for foolish expenditures which we do not need to make and which make conditions worse and retard recovery. They do not help the situation a bit, but they absolutely prevent recovery.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield for a question?

Mr. TABER. Not now.

Mr. McFARLANE. Has not the gentleman been voting for all these bills?

Mr. TABER. Mr. Chairman, I decline to yield.

We have made an increase in the expenditures of the Government of the United States of $3,269,000,000 in 3 months and 6 days. Our increase runs at the rate of only $1,000,000,000 a month for this administration. This is a record to which any administration can point with pride as an evidence of ability to get money out of Congress, but not with pride as an evidence of interest in the taxpayers of the United States.

Mr. BUSBY. Mr. Chairman, will the gentleman yield for a short question?

Mr. TABER. In a moment.

These expenditures will place upon the people an intolerable tax bill and bond issues which will be unpaid after years and years.

As I said, we are considering the largest peace-time bill ever brought into Congress. Never will the Budget be balanced by such operations. Never will American prosperity be restored until we have an end to such foolish, wasteful, and ridiculous expenditures.

None of these bond issues can be paid in the lifetime of any of us.

Mr. Chairman, I now yield to the gentleman from Mississippi [Mr. BUSBY].

$500,000,000 WAGNER-LEWIS BILL WILL NOT UNBALANCE THE BUDGET; $170,000,000 RELIEF FOR WOUNDED SOLDIERS WILL UNBALANCE THE BUDGET

Mr. BUSBY. Referring to the question asked by the gentleman from Ohio, may I state I am a member of the Banking and Currency Committee which reported out the Lewis-Wagner bill to spend by giving outright to the States $500,000,000. That was handled through the Reconstruction Finance Corporation to keep it from unbalancing the Budget. It is, none the less, a burden on the taxpayers. As the gentleman has pointed out, it was $500,000,000 given away through the Reconstruction Finance Corporation, not loaned, the purpose for which the Reconstruction Finance Corporation was organized. Bonds are freely sold to raise this money and the tax-exempt bonds and annual interest must be paid by taxing the people.

Now, however, they are working this $170,000,000 soldiers' expenditures as a current item, claiming it will "unbalance the Budget", to prejudice the cause of the soldiers and for no other reason in the world.

They are carrying the $500,000,000 gift made by the Treasury to certain States and by them to certain cities through the sale of bonds to make it hard for the general public to understand about this heavy burden they must meet by taxes. It is a "painless burden." That is all there is to it.

Mr. TABER. I may say to the gentleman from Mississippi that the soldiers' item is a mere bagatelle compared with the raping of the Treasury we have been pulling off here.

$10,000,000,000 INCREASE IN NATIONAL DEBT—$400,000,000 INCREASE IN ANNUAL INTEREST

Mr. BUSBY. If the gentleman will permit a further statement, from the low point in our national debt in 1930 we will have increased the national debt $10,000,000,000 before we end this program, and it will mean $400,000,000 added interest a year for the people to pay, almost $1,500,000 a day tax-exempt interest to the bond buyers. That is how we are going along for economy. [Applause.]

Mr. TABER. I am going to vote against this bill.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. TABER. No one knows the amount of money that is in the minds of those who have the authority to spend this, or who will have the authority to spend it. They have no idea as to how they are going to spend it. They just imagine they can spend this money and that we are turning it over to them carte blanche to cut loose and do almost anything with it they can dream of.

Mr. Chairman, I hope there will be a substantial protest vote against this bill, so that there can be something with which the American people can apply the brakes and such stuff as this stopped.

Mr. BUCHANAN. Mr. Chairman, as the House knows, this bill carries appropriations to give effect to the President's program to relieve the depression. My colleague, the gentleman from New York [Mr. TABER] states that it is the largest peace-time appropriation in the history of our country. It is a large appropriation, but is it a peace-time appropriation? [Applause.] This country is as much in an economic war with as great potentiality of danger as ever occurred upon any sanguinary field of strife, and we are trying to combine our public activities with private activities to relieve the great amount of unemployment in the country, and we believe this measure will do it.

The hearings before the committee showed that the public expenditure of this money, combined with the agreements they are having with private enterprise, will employ not less than 4,000,000 of the unemployed in this country, and yet the gentleman complains about this being a large appropriation.

I do not know whether I should go into the details of this measure or not. The principal appropriation is one of $3,300,000,000 to relieve unemployment, for public roads, in which Muscle Shoals is also included, and for the encouragement of the matching of State appropriations for local enterprises in such States.

This is an emergency appropriation. If it is to do any good at all, it must be expended now or during the coming year, while the great amount of unemployment exists, and it must be spent while private enterprise has indicated a willingness to join hands with the Government to relieve the unemployment in our country, because when we bring back the purchasing ability of the people, the depression will disappear.

There is $40,000,000 for the Farm Credit Administration, to help our farmers get credit.

There is $50,000,000 to enable the farmers who borrowed money from the Federal land banks to have the past-due interest on their mortgages continued for another year so that they may not be foreclosed and their earnings of a lifetime wiped out.

There is $1,500,000 for the establishment of employment organizations in every State of the Union to coordinate employment organizations and to relieve unemployment so that the man without a job can be brought to a job and the job can be brought to the man.

There is $125,000 as a guaranty fund for the economic conference that is now in session. We appropriated $150,000. This will last for 3 months at very reasonable rates on everything. If the conference should last longer than 3 months, we would have no money to sustain our conferees over there, and it would be a burning shame if the money should give out before the conference had concluded its deliberations and our conferees would have to leave on account of the lack of $125,000. This would be an international shame upon our country.

There is $265,000 additional for an investigation by the Federal Trade Commission of securities under the Security Act which we passed, and the Fair Trade Act, by which agreements and codes of procedures are to be adopted by the different lines of business. These codes of procedure must be investigated before adopted and approved by the Government in order for it to be determined whether such codes are fair to all the interests involved.

Mr. KELLER. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. KELLER. The gentleman from New York [Mr. TABER] refused to yield for a question which I should like now to ask the chairman of the committee. Did the gentleman from New York or any of the other opponents of this

appropriation propose a method for bringing back prosperity without expending money?

Mr. BUCHANAN. They not only did not propose a method to bring back prosperity without expending money, but they never have proposed any method at all, either now or heretofore.

Mr. KELLER. That is what I wanted to know. I thank the gentleman.

Mr. BUCHANAN. We propose to try to do something, and you cannot do anything unless you have some money to do it with.

Mr. LUNDEEN. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. LUNDEEN. I should like to ask why the gentleman objects to spending $170,000,000 for the soldiers.

Mr. BUCHANAN. Has the gentleman heard any objection from me?

Mr. LUNDEEN. I do not mean the gentleman, but the gentleman's party.

Mr. BLANTON. Will my colleague yield?

Mr. BUCHANAN. I yield.

Mr. BLANTON. My colleague does not mean to say that the Republicans did not spend money, but merely that they accomplished nothing, because for the past 4 years the Republicans under President Hoover spent $1,000,000,000 a year more than we took in from all sources.

Mr. BUCHANAN. I am not going to discuss the soldiers, because that will come up later for discussion on the floor. I may simply say that I want to see a compensation and pension system adopted that is fair alike to the soldiers and to the people of the United States, and I want to see every soldier with a service-connected disability properly compensated for his disability. This is the highest duty the Government owes to any class of people.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. SHALLENBERGER. I think the gentleman should call the attention of the House to the fact that while this bill carries $3,300,000,000 to carry out the purposes of the Industrial Recovery Act, that act itself carries a tax to amortize the bonds and pay the interest. So it does not put an additional drain upon the general expenses of the Government, because the act itself provides for such payment.

Mr. BUCHANAN. Certainly. That measure carries a tax to provide a sinking fund and to provide for the payment of the interest on the money borrowed. Not only that, but a great deal of this money is merely lent and will come back to the Treasury.

Mr. WADSWORTH. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. WADSWORTH. May I ask the gentleman to give us some information as to this language on lines 9, 10, and 11, page 4: "and investigations of the Tennessee Valley Authority, including reimbursement for any expenses prior to the enactment of this appropriation incurred at the direction of the President." Has any accounting been rendered indicating how much has been expended without authority?

Mr. BUCHANAN. The committee had no accounting on that.

Mr. WADSWORTH. And the committee does not know how much it amounts to?

Mr. BUCHANAN. The committee does not know how much money has been spent, but every cent no doubt has been spent with the approval of the President and for a good and laudable purpose to procure relief for the unemployed.

Mr. WADSWORTH. But without authority of law, and you do not know how much it amounts to?

Mr. BUCHANAN. No; and I do not care how much it amounts to as long as the unemployment is relieved and prosperity is restored.

Mr. WADSWORTH. But this has to do with the Tennessee Valley Authority. The gentleman does not know how much has been spent on that?

Mr. BUCHANAN. No; I cannot tell the gentleman.

Now, I do not care to have anything more to say, but I hope that this bill will pass today so that the House will be ready for adjournment when the Senate is ready, and it cannot be said that the House has been laggard in transacting business throughout this session. [Applause.]

Mr. THURSTON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, this is a very important deficiency bill. Never during my 20 years of service has there been a more important deficiency bill. I know that my vote against it will have very little effect, but I propose to register my vote against the bill, and in doing so I believe that I am voicing the best interests of the people of my district and the country as a whole. [Applause.]

We have very little information relative to this expenditure that is proposed of $3,300,000,000. Doubtless the smaller appropriations in this bill proposed may be fully justified, but there are two items I want to call your special attention to—the $3,300,000,000, on which we have no information as to how the money is to be expended; and the $125,000 being appropriated for expenses of the London Economic Conference which starts next Monday—this in addition to the appropriations which have already been made.

I have repeatedly said, during the various stages of authorization of this economic conference, that the debt question—the debts owed by the allied nations to the United States—was the principal purpose. It started out as a silver proposition. Then it came in as a tariff proposition, and then as an international exchange situation.

We now know that the economic conference is going to discuss the question of cancelation of debts owed this country by the foreign countries.

I want to remind this administration that no one has a right to cancel these debts except Congress. [Applause.] And if I had the power, what I would do now would be to serve notice on foreign nations that they must pay up and shut up—and that is what I hope the administration will do. [Applause.]

What I fear, however—and it is very evident here by the statement just made by the leadership of this House—is that they do not propose to have the Congress in session at all while this London conference is in session, and apparently the principal reason why we are to quit and adjourn this session of Congress is so that the Representatives of the people cannot keep in close touch with what is taking place in London and register their protest against it. This Congress should remain in session while this conference remains in session. I enter a further protest against—I understand it is in the offing—the President of the United States himself going to London to sit in on this international conference. My God! Have we not had enough experience with Presidents of the United States going abroad and intermingling in international affairs? We are not yet out of the results of the last trip of this kind. Is not this country having enough trouble here at home without going to London to seek more trouble?

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I am sorry, but I have only 5 minutes.

Mr. BLANTON. Will the gentleman yield for one question?

Mr. McFADDEN. I yield for a question.

Mr. BLANTON. I agree with the gentleman, that no power except the Congress of the United States has the right to cancel debts foreign countries owe us. That is agreed, is it not?

Mr. McFADDEN. It certainly is.

Mr. BLANTON. Then, if the Congress is the only power that has authority to cancel debts, why be afraid?

Mr. McFADDEN. Because of what is taking place.

Mr. BLANTON. They cannot cancel the debts over there. It is only the Congress of the United States that can do that. And we are not going to permit anybody else to cancel our foreign debts. And more than that, they are not going to be canceled.

Mr. McFADDEN. I am very glad the gentleman agrees with me, that no one except Congress can cancel these war

debts. They are debts of honor. But so many maneuvers are taking place and they are so cleverly managed by these international gentlemen, the cleverest ever assembled in any international conference, that I am fearful that the United States is going to be inveigled into a situation that will not be for the best interest of the people of the United States. The chief adviser on debts, you must remember, is James P. Warburg, of the banking family of Kuhn, Loeb & Co., of New York, and of the firm of M. M. Warburg & Sons, of Hamburg, Germany. He is one of the inside group of international bankers who have had control of our financial system—which control has ruined this country.

I think it is unfortunate that during this conference the Congress of the United States cannot remain in session, and I enter my protest against the acceptance of any $10,000,000 payment on the part of Great Britain as now being proposed, or any of these countries in partial payment of what is due this country on June 15 next. I insist that the United States should serve notice on these foreign nations that they should pay and shut up. Therefore I can see no reason why we should appropriate another $125,000 to pay the expenses of continuing in this conference.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BRITTEN. Does not the gentleman really feel that the $275,000 appropriated in this bill and the previous bill for the expenses of this conference is just like throwing that much money into the wastebasket?

Mr. McFADDEN. I do, because nothing is going to be accomplished that is for the benefit of the American people at this conference. Its sole purpose is to cancel the obligations which these foreign countries owe to the United States. Inasmuch as I shall probably not have an opportunity to discuss the control of industries bill, except under the limited time that might be available when the conference report is requested, I am taking advantage of the opportunity granted me to refer to that bill at this point.

May I invite your attention to remarks made by Mr. Bernard M. Baruch in hearings before the War Policies Commission pursuant to Public Resolution No. 98, Seventy-first Congress? These hearings were held about March, April, and May 1931. Mr. Baruch stated in part:

* * * Our industry must, at last analysis, mobilize itself. What is required is leadership of a type that will persuade cooperation in every branch. This leadership must be backed by sanctions of far greater force than can or ought to be used in peace. It is a spontaneous sort of function utterly inappropriate to any imaginable form of bureaucratic organization. * * *

As I have said, I do not favor an involved statute attempting to anticipate the requirements of another war.

I think plans should be made and revised yearly. I think some steps should be taken to keep selected industrial leaders informed of these plans so that when the principal actors in the 1918 mobilization pass from the scene there will be a nucleus of personnel to take their places. I do not believe that we can go farther.

But, for a very special reason, I do believe that there should be one statute on the books the very existence of which would be a constant warning to everybody that never again in America will any man make as much profit in war as he can make in peace. There need be nothing complex nor involved about it. Purely for purposes of discussion, I have prepared a rough draft, eliminating enacting clauses and formalities. It follows:

"That whenever Congress shall declare war or the existence of an emergency due to the imminence of war, then, from and after a date prior to such declaration, which date the President is hereby authorized and directed to determine and announce, it shall be unlawful for any person to buy, sell, or otherwise contract for any service, right, or thing at a higher rate, rent, price, wage, commission, or reward than was in effect at the date so determined.

"Whenever, in the sole discretion of the President, he shall determine that any maximum price, wage, rent, rate, commission, or reward should be adjusted either upward or downward, he is hereby authorized to make and proclaim such adjustment; and such adjustment shall have the full force and effect under this statute of such price, wage, rent, rate, commission, or reward before such adjustment.

"During the period of any war or emergency declared by Congress thereunder the President is authorized to determine, and by proclamation announce, what classes of public service, or of dealers or manufactures of any article or commodity shall be required to operate under licenses, to fix a condition of such licenses, and to grant licenses under such conditions. After such determination by the President it shall be unlawful for any public service, dealer, or manufacturer in such determined classes to engage in business without such license.

"During the period of any war or emergency declared by Congress hereunder, the President is authorized to determine the order of priority in which any manufacturer, dealer, or public service in the United States shall fill customers' or other orders and after such determination it shall be unlawful for any such manufacturer, dealer, or public service to fill such order in any other order of priority."

So much for the bill he proposed, but bear in mind he was emphatic that it should be used only in the event of war or an emergency caused by the imminence of war. He further stated:

Nobody with any familiarity with industry could seriously urge a wholesale assumption by any Federal bureau of the responsibility for management of any or all of the vast conjuries of manufacturing establishments upon which we must rely for extraordinary effort in event of war. Even if such bureau management could prove adequate to the task (which it could never do), the mere process of change would destroy efficiency at the outset.

The industrial pattern of the United States is a delicate mesh of interrelated strands. It has been evolved in response to the needs of the Nation and under natural economic law but dimly understood. It is a sensitive living organism, and the injection of arbitrary and artificial interference could be attempted only at the risk of starting a sequence of upheavals, the ends of which no man can see. * * *

Baruch also presented to the War Policies Commission a draft of a proposed act regarding price fixing, and stated:

General Johnson, who was instrumental in drawing up the selective-service legislation, as it was submitted to Congress during the war and who wrote the selective-service regulations, assisted in preparing this draft. * * *

Johnson, as well as Herbert Bayard Swope, was present with Baruch during these hearings, and they appeared to be his lieutenants, Johnson especially acting in the capacity of an assistant. Johnson is now proposed to head the new industrial reorganization group.

Baruch also stated: "For 13 years I have been coming down and working with my associates in the War Department * * *," referring to this particular proposed legislation.

Along with Johnson being proposed to head the new control Baruch is mentioned as topping the list. Also mentioned, Alfred P. Sloan, of General Motors; Roy D. Chapin, former Secretary of Commerce, and of the Hudson Motor Car Co.; Walter C. Teagle, of Standard Oil Co.; Gerard Swope or Owen D. Young, of General Electric; Donald Richberg, counsel for railroad labor unions, is mentioned as counsel for the new set-up. Johnson has already been at work establishing the new set-up with the aid of Government employees furnished by the Department of Commerce.

Mr. Baruch's name has been more or less subdued and infrequently used during these early days of the present administration, but facts and conditions indicate the country will hear more of him.

I wanted to take this opportunity to, just for a moment, focus the spotlight on this considerable power behind the throne. It may prove a valuable ready reference for the future.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BUCHANAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Chairman, we see gentlemen on the other side of the aisle rising here this morning to speak for the RECORD. They say nothing about the utter depths to which they brought this country due to their administration and the control of the policies of this Government. Never before in the history of our country did we have the millions of men and women walking up and down the highways and byways of this country without employment, and in many cases even without food. When we raised the issue on this floor 3 years ago and brought to the attention of the people of the country that there were 5,000,000 unemployed in this country gentlemen on the other side of the aisle denied that such unemployment existed. The President denied it. The Secretary of Labor denied it. When

Senator WAGNER made the statement that this large number was out of work it was emphatically denied, not only by the Republican administration but by the Republican leadership in this House. Now when we come in here and want to do something constructive to help our people they say, "Oh, you are spending the people's money." Yes, we are spending the people's money, in order that something may be accomplished for their benefit rather than to continue to lie in the rut you left us in during the past 4 years. It is generally recognized that one of the very first things in legislative practice is, if you have objections to offer to a measure, is to propose an alternative, but the gentleman from New York [Mr. TABER] proposes no alternative. No; he is up here to speak for the RECORD. We are spending the people's money in order to help them, in order to bring the country back out of the rut into which it has been put by the Republican administration, and we are glad to spend this money.

Then we have the celebrated apostle of impeachment rising on this floor, a gentleman who has never offered a constructive suggestion since I have been here, or any important suggestion other than to impeach the President and protest against some mythical bogey international bankers—a man who would stir racial hatred, who would separate and divide our people, and who will not be fair enough to permit false and forged statements to be taken out of the official record of this House. Then we are told that we are spending needlessly the funds of the people. We admit that we are spending them, and why? We want to give them food, we want to give them clothing, we want to give them employment. We care nothing about international bankers or the impeachment of Presidents while our people are unemployed and hungry. What we want to do is feed the people, put clothes on their backs, and give them jobs, so that they can become self-respecting, and not be carried away by mythical things that amount to nothing. Come to us with hands that possess something constructive as an alternative to the proposition that we offer. You come with empty hands. Anybody can criticize. You do not offer a single constructive suggestion. You object because we try to keep the home for the little fellow who is going to be foreclosed; you object because we want to keep the distressed farmer on his farm. Are those constructive measures? Are these measures that will help our people? We say "yes", and we defy your criticism, because you have nothing better to substitute. You want to tear down, we want to build up.

Mr. BRITTEN. Will the gentleman yield?

Mr. BOYLAN. Yes, I yield.

Mr. BRITTEN. I am glad to hear of my friend's confidence in the Economic Conference that is to take place in London, and I am wondering if he bases his conclusions upon the theory that a Democratic administration provided the billions of loans to Europe and now another Democratic administration should relieve them of those loans. The gentleman is talking about political administrations. Does the gentleman think that European nations may be relieved by this Democratic administration of their just debts?

Mr. BOYLAN. In answer to the gentleman, I want to say what the London Conference will do, you do not know and I do not know, but I am willing to take a chance that they will do something helpful for world recovery. As to the matter of the debts——

Mr. BRITTEN. You mean they will do something to us?

Mr. BOYLAN. Pardon me. Let me answer you. As to the matter of the debts, that subject is not included in the provisions of this bill.

Mr. BRITTEN. Then the conference will go up in smoke. That is the only reason for the conference.

Mr. BOYLAN. That is the gentleman's opinion.

Mr. FORD. Will the gentleman yield?

Mr. BOYLAN. I yield.

Mr. FORD. The gentleman adverted to the loans that were given by the Democratic administration, but he did not say a word about the $17,000,000,000 that the Republicans allowed the American people to be bilked out of by the last administration.

Mr. BOYLAN. No. He did not say a word about that; he carefully kept that under cover. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from New York [Mr. BOYLAN] has expired.

Mr. BUCHANAN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, this is an industrial war, and this is a war measure to get out of it. This is a bill to appropriate the necessary money to put into effect the public-works program recently approved by this House. I repeat what I have said many times on this floor, that the only remedy for the terrible condition under which we are suffering is putting men to work, giving men jobs. I have stood here for 2 years pleading for jobs for men and the God-given right to a job of every man and woman who wants to work. In times of chaos like this the Government must assume leadership and provide jobs. And we cannot have jobs unless we appropriate the money that will create these jobs.

What brought about these conditions we are now compelled to meet? What was done by the gentleman from New York, who refused to let me ask him a question, to prevent this debacle? What has the gentleman done since to take us out of that condition? What has the gentleman or his colleagues proposed to bring back prosperity, which he and they threw away during their administration? I stand here and say to you that here is a condition the like of which no party has ever before inherited. It is begging the question for any of you to suggest that this terrific condition is at all comparable to that of the World War. More money has been lost through the misgovernment of the past 12 years, and especially the last 4 years, than the entire cost of the World War to all of the nations engaged in it. The economic loss to the people of the United States alone in this panic and its resulting depression is greater, I repeat, than the entire cost of the World War to all the nations engaged in that war. We overlook that and talk petty politics. I am astounded that the gentleman would resort to politics in a time like this. I have never made a party speech from this floor, and I have no desire to do so, but if that is what the gentleman wants I shall welcome the encounter. So I say to the gentleman—and I ask him again—what have you proposed and what do you propose? What are your colleagues going to propose?

Mr. TABER. Will the gentleman yield?

Mr. KELLER. Yes; in just a minute. Do you propose to stand still as you have been doing? What did you do after the debacle came? What measures did you take? Why did you stand and let 13,000,000 men lose their jobs in this country without taking a solitary step to prevent it? What did you do to retain them in their jobs while they still had them? What are you doing to give back their jobs? Those are the questions which the gentleman refuses and fails to answer.

Mr. TABER. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. TABER. I have answered those questions many times on this floor. If we had not gone on with these foolish expenditures during the years, we would not have had this trouble.

Mr. KELLER. What foolish expenditures does the gentleman refer to? Does the gentleman hold that it is foolish to spend money on needed permanent public improvements? Do you still think we can scrimp and pinch our way out of a disaster like this? Do you think all we need to do is to continue to starve through this terrible national cataclysm? How many more years of poverty must be added to these three and a half of misery and distress? My dear sir, let me suggest to you that nobody knows your answer except perhaps yourself, because it was never given effect here, and you have been one of the leaders of this body. You stood by and permitted, nay, more, you assisted in reducing the income tax time after time which took away the ability to pay all the war debts as they could have been and should have been paid out of the war-made billions.

Mr. McFARLANE. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. McFARLANE. Is it not true that the Republican Party has been in power at least 12 years and incurred all these enormous expenses?

Mr. KELLER. Absolutely true.

Mr. BLANTON. Will the gentleman yield?

Mr. KELLER. Yes. I am glad to yield to my friend from Texas.

Mr. BLANTON. My colleague from Illinois should be easy on these Republican holdovers across the aisle.

Mr. KELLER. I am.

Mr. BLANTON. They have not done anything constructive or worth mentioning for these past 12 years and we Democrats are passing emergency legislation to effect speedy recovery so fast that they cannot keep up with us.

Mr. KELLER. Right. That is a good suggestion.

Mr. BRITTEN. Will the gentleman yield?

Mr. KELLER. I yield to the gentleman from Illinois.

Mr. BRITTEN. Is it not a fact that during the Republican administration following the Wilson administration the bonded indebtedness of the country was constantly decreased, and during the present administration it has been constantly increased?

Mr. KELLER. During the administration the gentleman refers to it was decreased very slightly when it ought to have been wiped out completely. That is the fact.

Mr. BRITTEN. It was decreased $10,000,000,000.

Mr. KELLER. It was not. It was decreased $6,000,000,000 under the Democratic rule after the war. It was decreased about $8,000,000,000 under the first 8 years of Republican rule, when it ought to have been, and could have been, completely and entirely wiped out. If the Democratic tax rates had prevailed it would have been absolutely wiped out. And the last 4 years of the Republican administration the debts were increased by five billions, in a period of absolute peace. In addition, the country was left prostrate financially, as everybody knows.

Mr. CELLER. The gentleman might say to the gentleman from Illinois that he increased the deficit greatly by insisting that the American fleet journey uselessly to Montauk Point, Long Island.

Mr. BRITTEN. Will you take that as an answer?

Mr. OLIVER of New York. If the gentleman will permit, it might be said that the "brain trust" has succeeded the "brainless trust."

Mr. KELLER. Yes. The gentleman from Illinois [Mr. BRITTEN] asks me whether I shall accept an answer. It is not a question whether I shall accept an answer, but whether he will accept an answer—the answer to the plea of the destitute unemployed, the most pitiful of all pleas, a plea only for the right to live by their own labor.

Will the gentleman from Illinois and the members of his party answer this cry of the multitude for work as they have in the past with shouts of "No!" Or will he and his colleagues come forward and answer the cries of the unemployed for work by voting for this bill, a bill which is more than a measure to provide work? It is by far the greatest document in the interest of mankind of any since the Declaration of Independence. That document only enunciated the principles of the rights of men to life, liberty, and the pursuit of happiness. This bill is the first step in putting those principles into force and effect. It is an acknowledgment by Government that men shall be protected in the right guaranteed them 157 years ago.

It is fitting and proper to point out at this time for those who will write our history that Thomas Jefferson, the first Democrat, wrote those memorable words:

> We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights, among which are the right to life, liberty, and the pursuit of happiness.

One hundred and fifty-seven years have elapsed, and another Democrat, Franklin D. Roosevelt, who can be compared only to Jefferson in his feeling for the rights of men, shall put into effect those principles through the instrumentality of this bill. Upon the passage of this act we shall have departed upon a new era in economics and in government, an era in which the rights of men are to be paramount, when the pursuit of happiness shall be possible, and not a meaningless phrase, when liberty shall take on a new meaning, the liberty to earn one's way by his own labor.

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Chairman, I yield 4 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Chairman, I sought and obtained 4 minutes to address the House at this time on the necessity of the passage of the bank bill, which is now in conference.

I have just learned that the chairman of the Committee on Banking and Currency, the gentleman from Alabama [Mr. STEAGALL], who is very much interested in the passage of this bill, is ready to make a statement to this House; and I, therefore, want to yield back my time that it may be yielded to the gentleman from Alabama so that he may advise us the status thereof; but may I say in doing so that I hope this House will not adjourn until this bank legislation is passed. For one, I am against adjourning until it is passed. [Applause.]

Mr. BUCHANAN. Mr. Chairman, I yield 4 minutes to the gentleman from Alabama [Mr. STEAGALL].

Mr. STEAGALL. Mr. Chairman, I believe it to be my duty as chairman of the Banking and Currency Committee and as a member of the conference committee of the House on the bank reform bill to report to the House the progress that has been made in connection with that legislation.

I will say to the House that the conferees have met frequently for two weeks, and that at every meeting we have made some progress toward a final agreement on the bill.

I believe I am justified in saying that an agreement would have been reached on yesterday but for the fact it had been announced Congress would adjourn tonight and the further announcement that a filibuster would be resorted to in order to defeat the adoption of a conference report in the Senate.

Your conferees have labored industriously, hour by hour, to agree upon a report, and that we have yielded as far as we felt we could if we were to preserve the expressed will of the House as embodied in the bill which passed this body.

We are not willing to agree to any bill that will deny a fair opportunity to any solvent State nonmember bank to participate in the benefits of the insurance fund. [Applause.] And we are not willing to agree to any plan contrary to the judgment of this House to commit this country to the policy of branch banking. [Applause.]

The big bankers are fighting this legislation. They are approaching the question from every angle, and they are throwing every obstacle in the way that the human brain can devise to defeat this legislation. But the people of the United States demand that it be passed for the protection of the public. [Applause.] Without it, it is folly to expect the people to trust the banks with their deposits, and so long as this situation continues we cannot expect satisfactory recovery of business in this country. [Applause.]

We shall have to employ bank credit before we get out of this depression, and we cannot employ bank credit so long as every banker is shivering in his shoes for fear of a mob at his door demanding cash for deposits. [Applause.]

This legislation is an indispensable step in any program for restoring normal business and the return of prosperity in the United States. [Applause.] If you agree with me, let me tell you that you should stay here and continue to represent your districts by insisting upon the passage of this legislation. [Applause.]

The House is overwhelmingly for this great reform, and so is the Senate. Both bodies have shown this by their votes. If we cannot get a conference agreement to a fair bill, representing the judgment of this House and the wishes of the American people, we should stay here and, if necessary, pass a separate bill and send it to the Senate, and the Senate will pass it if given an opportunity. [Applause.]

The Senate favors this bill. The House is overwhelmingly for it. If we will only stand firm, we shall see that it is passed before we can complete plans to go home. The people of the Nation demand and expect bank reform. If we fail to enact such a measure, it will bring disappointment that will

be felt by all classes of citizenship and accentuate the loss of confidence which has caused so much demoralization and distress. We should not adjourn without passing this legislation. [Applause.]

Mr. THURSTON. Mr. Chairman, I yield 9 minutes to the gentleman from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Chairman, it is infamous that Norman H. Davis, now acting as United States Ambassador at Geneva and London, and engaged in the most vital negotiations in derogation of American rights as an independent Nation and American interest in international financial and economic affairs, should be the representative of the United States in any capacity, particularly in the important capacity of his present mission.

Mr. Davis has been the paid agent or representative or participant in the profits of J. Pierpont Morgan & Co., American fiscal agents of the British Government, who are vitally interested in our foreign policy and in the international financial and economic policy of the United States, contrary to the best interests of the American people. This relationship is in addition to his having for several years a partially unliquidated loan with J. Pierpont Morgan & Co., and being upon the so-called "favored subscribers", "insiders", "beneficiary", or "preferred" list of that firm for investment purposes, as developed recently by a Senate committee.

Mr. PARSONS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Massachusetts yield for a parliamentary inquiry?

Mr. PARSONS. May I ask what the parliamentary situation is, whether the debate is confined to the bill?

Mr. TINKHAM. Mr. Chairman, I decline to yield.

The CHAIRMAN. The gentleman from Massachusetts declines to yield. The Chair may say to the gentleman from Illinois that debate is not confined to the bill.

Mr. TINKHAM. According to Leland Hamilton Jenks, now professor of social institutions at Wellesley College, in his book, Our Cuban Colony, published in 1928, page 327, there appears on page 18 of the April 1915 Times of Cuba the following statement:

> Cuba has recently arranged a loan with J. P. Morgan & Co., through Norman H. Davis, acting as representative of that firm.

Let Norman H. Davis and the Department of State deny this statement, and let J. Pierpont Morgan & Co. deny that they or their agents or servants have ever paid Norman H. Davis any money directly or indirectly.

I am assured by responsible individuals, and I have been promised the official record at an early date, that in or about 1913 Norman H. Davis was indicted by a criminal court in Cuba for criminal action in connection with his organization of and association with the Ports Co., of Cuba, and that he became a fugitive from justice.

Let Norman H. Davis deny that he was indicted in a Cuban criminal court and became a fugitive from justice.

The Ports Co., of Cuba, which obtained a dredging concession, known as the "Dragado concession", from the Cuban Government, was alleged to be guilty of widespread bribery of Cuban officials and of others in the Republic. Referring to this concession in his book Our Cuban Colony, Professor Jenks, on page 119, terms it "the most grandiose attempt at plunder in the history of Cuba." He continues:

> The dredging concession of the Ports Co., of Cuba, was granted by Gomez, revoked by Menocal and Torriente, and settled for at a subsequent date, while the State Department played a curiously ineffectual role, apparently quite out of its depth.
>
> There can be no doubt that the harbors of Cuba needed to be dredged, particularly Habana, where there were and still are some 270 abandoned wrecks, the accumulation of centuries of Spanish rule. It seemed especially important for Cuba in 1910 and 1911. The Panama Canal was just being completed, and thoughtful Cubans assured themselves that the growth of commerce through the canal would mean the rise of Habana as a great port of call and transshipment, the metropolis of the Caribbean, not to speak of all Latin America.
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> A firm of American enterprisers proposed to do it, under authority of a concession for the entire project. The firm, the T. L. Huston Contracting Co., had been constituted in Habana September 29, 1904. Its principal members were Capt. Tillinghast L'Hommedieu, Huston, late of the United States Engineers, and Norman H. Davis, a young man of winning personality and energy, who had attended Vanderbilt University and Stanford without graduating from either. Huston and Davis, who had already engaged in the building business, turned in materials and contracts valued at $19,900, thus paying up the bulk of the capital of $20,000. The firm prospered and developed affiliated organizations, the Huston Concrete Co. and the Huston-Trumbo Dredging Co. It acquired Camoa quarry near Habana with an inexhaustible supply of the best stone. At Concha, it was said in 1913 to have the largest concrete pipe plant in the world. Davis, who, after some misfortunes, retained a flair for banking, organized the Trust Co. of Cuba in 1905, with a distinguished Cuban, Dr. Gonzalez Lanuza, at the head. The bank buttressed the contracting business financially. Of the Huston firm, a British work stated in 1912: "No other foreign concern, outside the great railway corporations, has had as great a share in the building up of modern Cuba."
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> Measures for port improvement in Habana were under consideration by the Cuban Senate, when an organization calling itself the "Cuban Ports Co." presented a proposal, January 25, 1911. The company would dredge and improve a stated list of harbors and maintain them in good condition for a period of 30 years. In payment it asked that port dues be levied and assigned to it for that period, amounting to $1 per ton upon merchandise, 25 cents a ton upon coal. A month later without much debate a law was passed and approved granting the company the concession. By special arrangement the fees were cut down to 68 cents a ton (70 cents on merchandise from the United States) and 10 cents, respectively.
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> The historian is permitted to cut through the melange of legal facts surrounding the origins of this enterprise and to say that the company had no paid-up capital. Its shares to the nominal value of $10,000,000 were issued, $9,000,000 to Captain Huston and the balance to some Spanish and French capitalists of Habana who were leading backers of the dominant Liberal Party. In addition, $825,000 first-mortgage bonds were issued to Huston "for services rendered the company."
>
> Briefly stated, the company proposed to perform works which would cost $10,000,000. It expected to receive fees in payment which were estimated for the first year at more than $1,000,000 and were expected to increase annually for the next 30. The company's mortgage deed of $1,000,000 to the Trust Co. of Cuba, March 11, 1911, appraised the concession at $25,000,000. The prospectus of the loan advertisement in London states that it was expected that the works would be entirely paid for, including interest upon bonds, by the receipts of the port dues in the first 15 years, leaving the entire receipts for the succeeding 15 to the shareholders, subject only to the duty of maintaining the work. The latter were to get $60,000,000 in the course of time for nothing. Norman H. Davis journeyed to London with $6,000,000 in bonds and sold them to Sperling & Co., bankers, who offered them publicly in May 1911.
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> Meanwhile, the contract for the entire work had been let to the T. L. Huston Contracting Co. Subcontracts were awarded to Michael J. Dady, Snare & Triest, Macarthur, Perks & Co., and Bowers Southern Dredging Co.
>
> No one supposed that the Cuban Congress and Government had parted with so valuable a levy of tribute for nothing. The Ports Co. "probably paid a large amount of money to get the concession", states a friendly journalist, "scores of Cuban officials and lawmakers, from the President of the Republic down to common policemen, receiving their share of the spoils." A law partner of the Speaker of the Cuban House was made director of the company. The Speaker himself, Orestes Ferrara, was head of the legal department, which included also Carlos Miguel de Cespedes, Cuban Minister of Public Works in 1926. There was a great deal of legal business to be done.
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> Criticism arose from various sources almost immediately. The United States, however, appears to have taken no notice of the matter until June 23, 1911. On that date it delivered a note to the Cuban minister in Washington in protest. By this time, it will be recalled, contracts had been let, bonds had been sold and widely distributed. The note declared that the project "reflects a highly improvident and dangerous fiscal policy which threatens to lead Cuba to a condition of national bankruptcy and the consequent inability to maintain an adequate government." The United States asked that the project "be thoroughly reformed."
>
> Instructions do not appear to have been so imperative, however, as in less important cases. A year later the United States was addressing Cuba again through Minister Beaupre, June 13, 1912, in the midst of the Negro rebellion. By this time we had formed the opinion that the concession did not conform to the provisions of article II of the permanent treaty. The State Department had taken the matter up directly with the Ports Co. And the company had indicated that it was willing to change the concession to meet the views of Secretary Knox. What seemed to trouble the latter was that the Cuban Government could not terminate the concession "at a just and equitable valuation." So this was arranged for.
>
> Eight days before Gomez left office, May 12, 1913, he published a decree, with the approval of the Ports Co. and the American Legation, modifying the original concession. The Cuban Government could now take over the concession by purchasing the outstanding stock of the company at a valuation to be made by 3 appraisers, 1 nominated by Cuba, 1 by the company, and the third by the United States. This change was enough to make the concession constitutional under the Platt amendment. The

United States also insisted that no more shares be issued and that the capital stock of the company be represented at $10,000,000 in shares of $100 each.

For its part, the company was relieved of performing part of the work which had been assigned to it by law; it was granted title to the lands reclaimed from the sea in the process of dredging; and the government expressly recognized the mortgages which had been issued in guaranty of the company's bonds, and the other contracts which the latter had entered into.

With these amendments the United States approved the concession to the Ports Co. of Cuba.

Its only achievement had been to increase the apparent legal solidity of the undertaking without imperiling in the slightest its prospective profits.

It remained for the Menocal administration, which took office May 20, 1913, to find the vulnerable point in the company's constitution. The last Gomez decree was declared void June 18, 1913, and August 4 the Government took charge of the Ports Co. works on the technical ground that the company in charge was not the concessionaire contemplated by the law. The pretext was flimsy, but it proved sufficient for the Government to carry its point against the company through the courts, and over the somewhat uncertain remonstrances of Secretary Bryan on behalf of the bondholders and subcontractors. The company had done work valued at $5,000,000 up to this time, and had collected port dues to cover nearly all of it.

There was a depression. The Cuban Government continued to collect the port dues, but the work of harbor improvement was left largely incomplete.

Then the bondholders appeared, demanding that the Cuban Government, having in effect taken over the operation of the company, reimburse the security holders "at a just and equitable valuation." And while Cuba successfully resisted suit to this effect in the courts, it was impressed upon her by the United States that something ought to be done for the bondholders. President Menocal informed a committee of legislators March 18, 1915, that the country's credit required indemnification of the bondholders. He endorsed indemnification in a special message January 21, 1916, which failed to produce congressional action.

The entry of Cuba into the World War gave the United States an opportunity to renew bondholders' appeals. And when the Cuban Congress adjourned in June 1917 Menocal summoned it back in special session to authorize him to arrange a settlement. It was stated that Cuba's credit with her allies required the adjustment. Cuba was commencing negotiations with the United States for a loan of $15,000,000 offered by the latter for war purposes. Mr. Norman H. Davis had turned dollar-a-year man and had become financial adviser of the Treasury Department at Washington in charge of loans to the Allies. The Trust Co. of Cuba, of which Mr. Davis remained the head, appeared as representatives of the Cuban Ports Co. bondholders before the commission chosen to help Menocal adjust the claims. An agreement was reached satisfactory to all interests; and April 3, 1918, a decree of Menocal authorized the exchange of $7,000,000 in 5 percent Cuban Treasury bonds for the same amount of bonds of the company. The assets of the company, valued by it at nearly $18,000,000, were returned to it. These included nearly 831,044 square meters of waterfront property in Habana. In a word, the Cuban Government returned the company its assets and assumed its debts. Thus the United States, not to say talented Americans, helped to save Cuba from dangerous improvidence in her resources.

In April 1918 Cuba received her war loan of $15,000,000 from the United States in three installments.

Due to the annulment of the "Dragado concession", according to Professor Jenks, the $6,000,000 worth of bonds which Mr. Davis is said to have floated in London through the British banking house of Sperling & Co. were defaulted. These bonds were not validated and paid until after Norman H. Davis had become financial adviser of the Treasury Department of the United States in charge of loans to the Allies in 1917 and not until United States financial pressure was brought to bear upon the Cuban Government.

Let Norman H. Davis deny the essential allegations in these statements. Let the Department of State deny them.

That Norman H. Davis, a man with such a record and a man who has been denounced by the Court of Appeals of the District of Columbia and the Supreme Court of the United States as a perpetrator of vicious and atrocious fraud, in decisions which I recently read to this House, should represent the United States in any capacity is scandalous. That he should be in Europe as the representative of the President of the United States, proclaiming to the world the surrender of American independence, American neutrality, American freedom of the seas, and the subjection of American defense to European supervision is not only a disgrace to the people of the United States but is high treason against the United States.

I have been informed and have reason to believe that the Department of State was in possession of the facts which I have related before Norman H. Davis was appointed to represent the United States at Geneva and London.

I wish to notify the House that I shall send a statement of these facts to the Department of State. If no action is taken by the Department of State in removing Norman H. Davis as representative of the United States, I propose, at the next session of Congress, to introduce a resolution providing for his removal by action of Congress. [Applause.]

Mr. THURSTON. Mr. Chairman, I yield the remainder of my time to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, several prime ministers and other distinguished foreign statesmen visited Washington last month at the request of the administration to discuss economic, monetary, trade, and disarmament issues. Paraphrasing Julius Caesar, they came, they saw, and they went home. Apparently a good time was had by all, but nobody knows what it was all about, least of all the foreign statesmen who were much feted and presented with extensive formulas—Y unequaled tariff reductions, Z equaled inflation, and X represented the unknown quantity or reduction in war debts.

The visiting statesmen, on their return home, have had much difficulty in explaining these formulas satisfactorily to their governments and fitting the pieces into the right places in the picture puzzle. Why not, as no Democrat has yet been able to inform the American public whither we were going on the war debts, embargoes, or League of Nations? Of course, no Republican can even venture a solution of the recent conference puzzles at Washington. None of them were invited to attend the conferences or to make suggestions. For the first time in American history, since we became a world power, partisanship was injected into international issues, in spite of our traditional practice and policy to the contrary. The so-called "new deal", as applied to foreign affairs by the "brain trust", was to ignore the sound American policy of permitting partisanship to cease at the water's edge.

The visiting foreign statesmen were guests of the Nation, not of the Democratic Party. Nevertheless, Republicans who represent the opposition party were not to be trusted to even meet these foreign statesmen or they might be contaminated. Prime Minister MacDonald was regaled at a big state dinner at the White House without the benefit of any Republicans from the House of Representatives and but one from the Senate.

The Democratic program of a new deal on international issues apparently is the old Wilson deal, or internationalism rampant; entrance to the League by the front door, the back door, or the trap door; embargoes to enforce article XVI of the League of Nations Covenant to punish aggressor nations; consultative pacts; bargaining tariffs at the expense of American labor; and as to reduction or cancelation of war debts only time will tell, as the Democrats have ignored the issue and apparently up to date have no definite policy except that we will confer with you later. In the meanwhile the war debts have been reduced another 25 percent by going off the gold standard, in spite of the Democratic-platform pledge to preserve a sound currency at all hazards.

Europe has been informed by Messrs. Hull and Norman Davis that America will surrender her protective tariff, both of whom propose to tear down our tariffs and thus open wide the floodgates of cheap European and Asiatic goods to create further unemployment in the United States.

The Republican Party, although not invited to participate in the Washington conferences, stands on international issues where it has always stood—against international alliances and entanglements, and places the safety and interests of the United States first, last, and all the time. The Republican Party is opposed to entrance into the League of Nations or to giving the President power to place embargoes against an aggressor nation, which would destroy the time-honored neutrality policy of our country proclaimed by

George Washington in 1793 and adhered to since then by every President. The Republicans in the House of Representatives regard the proposed embargo-on-arms power to the President to be dangerous and revolutionary, tending to lead us into war instead of preserving peace.

The Republican national platform of 1932 is explicit in its opposition to cancelation of war debts, and for the preservation of the American standard of living and wages of the American wage earner through an adequate protective-tariff policy.

The Republican Party will continue to stand for complete independence of action by the United States on all international issues and against involving our country in European affairs by entering the League of Nations or limiting or abolishing our traditional policy of neutrality. In opposition to the Democratic program as recently developed, we stand without compromise on international issues, for American independence, American sovereignty, American neutrality, and American interests and safety.

The Democratic Party has, on the advice of the "brain trust", deliberately injected partisanship into the conduct of our foreign policy, and the Republican Party accepts without fear or favor this issue which has been flung in its face.

Since 1920, under Republican administrations, such well-known and distinguished Democrats as Oscar Underwood, Owen Young, Bainbridge Colby, Joseph T. Robinson, Democratic leader of the Senate, and Claude A. Swanson, now Secretary of the Navy, have been appointed and served as delegates at important international conferences.

With the exception of Senator James Couzens, who has pursued a nonpartisan course in Congress and refused to support the Republican Party candidates in the recent Presidential election, no Republican has been appointed as a delegate to the London Economic Conference. I admit that if it were not for the blatant partisanship for the first time being deliberately thrust into foreign affairs that I would be reluctant to criticize the Democratic Members; perhaps even now the less said, out of kindness, the better. None of the delegates have had any experience in international conferences or European affairs. None have any knowledge of foreign languages or have traveled extensively abroad or understand conditions there. In brief, the American delegation represents the "new deal" at the international conference, or innocence abroad, and naturally the London Conference is doomed to failure.

Secretary Hull, a student of the tariff from a free-trade point of view, in his many years of distinguished service in the House and Senate, never was on the Foreign Affairs Committee of either House, or showed any interest in international issues except as an advocate of the League of Nations. Senator KEY PITTMAN, of Nevada, the smallest State in population in the Union, has had considerable experience on the Senate Committee on Foreign Relations, and may be an important factor in stabilizing currencies and fixing an equitable price for silver by international agreement. The only thing that can be said of the other members is that they are all adherents of the League of Nations and inclined to free trade. Two of the six members come from the State of Tennessee—Secretary Hull and Representative McReynolds—and in addition there is Mr. Norman H. Davis, our ambassador at large, who hails likewise from Tennessee. The great States of New York, Pennsylvania, and Illinois are unrepresented, as is also New England.

Of course the work of our delegates at the London Economic Conference has been considerably lessened as Mr. Norman H. Davis and Ambassador Robert Bingham have already committed us to scrap our traditional neutrality policy and to join the League of Nations in selecting the aggressor nations. I prefer to leave Mr. Davis to the tender mercies of my colleague, Representative TINKHAM, but cannot refrain from saying a few words about the recent address of Ambassador Bingham before the Pilgrim's Society at which he declared the Roosevelt message recently delivered in Geneva regarding neutrality "marked a definite departure from certain principles maintained by the United States since the Nation was founded." "It does not contain a reservation retained by Great Britain in the Locarno Treaty. But from my standpoint, I do not believe there is a 10-year-old child of average intelligence anywhere in the world who could fail in the event of war to select instantly the aggressor." Mr. Bingham apparently does not realize that historians are still disputing as to which nation started the World War, or that no nation has been agreed upon as the aggressor nation for over a hundred years. It is this remark about the aggressor nation and the 10-year-old child that impelled Mr. Hearst, one of the leading Democratic campaigners in the recent election, to state publicly that he now understood the reason for the word "ass" in ambassador. Both Norman Davis and Ambassador Bingham have misrepresented the United States and should be recalled.

How can the American people expect anything from an international conference at which we have committed ourselves in advance to destroy our traditional policy of neutrality to enter a consultative pact, to apply embargoes against the aggressor, and to join in enforcing the most iniquitous provisions of the Versailles Treaty and the League of Nations? The conference will open at London on June 12 with many social festivities, but it will not get down to serious work before June 15, when the war-debt payments to the United States are due. France has refused to pay her war debt to us, which only amounts to the sum which we loaned her after the armistice. Great Britain is threatening to default, and so is Italy, although we settled on a basis of 25 cents on the dollar, or much less than we loaned her after the war was actually ended.

President Roosevelt has refused to permit the American delegates to the economic conference to discuss the war debts, which is the only big issue in the mind of every delegate attending the economic conference from European nations.

The House of Representatives, in which war-debt settlements must be initiated, has shown no inclination to cancel or even reduce war debts until European nations agree to reduce their huge budgets for military and naval armaments. The overwhelming sentiment of both parties in the House is against any form of cancelation, which will unload the financial burdens of the World War on the backs of the American taxpayers, who were in no way responsible for the origin of that war.

William C. Bullitt, now an assistant to Secretary of State Hull, but a few months ago acting as an unofficial ambassador, informed Eurpean nations that they would not have to pay more than 10 percent of the war debts to the United States, which means that the American people, already burdened with taxes, can pay the balance.

Secretary of State Hull has, since he arrived in London, made the most amazing public statement, emanating from the Roosevelt administration, that we would loan more money to foreign nations, curiously overlooking the fact that these nations are the very ones which are repudiating their war debts to us. What is the magic of London and the Thames that bewitches the intellects of our American statesmen? Are its waters those of Lethe, that they should benumb the senses and befuddle the brain of our Secretary of State? Is the loan of $50,000,000 made to China, through the Reconstruction Finance Corporation, a part of the Hull foreign program? What is it that comes over an American statesman as soon as he gets abroad? Are the American taxpayers always to be shorn like lambs and pay for European armaments? Why should we loan a penny to any foreign nation until we can balance our Budget, put our own house in order, and pay our just debts to our own war veterans with service-connected disabilities? Germany just a few days ago declared a moratorium on all international debts both public and private.

In addition to our 5 Democratic delegates and Senator COUZENS, there are 45 advisors, economists, statisticians, secretaries, and stenographers, and 15 relatives of members of

the party. Numerically we ought to be able to present an entire football team, with Mr. Rexford Guy Tugwell, of the "brain trust", as quarterback.

Some weeks ago the President declared that he looked upon government as a football team which, if it failed to make gains by certain plays, ought to try some others. As this was spoken, the American collegiate Cabinet team was in a huddle, trying to devise some new shifts which might advance the ball of its political prestige further into opposition territory.

The backfield has now fallen back to receive the kick-off from Europe. Our plays are to be international, financial, and economic. The game has started and the ball is in the air; but I know of one famous game in the Rose Bowl in California a couple of years ago where one of the best players caught the ball and ran in the wrong direction, only to make a touchdown against his own team. I fear this is what will happen to President Roosevelt's new team of delegates to the Economic Conference at London; I fear that Norman Davis, Ambassador Bingham, or even Secretary Hull or his substitute, Mr. Moley, may at any moment make a touchdown in Europe's favor. This has invariably happened in these international football games when our team gets its signals mixed with foreign entanglements or forgets to play the game according to sound American principles and traditions.

The American team, composed almost entirely of free-traders and advocates of the League of Nations, are apt to lose their shirts, or, in football language, their jerseys, on the kick-off. There is not a member of our team under 60, and I am afraid that they cannot last the first quarter. At any rate, the American team individually and collectively will be lucky to emerge from the London Conference gridiron with any more clothes than Mr. Gandhi. We can then have the satisfaction of saying, with true American collegiate spirit, as is often done after the opposition team has triumphed by a score of 50 to 0, "Didn't our boys put up a plucky and courageous fight?"

There is not a single foreign policy on which I see eye to eye with President Roosevelt which will be discussed at the London Conference. I am out of sympathy with the attempt of the President to involve the United States in foreign entanglements, consultative pacts, embargoes, or having the United States act as an enforcement agent for the League of Nations and the Versailles Treaty. Every time we stick our fingers in the European pie, instead of pulling out a plum we are more apt to lose our fingers or pull out some high explosives. We should cease passing moral judgments on other nations and stop meddling in their affairs. There never was a time in our history when it was more important for the safety and welfare of our own people to mind our own business and put our own house in order. Let us cooperate with European nations and all other nations for the preservation of world peace, but let us be sure that we do not become entangled in every foreign dispute and committed to participate in future European or Asiatic wars. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, the few remarks I shall make will relate to the bill, except a brief reference to the great personality responsible for the bill.

If the people of America were permitted tonight at 12 o'clock to meet and again register their vote for President of the United States, few will doubt that Mr. Roosevelt would receive the almost unanimous vote of the people. [Applause.] If there be one fact which all must accept as true, it is this: That the American people have unbounded confidence in the President, and a large majority of this House have expressed very strong approval of the measures which he has proposed and which he feels are necessary to be passed at this session in order that he may correct our economic troubles.

Every appropriation carried in this bill is for the purpose of aiding the President to make effective the legislation that this House has given approval to and our Committee on Appropriations, acting on your instructions, have brought before you this bill to provide funds to make effective the legislation the House has approved, and I ask you to speedily pass this bill in order that you may lend encouragement to the people out of employment, that they may know we are hastening the day when the hands of the President will be strengthened so as to bring help and assistance to them. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, namely.

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I desire to call attention to the discussion which was had on the so-called "Borah amendment" of the National Industrial Recovery Act, for which we are appropriating moneys by this bill.

To my mind the Borah amendment was not offered in good faith. It was offered in the other Chamber to emasculate and destroy this bill, and I fervently hope that the conferees on the part of the House will not accept this amendment. It seeks to prevent what is known as "price fixing." If prices cannot be fixed in order not to monopolize but to prevent cutthroat competition, the bill is valueless. In the way the amendment has been offered we will certainly, if we adopt it, have placed ourselves in the rather anomalous position of utterly destroying the purposes that the administration had in mind when it offered the National Industrial Recovery Act. It was offered to stabilize industry, to increase employment, to limit production, to maintain maximum hours of employment and minimum wage scales. All will fail if arrangements cannot be made as to prices.

It would be utterly incomprehensible if, on the one hand, we seek to regiment the price of labor, as it were, and, on the other hand, refuse to the manufacturers or the producers the right to come to some agreement with their colleagues in the same trade or industry as to a uniform price for uniform articles. You cannot put manufacturers in that kind of a strait-jacket and hope to give them relief from this bill. They will not submit to it. Everyone who has the ingenuity to find out knows that there are all manners and kinds of so-called "bootleg" agreements under the present restraints of the antitrust laws as they are now operating, as they now obtain, in pursuance of the court interpretations of the Sherman Act. Men in the same kind of business form their trade organizations and by indirection do that which we now preclude them from doing by direction. The National Industrial Recovery Act, in its entirety, would prevent monopolistic practices and unjust restraints. But it would not preclude reasonable and fair arrangements that would prevent price cutting. Our whole difficulty today is the fact that our commodity prices are so low as to bring ruin to anyone who seeks to manufacture anything, and we must lift up these commodity prices. We cannot do this unless the recalcitrant men in the industry, those who sulk like Achilles in his tent and refuse to join with their fellows, will come to some sort of agreement as to prices. If they do not come in and join with their fellows, provided the agreement is fair, whether it be of price of commodity or wages of employees, they should suffer penalties. Their goods ought to be deprived of their intercommerce character and in other ways dire penalities shall be vested upon them.

This bill would rightfully put the imprimatur of approval upon a reasonable arrangement as to prices. Only if the manufacturer of shoes, for example, knows he can get a fair value for his product will he be willing to manufacture. The banks would be unwilling to lend unless the banks know that this shoe manufacturer, by arrangement with his colleagues and those similarly situated in the trade, can arrange for fair prices in order to get a fair profit. If the banks will not lend and the man cannot manufacture, how are you going to reemploy labor. How are you going to in-

crease consumption demands and, in turn, if the man who manufactures the leather and the farmer who raises the cattle from which come the hides, cannot obtain a fair price, and they can only do it by prearrangement as to prices, you will be without that spiral, as it were, that will bring back sound economic conditions.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. CELLER. Yes.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CLARKE of New York. I have 17,000 shoe workers in my district, and does not the gentleman know that in that industry, in the case of a great firm like the Endicott-Johnson Co., one reason it cannot compete with some of the others is because of the unfair laws of the States themselves that make certain exceptions, and no general law we may write here can get rid of those fellows who are cutting prices and paying smaller wages than the Endicott-Johnson Co., which came across only recently with a 5 percent increase for its 17,000 workers. Does not the gentleman know that the States themselves are at fault?

Mr. CELLER. I agree with the gentleman.

Mr. CLARKE of New York. Then come along and say so.

Mr. CELLER. And I would be happy to join with my colleagues from our great State and arrange to have the Donnelly Act of New York State amended to bring about the condition the gentleman speaks of.

Mr. CLARKE of New York. And I shall join with you Democrats on that proposition.

Mr. CELLER. I thank the gentleman.

The CHAIRMAN. The pro forma amendment is withdrawn.

Mr. GOLDSBOROUGH. Mr. Chairman, the House of Representatives some weeks ago passed a bank-deposit guaranty bill. When the bill reached the Senate it struck out all after the enacting clause and proceeded to the consideration of the bill which had been introduced in the Senate without any reference to the House bill.

Your conferees have been meeting constantly with the Senate conferees for the last 2 weeks, and have yielded almost entirely to the principle involved in the Senate bill. We have gone as far as we can go with any hope whatever that the House will sanction what we have done.

The Senate bill contains a provision for branch banking in any State which has passed branch-banking legislation, or which will pass it in the future. The Senate conferees have argued very consistently that national banks should have whatever privileges State banks have in States which permit branch banking.

The House conferees have answered that branch banking is either good or bad; if it is good, we should put it into the law, and if it is not, we should not. If one man commits a sin, it is no reason why everybody should be permitted to do the same thing. After a good deal of consideration the House conferees offered an amendment—or I offered an amendment.

Mr. COCHRAN of Missouri. Mr. Chairman, I am not going to object now nor make a point of order, but hereafter I am going to object to any discussion that is not confined to the bill. We have a good deal of work to do today, so let us confine ourselves to the subject before the House.

Mr. GOLDSBOROUGH. The House conferees offered an amendment—or I offered the amendment—in which we agreed that in any State which now had branch banking the national banks should also be allowed to open branches.

The Senate would not agree to that.

What the Senate really wanted was to start a drive on every legislature in the United States, now that many banks are closed, so that the small banks will be absorbed by the large ones. We have refused to accede to any such proposition. [Applause.]

That is the situation, my colleagues. But the country is demanding a bank deposit guaranty bill. [Applause.] If this House would refuse to adjourn today until we get a bank deposit guaranty bill, we will have this, or another bill which establishes bank-deposit guaranty and nothing else. [Applause.] The House Banking and Currency Committee asks you to support the committee in demanding that the bank bill be passed before there is any adjournment. [Applause.]

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last two words. Mr. Chairman, in view of the fact that the gentleman from Missouri may make a point of order on anything that is said not appropriate to the bill under discussion, I would direct your attention to that provision of the bill which provides for $150,000 for the Federal Home Loan Bank Board for the encouragement of saving and home financing, and then in connection with that provision of the bill I am going to ask you why there should be any encouragement in saving when the bank situation in the country is what it is at the present time.

I believe, in view of that, I can direct the attention of this body to the fact that today at the Mayflower Hotel there is a convention of approximately 600 men from Vermont, Massachusetts, New Jersey, and other States consisting of bank depositors who are seeking relief. They are there for the purpose of developing a constructive program, to lift the exacting restrictions from banks at the present time, and to address themselves to the larger problem of the decentralization of wealth in the country, and reduce the losses of banks now closed in which depositors' money is impounded. They have developed a 12-point program. Item no. 12 is an endorsement of the Steagall bank deposit bill, and for the purpose of the RECORD and the information of this body I am going to read a portion of paragraph 12:

> We urge the prompt enactment of the Steagall banking reform bill. This legislation is required in the interest of depositors of every bank in the country, and would have been passed long ago except for the violent and apparently effective opposition of the large banking interests in New York, who plan to destroy the independence of the country banker.

I will say this to the House: I am one Republican, not speaking for my party or the rest of my colleagues, who is willing to undergo the discomforts of unseasonable weather and stay here as long as is necessary to write the Steagall bill into the statutes of the country. [Applause.]

Mr. BECK rose.

The CHAIRMAN. For what purpose does the gentleman from Pennsylvania rise?

Mr. BECK. Mr. Chairman, I move to strike out the last five words.

Mr. BUCHANAN. Mr. Chairman, will the gentleman permit me to make a statement before he proceeds?

Mr. BECK. Yes.

Mr. BUCHANAN. Mr. Chairman, there has been one speaker on each side of the banking question, one on the Republican side and one on the Democratic side. We are in a great rush to get this bill through. We have the conference report upon the independent offices appropriation bill coming up immediately after this, with a view to settling possibly the policy in respect to the veterans' administration. We are in a rush to get through. Therefore I shall insist hereafter that all speeches be confined to the bill.

Mr. OLIVER of Alabama. Mr. Chairman, I think the gentleman's request in itself will elicit the cooperation of the Members of the House.

The CHAIRMAN. The pro forma amendment is withdrawn, and the Clerk will read.

The Clerk read as follows:

NATIONAL INDUSTRIAL RECOVERY AND TENNESSEE VALLEY AUTHORITY

For the purpose of carrying into effect the provisions of the act entitled "An act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes", approved June —, 1933, and also for the purpose of carrying into effect the provisions of the act entitled "An act for the relief of unemployment through the performance of useful public work, and for other purposes", approved March 31, 1933, and for each and every object

thereof, to be expended in the discretion and under the direction of the President, to be immediately available, and except as hereinafter provided to remain available until June 30, 1935, $3,300,000,000; of which not to exceed $50,000,000 shall be available to the board of directors of the Tennessee Valley Authority, and to remain available until expended, for the purpose of carrying out the provisions of the act of Congress entitled "The Tennessee Valley Authority Act of 1933", approved May 18, 1933, including the acquisition of necessary land, the clearing of such land, relocation of highways, and the construction and/or purchase of transmission lines and other facilities, the construction of the Cove Creek Dam and power house and all other necessary works authorized by said act, and for printing and binding, law books, books of reference, newspapers, periodicals, purchase, maintenance, and operation of passenger-carrying vehicles, rents in the District of Columbia and elsewhere, and all necessary salaries and expenses connected with the organization, operation, and investigations of the Tennessee Valley Authority, including reimbursements for any expenses prior to the enactment of this appropriation incurred at the direction of the President.

Mr. WADSWORTH. Mr. Chairman, I make the point of order against the language commencing at the end of line 9, on page 4, reading as follows:

Including reimbursements for any expenses prior to the enactment of this appropriation incurred at the direction of the President.

The point of order is that that is not authorized by law and under the rules of the House is not permissible.

The CHAIRMAN. Does the gentleman from Texas desire to be heard?

Mr. BUCHANAN. Mr. Chairman, it is not in order for the gentleman to make a point of order against those concluding lines, because the whole paragraph is out of order. The other portion being out of order, the gentleman cannot cut the paragraph in half and take away a portion of it and let the other stay. In other words, the whole paragraph is out of order. I had an understanding that these points of order would not be urged, because we are trying to adjourn. This bill will have to be passed by the Senate. I had an understanding that there would be no points of order urged against it. However, the gentleman cannot cut the paragraph in half, when all of the paragraph is out of order, and accept that which he wants to stay in.

Mr. WADSWORTH. Mr. Chairman, in reply to the gentleman from Texas, in charge of the bill, I am well aware, as all of us are, that all that portion of this paragraph having to do with the appropriation of $3,800,000,000 is out of order, because there is no act as yet authorizing any such expenditure.

Mr. BUCHANAN. That is correct.

Mr. WADSWORTH. I do not intend and I do not think anybody else intends to raise a point of order against that provision of this paragraph. We all understand the difficulties of our situation here, and we want to get this legislation out of the way, although I disagree with the purposes of the $3,300,000,000; but the concluding lines against which I have made my point of order I may say introduce into appropriation legislation in the House of Representatives a feature and practice which I have never seen in all my experience with appropriation bills.

Mr. BUCHANAN. Well, I have.

Mr. WADSWORTH. I call the attention of the gentleman from Texas [Mr. BLANTON] to this: The House of Representatives is asked by the Committee on Appropriations to authorize reimbursement of expenditures made without authority of law, and not an atom of information given to the committee or to the House as to how much is to be reimbursed, how much was spent, for what purpose it was spent, or by whom it was spent.

I insist upon the point of order, Mr. Chairman.

Mr. BLANTON. Will the gentleman yield?

Mr. HILL of Alabama. Will the gentleman yield?

Mr. BLANTON. Mr. Chairman, I ask recognition on the point of order.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. BLANTON. Mr. Chairman, our distinguished colleague from New York [Mr. WADSWORTH] served his State in the United States Senate and is so used to their practice and performance there, when so often without any information possessed by the Members of that body about the proposals, they stick the most stupendous pieces of legislation on any kind of an appropriation bill in the dying hours of Congress, sometimes containing a score of pages, and send it back here to the House for us to swallow. He should not complain.

Mr. GOSS. Mr. Chairman, I make the point of order that the gentleman is not speaking on the point of order.

Mr. BLANTON. He ought not be so insistent about these little things.

Mr. GOSS. Mr. Chairman, a point of order.

Mr. BLANTON. That is all I wanted to say.

The CHAIRMAN (Mr. SIROVICH). The Chair is ready to rule. The Chair sustains the point of order made by the gentleman from New York [Mr. WADSWORTH] on the ground that this is legislation on an appropriation bill.

Mr. GOSS. Mr. Chairman, I move to strike out pages 3 and 4, down to and including the word "Authority", in line 9.

The Clerk read as follows:

Amendment by Mr. Goss: Beginning in line 1, on page 3, strike out all of page 3, and on page 4, down to and including the word "Authority", in line 9.

Mr. GOSS. Mr. Chairman, I had intended to make a point of order against this entire paragraph but did not do so on account of the agreement between the majority leader and the minority leader. However, I want to call to the attention of the House, with reference to striking out this particular language, that when the Tennessee Authority bill passed the House it contained provisions authorizing all the bond issues necessary to put this project into existence and to carry out all the purposes of the act.

The Appropriations Committee now comes along, despite the fact that we have authority to issue bonds, and appropriates $50,000,000 out of the Federal Treasury for the same purpose as was designed by the bonds. I submit that section 15 of Public Act No. 17, which is the Tennessee Valley Authority, has this language:

In the construction of any future dam, steam plant, or other facility to be used in whole or in part for the generation or transmission of electric power, the Board is hereby authorized and empowered to issue on the credit of the United States, and to sell serial bonds not exceeding $50,000,000 in amount—

And so on.

Now that authority exists in the new Tennessee Authority today. I think the Chairman of the Committee on Appropriations will agree to that.

Mr. BUCHANAN. Yes; I agree to that.

Mr. HILL of Alabama. Well, I do not agree with the gentleman.

Mr. GOSS. Why not?

Mr. HILL of Alabama. Because the provision authorizing the issuance of bonds limits the issuance of those bonds to very specific purposes, to wit, for the construction of any future dam, steam plant, or other power-generating plant or facility. Now, the appropriation that is being made will go for fertilizer and other purposes, for which bonds cannot be issued.

Mr. GOSS. Oh, the gentleman has been a member of that committee too long not to know there is not going to be any fertilizer made at that plant.

Mr. HILL of Alabama. If the gentleman had attended the hearing of the Appropriations Committee last night and heard Dr. Morgan——

Mr. GOSS. Yes; and I heard about his schools that he is going to start down there.

Mr. HILL of Alabama. And he is going to make some fertilizer down there, too.

Mr. GOSS. But, Mr. Chairman, I believe they have ample authority under the other act, with the issuance of the bonds, to carry out all the intents and purposes of the act, and I will say further that this $50,000,000 authorized by the board of directors to remain available until expended is also to be used for a transmission line and other facilities, the construction of Cove Creek Dam and power house, and

all other necessary works. The word "works" certainly cannot mean schools and things of that sort.

Mr. RANKIN. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. RANKIN. As a matter of fact, if those bonds are sold, does the gentleman not know that Congress would still have to make the appropriation?

Mr. GOSS. Oh, certainly not; not at all.

Mr. Chairman, I yield to the gentleman from Michigan [Mr. JAMES].

The CHAIRMAN. The time of the gentleman from Connecticut [Mr. Goss] has expired.

Mr. GOSS. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes in order to yield to the gentleman from Michigan.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut [Mr. Goss]?

There was no objection.

Mr. JAMES. Those bonds are not a direct obligation on the United States.

Mr. GOSS. I do not understand they are.

Mr. JAMES. And there is nothing in the law by which to retire them.

Mr. GOSS. No; except out of the net revenue of the power.

Mr. JAMES. No. They cannot even do that.

The CHAIRMAN. The time of the gentleman from Connecticut has again expired.

Mr. JAMES. Mr. Chairman, I rise in opposition to the amendment.

Under the bill as it passed the House, these bonds were a direct obligation of the United States and therefore could be sold. Under the amendment put in by Senator NORRIS the net proceeds of the sale of power could be used to retire those bonds, but the House conferees, all except myself, used the bad part of the amendment of the gentleman from South Carolina [Mr. MCSWAIN] and the bad part of the proposition of Senator NORRIS.

They struck out that part of the Norris proposition by which the net proceeds from the sale of power could be used to retire the bonds. They struck out that part of the McSwain amendment by which the bonds were made direct obligations of the United States. So we have $50,000,000 worth of bonds which were not the direct obligation of the United States and with no way provided by which they could be retired. That was one of the reasons I voted against the conference report.

I believe this money should be taken out of the Treasury of the United States, for the bonds are not obligations of the United States and the man buying them is not assured of any method by which he can get his money out of the bonds.

Therefore, I hope the amendment of my colleague from Connecticut will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut.

The amendment was rejected.

The Clerk read as follows:

GENERAL LAND OFFICE

To pay to Marion F. Blackwell the fair and reasonable value of all improvements placed by him upon the southeast quarter southwest quarter section 27, township 2 south, range 6 west, St. Stephens meridian, Miss., as determined by the Secretary of the Interior, in accordance with the act of February 15, 1933, fiscal year 1933, $1,000.

Mr. BUCHANAN. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: On page 6, after line 20, insert the following:

"BUREAU OF INDIAN AFFAIRS

"Sequoyah Orphan Training School, Tahlequah, Okla.: The unexpended balances of appropriations available during the fiscal year 1933 for the construction of physical improvements at the Sequoyah Indian Orphan Training School, near Tahlequah, Okla., are hereby continued available for use during the fiscal year 1934."

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. TABER. Is this what is known as the Hastings amendment?

Mr. BUCHANAN. It is.

Mr. HASTINGS. Mr. Chairman, in explanation of the above amendment, I insert the following memorandum submitted by the Interior Department:

The Interior Department Appropriation Act, fiscal year 1933, appropriated for a central heating plant at the Sequoyah Indian School, near Tahlequah, Okla., "$66,000 together with any funds available for heating equipment in construction item for this institution for the fiscal years 1931 and 1932." This made available approximately $70,000 for the project. Several projects authorized were delayed because of difficulty in working out details and perfecting plans and it became necessary to have the heating plant appropriation continued available for use during the present year. The plans were completed, specifications drawn, bids solicited and the job awarded. However, the contract was not approved prior to the stop order placed on construction projects. Because of the urgent need of completing this work in time for the opening of school in September, the appropriation was released for expenditure on June 5, 1933. Insofar as the actual construction is concerned there is no question of the availability of funds. However, unless the appropriation, or unobligated balance thereof, is continued available, the Indian Service will not be in a position to employ a competent supervisor. Furthermore, as the job progresses extras may become involved that cannot be taken care of if the fund is permitted to lapse on June 30.

Two other projects are under way at this same institution. The 1933 appropriation act carried an item of $40,000 for the construction of a water main so that the school could have a safe and adequate water supply. This job was held in suspense for some time, release having been obtained on April 27. A supervisor has been employed but not under contract, and therefore his salary cannot be paid from this appropriation after June 30. No other funds are available for the purpose.

The other project is a boys' dormitory provided to replace an insanitary and unsafe structure. Eighty thousand dollars was appropriated, but 10 percent of that amount has been deducted as required by section 320 of the 1933 Economy Act. The appropriation provides for construction and equipment. Release was obtained for this project on June 5 so that the amount required for construction purposes is now protected by contract. There will be no money available after June 30 for supervisory expenses, or for the purchase of equipment.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

DEPARTMENT OF STATE

INTERNATIONAL MONETARY AND ECONOMIC CONFERENCE

For an additional amount for the expenses of participation by the United States in an international monetary and economic conference to be held in London, including the same objects specified under this head in the Second Deficiency Act, fiscal year 1933, $125,000, to remain available during the fiscal year 1934.

Mr. FISH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment which the Clerk will report.

Mr. FISH. Mr. Chairman, I make the point of order that the whole paragraph is out of order, being legislation upon an appropriation bill.

The paragraph begins in line 18 and goes down to and including line 23.

Mr. BUCHANAN. Mr. Chairman, I make the point of order that the gentleman's point of order comes too late.

Mr. FISH. The paragraph has just been read.

Mr. BUCHANAN. But the gentleman has offered an amendment to the paragraph.

Mr. FISH. No; I did not offer an amendment; I made a point of order.

Mr. SNELL. Mr. Chairman, I wish my colleague, the gentleman from New York, would not make this point of order. There was a gentleman's agreement that we would make no points of order against matters in this bill which might be subject to points of order, because the majority leader knew if we did he would have to bring in a rule.

Mr. FISH. I may say to the gentleman from New York that a Member of the House who has left the Chamber did so on my promise that I would make this point of order. Therefore, I am not at liberty to withdraw it.

Mr. Chairman, I must make the point of order.

Mr. SNELL. Of course, if the gentleman does, then the gentleman from Tennessee is relieved from any obligation

he is under not to bring in any controversial matters. I relieve him from the responsibility.

Mr. FISH. Mr. Chairman, I insist on the point of order.

Mr. BLANTON. Mr. Chairman, the point of order was made after an amendment had been offered. The gentleman from New York offered the amendment himself and then made the point of order.

Mr. FISH. Mr. Chairman, I withdrew the amendment.

Mr. BLANTON. A point of order must be made before an amendment is offered. The gentleman did not follow this rule.

Mr. FISH. I made the point of order alone, Mr. Chairman.

Mr. WOODRUM. Mr. Chairman, the gentleman from New York at the concluding of the reading of the paragraph addressed the Chair and offered an amendment. The Chair stated, "The gentleman from New York offers an amendment which the Clerk will report." Then the gentleman from New York undertook to get the attention of the Chair again and made the point of order, and it comes too late.

Mr. BLANTON. The offering of the amendment having intervened, the point of order comes too late.

The CHAIRMAN. The point of order of the gentleman from Virginia is well taken. The Chair rules that the point of order came too late.

The Clerk will report the amendment offered by the gentleman from New York.

The Clerk read as follows:

Amendment offered by Mr. FISH: Page 8, strike out all of the paragraph from line 18 to and including line 23.

Mr. FISH. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

TREASURY DEPARTMENT

OFFICE OF THE SECRETARY

Subscriptions to paid-in surplus of Federal land banks: To enable the Secretary of the Treasury to pay for subscriptions to the paid-in surplus of Federal land banks in accordance with the provisions of section 23 of an act entitled "Emergency Farm Mortgage Act of 1933", approved May 12, 1933, $50,000,000, to be available immediately and to remain available until expended.

Payments to Federal land banks on account of reductions in interest rate on mortgages: To enable the Secretary of the Treasury to pay each Federal land bank such amount as the Farm Loan Commissioner certifies to the Secretary of the Treasury is equal to the amount by which interest payments on mortgages held by such bank have been reduced, in accordance with the provisions of section 24 of an act entitled "Emergency Farm Mortgage Act of 1933", approved May 12, 1933, fiscal year 1934, $15,000,000.

Mr. SABATH. Mr. Chairman, the Clerk has not read that provision of the bill, starting on page 8, which relates to the Mixed Claims Commission. I followed the reading closely. The Clerk jumped that provision. I desire to offer an amendment to that paragraph and make a short observation.

Mr. WOODRUM. Mr. Chairman, I make the point of order that the Clerk did read it. I was following the reading of the bill.

Mr. SABATH. Mr. Chairman, I ask unanimous consent to return to the paragraph ending in line 12 on page 10.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. WOODRUM. Mr. Chairman, reserving the right to object—and, of course, I shall not object to the request of the gentleman from Illinois—we are trying to get through this bill, and every Member of this House is interested to get to the independent offices bill.

Mr. BLANTON. Mr. Chairman, I shall not object to a unanimous-consent request that the gentleman proceed for 5 minutes, but I do object to returning to a paragraph.

Mr. TABER. Mr. Chairman, I object.

The Clerk read as follows:

In all, $5,125.28.

Mr. SABATH. Mr. Chairman, I move to strike out line 4, on page 13, and do so for the purpose of ascertaining from the chairman of the committee whether the amount provided for under the mixed-claims provision, $35,700, will suffice to bring final adjustment and final report on all the claims we have against Germany.

Mr. BUCHANAN. That is supposed to be sufficient to bring to final determination and decision all claims, and that no further appropriations will be necessary. This will bring about the conclusion of the whole business.

Mr. SABATH. Negotiations have been going on ever since 1921, and I cannot quite understand why the Mixed Claims Commission has not made its final report. I think the country is entitled to a final report.

If it has taken over 10 years to adjust the claims of American citizens against Germany, I wonder how long it will take to obtain fair and human treatment for the Jewish people in Germany from the present German Government. Unbiased reports from abroad show that there has been very little diminution in the inhuman, unjustifiable, and unwarranted treatment of the Jews by the Hitler government, and this notwithstanding the pledges and assurances given to the world during the peace and treaty negotiations that fair treatment and equal rights would be accorded to all minorities, which treatment and rights Germany has always demanded for her people in other lands.

I have today received in my mail a pamphlet from one T. St. John Gaffney, a former American consul general in Germany, who, if memory serves me correctly, was removed from office during the administration of President Wilson. In this pamphlet the gentleman endeavors to minimize and apologize for the Hitler atrocities; but it is clearly evident, at least to me, that he has been engaged by the Hitler government to defend its actions. A perusal of his pamphlet will convince any fair-minded citizen that, because of misstatement, undisguised intolerance, and exaggeration, it is not worthy of any consideration.

I regret very much, and it is to be deplored, that men can be so narrow-minded and bigoted as to utilize, at the slightest provocation, any opportunity to express their hatred for their fellow men, such as that shown in this pamphlet and in the remarks made a few days ago on the floor of the House by the gentleman from Pennsylvania [Mr. MCFADDEN], in the course of which he quoted statements from the Dearborn Independent which have been proven and known to be false and untrue.

What a contrast between these men and those real Americans, who, indignant at the organized attempts to disseminate information fostering racial prejudice, published the following statement:

THE PERIL OF RACIAL PREJUDICE—A STATEMENT TO THE PUBLIC

The undersigned citizens of gentile birth and Christian faith, view with profound regret and disapproval the appearance in this country of what is apparently an organized campaign of anti-Semitism, conducted in close conformity to and cooperation with similar campaigns in Europe. We regret exceedingly the publication of a number of books, pamphlets and newspaper articles designed to foster distrust and suspicion of our fellow citizens of Jewish ancestry and faith—distrust and suspicion of their loyalty and their patriotism.

These publications, to which wide circulation is being given, are thus introducing into our national political life a new and dangerous spirit, one that is wholly at variance with our traditions and ideals and subversive of our system of government. American citizenship and American democracy are thus challenged and menaced. We protest against this organized campaign of prejudice and hatred, not only because of its manifest injustice to those against whom it is directed, but also, and especially, because we are convinced that it is wholly incompatible with loyal and intelligent American citizenship. The logical outcome of the success of such a campaign must necessarily be the division of our citizens along racial and religious lines, and, ultimately, the introduction of religious tests and qualifications to determine citizenship.

The loyalty and patriotism of our fellow citizens of the Jewish faith is equal to that of any part of our people, and requires no defense at our hands. From the foundation of this Republic down to the recent World War, men and women of Jewish ancestry and faith have taken an honorable part in building up this great Nation and maintaining its prestige and honor among the nations of the world. There is not the slightest justification, therefore, for a campaign of anti-Semitism in this country.

Anti-Semitism is almost invariably associated with lawlessness and with brutality and injustice. It is also invariably found closely intertwined with other sinister forces, particularly those which are corrupt, reactionary, and oppressive.

We believe it should not be left to men and women of Jewish faith to fight this evil, but that it is in a very special sense the duty of citizens who are not Jews by ancestry or faith. We therefore make earnest protest against this vicious propaganda, and call upon our fellow citizens of Gentile birth and Christian faith to unite their efforts to ours to the end that it may be crushed. In particular we call upon all those who are molders of public opinion—the clergy and ministers of all Christian churches, publicists, teachers, editors, and statesmen—to strike at this un-American and un-Christian agitation.

Woodrow Wilson; William Howard Taft; William Cardinal O'Connell; Lyman Abbott, editor of the Outlook; Jane Addams, social worker; John G. Agar, lawyer; Newton D. Baker, Secretary of War; Charles A. Beard, author and educator; Ray Stannard Baker, author; James M. Beck, lawyer; Bernard I. Bell, president St. Stephens' College; Arthur E. Bestor, president Chautauqua Institution; Albert J. Beveridge, former United States Senator; W. E. B. Dubois, editor The Crisis; Mabel T. Boardman, Commissioner, District of Columbia; Evangeline Booth, commander Salvation Army; Benjamin Brewster, Bishop of Maine; Chauncey B. Brewster, Bishop of Connecticut; Jeffrey R. Brackett, social worker; Horace J. Bridges, ethical teacher; William Jennings Bryan, ex-United States Secretary of State; Henry Bruere, financial expert; Nicholas Murray Butler, president Columbia University; Bainbridge Colby, Secretary of State; George W. Coleman, president National Council of Forums; Alice B. Coleman (Mrs. Geo. W.), club worker; Paul D. Cravath, lawyer; George Creel, former chairman United States Committee on Public Information; Samuel McChord Crothers, clergyman; R. Fulton Cutting, financier; Olive Tilford Dargan, poet; Clarence Darrow, lawyer; James R. Day, university chancellor; Henry S. Denison, manufacturer; James Duncan, first vice president American Federation of Labor; Robert Erskine Ely, director civic forum; Charles P. Fagnal, theologian; W. H. P. Faunce, president Brown University; Dorothy Canfield Fisher, novelist; Irving Fisher, economist; John Ford, jurist; Raymond B. Fosdick, lawyer; Robert Frost, poet; James R. Garfield, lawyer; H. A. Garfield, president Williams College; Lindley M. Garrison, former United States Secretary of War; John Palmer Gavit, editor New York Evening Post; Herbert Adams Gibbons, historian; Charles Dana Gibson, artist; Franklin H. Giddings, university professor; Martin H. Glynn, ex-Governor New York; George Gray, jurist; Edward Everett Hale, university professor; James Hartness, Governor of Vermont; Patrick J. Hayes, Archbishop of New York; John Grier Hibben, president Princeton University; John Haynes Holmes, clergyman; Jesse H. Holmes, president National Federation of Religious Liberals; Hamilton Holt, editor The Independent; Ernest Martin Hopkins, president Dartmouth College; Frederic C. Howe, publicist; Henry C. Ide, diplomatist; Inez Haynes Irwin, author; Will Irwin, author; George R. James, capitalist; David Starr Jordan, scientist; William W. Keen, professor of surgery; Paul U. Kellogg, editor The Survey; William Sergeant Kendall, artist; George Kennan, journalist; Henry Churchill King, president Oberlin College; Darwin P. Kingsley, president New York Life Insurance Co.; W. P. Ladd, dean Berkeley Divinity School; Ira Landrith, prohibition advocate; Franklin K. Lane, former United States Secretary of the Interior; Robert Lansing, former United States Secretary of State; Julia C. Lathrop, Chief Children's Bureau, United States Department of Labor; Ben B. Lindsey, juvenile court judge; Charles H. Levermore, peace advocate; Frederick Lynch, clergyman; Edwin Markham, poet; Mrs. Edwin Markham, writer; Daniel Gregory Mason, musical composer; Joseph Ernest McAfee, religious publicist; J. F. McElwain, manufacturer; Raymond McFarland, principal Vermont Academy; Alexander R. Merriam, theologian; E. T. Meredith, Secretary United States Department of Agriculture; James F. Minturn, judge; John Moody, financial expert; William Fellowes Morgan, financier; Charles Clayton Morrison, editor The Christian Century; Philip Stafford Moxom, clergyman; Joseph Fort Newton, clergyman; D. J. O'Connell, Bishop of Richmond; Mary Boyle O'Reilly, publicist; George Wharton Pepper, lawyer; Louis F. Post, Assistant Secretary of Labor, United States; Theodore Roosevelt, member of New York Legislature; Charles Edward Russell, publicist; Jacob Gould Schurman, educator; Vida D. Scudder, university professor; Samuel Seabury, jurist; Thomas J. Shahan, rector of the Catholic University of America; Charles M. Sheldon, editor The Christian Herald; Edwin E. Slosson, associate editor The Independent; Preston Slosson, journalist; John Spargo, author; Robert E. Speer, president Federal Council of Churches; Charles Stelzle, religious publicist; Paul Moore Strayer, clergyman; Marion Talbot, university dean; Ida M. Tarbell, author; Harry F. Ward, theological professor; Everett P. Wheeler, lawyer; Gaylord S. White, social worker; George W. Wickersham, ex-Attorney General of United States; Charles David Williams, Bishop of Michigan; and Charles Zueblin, writer and lecturer.

The pro forma amendment was withdrawn.

The Clerk concluded the reading of the bill.

Mr. BUCHANAN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SIROVICH, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 6034, the fourth deficiency bill, had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill, as amended, do pass.

Mr. BUCHANAN. Mr. Speaker, I move the previous question on the bill and the amendment to final passage.

The previous question was ordered.

The amendment was agreed to.

The bill was ordered to be engrossed, read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. TABER. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 288, nays 85, not voting 57, as follows:

[Roll No. 62]

YEAS—288

Adair	Crowe	Hart	Marland
Adams	Crowther	Harter	Martin, Colo.
Allgood	Crump	Hastings	Martin, Oreg.
Arens	Culkin	Healey	May
Arnold	Cullen	Henney	Meeks
Auf der Heide	Cummings	Hildebrandt	Miller
Ayers, Mont.	Darden	Hill, Ala.	Milligan
Ayres, Kans.	Dear	Hill, Knute	Monaghan
Bankhead	Deen	Hill, Samuel B.	Montet
Beam	Delaney	Hoidale	Moran
Beiter	DeRouen	Howard	Morehead
Berlin	Dickinson	Huddleston	Mott
Biermann	Dickstein	Hughes	Murdock
Black	Dies	Imhoff	Musselwhite
Blanchard	Dingell	Jacobsen	Nesbit
Bland	Dirksen	James	Norton
Blanton	Disney	Jeffers	O'Brien
Bloom	Dobbins	Jenckes	O'Connell
Boehne	Dockweiler	Johnson, Minn.	Oliver, Ala.
Boileau	Dondero	Johnson, Okla.	Owen
Boland	Doughton	Johnson, Tex.	Palmisano
Boylan	Doxey	Johnson, W.Va.	Parks
Brennan	Drewry	Kee	Parsons
Brown, Mich.	Driver	Keller	Patman
Browning	Duffey	Kelly, Pa.	Pettengill
Brunner	Duncan, Mo.	Kemp	Peyser
Buchanan	Dunn	Kennedy, Md.	Pierce
Buck	Durgan, Ind.	Kenney	Polk
Bulwinkle	Eagle	Kerr	Pou
Burch	Eicher	Kloeb	Ragon
Burke, Nebr.	Englebright	Kniffin	Ramsay
Burnham	Faddis	Kocialkowski	Ramspeck
Byrns	Farley	Kopplemann	Rankin
Cady	Fiesinger	Kramer	Rayburn
Cannon, Mo.	Fitzgibbons	Kvale	Reece
Carden	Fitzpatrick	Lambeth	Reilly
Carley	Fletcher	Lamneck	Richardson
Carpenter, Nebr.	Focht	Lanham	Robertson
Carter, Calif.	Ford	Lanzetta	Robinson
Carter, Wyo.	Foulkes	Larrabee	Rogers, N.H.
Cartwright	Frear	Lea, Calif.	Rogers, Okla.
Cary	Fuller	Lee, Mo.	Romjue
Celler	Fulmer	Lehr	Rudd
Chavez	Gambrill	Lemke	Ruffin
Church	Gasque	Lesinski	Sabath
Claiborne	Gillespie	Lewis, Colo.	Sadowski
Clark, N.C.	Gillette	Lindsay	Sanders
Cochran, Mo.	Glover	Lozier	Sandlin
Coffin	Goldsborough	Lundeen	Schaefer
Colden	Granfield	McCarthy	Schuetz
Cole	Gray	McClintic	Scrugham
Collins, Calif.	Green	McCormack	Sears
Colmer	Greenwood	McDuffie	Secrest
Condon	Gregory	McFarlane	Shallenberger
Connery	Griffin	McGrath	Shannon
Cooper, Ohio	Griswold	McKeown	Shoemaker
Cooper, Tenn.	Haines	McSwain	Sirovich
Cravens	Hamilton	Major	Sisson
Crosby	Hancock, N.C.	Maloney, Conn.	Smith, Va.
Cross	Harlan	Maloney, La.	Smith, Wash.

Smith, W.Va.	Tarver	Vinson, Ga.	Whittington
Snyder	Taylor, Colo.	Vinson, Ky.	Wilcox
Somers, N.Y.	Taylor, S.C.	Wallgren	Williford
Spence	Taylor, Tenn.	Walter	Williams
Steagall	Thom	Warren	Wilson
Strong, Tex.	Thomason, Tex.	Wearin	Withrow
Stubbs	Thompson, Ill.	Weaver	Wolverton
Studley	Truax	Weideman	Wood, Ga.
Sullivan	Turner	Welch	Wood, Mo.
Sumners, Tex.	Turpin	Werner	Woodrum
Sutphin	Umstead	West, Ohio	Young
Swank	Underwood	White	Zioncheck

NAYS—85

Andrew, Mass.	Dowell	Lehlbach	Snell
Bacharach	Eaton	Luce	Stalker
Bailey	Edmonds	Ludlow	Stokes
Bakewell	Eltse, Calif.	McFadden	Strong, Pa.
Beck	Fish	McGugin	Swick
Beedy	Foss	McLean	Taber
Bolton	Gibson	McLeod	Terrell
Britten	Gilchrist	Mapes	Thurston
Busby	Goodwin	Marshall	Tinkham
Carpenter, Kans.	Hancock, N.Y.	Martin, Mass.	Tobey
Castellow	Hess	Merritt	Traeger
Cavicchia	Higgins	Millard	Treadway
Chase	Hollister	Muldowney	Wadsworth
Christianson	Holmes	Parker, Ga.	Waldron
Clarke, N.Y.	Hooper	Parker, N.Y.	Watson
Cochran, Pa.	Hope	Perkins	Whitley
Connolly	Jenkins	Powers	Wigglesworth
Cox	Jones	Ransley	Wolcott
Darrow	Kinzer	Rogers, Mass.	Woodruff
De Priest	Knutson	Seger	
Ditter	Kurtz	Simpson	
Doutrich	Lambertson	Sinclair	

NOT VOTING—57

Abernethy	Crosser	Kennedy, N.Y.	Peterson
Allen	Douglass	Kleberg	Prall
Almon	Ellzey, Miss.	Lewis, Md.	Randolph
Andrews, N.Y.	Evans	Lloyd	Reed, N.Y.
Bacon	Fernandez	McMillan	Reid, Ill.
Brooks	Flannagan	McReynolds	Rich
Brown, Ky.	Gavagan	Mansfield	Richards
Brumm	Gifford	Mead	Schulte
Buckbee	Goss	Mitchell	Sweeney
Burke, Calif.	Guyer	Montague	Utterback
Caldwell	Hartley	Moynihan	West, Tex.
Cannon, Wis.	Hoeppel	O'Connor	Wolfenden
Chapman	Hornor	O'Malley	
Collins, Miss.	Kahn	Oliver, N.Y.	
Corning	Kelly, Ill.	Peavey	

So the bill was passed.

The clerk announced the following pairs:

On this vote:

Mr. Corning (for) with Mr. Brumm (against).
Mr. Oliver of New York (for) with Mr. Wolfenden (against).
Mr. O'Connor (for) with Mr. Goss (against).
Mr. Brooks (for) with Mr. Allen (against).
Mr. Mead (for) with Mr. Bacon (against).
Mr. Chapman (for) with Mr. Moynihan (against).
Mr. Prall (for) with Mr. Hartley (against).

Until further notice:

Mr. McReynolds with Mr. Evans.
Mr. Kennedy of New York with Mr. Andrews of New York.
Mr. Douglass with Mr. Guyer.
Mr. Crosser with Mr. Reid of Illinois.
Mr. Lewis of Maryland with Mr. Gifford.
Mr. McMillan with Mr. Buckbee.
Mr. Gavagan with Mr. Reed of New York.
Mr. Collins of Mississippi with Mrs. Kahn.
Mr. Abernethy with Mr. Peavey.
Mr. Montague with Mr. Brown of Kentucky.
Mr. Fernandez with Mr. O'Malley.
Mr. Kleberg with Mr. Richards.
Mr. Mansfield with Mr. Caldwell.
Mr. Peterson with Mr. Randolph.
Mr. Mitchell with Mr. Kelly of Illinois.
Mr. Sweeney with Mr. Lloyd.
Mr. Burke of California with Mr. Utterback.
Mr. Ellzey of Mississippi with Mr. Flanagan.
Mr. Almon with Mr. Horner.

Mr. BEAM. Mr. Speaker, my colleague, the gentleman from Illinois, Mr. KELLY, is unavoidably absent on business. If present he would vote "aye."

Mr. LEWIS of Maryland. Mr. Speaker, I desire to vote "aye."

The SPEAKER. Was the gentleman present and listening when his name was called?

Mr. LEWIS of Maryland. I was not, Mr. Speaker.

The SPEAKER. The gentleman does not qualify.

Mr. O'CONNOR. Mr. Speaker, I have a general pair with the gentleman from Connecticut, Mr. Goss, one of the few good ball players on the Republican side of the House——

Mr. SNELL. I object to that. There are several good players on this side.

Mr. O'CONNOR. If the gentleman from Connecticut were present he would vote "no" and I would vote "aye."

The result of the vote was announced as above recorded.

On motion of Mr. BUCHANAN, a motion to reconsider the vote by which the bill was passed was laid on the table.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4589. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes;

H.R. 5012. An act to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy;

H.R. 5040. An act to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes;

H.R. 5208. An act to amend the probation law; and

H.R. 5240. An act to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1129. An act to amend sections 4399, 4418, 4428, 4429, 4430, 4431, 4432, 4433, and 4434 of the Revised Statutes, as amended, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof;

S. 1514. An act authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss.;

S. 1561. An act providing for the payment of $50 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States; and

S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 4220. An act for the protection of Government records;

H.R. 4589. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes;

H.R. 4812. An act to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets; to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce; to provide for the commercial inspection of such products entering such commerce; and for other purposes;

H.R. 5012. An act to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy;

H.R. 5040. An act to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes;

H.R. 5208. An act to amend the probation law;

H.R. 5240. An act to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by

them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes; and

H.R. 5793. An act to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929.

ALLEGED ATTACK UPON UNITED STATES SERVICE MEN IN HAWAII

Mr. McCANDLESS. Mr. Speaker, I ask unanimous consent to extend my remarks by putting in the RECORD certain telegrams refuting a statement made recently in the papers.

The SPEAKER. Is there objection to the request of the Delegate from Hawaii?

There was no objection.

Mr. McCANDLESS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following newspaper item and telegrams:

[From the Washington Post, June 7, 1933]

UNITED STATES SERVICE MEN BEATEN IN HAWAII

HONOLULU, TERRITORY OF HAWAII, June 6.—An alleged outbreak of attacks on Army and Navy men here by civilian gangs has caused concern in high military and naval circles, it was reported tonight.

It was understood General Wells and Admiral Yates Stirling had sent reports to Washington.

Lts. Leroy Hudson and Walter Lee, Army aviators, were being treated in a hospital tonight after allegedly being beaten by civilians. Arthur Carter, Melvin Paoa, Brede Karratti, and John Kamana were arrested as suspects.

The officers, driving with women companions, were halted by another machine and allegedly beaten. Unconscious, they were left on the banks of the Alawai Canal, near the place where Thalia Fortescue Massie was attacked last year.

JUNE 8, 1933.

GOVERNOR, *Honolulu:*

Papers here carry story of alleged attacks on Army and Navy men by civilians in Honolulu. Wire me details of case and who to blame. Incident used against us in Congress yesterday.

McCANDLESS.

JUNE 9, 1933.

Delegate McCANDLESS,

House Office Building, Washington, D.C.:

In reply your inquiry by radio of June 8, chairman of Honolulu Police Commission informs me "that investigation made by chief of Honolulu police in presence of military police officers with one member of Honolulu Police Commission present during part of time indicates conclusively to police chief and commissioners that there was nothing which could be classed as a gang fight. Episode in question involved two Army officers who, witnesses claim, were intoxicated and three local civilian young men. Fight started in dispute over place of parking an automobile. Local civilians claim officers began fight, and latter claim contrary. Civilians arrested on warrants sworn out by Army officers and case set for trial in Honolulu District Court Friday morning, 9th. Chief of police is of opinion, after hearing complainants, defendants, and other witnesses, that there was no gang fight of any nature, and episode was mere brawl by whomever started, which should be left to court to determine." Will wire you again after court hearing completed, probably tomorrow.

JUDD.

HONOLULU, *June 10, 1933.*

Delegate McCANDLESS,

House Office Building, Washington, D.C.:

Trial of civilians accused of assault and battery on two Army officers completed this afternoon. Neither officer was able to identify any one of the defendants in court as having struck him. Neither officer was in uniform or wore any marks or insignia to show he was member of military service, and neither at any time by his own testimony stated to the civilians that he was such. There could have been no knowledge on the part of any defendants that either of the officers was connected with the military service. Judge Brooks, hearing this case, twice stated from the bench during the progress of the case that there is no evidence whatever to indicate any assault on Army personnel as such, and that the whole controversy was a spontaneous dispute over right of the civilians to park an automobile where they did, and resulted from that dispute. Boys had parked in driveway while one of them went to visit friend in house in rear. Fight occurred when officers returned and challenged right to be parked there. Any report that one of officers thrown into canal is unfounded and malicious.

Altercation not near canal, but near small filled-in stream bed. Both officers testified under oath that they had been drinking within several hours of the fight, one admitting might have had 4 and the other as much as 6 drinks of hard liquor plus beer afterward with sandwiches. Evidence insufficient to identify 5 of 6 defendants as assailants. Companions of officers identified one only, who was found guilty assault and battery; fined $25. Case dismissed as to other defendants.

JUDD, *Governor.*

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. POU. Mr. Speaker, I call up House Resolution 185. The Clerk read as follows:

House Resolution 185

Resolved, That immediately upon the adoption of this resolution the bill H.R. 5389 with Senate amendments thereto be, and the same hereby is, taken from the Speaker's table; that Senate amendments nos. 1 to 46, inclusive, and Senate amendment no. 48 be, and the same are hereby, disagreed to; that the House shall immediately proceed to the consideration of Senate amendment no. 47, and that in the consideration of said Senate amendment no. 47 the following motion to concur with an amendment shall be in order, and no other intervening motion shall be in order until said motion is fully disposed of:

In lieu of the matter inserted by said Senate amendment no. 47 insert the following:

"The President is hereby authorized under the provisions of Public Law No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act), as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service connected under the regulations issued pursuant to Public Law No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations, and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, and shall in their decisions resolve all reasonable doubts in favor of the veteran. For the purposes of this section the granting of service connection shall not be confined to the periods authorized by regulation no. 1, part I, subparagraph (c), or instruction no. 2, regulation no. 1, issued under Public Law No. 1, Seventy-third Congress, it being the intent of this section to preserve service connections as granted by section 200, World War Veterans' Act of 1924, as amended (other than disability resulting from the claimant's own misconduct), unless affirmative evidence clearly discloses that the disease or disability had its inception before or after the period of military or naval service, and not aggravated thereby.

"Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date: *Provided,* That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration.

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent; and in no event shall death compensation, except by fraud, mistake, or misrepresentations, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service."

Mr. SNELL. Mr. Speaker, will the gentleman yield to me to ask a question of the gentleman from Tennessee?

Mr. POU. I yield.

Mr. SNELL. The gentleman from Tennessee and I earlier in the afternoon had a tentative gentleman's agreement about when the vote would come on this resolution. I now understand it is the purpose to have the debate now and the vote will come later, perhaps 5:30 or 6 o'clock.

Mr. BYRNS. I think the gentleman and I, as well as other gentlemen, agreed that we would proceed with the consideration of the rule up to the time we would have a vote, if we are to have a record vote, and we would then take a recess until 5:30 or perhaps 6 o'clock. In the meantime, those who know they are going to be members of the conference committee can proceed informally to meet with the Members of the Senate who are to be on the conference committee and consider the amendments, so that there will be no time lost.

Mr. SNELL. There will be no time lost, because the conference committee would be utilizing the time just the same.

Mr. BYRNS. Yes.

Mr. SNELL. And there will probably be a recess; although, of course, we cannot tell how long the debate on the rule is going to take.

Mr. POU. I hope it will not take very long.

Mr. LEHLBACH. If the gentleman will yield, is it the intention to stop when the time comes to take the vote on the rule, or does the gentleman intend to continue with the motion to recede and concur with an amendment and wait until the time comes for a vote on that motion? The rule itself is a practically formal matter compared with the motion to recede and concur with an amendment which comes thereafter.

Mr. BYRNS. I think the agreement refers to any record vote that may be had with reference to veterans' legislation, regardless of whether it comes on one proposition or another.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. O'CONNOR. Of course, on the resolution from the Rules Committee there is 1 hour of debate, and this might call for a record vote. If the vote can be postponed until the motion comes to recede and concur with an amendment, that would be at the expiration of 2 hours, if all the time were used. I might suggest to the leader that if the opponents of this measure are willing to simply have a vote on the motion to recede and concur, then all the time could be used in the debate now.

Mr. SNELL. There are a good many over here who insist on having a vote on the rule.

Mr. O'CONNOR. Then that would come within 1 hour, and if that vote has to be postponed until 5:30 or 6 o'clock, we could not take up the debate on the motion to recede and concur with an amendment until that had been finished.

Mr. SNELL. That is true, but if we come back here at 6 o'clock, we will have time.

Mr. BYRNS. I am frank to say that if we have an hour of debate on the rule, that ought to be sufficient. Everybody knows how he is going to vote, and it would be my judgment, if I had charge of the motion to recede and concur with an amendment, to move the previous question at the earliest opportunity and not utilize the entire hour, because I do not see any use in sitting here and having 2 hours' debate upon a proposition that, I dare say, every man knows now how he is going to vote upon.

Mr. SNELL. Then why not make an agreement that we will have everything up to the vote on the rule and then take a recess until 6 o'clock?

Mr. SABATH. I think we ought to take the hour now and have no vote until 6 o'clock.

Mr. BYRNS. I wonder if we cannot have an extension of the time on the rule, say, one hour and a half, to be equally divided under the usual method, with the understanding that at the conclusion of the debate, if we have a vote on the rule and if gentlemen insist on a record vote, we can have that later.

Mr. SNELL. I should think, as far as the debate is concerned, that would be all right.

Mr. POU. I will say that the amendments are not material insofar as the veterans are concerned. They are even more liberal than they were this morning. I was going to ask unanimous consent that the amended rule be considered and discussed in lieu of the rule read at the desk.

Mr. WOOD of Missouri. Will the gentleman yield?

Mr. POU. Yes.

Mr. WOOD of Missouri. How about the Spanish War veterans?

Mr. POU. I will say to my friend that I tried to have them included in the resolution.

Mr. WOOD of Missouri. But they are not included; they are out.

Mr. POU. Yes; we have a letter from the President, and that is all we have except the assurance from the Director of the Budget that the minimum amount allotted to any Spanish War veteran is to be $10.

Mr. WOOD of Missouri. That is from Lewis Douglas.

Mr. POU. Yes.

Mr. CONNERY. The gentleman knows that yesterday I stated to the steering committee that I would go along on the provision that we had yesterday. I understand that the new provision as to aggravation after service is out, and if that is true I am going to try to have this rule voted down and get a decent bill for the service men. [Applause.]

Mr. JAMES. Will the gentleman yield?

Mr. POU. Yes.

Mr. JAMES. I understand that a man wounded in Cuba would get $15 a month, while an able-bodied man who fell out of a tree in one of these reforestation camps would get $45 a month.

Mr. POU. I will say that I hope very much that all these questions will be addressed to the gentleman in charge of the bill.

Mr. JAMES. Is not that correct?

Mr. POU. I will not undertake to say. Mr. Speaker, I ask unanimous consent that the amended rule be considered in lieu of the rule that was read from the Clerk's desk.

Mr. SNELL. Let the amended rule be read.

Mr. BANKHEAD. Mr. Speaker, in order to make certain the parliamentary situation as I understand it, the gentleman from North Carolina asks unanimous consent to offer an amendment to the rule, and the Clerk is about to read the amendment to the pending rule which has been read.

Mr. SNELL. That is as I understand it.

Mr. RANKIN. Mr. Speaker, reserving the right to object, I want to ask a question or two as to the proposition of limiting all debate to the rule. Suppose the rule is voted down and those of us who favor the Connally amendment want to offer amendments and debate them. If the agreement is entered into would that preclude us from debating the amendments that were offered?

Mr. POU. No.

Mr. RANKIN. And we could make a motion to recede and concur in the Senate amendments.

Mr. BUCHANAN. No; you could not do it. It would be before the House.

Mr. RANKIN. Then let us make it before the House.

Mr. POU. Mr. Speaker, I ask unanimous consent that the amended rule be considered in lieu of the rule itself.

The SPEAKER. Is there objection?

Mr. LEHLBACH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LEHLBACH. Is it the intention that this amendment should by unanimous consent be agreed to instead of the rule?

The SPEAKER. No; to be considered.

Mr. LEHLBACH. When will the amendment be offered as an amendment to the rule?

Mr. POU. I offer it now.

The SPEAKER. The Clerk will report the amendment.

Mr. BYRNS. Mr. Speaker, before that is done I wonder if we cannot come to an agreement, if it is satisfactory to the gentleman from North Carolina [Mr. POU], to limit this debate here to an hour and a half on both the rule and the motion to concur, so that we can settle the whole proposition at once and after the debate vote on the rule. Of course they may discuss any subject they please. I ask unanimous consent that debate upon the rule and the mo-

tion to concur be limited to an hour and a half and that that debate take place before the vote upon the rule.

The SPEAKER. Is there objection?

Mr. JAMES. Mr. Speaker, I object.

Mr. BYRNS. Then, if I could have my way, there would not be much debate upon the motion to concur, because I think we ought to have the previous question upon it. This is giving an hour and a half the gentleman may not get.

Mr. BUSBY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BUSBY. If objection is made to the substitution of the new proposal for the old rule, would it not have to carry over to another legislative day?

The SPEAKER. No.

Mr. O'CONNOR. The gentleman from North Carolina has offered an amendment.

Mr. SNELL. The gentleman can offer an amendment whenever he wants to.

Mr. BUSBY. The rule reported yesterday related to a proposal different from the proposition that is now before the House, and in response to that would not an objection to consideration of the rule lie at this point, there being no substantial proposition to which the rule related when the rule was drawn and reported. A former Speaker so held on an objection made to that point. This proposal before the House was not in existence when the rule was drawn and adopted. Therefore the rule fell, or did not apply to the proposal now being brought before the House. The rule, therefore, is not in order.

The SPEAKER. The proposal before the House is the report of yesterday, and the gentleman asks permission to amend it.

Mr. BUSBY. The proposal to which the rule related being before the House yesterday, the rule reported yesterday is not in order on the proposal before the House now.

The SPEAKER. The gentleman from North Carolina has the right to correct that situation.

Mr. BUSBY. I make the point of order that it is not in order to consider a rule adopted yesterday in relation to a subject matter that comes before the House for the first time today.

The SPEAKER. The Chair overrules the point of order. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. POU: Page 2, strike out the language beginning on line 3 and ending on page 4, line 18, and insert in lieu thereof the following:

"SEC. 20. The President is hereby authorized, under the provisions of Public Law No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act) as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct) in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service connected under the regulations issued pursuant to Public Law No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulations issued pursuant to Public Law No. 2, Seventy-third Congress (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical findings within the terms of or period prescribed by regulations 1, part 1, subparagraph (c), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, 73d Cong.), and shall in their decisions resolve all reasonable doubts in favor of the veteran, the burden of proof in such cases being on the Government.

Notwithstanding the provisions of section 17, title I, Public, No. 2, Seventy-third Congress, any claim for yearly renewable term insurance on which premiums were paid to the date of death of the insured and any claim for pension, compensation, allowance, or emergency officers' retirement pay under the provisions of laws repealed by said section 17, wherein claim was duly filed prior to March 20, 1933, may be adjudicated by the Veterans' Administration on the proofs and evidence received by the Veterans' Administration prior to March 20, 1933, and any person found entitled to the benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws, provided that the payments hereby authorized to be made shall continue only to include June 30, 1933, and only one original adjudicatory action and one appeal may be had in such cases. Where a veteran died prior to March 20, 1933, under conditions which warrant the payment of, or reimbursement for, burial expenses, such payments or reimbursement may be made in accordance with the laws in effect prior to March 20, 1933, provided that claim for such payment or reimbursement must be filed within 3 months from the date of passage of this act.

"Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except for fraud, mistake, or misrepresentations, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration.

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to Federal employees, hospitalized cases, and cases of beneficiaries residing outside of the continental limits of the United States; and in no event shall death compensation, except by fraud, mistake, or misrepresentation, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service."

Mr. LEHLBACH. Mr. Speaker, I offer an amendment to the amendment offered by the gentleman from North Carolina.

The SPEAKER. The gentleman from North Carolina [Mr. POU] is recognized.

Mr. POU. How much time have I, Mr. Speaker?

The SPEAKER. The gentleman has 1 hour.

Mr. POU. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. RANSLEY] one half of that time, but I give notice now that I shall not yield to anyone for the purpose of offering an amendment.

Mr. LEHLBACH. Mr. Speaker, the situation is not as if the gentleman had control of the time on the rule. The gentleman offered an amendment, which is in order under the general rules of the House, not contemplated by the original rule, and that amendment, under the rules of the House, is subject to further amendment, and I offer my amendment under the rules of the House.

The SPEAKER. The gentleman from North Carolina [Mr. POU] controls the time on his amendment. The gentleman does not yield for that purpose.

Mr. POU. Mr. Speaker, I have said I would yield to the gentleman from Pennsylvania [Mr. RANSLEY] one half of the hour, but if there is to be an attempt made to amend the rule as amended, I will say, in perfect frankness, I will move the previous question and cut off debate, if I can.

Mr. MAPES. Will the gentleman yield for an explanation?

Mr. POU. I yield.

Mr. MAPES. In order to get the entire picture before the House, I understand the gentleman intends to offer a letter which he has, relative to the Spanish-American War veterans.

Mr. POU. That is right.

Mr. MAPES. Would the gentleman have that letter read now so that we can have the entire picture before the House?

Mr. POU. Mr. Speaker, I will ask unanimous consent that this letter may be read, but that, of course, does not yield the floor, and I ask that the time for debate not begin until after the letter is read.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that the Clerk may read a letter without it being taken out of his time. Is there objection?

There was no objection.

The Clerk read as follows:

THE WHITE HOUSE,
Washington.

Hon. ROBERT CROSSER,
Chairman Special Democratic Caucus Veterans' Committee, House of Representatives, Washington, D.C.

MY DEAR MR. CHAIRMAN: I am enclosing herewith the language which I suggest be substituted for the language of the so-called "Connally amendment."

It is not necessary that there be included in this amendment language dealing with the Spanish-American War veterans who are 55 years of age or more. I have the authority under the provisions of the "Act to maintain the credit of the United States Government" to issue regulations for their benefit.

I give you the assurance that if the Congress sees fit to substitute the language attached hereto in lieu of the Connally amendment I will issue a regulation which will give some assistance to those Spanish-American War veterans who are 55 years of age or more who are substantially disabled and who are in need.

Because of the peculiar conditions surrounding the Spanish-American War and Spanish-American War veterans I want to emphasize that the assurances given in this letter and the action which I shall take pursuant thereto must not be considered as a precedent for veterans of other wars.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

P.S.—It will be necessary to add to the language herewith enclosed provisions exempting the members of the board from the provisions of the Civil Service and Classification Acts.

Mr. POU. Mr. Speaker, I yield myself 5 minutes. [Applause.]

Mr. Speaker, no man has the interest of all ex-service men more at heart than myself. When the original regulations were announced I felt that a very, very great mistake had been made, and the more I reflected over those regulations the more profound was my conviction that all should be done that could be done to liberalize those regulations.

Mr. HOEPPEL. Will the gentleman yield for a question?

Mr. POU. I ask not to be interrupted for just a little while. I would prefer to make my statement, please.

The developments of the last few days are fresh in our minds. We took up this matter with the President. He was at all times patient and considerate. When the proposal to liberalize regulations affecting ex-service men was first presented there were 700,000 persons already separated from the pay roll whose pension or allowance benefits were to cease on July 1.

The situation today is quite different. We have secured liberalization of the rules, which keeps those ex-service men on the pay roll, which provides for an agency set-up which will consider their right to receive benefits from the Government, and it will be written into the law of the land that the burden of proof is on the Government [applause], and that all doubt shall be resolved, where there is doubt, in behalf of the veteran.

Now something has been said with reference to Spanish-American War veterans. God knows, and I speak from the bottom of my heart, I would do much more for them if I had it in my power. But gentlemen, we have brought back to you here a complete agreement.

We have brought back to you something that goes further than I myself thought was possible at the beginning of our conferences with the President. It is either take that or else perhaps take nothing at all. In such event I feel a great mistake would be made. We have discussed every angle of this unfortunate situation and I want to say that every fair-minded man and certainly every veteran is under a debt of gratitude to WRIGHT PATMAN, to GORDON BROWNING, and to ALAN GOLDSBOROUGH for the attention they have given to this matter and for the light they have thrown upon it and for the guiding hands they have kept upon this whole proposal of getting these rules liberalized. [Applause.] I am proud to make that acknowledgment here. I can go back and look my people in the face with a little better feeling since I had some part in correcting a great mistake. Certain it is we have not got all I thought we were entitled to. God knows we have not. All I can say is there is going to be another day.

This is not the end of this thing [applause]; but we have brought back to you all that we could bring back in behalf of the maimed and disabled men who wore the uniform. We would have brought back more if we could, but we were confronted with our own work here, and we were discussing the situation with the President of the United States, who has the last say, who felt he could not concede more without violating a principle. I want to say that as far as the veterans are concerned, the President has given us his assurance that they will have a square deal before these new agencies.

The SPEAKER. The time of the gentleman from North Carolina [Mr. POU], has expired.

Mr. POU. I yield myself 1 additional minute, Mr. Speaker.

I know that heart of the President is right, and in taking the position I am taking here today, I believe I am doing what is for the best interests of the living veteran, and if you will permit me to say so, I believe I am speaking the sentiment of the dead. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. BACHARACH].

Mr. BACHARACH. Mr. Speaker, on March 10 the President of the United States sent to the Congress a message labeled "Economies in Government Service." Following the reading of that message the gentleman from Tennessee [Mr. BYRNS] presented for consideration House Resolution No. 28, for the appointment of a select committee of five members to be known as the "Economy Committee" for the purpose of considering and reporting upon the subject matter contained in the message of the President.

On the following day, March 11, following the adoption of a special rule, the gentleman from Alabama [Mr. MCDUFFIE] called up the privileged bill H.R. 2820, entitled "To maintain the credit of the United States Government."

Title 1 of that bill reads "Veterans", and title 2, "Officers and employees", meaning officers and employees of the United States Government. You will not find another single thing in that bill designed to maintain the credit of the United States excepting that which reduces pensions and salaries.

Of course everyone knows that the saving to the Government in the additional reduction in salaries was infinitesimal as compared to the savings contemplated by the reduction in pensions.

I want to quote a few lines from the remarks of the distinguished gentleman from Alabama [Mr. MCDUFFIE], the Chairman of this special Economy Committee, when he addressed the House on March 11 in support of the bill. He said:

> This bill, if enacted, will not be an act on your part to take a dime from a single worthy ex-service man. You are simply placing the responsibility on a great man—

Not, my friends, upon the Director of the Budget or the Director of the Veterans' Administration; the gentleman from Alabama had in mind the President of the United States—

> You are simply placing the responsibility on a great man who is willing to assume it. Your vote for this bill simply shows your willingness and your desire to cooperate with him, believing, as I know you believe, that he meant what he said in his message when he said:
>
> "If the Congress chooses to vest me with this responsibility, it will be exercised in a spirit of justice to all, sympathy to those who are in need, and of maintaining inviolate the basic welfare of the United States."

Mr. Speaker, upon that assurance I supported the President and voted for the so-called "economy bill." I do not now apologize for that vote, and, as the distinguished gentleman from New York [Mr. FISH] said a day or two ago, I do not think any Republican who voted for the bill needs to apologize for his vote. [Applause.]

But we were betrayed in the assurances we had that the provisions of the bill would be administered in a "spirit of justice to all and with sympathy to those who are in need."

There are approximately 352,000 service-connected World War veterans drawing compensation; 150,000 of that number are service-connected under the presumptive provision of the World War Act; of that number about 56,000 are tubercular and mental cases requiring hospital treatment,

who will be deprived of compensation and hospitalization unless they can prove service connection under the regulations issued by the President.

Where is the spirit of "justice and sympathy for those who are in need" in such cases as these which the gentleman from Alabama assured us the President of the United States meant when he said that he would exercise his responsibility with justice to all?

Again, we were assured, so far as Spanish War veterans were concerned, that the burden of proving service connection for their disabilities would be upon the Government and not upon the veteran.

In Executive Order Regulation No. 12, covering Spanish War veterans, the President states, "It is realized that veterans of the Spanish-American War, who have heretofore received a pension * * * will be at a decided disadvantage in endeavoring to secure evidence showing their injury or disease was incurred in line of duty in the active military or naval service."

Have any of you heard of any Spanish War veteran who has been given the benefit of the doubt on service connection or upon whom the responsibility of proving service connection has not been placed?

Only this morning I heard from a Spanish War veteran of my district, who has been hopelessly crippled with arthritis for many years past. He never applied for a pension until about 1916, although he had been in poor health for some years prior to that. He was under the care of a number of physicians and hoped that there might be some cure for his disease.

He was rated totally and permanently disabled and was pensioned at the rate of $72 per month. He has received word that under the regulations governing the Economy Act, his pension had been reduced to $20 per month. I hold here in my hand several photographs of this veteran showing his crippled condition. This veteran lives with his parents who are too old to give him any assistance, so that it is necessary for him to hire an attendant to take care of him. He has to pay that man $2 per day; he is constantly under the care of a doctor, and his expenses for the doctor's service and medicines average about $30 a month. How is he going to do that on a pension of $20 per month? Where is the spirit of "sympathy and justice" there? And there are thousands of cases like his among Spanish War veterans.

Not one single Member of this House who voted for the economy bill had any idea that the compensation of service-connected veterans would be cut under the bill. You will search through the RECORD and fail to find even an indication of such action on the part of those who were supposedly speaking for the administration, and yet under the President's regulations service-connected veterans have been cut as much as 68 percent in some instances.

I am in favor of the Connally amendment. Its adoption will at least have more of the milk of "human kindness" in it than even the proposed corrections suggested by the administration. As a matter of fact, the cut should be no greater than that which we cut our own salaries, 15 percent. [Applause.] We are told that if the Connally amendment is adopted it will unbalance the Budget. Well, so far as I am concerned, you have "got to show me" that the Budget has been balanced, the broadcast of the White House secretariat to the contrary notwithstanding.

Since the passage of the Economy Act, which resulted in a further reduction in Government salaries and the wholesale reduction in veterans' pensions, we have heard little or nothing about economy.

On the contrary, we have been on a wild orgy of spending. We have appropriated $250,000,000 to send several hundred thousand boys into forest camps at $1 per day, and perhaps before we are through with this experiment we will have an equal number of young women spending the summer in the woods at the expense of the Government.

We have appropriated $500,000,000 for relief to the States, much of which will have to be used to take care of the veterans who have been deprived of their pensions under the Economy Act. We have authorized the expenditure of $3,300,000,000 for a public-works program, and so forth, all of which has been done without worrying very much about balancing the Budget. We do not get concerned about that until an effort is made to correct an injustice to many of our veterans.

So far as I am concerned, I am willing to have the Budget remain unbalanced to the amount that it will take to administer the Economy Act as it relates to our war veterans in a "spirit of justice to all and with sympathy to those who are in need." That was the motive which actuated my vote on the economy bill, and that is why I am now ready to vote to correct the injustices of the regulations putting the economy bill into effect. [Applause.]

Mr. POU. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. BROWNING].

Mr. BROWNING. Mr. Speaker, of course my position on veterans' legislation has been well known this session. I advocated as best I could, and voted for, a limitation of 25 percent on cuts for all classes of benefits that had been granted. I stand by that position. I have no apology to make for it.

I think, though, in justice to the President's recent action, it should be said that these cuts that were made on direct service connections have been improved by later regulations issued under which only 18 percent will be cut from those who have direct service-connected disability.

I propose to support this resolution [applause] because I believe it is all we can get. I am not satisfied with it, of course I am not, but at the end of a long fight we have brought back the very best we could procure.

Insistence has been made that the presumptive cases must be reviewed. If this be the case, I think we have the best terms under which that review can be made. Boards are set up for this special purpose. Under this provision every reasonable doubt is to be resolved in favor of the man. The burden of proof is on the Government. He is left upon the rolls with a 25 percent cut until his case is determined, or until October 31 next. We took these considerations out from under the rigid regulations that have been put in force under the recent Economy Act. In other words, boards that are to consider these presumptive cases to determine whether the disabilities are service connected are not bound by the rigid rules that apply to service connection under the recent Economy Act. But these boards are to have a free hand to determine according to sound judgment and discretion on all the evidence available, not merely on medical opinion, as to whether the case can be considered as service connected.

If a man at this hearing can make a showing and justify his rating, then he is left on the roll as a service-connected case. If the presumptions are to be removed, I think we have every safeguard that can possibly be given.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. BROWNING. I yield.

Mr. RANKIN. Under the original Economy Act, as I remember it, the veteran was denied the right of appeal.

Mr. BROWNING. Yes.

Mr. RANKIN. Is he now given the right of appeal or the right to have his case reviewed?

Mr. BROWNING. Under the regulations promulgated by the President he will not be denied his appeal. The details, of course, are not in the resolution, but the authority is given the President to set up this appeal group here in Washington.

Mr. RANKIN. Mr. Speaker, will the gentleman yield further?

Mr. BROWNING. I yield.

Mr. RANKIN. Of course, as the gentleman knows, the presumptive cases are the ones I am most interested in, and especially the tubercular cases. Does the gentleman from Tennessee agree in this statement: Under the provisions of this resolution, if a man comes in and shows that he has tuberculosis developed prior to 1925, under the law we passed in 1924, if he were in a court of law and the burden of proof were on the State or on the opposition, that is as far as he would have to go. Is that as far as he will have to go in making his proof under this situation?

Mr. BROWNING. No. I will be frank on that. I do not think it is. If the Government should show an intervening period after discharge of some length with no activity, I think he would have to show some kind of evidence within 2 years of his discharge to indicate that he had some tubercular activity at that time; but it does not have to be clinical evidence, it does not have to be sound medical opinion. If he makes this showing of prior activity of the disease within 2 years, or proof indicating its existence, then he remains on the rolls.

Mr. RANKIN. But that puts the burden of proof on him.

Mr. BROWNING. It puts the burden of proof on him to show that he had a condition of disease back there. If I had my way, I would do as the gentleman from Mississippi—leave these presumptive cases on the rolls.

Mr. RANKIN. That is what ought to be done.

Mr. BROWNING. But we cannot get it. We are taking the very best we can get out of the situation.

Now, there are some other classes I should like to discuss if I have the time.

[Here the gavel fell.]

Mr. POU. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. BROWNING. The Spanish War men have been granted a more liberal treatment than was indicated by the gentleman who just preceded me.

In other words, these total disabilities have been raised from $20 to $30 a month in the last week. If a man is over 62 years of age, he gets not less than $15 a month. If he is between 55 and 60 years, and needs it, and is substantially disabled, which they are going to construe as a 50-percent disability—and any man over that age would almost be sure to be held to be a 50-percent disability—he will get not less than $10, according to the assurance we have. Of course, this is a small amount.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. BROWNING. I yield.

Mrs. ROGERS of Massachusetts. What will happen to the Spanish War widows who have been cut from $30 to $15?

Mr. BROWNING. They will remain there, unless they can show service connection.

Mrs. ROGERS of Massachusetts. How can the widow show this when the husband is dead and cannot help secure the necessary evidence to establish direct service connection?

Mr. BROWNING. I cannot help that.

Mr. RANKIN. Will the gentleman yield?

Mr. BROWNING. I yield.

Mr. RANKIN. The gentleman from North Carolina [Mr. POU], in his opening statement, said something about Spanish War veterans over 75 years of age. I was wondering if it were not possible to get some provision to at least declare these men, who are more than 70 years of age, totally and permanently disabled.

Mr. BROWNING. I do not know that it is, and I want to assure the gentlewoman from Massachusetts that I am just as sympathetic with the entire Spanish War pension list as she is, and for one I am ashamed that we cannot offer any more for them than is being offered at this time; but it is all we could get and we brought the utmost concession we could procure to you. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, neither in the original proposal nor in the amendment that has just been offered is there a word about the Spanish-American War veteran. In lieu of the kind of legislation which is carried in this bill in behalf of the World War veteran, we have a letter from the President wherein he says:

> It is not necessary that there be included in this amendment language dealing with the Spanish-American War veterans who are 55 years of age or more. I have the authority under the provisions of the act to maintain the credit of the United States to issue regulations for their benefit.

If this is the case, then there is no need for legislation at all, because the President has exactly the same power to regulate, under the authority of the Economy Act, the things that are carried in the proposed law. So this reason for leaving out the Spanish-American War veterans falls to the ground.

Then he gives assurance that he will do this:

> I will issue a regulation which will give some assistance to the Spanish-American War veterans who are 55 years of age or more, who are substantially disabled, and who are in need.

There are two indefinite propositions here. He will give "some assistance." He does not say how much. "Who are substantially disabled", and he does not say to what degree; but the gentleman from Tennessee [Mr. BROWNING] has assured us it will be construed to be 50 percent.

Now, why, in behalf of the Spanish War veteran, is not that expressed in precise language, exactly as it is for the World War veterans?

It was for this reason I was going to offer this amendment:

> The pensions received on March 30, 1933, by Spanish-American War veterans who are 55 years of age or more, who are disabled to the degree of 50 percent or more, and who are in need—

Following the President's own language—

> shall not be reduced by more than 25 percent.

If it were parliamentarily possible, I would introduce this amendment and we would see who are the friends of the Spanish-American War veterans in this House. [Applause.]

Mr. Speaker, I yield back the remainder of my time.

Mr. POU. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, the so-called "economy bill" caused the elimination from the pension roll of more than 706,000 veterans and their dependents. It caused an average of 1,700 people in each congressional district to be eliminated from the pension roll. It caused a loss of about $1,000,000 in purchasing power that would have gone into each congressional district during the coming year. We need buying power among the masses at this time.

I was very sorry that the bill passed. I did not vote for it; I voted against it, although it contained a few provisions I would have voted for on a separate vote. Since it did pass, it is the law, and we are now attempting to do the very best thing we can for the veterans, considering the situation we are in. In other words, we are trying to recover at least a part of what the veterans were deprived of by reason of the passage of the Economy Act.

The Democrats of the House had a caucus May 25, 1933, to discuss the drastic and inhuman reductions in veterans' benefits that had been made by authority of Public, No. 2—the Economy Act. The steering committee selected the following committee to confer with the President for the purpose of getting the benefits to veterans and their dependents liberalized: Mr. CROSSER, of Ohio, who is chairman of the steering committee, was made chairman; Mr. POU, Chairman of the Rules Committee; Mr. GOLDSBOROUGH, of Maryland; Mr. HASTINGS, of Oklahoma; Mr. LOZIER, of Missouri; Mr. LEA, of California, who is chairman of the Democratic caucus; and myself. The committee sought and received the assistance of the Honorable GORDON BROWNING, of Tennessee, and the Honorable LAMAR JEFFERS, of Alabama, who are knowns to be experts on veterans' legislation.

This committee has been working the past week with the President of the United States, the Director of the Budget, and General Hines, Administrator of Veterans' Affairs. We have spent practically all the week at the Executive Offices at the White House, and I want to assure the Members of this House that every effort has been made to restore every benefit that could possibly be restored to every veteran and every dependent of every war. When we went down there as members of this committee we were insisting that every presumptive case remain upon the pension roll, but willing for the roll to be purged of every fraudulent and unmeritorious case. We were insisting that the Spanish-American War veterans should remain upon the pension roll at 75 percent of what they have been receiving. We were insisting that the 36,325 widows and dependents of World War vet-

erans who have been stricken from the roll effective July 1, 1933, be restored to the pension roll.

SUBSTANTIAL BENEFITS RECEIVED

We have not been successful in accomplishing everything we desired to accomplish. However, we have made it possible for the following veterans and their dependents to remain on the roll after July 1, 1933 (present regulations would cause them to be stricken off July 1, 1933):

World War (service connection by presumption and otherwise)	154,848
Dependents of World War veterans	36,325
Spanish-American War veterans	105,660
	296,833

In addition, we have succeeded in getting the regulations relating to other service-connected disabilities liberalized; also succeeded in getting total and permanent disability cases, nonservice connected, World War and Spanish-American War, increased from $20 a month to $30 a month, and other substantial benefits.

BETTER THAN CONNALLY AMENDMENT

We have done much better than the present law and regulations would do, and I suggest to you, my friends, that the amendment brought in here in the nature of a compromise is more favorable than the Connally amendment except for the Spanish-American War veterans, and the President will have authority to restore all benefits to them. However, it is not written into the law, and I am of the opinion that the President will not allow very high rates.

DEADLOCK ON SPANISH-AMERICAN WAR VETERANS

During the last 2 days we had a deadlock on the Spanish-American War veterans. We were insisting that all of them and their dependents remain on the pension roll at not less than 75 percent of what they had been receiving. After being tied up on this question for 2 days, we were unsuccessful in getting all we wanted. The best we could get for them was the statement of the President in writing, which is being placed in the CONGRESSIONAL RECORD, to the effect that all Spanish-American War veterans who have reached the age of 55—and I venture to say there are very few under that age—and are substantially disabled and in need shall receive a pension. That word "assistance" in the letter means pensions. We have that information from the President of the United States.

THE CONNALLY AMENDMENT NOT SUFFICIENTLY BROAD

The Connally amendment did not include 154,000 presumptive cases, nor the 36,335 dependents of the World War veterans who have been notified that they will receive no further benefits after July 1, 1933. Our compromise keeps all of them on the pension roll. On the other hand, it did include the misconduct cases—would cause them to be put back on the pension roll and permit them to receive the same rate and amount of compensation as veterans who received their injuries in battle. These cases include diseases contracted by reason of the veteran's own willful misconduct. There are many pitiful cases in this group, and some of these men were the best soldiers on the field of battle, but the President does not believe that they should receive compensation as battle casualties. Our compromise accedes to the President's request. However, they will be allowed hospitalization.

The World War was over November 11, 1918. Many young men enlisted in the Army, Navy, and Marine Corps after that time and before July 2, 1921. All of them in this class that have disabilities or injuries traceable to their military service have, under orders issued by the President, been transferred to the peace-time soldier roll and are to receive after July 1, 1933, the same compensation that a peace-time soldier would receive instead of the amount paid battle casualties during war.

The peace-time soldier rate is much lower than the war-time rate. The Connally amendment restores by law all these cases to war-time rates, and gives them all the benefits and privileges that are granted to veterans injured upon the field of battle, when they were not in the military service during the war. The President refused to agree to this change. He insisted that they served in time of peace and should only receive the benefits of a peace-time soldier. Our compromise accedes to the President's request.

This compromise, including the benefits granted by the President, under regulations issued last Tuesday, in an effort to satisfy the committee, will increase the cost of veterans' benefits around $150,000,000 annually. The Connally amendment would have increased the cost of such benefits approximately $100,000,000 annually.

Mr. RANKIN. Will the gentleman yield?

Mr. PATMAN. I will yield to the gentleman.

Mr. RANKIN. Last year we passed a bill through the House by 316 to 16 for the widows and orphans that had been left out. I want to know if anything was done about those unfortunate cases?

[Here the gavel fell.]

Mr. POU. I yield 1 minute more to the gentleman.

Mr. PATMAN. I am sorry I do not have the time to discuss all the things that I want to discuss I will say to the distinguished Chairman of the Veterans' Committee.

Mr. RANKIN. Will the gentleman answer my question?

Mr. PATMAN. I am sorry. The gentleman realizes my time is very limited. I will say, however, that all widows and orphans that have been stricken from the pension roll by reason of the regulations issued under the Economy Act are being restored under this compromise. They will get the full amount they have been receiving, without any reduction at all.

BELIEVE BEST SETTLEMENT WE CAN GET

I believe this is the best settlement we can get. It is a compromise; I am not advocating it, I am merely submitting to it and, under the circumstances, willing to accept it. We have worked hard for this compromise and we have got the best we could. I do not believe that we can get anything more at this session of Congress. I am unwilling to take the responsibility for depriving the 300,000 people, veterans and their dependents, of the benefits they will receive under this compromise by insisting upon more than we know that we can get this session of Congress. Under the circumstances I am willing to take the half loaf. As suggested by that great man from North Carolina, the veterans' friend, the father of one who gave his life for his country during the World War, the Chairman of the Rules Committee and one of the most effective and diligent workers for the veterans on this special committee, "there is going to be another Congress."

DIFFERENT PLANS DISCUSSED

My time having expired and permission having been granted, the following is inserted:

The so-called "Economy Act", or the act to maintain the credit of the United States Government, was the second law passed by Congress at this session. It is known as "Public, No. 2." I spoke and voted against the bill. I stated then that I did not believe that veterans drawing compensation for service-connected disabilities, or their widows, should have their compensation reduced one penny. I still stand on that statement. The law passed and regulations have been issued by the President putting it into effect. I shall attempt to show how the veterans and their dependents of different wars are affected under Public, No. 2, which includes regulations issued thereunder, the Connally amendment which was adopted by the Senate on the 2d day of June 1933, and the compromise that was effected by the committee representing the Democrats of the House and the President of the United States on last Saturday.

WORLD WAR

Service-connected cases

Under Public, No. 2, these cases would have lost $156,826,010 annually. The number of cases would have been reduced from 380,648 to 225,800, and the amount received by them annually reduced from $221,728,010 to $64,902,000. In this class of cases there are 154,000 presumptive cases, which would have been eliminated from the pension roll. The Connally amendment would not have restored any of these cases and would not have increased the amount payable to this class of veterans one penny. The President revised his

regulations June 6, 1933, at the urgent request and insistence of the special committee, which resulted in increasing the amount that will be drawn by this class of cases by $60,000,000 or $70,000,000 annually. In addition the compromise plan will keep the 154,000 presumptives on the pension roll until the Government proves beyond a reasonable doubt that they are not service-connected. The compromise plan, as embodied in the amendment, places the burden of proof on the Government to show that these cases are not service-connected. They remain on the roll until October 31, 1933, or until the Government proves that they are not service-connected.

Emergency officers' retirement

Under the old law 6,314 emergency officers would have received the next year $10,029,827. Under Public, No. 2, the number is reduced to 2,000 retired officers and the amount reduced to $3,300,000. This group was not helped by the Connally amendment. Neither will it be helped by the compromise plan, except as the compromise plan may apply to the presumptive cases.

DEATH COMPENSATION

World War, including widows, orphans, and dependent parents, all service-connected

Under the old law 107,325 in this class would receive $39,389,837. Under Public, No. 2, the number of beneficiaries in this class were reduced to 71,000 and the cost to $23,700,000. The compromise plan restores the 36,325, that were eliminated under Public, No. 2, back to the pension roll, and they will receive what they would have been receiving in the past without any reduction at all.

Disability allowance—World War (presumed to be for disabilities not connected with the service)

Under the old law 501,724 of these veterans would have received $101,652,326 this year. Public, No. 2, elimniated all except 48,500, who are totally and permanently disabled and who would have received $9,884,000 this year, or $20 a month each. Our compromise increased the amount that the totally and permanently disabled veterans will draw from $20 to $30 a month. Our compromise does not help the 453,000 partially disabled, neither did the Connally amendment help them.

In 63 percent of the disability-allowance cases, under the old or present law, the veterans receive $12 a month; in 24 percent of the cases they receive $18 a month; in 6 percent they receive $24 a month; and in 7 percent they receive a maximum of $40 a month. If all the disability-allowance cases were restored to the roll and the amount they were receiving reduced 50 percent, it would only cost the Government $23,000,000 more annually and would reinstate on the pension roll 305,000 veterans.

Although these cases are presumed not to be service-connected a large number of the recipients of these small monthly pension checks have disabilities connected with their service; they have been unable to make the proper showing on account of lost records, death of doctors and comrades, and for other reasons beyond their control; they had jobs for many years after the war and were willing to carry on without being put in a position of calling on their Government. The depression put many of them out of work for the first time; then when they attempted to service-connect their cases the delay operated against them.

In order for a veteran to qualify under the disability allowance law of July 3, 1930, he must have served 90 days during the World War, honorably discharged, and suffering from a permanent disability of more than 25 percent. If he were suffering from a disability of not less than 25 percent and not more than 49 percent, he would receive $12 a month; for disability from 50 percent to 74 percent he would receive $18 a month; from 75 percent to 99 percent he would receive $24 a month; and for total and permanent disability he would receive $40 a month.

If all the disability-allowance cases are not restored as indictated they may be at an extra cost of $23,000,000, $21,600,000 additional appropriation will restore the 150,000 who are receiving from $18 to $24 a month by paying them an average of $12 a month hereafter; they are suffering from disabilities more than 50 percent. This is invited to your attention for consideration.

SPANISH-AMERICAN WAR, INCLUDING BOXER REBELLION, PHILIPPINE INSURRECTION

Service connected

Under Public, No. 2, the number of cases in this group was increased from 600 under the old law to 19,400 under the new act. The amount has been increased from $291,600 to $11,508,400. The widows in this group have been increased from 1,175, at a cost of $330,175, to 2,300, at a cost of $700,000.

Non-service-connected cases

Under the old law, 197,260 in this class would have received $107,026,277 this year. Under Public, No. 2, our special committee was informed by Mr. O'Connor Roberts, Solicitor of the Veterans' Administration, that this class will be reduced to 82,600 and the amount reduced to $21,459,644. The Connally amendment would have prohibited any of these veterans' being reduced more than 25 percent. Under the compromise plan, the ones in this class that are totally and permanently disabled will have their pension increased from $20 to $30 a month, and all of these veterans who are 55 years of age, substantially disabled, and in need will receive a pension, the amount to be fixed by the President. Practically all of them are more than 55 years of age and practically all of them are rated more than 50 percent disabled, which the President has construed means substantially disabled. The compromise plan will have the effect of restoring practically all the ones partially disabled that are eliminated under Public, No. 2, and will increase the amount received by the totally and permanently disabled, but will not assist this class of veterans as much as the Connally amendment would have assisted them, unless the President restores their rates by regulations which he has a right to do. World War veterans having non-service-connected disabilities will not receive anything for partial disability.

Spanish-American War veterans receive monthly, prior to July 1, 1933, $20, $25, $35, $50, and $60. Those who are helpless or blind as to necessitate the aid and attendance of another person receive $72 monthly.

The number of dependents of Spanish-American War veterans, including widows of non-service-connected veterans, under the old law was 42,161, who would have received $17,124,658 this year. None of these dependents are eliminated. Some will be transferred to the service-connected roll. Under Public, No. 2, these dependents remaining on the roll in this class—41,036—will receive $7,700,000. A widow in this class will have her pension reduced from $30 a month to $15 a month. Under the Connally amendment these dependents would have been helped by the Connally amendment, as their pensions could not have been reduced more than 25 percent under that amendment. The compromise plan does not permit them to receive any more than under Public, No. 2. It should be understood, however, that World War widows in this classification do not draw any sum at all from the United States Government as a pension or compensation, and the President has a right to restore their pensions to $30 a month.

CIVIL WAR

Service connected and nonservice connected

Under the old law 22,525 veterans would have drawn $24,000,000.

Under the new act 22,525 veterans will receive $21,460,700, or a loss of 10 percent.

No change would have been made under Connally amendment or compromise plan.

Widows

Widows will lose 10 percent for 1 year only, the same as the veterans will lose 10 percent for 1 year only.

Under the old law 122,492 would have received $58,534,100 the coming year.

Under the new act they will receive $52,680,690, or a loss of $5,853,410.

No change would have been made under Connally amendment or compromise plan.

OTHER WARS

Indian—Mexican—1812

The veterans will lose $559,747.

Under the old law 4,676 would receive $2,808,188; they will receive $2,248,441, under the new act instead.

The widows, 5,135, would have received $2,025,028. They also take a 10-percent reduction and will receive $1,822,525.

No change would have been made under Connally amendment or compromise plan.

PEACE TIME

Service connected

The number, under the old law, would have been 21,082 and the amount $6,400,000.

Under the new act the number of veterans will be 30,389 and the amount $5,672,000, or a loss to the veterans of $728,000.

The widows will be increased from 5,736, under the old law, to 10,736, under the new act, and the amount increased from $1,389,974 to $2,400,000.

No change would have been made under Connally amendment or compromise plan.

Under the new act there will also be an estimated saving of $34,000,000 in administration, medical, hospital, and domiciliary services from $110,538,514, under the old law, to $76,538,414, under the new act.

No change would have been made under Connally amendment or compromise plan.

MILITARY AND NAVAL INSURANCE

There will be a reduction of from $134,000,000, under the old law, to $123,000,000, under the new act. No change would have been made under Connally amendment or compromise plan.

The total savings estimated under Public, No. 2, was $460,000,000 for the coming year. This includes $50,000,000, which the Government can save, because the veterans are not able to pay interest on their adjusted-service certificates. Under the Connally amendment this saving would have been reduced about $100,000,000 more. Under the compromise plan it will be reduced about $150,000,000 more.

THE SO-CALLED "BONUS BILL"

H.R. 1, which was introduced by me on the first day of this Congress, provides for controlled expansion of the currency and the payment in cash now of the full face value of the adjusted-service certificates. It is pending in the Committee on Ways and Means. A hearing was requested. We were informed that the committee was not going to consider any proposal during this special session that was not recommended by the administration. We have endeavored to get the administration's support. The bill provides that the certificates shall be paid in new money, the same kind of money—United States notes—that the administration has recommended be issued to the amount of $3,000,000,000. We believe that the payment of the certificates is the best plan that has been proposed to use as a vehicle to get money out among the grass roots—out among all the people in every nook and corner of the Nation.

DISABLED AND DEPENDENTS COME FIRST

At the beginning of this session of Congess the disabled veterans of the World War and their dependents received the greatest setback that they have ever received from Congress. Although we have made every effort to get the adjusted-service certificates paid, we have not allowed the question to overshadow the campaign to recover benefits for the disabled and the dependents of veterans who gave their lives to the cause of their country in time of war. Benefits for these classes must have precedence over benefits for the able-bodied. H.R. 1 will be pending when Congress meets again. During this session we did not want to just make a gesture; we wanted the bill passed; we worked in the interest of its final passage, but were unsuccessful. We believe that the passage of this bill will help the country more than any legislation that has been proposed, and, besides, would save the Government $112,000,000 a year and abolish a useless commission. The House passed this bill June 15, 1932, by a vote of 211 for to 176 against; the Senate defeated it by a vote of 62 to 18 on June 17, 1932; the Senate, again, at this session defeated the bill. We were handicapped for this session both by reason of the opposition of the administration and the reaffirmance of the Senate's opposition to the measure. The outlook for the passage of this bill at the next session, commencing in January 1934, appears more favorable. Every effort will be made to get it passed at that time, in order that the country, as well as the veterans, may be helped.

THE NATIONAL ECONOMY LEAGUE

The four great means of communication are the press, the radio, the screen, and the stage. The National Economy League, with substantial support from these means of communication with the people, backed by millions of dollars, propagandized the country with false and misleading information which has deceived good people. It is said "every dog has his day." The National Economy League, which received support from war profiteers, who made money by reason of this country's misery and misfortune during the war; and from high-ranking officers and ex officers, who are now drawing from $5,000 to $18,000 a year pension from the Government; from tax evaders, cheaters, defrauders; from high priests of international finance, who have scattered lavish loans and security issues at cut-rate prices among Government officials and molders of public opinion; has had its day. The veterans will have their day. They will never ask for more than justice; no one should ask that they accept less. As they sacrificed in time of war, they are willing to sacrifice during a great emergency in time of peace. I hope they will not be called upon to make a greater sacrifice than any other class. When the people are in a position to consider more soberly veteran legislation without the interference of the Economy League, I am sure they will be convinced that most of the benefits that have been taken away from veterans and their dependents should be restored; that economies in Government can be effected in other ways that will be less harmful to the general welfare.

MORGANS, MELLONS, MITCHELLS, AND AL CAPONE

The Budget has been unbalanced. Why? Because the House of Morgan has become a den of thieves and has been defrauding the Government. Because the Mellons are protecting their fortunes through tax-exempt securities and cheating the Government out of income taxes. Since 1789 the United States Government has paid to holders of Government bonds $15,000,000,000 for interest on these bonds; since that time the Government has paid out to all veterans of all wars and all dependents of all veterans of all wars the sum of $15,000,000,000. The $15,000,000,000 paid to bondholders was a pure bonus and should not have been paid. We are paying this Morgan and Mellon crowd $725,000,000 for interest this year on Government tax-exempt bonds. Not a dime of it should be paid. It is an outright bonus. If a dollar bond issued by the Government is good, a dollar bill issued by the Government is good; the only difference is the bond draws interest and the bill does not. We should save this $725,000,000 by paying the bonds with new money; this can safely be done, not quickly but gradually, and at the same time furnish the banks sufficient money to do business with.

If the Morgans, Mellons, and Mitchells are brought to the bar of justice, tax returns made subject to public inspection, the loopholes in the income-tax laws plugged, and the tax-exempt bonds are paid with new money, and no more such bonds are issued, the Budget will balance itself in a very short time and remain balanced; it will then be unnecessary to take from sick and disabled veterans and dependents of men who gave their lives on the field of battle for the cause of their country in order to make up for the failure of this gang of international banking racketeers to pay their fair share of income taxes. The human budget is entitled to some consideration. If the tax laws are not going to be enforced against the Mellons, Morgans, and Mitchells, the Federal penitentiary doors at Atlanta, Ga., should be opened and Al Capone should be released.

I am not defending Al Capone, but as between the four of them possibly his activities have been the least harmful to the general welfare. Justice should be meted out to all alike.

PROGRAM FOR THE FUTURE

I should like to see all benefits restored to dependents of veterans who gave their lives for the cause of their country in time of war and to all veterans who suffered an injury or contracted a disease, or had such a condition aggravated, by reason of military service in time of war, without any reduction at all. I should also like to see the following proposals given careful consideration at the next session of Congress:

First. Complete justice to all veterans of World War and Spanish-American War and their dependents.

Second. Prevent further concentration of wealth and power and levy a very high rate of tax on large incomes and inheritances.

Third. Old-age pensions, widows and orphans' pensions, regardless of military service.

Fourth. Take Government out of private business and get the few powerful bankers out of the Government's business. The power to issue money on Government credit should not be farmed out to a few bankers.

Fifth. Abolish secrecy in Government. Make income-tax returns subject to public inspection. All expenditures of the Government should be made subject to public inspection. Secrecy is a badge of fraud.

Sixth. The Federal Reserve Banking System should be owned by the Government. Every Federal Reserve note that is issued by this institution represents a mortgage on all the homes and all the property of all the people and upon the incomes of all the people. Such privilege should only be exercised for the benefit of all the people and all the banks and not limited to a few people and a few banks. The Government can acquire this system for $160,000,000; and if it will require the speculators, gamblers, and international bankers to pay a reasonable sum for their credit, the purchase price can be repaid in 3 months and a large sum accumulated each year toward the running expenses of the Government which will permit the repeal of all nuisance taxes.

The veterans and all other citizens can render a great service to their country if they will resolve from this day on to take an interest in local, county, State, and National political affairs; they should first qualify themselves to vote; they should study the science of money; this is the greatest of all economic questions.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 8 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I have the utmost sympathy for those on the Democratic side who have spoken here today, because every Member knows that they have tried to do their best to secure from the White House the best possible legislation for the disabled veterans to be considered here in the House. Everyone knows the record of these three Democrats who have spoken here today; they have always been for the veterans suffering from service-connected injuries, and they are to be commended for changing the President's mind, getting the President to reverse himself from those cruel and brutal regulations and Executive orders which he issued last April.

What we on this side of the House do not understand is if you are not satisfied with this proposed legislation why do you stand for legislation you do not believe in, why do you not let us offer perfecting amendments and vote it up or vote it down? [Applause.]

It is not in criticism I speak, but in commendation of these very gentlemen, because this House is thoroughly misunderstood and has been abused and maligned throughout the country because of the misinformation and misrepresentation about this veterans' legislation, which has been carried in the public press emanating from the White House and friends of the administration. Why, even Col. Louis Howe, the Secretary to the President, made a radio appeal to the American people to support the President against the Congress on the grounds of economy a few days after he had arranged for a friend of a friend of a deserving Democrat to obtain without bidding a contract for 200,000 toilet kits which, according to the War Department, would cost the taxpayers $100,000 more than if let through the usual methods employed by the War Department.

When we passed the economy bill, as the distinguished gentleman from New Jersey [Mr. BACHARACH] just stated, the Director of the Budget said that the administration would not touch the service-connected disability cases. But no sooner had we passed it than Executive orders and regulations were issued cutting drastically service-connected cases. Veterans without an arm, without a leg, without a foot, without a hand, or without an eye, or shot full of holes in battle were cut an average of 50 percent—from 30 percent to 70 percent. The American people have no idea of these facts, because of all this propaganda that has been going out over the radio to the people back home, making Congress look as it we were in the wrong, when the truth is that the President has been in the wrong ever since he issued his Executive orders and cruel and unwarranted regulations.

Everyone in the House knows it, but no one outside of the House knows it. No one back home knows the facts, and no one back home knows that under the Economy Act—and no Member of the House is complaining—425,000 non-service-connected veterans were cut off the list right off the bat. The people back home do not know that because of all the misinformation and misrepresentation that has obscured the facts.

Mr. BECK. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. BECK. Is not this a demonstration of the fact referred to a few days ago that there is no such thing as a benign dictator?

Mr. FISH. The gentleman is quite right. But this is part of the new deal for the disabled veterans. There is no question about that. I do not know about the South, but I can say to you that up North where I come from over 80 percent of the World War veterans and Spanish War veterans voted for Franklin D. Roosevelt for President, and they want to know if this is part of the new deal, if this is part of the promises made in the Democratic platform.

Nothing was said about cutting $400,000,000 off the war veterans to balance the Budget in the Democratic platform, but as soon as Congress opened the whole question was, Let us balance the Budget at the expense of the disabled veterans and the Spanish War veterans, and from that moment on every newspaper and every statement of the administration, every radio speech that went out, was misrepresentation of the facts, so that the people back home honestly believe that the 425,000 non-service-connected men are still on the pension lists, which were removed months ago. They do not know that those Executive orders and regulations issued 2 months ago provided for a 50-percent cut against the direct-service-connected disabled veterans which no business group, not even the Economy League, had asked for.

In the limited time I want to raise an entirely different aspect, one that has not been spoken of here before. I for one do not believe that there should be any cut in the service-connected cases, not even 15 percent. [Applause.]

I am willing to vote for a 15 percent cut during this emergency on the disabled veterans' compensation, because we have taken a 15 percent cut ourselves, but we should not cause disabled veterans to take a larger reduction. The reason I do not think there should be any cut at all in the service-connected cases is simply this. We have spent the last 3 months trying to bring about inflation in America, at least you gentlemen on the Democratic side have, and the dollar is already deflated down to 80 cents. I know how dangerous it is to predict anything. The most dangerous thing for a politician is to make a prediction as to what is going to happen in the future or to promise a job. Yet, remembering the old adage that fools rush in where angels fear to tread, I am willing to predict that this American

dollar of ours will not be worth 50 cents when we get back here next January, and that is the dollar that we are to pay out to the disabled veterans of America.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield for a question?

Mr. FISH. For a brief one.

Mr. HOEPPEL. I assume that the dollar will be worth 50 cents when the conferees return from London. [Laughter.]

Mr. FISH. That is another matter that I could speak on at length, but I am not going to. I believe it is a fair statement that I have made, because I have heard prominent Democrats say the dollar may go down to 20 cents. So I think it is a pretty fair statement to say that this rubber dollar of ours may be worth 50 cents when we get back here next January. And that is the kind of dollar we pay out to the disabled veterans. The wage earner, of course, if we have this inflation in America, will have his wages increased gradually; but how about the disabled veteran?

How about the veteran that cannot work, how about the veteran for whom there is no armistice, who could not work if he was offered a job? We are paying those veterans in this deflated dollar, and that is why I say to you if we were given an opportunity to discuss this whole problem and offer proper amendments, I believe this House would vote down any cut in the service-connected veterans at this time. [Applause.] It is not fair nor just to discriminate against the Spanish War veteran 35 years after that war, and, if given an opportunity, we would amend the bill to provide adequate benefits to those veterans in spite of the attitude of the President and the Democratic administration. There is no question that the people back home have been deceived. Whether deliberately and purposely or not does not make any difference. We are still getting letters from the Economy League as if the House were entirely in the wrong. In conclusion I congratulate and commend those veterans and friends of the veterans in the House who have gotten the President of the United States to partially reverse himself on this legislation. The fact is that the disabled war veteran is being crucified on a cross of deflation and economy. [Applause.]

The SPEAKER. The time of the gentleman from New York has expired.

Mr. POU. Mr. Speaker, I yield 1 minute to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY. Mr. Speaker, I made a promise and pledge to my soldiers that I would vote to equalize pensions on merits regardless of technicalities and give all an equal opportunity on the merits of evidence before the law, and that I would not vote to reduce pensions and disability allowances as a means to effect public economy more than the pay of other men, and I would rather vindicate my pledge and word to the soldiers of my district than win the praise and plaudit of kings, presidents, or potentates. I would rather vindicate my word and pledge to the soldier boys than to be crowned a fawning puppet by the so-called "Economy League" or to win the favors of the men who want to cut pensions to leave more of the appropriations subject to their own manipulation.

It is not what men say before they are in office, nor what they claim they stand for after they have retired, but what they do while clothed with power to act. I am here ready to vote to vindicate my pledge to the soldiers. There is no time like the present time. The future is not ours. I would rather stay here through all this long torrid summer and until winter returns again than to vote to adjourn this House before I vindicate my pledge to the soldiers. [Applause.]

If I made a mistake in my pledge to the soldiers in specific language, I am too late in realizing the error. I should have made the discovery before the election and broadcast the change to the voters. I have no moral right to make such discovery now.

The soldiers of the country are as loyal and patriotic in peace and normal civil life as they are in war and under call of duty. And they are ready to take the same reduction in their pensions as other men in salaries and wages. But there is no reason or justice in demanding a greater reduction of pensions and disability allowances than reductions for other classes of men.

It is true, and long has been true, that there are many flagrant abuses. There are many glaring inequalities which have grown up under the administration of the pension system, partly resulting from technicalities of the pension laws and rules under which men with little or no disabilities are drawing excessive pension allowances, while other soldier claimants, shot, cut, torn, and mangled and demoralized by wasting disease and suffering almost total disability are paid only trivial or negligible pensions. But these abuses and inequalities more and very largely result from political exigencies and pressure brought to bear and in force in the administration of the pension laws for preferment and favoritism to meet partisan ends and emergencies and the political exigencies of the hour.

And it is true that there must be a revision of the administration of pension affairs. There must be a readjustment of pensions and disability allowances and a practical review on merits, ignoring technical laws and rules, and to remedy the favoritism in the administration of the law. Some highly paid pensioners with large salaries should release their claim, at least for the time, or be dropped from the rolls. Others should be reduced to a lower level and many lower pensions should be raised to remedy flagrant discriminations and to effect substantial justice.

But I do not want these amputations made, nor the surgical operations performed in obsessed Comanche Indian style, wielding a butcher knife or a meat ax, blindfolded, and slashing promiscuously in the dark. I do not want these operations made under a general blanket order to be followed and carried out without observing rules to safeguard fair and humane consideration. I do not want these operations entered upon in the secret chambers of war profiteers and the rendezvous of millionaire tax dodgers, nor subject to the counsel and advice of the Morgan preferred investors. I want these operations conducted by the friends of the soldiers and not by men looking to their demise to get their pay. I want them made in the open and in the glare of the noon-day sun, on a full hearing of the evidence, with presumption in the soldiers' favor, with high humane considerations prevailing over technical laws and rules.

On learning that, in my zeal to support the President and maintain solidarity for the administration power under the law as administered, I had transcended my platform pledges, I promptly filed a bill to conform with my election promise and providing for a 15-percent reduction in pensions, the same as provided for salaries, wages, and governmental payments to other men, as follows:

Be it enacted, etc., That title I of the act of March 20, 1933, entitled "An act to maintain the credit of the United States Government" (Public, No. 2, 73d Cong.), is hereby repealed.

SEC. 2. All laws which were repealed by said title of said act of March 20, 1933 (Public, No. 2, 73d Cong.), are hereby revived and reenacted.

SEC. 3. All pensions, disability allowances, and monetary gratuities payable under such revived laws are hereby restored as fully and completely as if said act hereby repealed had never been enacted.

SEC. 4. All pensions, disability allowances, and monetary gratuities under said revived laws shall be reduced by 15 percent, and which said reduction shall terminate at the expiration of 1 year from date of this act, unless prior thereto extended by further enactment.

SEC. 5. This act shall take effect from and on the 1st day of the month following date of enactment.

SEC. 6. All acts and parts of acts in conflict or inconsistent with the provisions of this act are hereby modified, amended, or repealed accordingly and so far and to the extent the same may be necessary to make effective the provisions of this act.

Further consistent action on my part in obedience to platform obligations requires that I vote against the rule cutting off amendments, and which I will be constrained to do. If this rule is not adopted, then I will be afforded the opportunity to offer the bill as an amendment to the conference report.

While the so-called "Economy Act" is in the form of reduction of pensions, small salaries and wages, it is in fact

and in effect an income-tax law, assessing a 25-percent income tax on pensions and 15 percent on small salaries and wages. And as in other income-tax laws provided, the tax is withheld and paid from the source. Other men pay a normal income tax of from 1 to 2 percent, with liberal exemptions to householders and to those supporting dependents, but this bill assesses a tax of 25 percent on soldiers and allows no exemptions for dependents. This 25-percent income tax is levied, assessed, and collected while Morgan, Mellon, Mills, and a thousand other millionaires ignore the income-tax laws and pay no taxes. The effect is to shift the burden of taxes from wealth, capital, and the idle rich and place the same upon the backs of soldiers, wage earners, and small-salaried men.

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. POU. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Speaker, I regret very much that my friend the gentleman from New York [Mr. FISH] should drag a political discussion into a question affecting the disabled service men of America. I could tell him that this is a "new deal", because I could remind him if I did so, that when we had a bonus army come to Washington this year, we did not have corpses lying out in Anacostia and up on Pennsylvania Avenue. [Applause.] I could tell him that it was a new deal——

Mr. HOEPPEL. Will the gentleman yield?

Mr. BULWINKLE. No. Sit down. Mr. Speaker, when the gentleman from New York just now said "we on this side of the House", he was applauded by a great number of my friends on the Republican side and the gentleman from California [Mr. HOEPPEL]; so I am not yielding to a Republican sitting on the Democratic side. [Laughter and applause.]

But I want to say that the question now before us is, What is best for the service men? They speak of the Connally amendment. Now, in the Connally amendment 36,000 widows and orphans are left out entirely. The presumptive cases, that is, where the disability of the deceased soldier was presumed to have been incurred in the service—those are left off entirely. All presumptive cases in which the soldier is alive are left off.

Mrs. ROGERS of Massachusetts. Will the gentleman yield to a Republican who always helped the Democrats secure needed hospitals for war veterans?

Mr. BULWINKLE. I yield to the lady at any time.

Mrs. ROGERS of Massachusetts. I am told repeatedly by the Veterans' Administration that the Connally amendment did give presumption to the TB's and the NP's.

Mr. BULWINKLE. Very well. The lady will also remember the construction placed upon acts in the committee on which she and I have served so long and how it was changed by regulation of the Bureau later on.

Mr. HOEPPEL. Will the gentleman yield?

Mr. BULWINKLE. I will not, I said. [Laughter.]

It is this question: What are you going to do for these 300,000 men? We all know that the Connally amendment, even if it should be passed in this House, would be vetoed. Are you willing to go back to the disabled men, to those widows and orphans, those Spanish-American War veterans who are turned off completely, and say to them that we did not try to get something for them? [Applause.]

The SPEAKER. The time of the gentleman from North Carolina [Mr. BULWINKLE] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 4 minutes to the lady from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to insert as a part of my remarks certain paragraphs from letters and also two articles from the Army and Navy Journal.

The SPEAKER. Is there objection to the request of the lady from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, first I want to pay my tribute to those veterans who are taking their cuts with the courage with which they took their wounds and their illnesses during the war. I have never seen such courage and such patience. It must make us ashamed if we allow this gag rule to carry. I am going to read to you just a paragraph of a letter written by a man employed in one of your southern Veterans' Administration offices. He says:

> I am unable to compromise with my conscience any longer without calling your attention to the way the rigid procedure under the "new deal" is being carried forward. The present system of rating these cases, to put it mildly, is a farce.

We all know that case after case of direct service connection has been cut to nothing. There have been suicides as a result.

The President promised that no deserving veteran would be cut. He promised that we would have sound currency. He repudiated sound currency. He has repudiated our debts to the veterans. I have the greatest sympathy for the men on the other side of the aisle whose hearts are torn by this proposed injustice to the veterans. But why do they not show the courage of their convictions? What have we in President Roosevelt's letter, which was read a few minutes ago, to assure us that even those provisions will be carried out? We have had promises before. What have those promises amounted to? We were fooled before. Why be fooled again? It makes my blood boil. Oh, it makes me fighting mad! [Applause.] We have repudiated our debts to the living. That is bad enough.

Mr. HOEPPEL. Will the lady yield?

Mrs. ROGERS of Massachusetts. I will just for a short statement.

Mr. HOEPPEL. Your blood boils because you are not a rubber stamp. [Applause.]

Mrs. ROGERS of Massachusetts. How can this House repudiate its debt to the dead?

How would you like it if you went through months of disability thinking that at your death your widow would be paid $30 a month, if you could after your death, know when you would not be here to establish the service-connected nature of your disability that your widow was cut to $15 a month? That is the case with some of the Spanish-American War widows. Do you realize that certain widows of the officers of the peace-time Army whose husbands when they went into the service were promised their widows would receive not less than $30 a month have been cut to $22 and lower? The reforestation widows will be paid more and also the dependent widowers of the women who are employed in the reforestation camps——

A MEMBER. Forty-five dollars?

Mrs. ROGERS of Massachusetts. No; not $45. A widow with two children would receive $45. A widow without dependents will be paid $30, which is $8 more than $22, and her children will be paid 75 cents a month more than will the children of peace-time widows.

Is it fair to treat the Spanish War nurses as they have been treated under the President's regulations? Is it fair not to give certain World War nurses justice who have been drastically cut under these same regulations? Perhaps some men here might not be alive today if it had not been for the fine care of these women.

Is this your idea of justice?

Is your idea of justice and fairness the trusting to mere scraps of paper, mere promises?

I say vote for the Connally amendment. If you did not have the gag rule, you would.

Why are you afraid? Your own President cannot keep his promises. [Applause.]

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. The following is a letter from a Spanish War nurse:

> Mrs. EDITH NOURSE ROGERS,
> *House of Representatives, Washington, D.C.*
>
> DEAR MRS. ROGERS: I have not written you for some time, but reading some of the comments you have made on the veterans' cuts, I want to tell you of some of the things I know about here in Los Angeles.
>
> One Spanish War nurse having 5 years' service in the Philippines and a widow of a veteran, has been cut from $60 per month

to $6; she has bad health, could not work a day if work were to be had, is now 67 years of age, but owning a small cottage, which she and her husband worked hard to get, they think she can exist on this small amount (that an extremely experienced Budget Director (?) says a veteran of 62 can live on. If he would only give us some idea of how it can be done, we might feel better about it).

Another nurse, having years of service to her credit, is also cut to $6 per month. That is but 2, and among the 541 on the pension roll there must be many more.

It is working an extreme hardship on these nurses, many needing domiciliary care just now, and many almost 70 years of age. To be cut down to the pittance they say we may have to live on will cause many to have to ask aid from the welfare organizations, as many of these nurses have been helping their families during the out-of-work season. A mother cannot allow her children to go hungry is why some of these courageous women are so badly off. They could not save many pennies on $60 per month, and many of them are getting much less than that.

A widow living in the same apartment, her husband died over 10 years ago, and she has been getting her widow's pension, has been cut off entirely; and so the injustice goes on.

Reading of those kits being furnished by Secretary Howe to the reforestation men for $1.40 per kit, and the fact that men like J. P. Morgan can get out of paying income taxes, makes us feel that the Government we tried to help many years ago has surely forgotten. Instead of "forgotten men" it is "forgotten nurses", old and feeble, and now having to ask charity, is something we cannot comprehend. We are so nervous and deeply resentful that it is hard to be fair to those in authority at this time. We tried to be fair to the President, but if he allows this injustice to go through, we cannot ever feel the same again. I must tell you that some of these nurses have said that nothing but suicide stares them in the face.

So any work you may accomplish for us will be highly appreciated.

If Secretary Howe cannot say anything but the utter nonsense he got off yesterday evening over the radio, he had better stop right now. It is an insult to the intelligence of the American people to listen to such rot coming from a man supposed to be in the confidence of the President of the United States. We are worked up to a high tension and this letter may seem somewhat erratic, but our feelings are so hurt and we are so disappointed that in our last few years we may be charges of the city or county, you cannot wonder at some of the things I have written. Thank you for reading this, and we sincerely hope that you may say even more plain facts than you have.

The following are parts of letters and articles sent to me and point to injustices to the veterans:

I am unable to compromise with my conscience any longer without calling your attention to the way the rigid procedure under the "new deal" is being carried forward. I know that you are a sincere friend of the ex-service men and I hope you will be able to do something about it.

The present system of rating these cases, to put it mildly, is a farce. Speed is the only watchword that we have; no accuracy, no fairness, no scientific procedure. We are not allowed to ask for any new examinations on any kind of a case, in spite of the fact that many of the cases of gunshot wounds and nervous injuries have not been examined since 1923, 1924, or 1925. We are not allowed to ask for a new examination on active cases of tuberculosis, in spite of the fact that under the new regulations if a man is "active" and has not been examined for over 1 year his service connection is severed. We are not allowed to use "presumption" in any way whatever. We are not allowed to call a man in arrested tuberculosis unless he has had a continuous 6 months' hospitalization in a hospital, and who may be "active" and in an almost dying condition at the present time. This man is definitely out under the new regulations.

You can readily see, Mrs. ROGERS, what hardship this works on lots of ex-service men, who dwell in rural communities and who prefer to be treated at home, and to be nursed at home, by their own relatives, rather than to stay at a Government hospital. Should they be penalized for that? But certainly this 6 months continuous hospitalization clause does penalize them.

Amoebic dysentery is not included in the list of chronic diseases, although it was a very prevalent disease among our soldiers, especially in tropical soldiers, and has rendered many men chronic invalids for life.

It is impossible for me to go into details at this time, as I am very anxious to get this letter to you in order that you may make a strenuous effort to have these regulations modified, if possible, insofar as not allowing new examinations are concerned, and insofar as this frantic speed is concerned.

I am sure that you will concede that I have some knowledge of ratings, and I can assure you that in my opinion it is impossible to give these men fair ratings, without being able to obtain new examinations, when necessary, or to obtain new Adjutant General's Office reports. It is quite possible, as you know, that where there has not been obtained a new Adjutant General's Office report since 1919 or 1920 a new report might show definite service connection for some disability that some poor devil has suffered from, for which he is now denied service connection.

I believe that it should be our duty not to make a frantic effort to get all these cases done by July 1, 1933, but, on the other hand, to carefully rate every case, from every angle, due to the fact that under the new regulation there can be no appeal from the ratings now given.

It is my hope that you will be able to write a letter to the President and call his personal attention to this matter, because it is impossible for me to believe that any man reputed to be as broad-minded and sympathetic to the woes of the world as is our present President that he would be a party to such rank injustice and cruel treatment to men whose only fault is that they were disabled, or claim to have been disabled, in the service of their country.

Extracts of a letter from a veteran:

The silver star and oak leaf cluster and those citations I cherish, they are on the wall before my desk but they cannot help me now. I am not selfish, I expected to be asked to assist with 10 or 15 percent off, but I wonder if you folks really intended that that should be our lot; it doesn't seem so to me.

Won't you try and show me the way through this condition, although some of the 1917–18 spirit is still with me the youth is not so strong. It's a problem to me of life and death for the worry is the worst; my salary now at 45 percent, this compensation was still taking care of me and my worries, and its loss, I am afraid, will mean my health, my job, my house, and all.

I hope this lengthy letter has not wearied you for I've tried to give a true picture of one veteran who was told his condition and from then on was fair both to his country and himself and now is penalized for this conscientiousness.

My thanks for your expected consideration and I hope that you will interest yourself not only in my case but all of us boys who have service-connected conditions which we are always trying to keep in check, and that I shall receive a reply from you.

Extracts of a letter from a veteran's wife:

DEAR MRS. ROGERS: Permanent and total disability, a physical wreck and almost a mental one, an invalid for over 14 years.

You have been a personal friend of my husband and myself for many years, and we are forced to appeal to you to aid us in our fight to obtain justice. He is a veteran of the Spanish-American War; seizure and occupation of Vera Cruz, 1914; Mexican border expedition, 1916; World War, 1917 to 1919, wounded, gassed and taken prisoner at Marne River July 15 and remained prisoner of war until December 10, 1918. Honorably discharged March 1, 1919, completing about 27 years' service. November 23, 1929, awarded permanent and total disability compensation, due to service-connected disabilities of: Arrested TB of both lungs, aortic insufficiency, heart trouble with hypertrophy and dilation, chronic bronchitis, physoconeurosis, neurasthenia, competent (recently declared semicompetent), bad case of bronchial asthma, has to have the constant care and attention of an attendant, and I am a semi-invalid as the result of taking care of him for over 14 years.

Now, according to the enclosed letter, a rating board recently decided that he had no service-connected disabilities. This means that this poor physical and almost mental wreck will, after July 1, be an inmate of the almshouse, as he is unable to earn a penny; we will lose the home and furniture we have been paying on for over 14 years; we will lose all our insurance, because our income would not be enough for us to keep it up; I, a semi-invalid as a result of caring for this man, would have no other choice but to try and get work, such as I could do, and, when physically unable to do this, beg from door to door for food enough to keep body and soul together or join my husband in the county poorhouse, and when I died be laid away like him in a pauper's coffin and in the potters' field alongside of my husband, veteran of four campaigns and a life devoted to the service of his country. I am in hopes that you will come to our aid in this matter and do what you can to have this injustice righted. Is this not a grand reward and a fine administration that will treat its heroes in this manner?

[From Army and Navy Journal June 3, 1933]

SERVICE PENSIONS

The new veterans' pension regulations, if rigidly applied, will do a great injustice to many Regular Service widows, a considerable number of whom are over 70 years of age. Many of these women are the widows of Regular officers and soldiers who suffered the vicissitudes of foreign service and other hardships in following their husbands throughout their Army careers. There was little chance for such families to save money, and in many cases where savings were made and carefully invested, all has been lost during the past 3 or 4 years.

For some years past such widows were entitled to pensions of $30 per month on account of their husbands' services during the Spanish War, Philippine insurrection, or Boxer rebellion, and in most cases service was had in at least two of the aforementioned emergencies. Where the husband bought life insurance or made investments which have stood the depression, these widows are to receive no pension if their private incomes are over $1,000 per year, and if their incomes are under $1,000 per year, the pension is to be cut to $15 per month. One thousand dollars per year is not sufficient income for an elderly woman to support herself adequately in any city, and besides, it may be questioned why the Federal Government should penalize those people who by careful living have been able to build up some estate.

It has been difficult to get an exact general statement which would show the effect of the new pension laws and regulations which are to become effective July 1, 1933. Several brief state-

ments that have appeared in the press had errors which have caused unnecessary anxiety or left pensioners with an erroneous sense of security. The office of the Army Mutual Aid Association has given information as a result of the studies made in that office, but even there it is reported that new facts are developing from time to time on account of changing constructions which are being given to the recently enacted provisions.

In general it may be stated that the widows of veterans of the Civil War and Indian wars are not to be disturbed in their present pension allowances.

In the cases of those who are widows of veterans who served 90 days or more in the Spanish-American War or World War, or who participated in active operations during the Philippine insurrection or Boxer rebellion, and died as a result of causes incident to such service, pensions are to continue as heretofore at the rate of $30 per month. Where widows are drawing pension on account of service by their husbands during the Spanish War, Philippine insurrection, or Boxer rebellion but where the veteran's death was not due to causes which originated in or were aggravated by service during those wars, the widows' pensions are to be reduced to $15 per month, providing they have income of less than $1,000 a year. If the widow has private income of more than $1,000 a year, she will not be entitled to such pension. The children of deceased veterans of the Spanish War, Philippine insurrection, or Boxer rebellion will be paid through their widowed mothers $5 per month for one child, with $3 monthly for each additional child. If there are children and no widow, 1 child may receive $12 per month, 2 children $15 per month, 3 children $20 per month, with additional allowances for additional children.

To widows of deceased officers or soldiers of the Regular Establishment in cases where the officer or soldier died from causes incident to the service, the rate of pension is to be $22 per month, with $8 additional if there is one child and $4 additional for each additional child. Where there is no widow, 1 child may receive $15, no widow but 2 children $22, 3 children $30, and additional amounts for additional children. The dependent mother or father of an officer or soldier who dies as a result of service in the Regular Establishment may be paid $15 for one parent or, where there are two parents, $11 each.

Widows who are employed by the Federal Government cannot draw pension unless the pension is paid on account of service by the veteran prior to 1898.

[From Army and Navy Journal, June 10, 1933]

To all who have a sense of pity for the helpless there must come profound indignation at the further suffering imposed upon the widows of the Regular services by the regulations issued by the President under the authority of the Economy Act. These women played their part in promoting the security of their country. It was their task to keep their men mentally and physically fit to discharge their duties as soldiers and sailors, to send them to war with smiles which hid aching hearts, to keep the home safe, and to encourage others in patriotism, no matter how great the anxiety oppressing them. It was their task to share the duty of their husbands in upholding the dignity of the United States not only in their own country but abroad, and some of them today are suffering from the consequences of tropical diseases. Honor they had, comfort they had when their men were alive, but when death wielded its scythe honor became memory and comforts gave place to bare existence upon a pension of $30 per month. How many of these women have lived and offered their brave front to the world, God and they alone know. But hard as was their difficulty in keeping body and soul together upon the miserable pittance granted by the richest government in the world, how can they exist with it cut in half? How can they exist even if a 25-percent or even a 1-percent reduction be imposed? The President, in response to congressional rebellion, has modified a few of the regulations. It is unfortunate that included in the modification was no reference to the widows of the men, all of whom served their country with distinction and ability, and many of whom were recognized by Congressional Medals of Honor and meritorious decorations. We appeal to the President and to Congress to correct this inhuman injustice. We know our country, we know its regard for those who have served it well, and it is with confidence that we expect action which will wipe from the flag the shame which this melancholy order has spattered upon it.

Mr. POU. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Speaker, the measure which we are considering, and which is offered as a substitute for the Connally amendment, is said to represent a "compromise" agreed upon by the President and the unofficial committee which waited upon him. I agree that this substitute secures for a certain class of World War veterans benefits somewhat comparable to the Connally amendment. But, as far as Spanish War veterans and their dependents are concerned, they have been tossed overboard; there is nothing for them.

Today 35 years ago my division was marching and drilling at Camp Coppinger, some miles out from Mobile. Within a few days we were transferred to Miami, then a mere village alongside a swamp. There, bitten by swarms of insects and under unspeakable sanitary conditions, we remained throughout the tropical summer. Our food was scanty and unwholesome. Our hospital was little more than a name, medicines and supplies almost wholly lacking, and medical attention largely a pretense. There were no nurses and no suitable food for the sick. I lay for 30 hours, after admission to the hospital, upon a bare board, with my blouse folded under my head for a pillow, without seeing a doctor or receiving the slightest attention.

Our sick list mounted at terrific pace, until scarcely 50 percent were fit for duty. Racked by malaria, typhoid, and other diseases of the semitropics, within 60 days there was scarcely a sound man in the pestilential camp, and deaths had risen to an appalling figure. Then the armistice was signed, and these men came away to be discharged without a medical examination, and without any adequate record having been made of their disabilities.

I saw these soldiers as they went into camp—gay and patriotic boys, eager to serve their country. Then I saw them as they were discharged to their homes—gaunt and fever-stricken, and bearing the seeds of disease to plague them throughout their lives.

Never have veterans of any of our wars received so little attention and such small evidence of appreciation of their service as have those who served in the War with Spain. For more than 20 years no special provision whatever was made for those who were disabled. They received neither bounty nor bonus, and yet there was not a conscript among them.

Now, 35 years have gone. Half of these veterans have passed into the great beyond, many of them hastened to their graves by their sufferings in service. The others, now in their old age and their gray hairs, enfeebled by disease incurred in the service of their country, or broken by the casualties of industry, now find themselves, in their declining years, the "forgotten men"—discriminated against, dishonored, and disowned by the Government for which they offered their lives. [Applause.]

What have they done that they should be denied the pittance by which they might eat honest bread? Did you not call them to the service of your country? Did they not follow your flag? Did they not suffer in your stead? Why do you disown them now? [Applause.]

I marched with these men in '98. They have been my friends and intimates through all the intervening years. I know how poor they are—how little they have to show for a life of service. I know that a large majority of them will be destitute if robbed of their pensions. I know that many are merely being transferred from the pension list to the mercies of charity or to the generosity of sympathetic friends.

Oh, the ingratitude of republics! You are tossing them overboard, these veterans of '98. I marched with them then, and I can do no better now than to share their fate. You toss them overboard and, if need be, I am willing to go overboard with them. [Applause.]

Mr. POU. Mr. Speaker, would the gentleman from Pennsylvania agree to a 6-minute extension of time, to be equally divided and controlled between himself and myself?

Mr. RANSLEY. I will agree to that.

Mr. POU. Mr. Speaker, I ask unanimous consent that the time be extended 6 minutes, to be equally divided between and controlled between the gentleman from Pennsylvania and myself.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I cannot support this rule, which would not only preclude us from accepting the Connally amendment but it would tie the hands of our conferees, put them in a strait-jacket so that they could not accept the liberal provisions of the Connally amendment,

which would take care of the old Spanish War veterans and also of the presumptively service-connected disabled World War veterans and their widows and orphans.

The gentleman from Alabama [Mr. JEFFERS] and I have worked out an amendment to the Connally amendment which would make the Connally amendment read as follows:

Notwithstanding any of the provisions of the act approved March 20, 1933, entitled "An act to maintain the credit of the United States Government", in no event shall World War service-connected disability compensation of any veteran, whether such disability was directly service connected or service connected by presumption of law, or the death or dependency compensation which has, under provisions of law in existence March 4, 1933, been heretofore paid to any widow and/or dependent of such World War veterans, or the pension of any veteran of a war prior to the World War, or the pension of any widow and/or dependents of such veterans, be reduced more than 25 percent of the rate being received prior to March 15, 1933.

This would not only take care of the Spanish War veterans but would also make it certain to take care of the thousands of tubercular World War veterans and other presumptively service-connected cases that are now suffering as a result of the economy bill and the present drastic regulations under it, and at the same time it would provide compensation for their widows and orphans when they pass away.

Mr. JEFFERS. Mr. Speaker, I make the same request.

Mr. CONNERY. Mr. Speaker, I make the same request.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may have the right to extend their remarks in the RECORD upon this subject.

Mr. JEFFERS. At this point?

Mr. KVALE. Mr. Speaker, reserving the right to object, I shall object simply because the gentleman from Mississippi [Mr. RANKIN] asked to extend his remarks at this point in the RECORD.

Mr. RANKIN. That has already been granted. The reason the requests were made was because we could not get time to talk on the bill. The gentleman from Alabama [Mr. JEFFERS] and the gentleman from Massachusetts [Mr. CONNERY] and I are all members of the Veterans' Committee.

Mr. KVALE. Mr. Speaker, I withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

Mr. RANSLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, there is no eloquence like the eloquence of experience. A good saying is, "From the heart the mouth speaketh." The eloquence of the distinguished gentleman from Alabama was as convincing as it was entrancing. He spoke from his experience. His eloquence was exceeded only by that of the gentlewoman from Massachusetts, who made, I think, the most eloquent speech that has been made in Congress during the years that I have been here. She, too, spoke out of her experience. I agree with both of them.

I am sorry that I find myself in disagreement with some noble defenders of the soldier boys on the Democratic side. Down deep in their hearts they know that what they are doing today does not have the full approval of their conscience. How unlike themselves is it for them to say, as if in chorus, "This is the best we could get."

Mr. Speaker, has it come to pass that the Membership of this House has to go to some other place to get legislation? Can we not make legislation? Has it become a lost art? Has representative government failed? Do we have to go anywhere else to get legislative inspiration? Where should we go? Did not the electors in the constituencies of each of us elect us to represent them in the Halls of Congress?

I shall vote against this rule and shall also vote against the resolution. I do this not that I am opposed to a concession on the part of the President in favor of the veterans, for I am in favor of such concessions if there are any. I favor the passage of the Connally amendment. It is difficult to see where the proposition now proposed by the President is of any material benefit to any class of veterans. The President dealt unjustly with the veterans. The President and his chief spokesmen in the House gave us to understand when the economy bill was passed that the President would deal with the veterans in "a spirit of justice to all"; we believed them and trusted them. When they make such promises now I for one feel that—

The truth itself is not believed,
From one who sometimes has deceived.

The Senate passed what is known as the Connally amendment which is as follows:

Notwithstanding any of the provisions of the act approved March 20, 1933, entitled "An act to maintain the credit of the United States Government", in no event shall World War service-connected disability compensation of any veteran, or the pension of any veteran of a war prior to the World War, or the pension of any widow and/or dependents of such veterans, be reduced more than 25 percent of the rate being received prior to March 15, 1933.

The real friends of the veteran in the Senate were opposed to the Connally amendment, for they were in favor of a 15-percent cut in preference to a 25-percent cut, but they were induced to accept this amendment upon a representation that the same would be acceptable to the President and would not meet a veto from him. When the matter came up for consideration in the House the Presidential influence began to be felt again. The Democrats with a majority of two hundred in the House could have passed the Connally amendment the next day after it passed the Senate. They failed to do so. If they fail to pass the Connally amendment here, the responsibility is theirs. There is no question but the Membership of the House is at heart overwhelmingly in favor of the Connally amendment. It is unfortunate that a body elected by the people are not free to register themselves in line with their conscience. I maintain that the refusal of the President to accept the Connally amendment springs from his determination not to permit any invasion of the czaristic powers which are his and which with reference to veterans' matters he exercises most arbitrarily.

One reason that he assigns for this is that it would throw the Budget out of balance. My friends, what would a few million dollars distributed among several hundred thousand veterans and dependents amount to as compared with:

Two thousand million dollars for farm relief;

Two thousand million dollars for home owners' relief;

Five hundred million dollars to the States for relief;

Thirty-three hundred million for relief of business and public works.

Ladies and gentlemen, the matter of balancing the Budget should be accomplished, but many legislative sins are committed behind the shadows of the much-used excuse "balance the Budget." The Budget is not balanced and it will not be balanced after this plan of the President is adopted. It is an excuse and not a reason. All these large expenditures were asked for by the President after his economy bill was passed.

When the President first issued his code of regulations the national leaders of the Spanish-American War veterans insisted that his regulations were not fair and not in line with the intention of Congress. Under pressure the President modified the same and issued regulation no. 12. The language of this regulation if interpreted reasonably would have given this group of veterans a fair chance to prove their cases, but interpretation and methods employed by the Pension Department and Veterans' Bureau were unreasonable and unfair.

This proposal that the President makes as a substitute for the Connally amendment is little short of an insult to the Spanish-American War veterans. I am authorized to say on behalf of the national leaders of the Spanish-American War veterans that they would prefer to have nothing as a substitute for the Connally amendment than to have this shallow, meaningless substitute which hardly amounts to a shadow of a substitute. Time does not permit to dwell extensively on this subject, but I wish to read the following letter from President Roosevelt to Mr. CROSSER:

Hon. ROBERT CROSSER,
Chairman of the Special Democratic House Committee.

MY DEAR MR. CHAIRMAN: I am enclosing herewith the language which I suggest be substituted for the language of the so-called "Connally amendment."

It is not necessary that there be included in this amendment language dealing with the Spanish-American War veterans who are 55 years of age or more. I have the authority, under the provisions of the "act to maintain the credit of the United States Government", to issue regulations for their benefit.

I give you the assurance that if the Congress sees fit to substitute the language attached hereto in lieu of the Connally amendment I will issue a regulation which will give some assistance to the Spanish-American War veterans who are 55 years of age or more.

Because of the peculiar conditions surrounding the Spanish-American War and Spanish-American War veterans, I want to emphasize that the assurance given in this letter and the action which I shall take pursuant thereto must not be considered as a precedent of other wars.

P.S.—It will be necessary to add to the language herewith enclosed provisions exempting the members of the board from the provisions of the Civil Service and Classification Acts.

Especially would I call your attention to that sentence where he promises some assistance to Spanish-American War veterans who are substantially disabled and who are in need. Mr. Speaker, how unconscionable to take from a veteran his pension which for years he has felt that he proudly earned and to tell him "we will give you the magnificent sum of $10 per month, if you are in need." Valiantly have the old Civil War veterans and the Spanish-American War veterans fought against any pauper-clause pension legislation. Now to attempt to pauperize them is worse than an insult.

They say that the Connally amendment will keep thousands of presumptive cases and widows and orphans from the rolls. When I made inquiry of the Veterans' Administration on this point I was assured that all would be included. The World War veterans are given a modicum of relief under this substitute, but the Spanish-American War veterans are doomed. I am sorry that we are not permitted to vote directly on the Connally amendment, for I know it would pass. I shall vote against the rule and the amendment in the hope that, if they are defeated, we can have a chance to vote for the Connally amendment. [Applause.]

Mr. POU. Mr. Speaker, I yield 1 minute to the gentleman from Alabama [Mr. JEFFERS].

Mr. JEFFERS. Mr. Speaker and ladies and gentlemen of the House, at the time when the Connally amendment was passed in the Senate it contained in part the following language, "World War service-connected disability compensation of any veteran", and it also contained the stipulation that this service-connected disability compensation was as of the date of March 15, 1933, or prior thereto. When that amendment was adopted in the Senate containing that language every opinion which was voiced at that time—at least every opinion that I heard anything about, and these opinions were from Members of the House and Senate who are good lawyers and also, I may say, from the legal adviser of the Administrator of Veterans' Affairs—was to the effect that the language in the Connally amendment, since it referred to the date of March 15, 1933, or prior thereto, undoubtedly covered and included those service-connected cases of World War veterans which had been declared service connected by presumption of law.

Now, then, I am surprised to hear some Members contending today that the Connally amendment as it is now written would not include those cases which were declared service connected under the presumptive clause in the 1924 veterans' act. Now if anyone seriously believes that the Connally amendment does not include that class of service-connected cases, principally tubercular and mental and nervous diseases, such a defect, if it is a defect as the amendment was written, was, I am sure, unintentional on the part of the Senators who favored the Connally amendment, and, of course, could be corrected very easily by a very few words, which could be inserted simply as a clarifying amendment to the Connally amendment.

One has but to read the record of the proceedings in the Senate at the time when the Connally amendment was passed in that body to be convinced that it was the intent and purpose of the Senate to include that class of cases which had been declared service connected by presumption of law.

The same proposition applies to the widows and orphans of those World War veterans who have died of service-connected diseases or disabilities, whether directly service connected or service connected by presumption of law. If such clarifying language is needed in the Connally amendment to take care of those widows and orphans, it can certainly very readily be inserted if we are able to secure a chance to vote on the Connally amendment here in the House today.

It has also been suggested by some who favor the Connally amendment that the word "rate", as used in the last line of the Connally amendment be changed, for the sake of clarity of language, to the word "amount."

These amendments would simply be clarifying amendments and it might be well, if we can secure the opportunity to vote on the Connally amendment, to put them in, in order to be sure that the Connally amendment, if adopted, would mean what was evidently the purpose and intent of the Senate in passing that amendment. I should favor the Connally amendment if clarified in these details, because I believe it would constitute the best and safest basis for all classes of war veterans and their dependents, and certainly all will agree that the Connally amendment does provide material aid for Spanish-American War veterans and their dependents, whereas this proposed amendment to the Connally amendment, which we have before us here today, and which would really be a substitute for the Connally amendment, does not mention the veterans of the Spanish-American War, and so, of course, does not hold out to them, as a great class of war veterans who are now arriving at advanced age, any definite promise of material assistance.

I feel very strongly convinced that as a matter of justice the veterans of the Spanish-American War and their dependents should not be treated in this manner, and that is one of the principal reasons why I hope we can secure an opportunity to vote here today on the Connally amendment, clarified by the changes in language that I have mentioned. I am prepared to offer these clarifying amendments to the Connally amendment if we can secure the opportunity for that to be done.

Of course, no Member can even attempt to discuss all the angles of this complicated proposition in the brief time which is granted to us here today, but let me call your attention to one phase of this compromise proposition which has been brought in here today, and which has just been read from the Clerk's desk. You know this compromise proposition provides a hearing before a board, which will be set up under the new machinery for every case which has heretofore been declared service connected under the presumptive clause in the law. In the printed resolution we find language which provides that the burden of proof should be on the Government to prove that the individual case is not service connected. That is as it should be, of course, because it would be extremely difficult, if not impossible, for the veteran at this late date to go back and dig up the necessary medical evidence to actually prove by medical evidence that from the medical point of view his case is service connected.

So if the Government now challenges the fact of the service connection of his case, the burden of proof should be upon the Government to prove that contention, instead of the burden of proof being on the veteran. Now, that very important provision of the resolution, as it appears before us in the printed copy, has been changed overnight, at least it certainly seems to me that it has been materially changed from what I have been able to gather from the reading of the typewritten substitute which has just been read to us from the Clerk's desk, and I feel, from my understanding of this new substitute which has just been flashed on the House, that the provision that the burden of proof shall be on the Government in these cases instead of on the veteran has surely been materially changed overnight, if not, indeed, wiped out. I honestly feel that if that important provision has been materially changed or wiped out, it is certainly an

injustice to those veterans whose cases have heretofore been declared by law to be service connected, and who must now, 9 years after that law became effective, go before these boards in the hope of retaining service connection in their cases. Bear in mind that these veterans constitute that vast group of World War veterans who were taken care of by the presumptive clause in the law, and they are mainly victims of the dread white plague—tuberculosis—and also the nervous diseases and mental disorders.

Under the conviction that this compromise proposition which has just been handed to us here today is not what it should be, and not even what it pretends to be, I will state that that is one of the main reasons why I do not feel that I can vote for the pending rule which includes this compromise proposition. I feel that a great many cases of deep and undue disappointment will result from its administration as it now seems to be written.

Furthermore, I have already explained that the Connally amendment does give consideration to our Spanish-American War veterans and their dependents, while this compromise proposition does not make any specific mention of that great class at all. Then, too, let us consider that this hard and fast rule gives us no opportunity to offer any amendments to this compromise proposition, and it goes further than that; it instructs and binds the House conferees and sends them to conference with the Senate conferees without giving them any right or opportunity to try to get anything, while they are in conference, out of the Connally amendment for the Spanish-American War veterans who are not included in this compromise proposition upon which we are called upon to vote here today.

For these reasons and other reasons that I have not the time to dwell upon now, I feel that we should vote against this hard and fast rule which includes this compromise proposition, and if it should be voted down, the House would then have the opportunity to express itself upon the Connally amendment with any remedial amendments that the House might see fit to adopt. I believe that the Connally amendment, thus amended, would be for the best interests of all concerned, giving due consideration, under the circumstances, to every class.

The Connally amendment provides for a slash of not more than 25 percent of the benefits which have heretofore been granted by law to our war veterans, of all classes, and their dependents. Thus the Connally amendment would bring the cut in veterans' benefits within the promise of the platform of the Democratic Party. Surely that is the maximum sacrifice that should be asked of them. If 25 percent will be cut from the overhead expenses of all other Government departments and if proper reduction is made in the overhead expense of the Veterans' Administration itself, I feel that such drastic reductions and discontinuances as have been made in these benefits would not be necessary.

I thank the gentleman from North Carolina for granting me the time to make this brief statement. [Applause.]

Mr. RANKIN. Mr. Speaker, I ask unanimous consent in the extension of my remarks to include the amendment that the gentleman from Alabama [Mr. JEFFERS] and I have worked out amending the Connally amendment.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANSLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Speaker, I believe this resolution is about as unfair as anything that could possibly be brought before the House, so far as the Spanish-American War veterans are concerned. It takes from them pensions that they have been receiving for years and says that the President may issue regulations that will give to these Spanish-American War veterans some small compensation, provided they are over 55 years of age, substantially disabled, and in need.

I want to call your attention to the fact that the original economy bill carried a Senate amendment that said that no Spanish War veteran over 62 years of age should be taken off the rolls, and Members voting for the economy bill assumed that they were going to be treated fairly, and the first regulation that came out provided that Spanish-American War veterans over 62 years of age should get the magnificent sum of $6 a month. This is hardly enough to provide medicine for these men who are now suffering, and many of them suffering from service-connected disabilities, but who cannot prove that their disability is connected with their service. This resolution, if adopted, will perpetuate the theories of the economy bill, and will compel many Spanish War veterans to look to charity for the necessities of life.

The gentleman from Texas, a man for whom I have the highest regard, said this amendment is fairer to the World War veterans than the Connally amendment. I want to call your attention to the fact that the legislative representative of the Veterans of Foreign Wars, Mr. L. M. Ray, together with Mr. Thomas Kirby, the legislative chairman for the Disabled American Veterans of the World War, told me this afternoon that this amendment is far less advantageous, so far as the World War veterans are concerned, than the Connally amendment, and they strongly urge the defeat of this resolution and the enactment of the Connally amendment. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. SEGER].

Mr. SEGER. Mr. Speaker, when I voted for the economy bill I did so in the belief the President would use his heart in the regulation of veterans' cuts. I have been disappointed. I believe most of you have been disappointed. Cuts in World War service-connected cases running up to almost 70 percent were never anticipated. The President has admitted injustices and there have been several revisions. Every Congressman knows that injustices and inequities still exist and the time for correction is now.

There appears to be little thought of the Spanish War veterans in the new set-up before us. It is grossly unfair to impose on them the burden of going back 35 years to gather up new evidence of service connection for their disabilities. I have in mind a veteran of that war from my district who suffered severely from exposure to heavy rains for 30 days. He was discharged for disability and a form of poisoning set in which brought on man's greatest affliction—total blindness. Because the War Department records were incomplete, because they did not properly set forth the symptoms of his ailment, service connection and all benefits were denied him. I had to get him relief through special act of Congress. Now his wife is denied relief and I must again appeal to Congress for recognition for all this brave woman has undergone and must go through. Even though the Pension Office could accept and act favorably on her application under existing regulations, she would draw but $15 per month while the widow of a forest worker in the Civilian Conservation Corps would draw $45 per month. We must not sanction such inequalities.

I agree with the sentiments expressed by the Director of the Budget, Mr. Douglas, when he advised Spanish War veterans in Arizona last fall that he was not supporting any movement to force such veterans to go back to '98 for records to establish service connection. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. SWICK].

Mr. SWICK. Mr. Speaker, ladies, and gentlemen, I am one who voted for the economy measure. I did it with the promise that the veterans would be dealt with in justice, fairness and humanely. The regulations thus far have not proved that, and therefore to further sustain my position that this Congress should not adjourn before positive assurance is given by the administration that service-connected disabled veterans shall not be subjected to the unjust treatment received from the Veterans' Administration since the enactment of the Economy Act and subsequent issuance of presidential regulations administering that act, I desire to call attention of the Members of the House to

the following facts secured from the manager of the Veterans' Administration at Pittsburgh, Pa.:

Prior to March 15, 1933, there were on the rolls of that regional office, which covers a considerable portion of the State of Pennsylvania, including my district, 9,433 veterans receiving compensation for service-connected disabilities; the average monthly payment per veteran was $42.27. It is estimated by the regional manager that after July 1 there will remain on the rolls of that office approximately 7,204 veterans receiving pensions under the Economy Act; this includes war-time service connected, peace-time service connected, and nonservice connected. These remaining veterans will receive average payments of $24.18, or a reduction of 43¾ percent.

It will also be noted that more than 23 percent of the service-connected cases existing before July 1, 1933, will have their compensation discontinued entirely after that date.

There are 392 beds in the Aspinwall Hospital. On June 9, 1933, 142, or 43⅓ percent of these beds, were empty despite the hundreds of veterans in need of hospital treatment.

I understand that the majority leaders have accepted a compromise veteran program from the President, which I will admit affords some improvement in the policy heretofore adopted, but which leaves much to be desired if justice is to be done. It will no doubt be accepted by the House, despite the personal feelings of individual Members. I sincerely hope that the President will follow the promptings of his own heart and conscience in the application of the power this Congress has granted him in veterans' affairs and will not relegate that power, as in the past 10 or 12 weeks, to men who apparently have forgotten the deeds of the American soldier, sailor, and marine.

I submit herewith a letter from the regional manager of the Veterans' Administration, Pittsburgh, Pa., giving information from which the facts I have stated were gleaned, also letters from two veterans, or rather from one veteran and the wife of another, who is unable to write, both of whom have been placed in the ranks of forgotten men—they speak for themselves—and a telegram from the national commander of the United Spanish War Veterans.

VETERANS' ADMINISTRATION,
Pittsburgh, Pa., June 9, 1933.

Hon. J. HOWARD SWICK,
House of Representatives, Washington, D.C.

MY DEAR MR. SWICK: In compliance with your request of June 6, 1933, I am sending you the following information:

1. Total number veterans (service connected) receiving compensation prior to March 15, 1933, 9,433.

Approximate amount of payments to these veterans, $399,250.04 per month. The latter figure is based upon an average of $42.28 for each veteran.

2. Total number of veterans receiving disability allowance prior to March 15, 1933, 15,459.

Total payments, $247,398 per month.

3. Total number of veterans receiving allowance for dependents prior to March 15, 1933: We do not have accumulative statistical data available on this item but do have same on individual cards of claimants. To secure this information from the latter would delay the submission of this report to such an extent that the other data desired might not be given you in time for your immediate use.

4. Total number of compensation claims, whose allowance will be discontinued under the Economy Act and subsequent regulations, 1,859, amounting to approximately $78,598.52.

These figures are made as of May 31, 1933, the point to which our review of such cases has progressed. The amount of compensation involved herein is based upon the average payment of $42.28 for each veteran.

The total number of disability allowance claims that will be discontinued under the Economy Act and subsequent regulations will approximate 14,559, amounting to $211,998. In addition, approximately 900 disability allowance cases rated permanently and totally disabled will be retained on the rolls at $30 per month. This latter group formerly was paid $40 per month.

It is estimated that after July 1 there will remain on the pension rolls of this office approximately 7,204 claims, with an aggregate estimated monthly payment of $174,232.51. This latter group includes war-time service-connected, peace-time service-connected, and non-service-connected cases.

In response to your inquiry regarding the number of beds available in administration hospitals in this area, you are advised that this information could be obtained in writing from the manager, Veterans' Administration Hospital, Aspinwall, Pa. However, with regard to this matter, I give you the following information secured from that institution by telephone as of June 9, 1933:

Bed capacity	392
Number beds occupied	250
Number beds available	142

With regard to the last-mentioned figure, you are advised that 82 of these beds represent closed wards at this hospital.

The above data concerns only veterans of the World War. With regard to your request for data on Spanish War cases, you are advised that we do not maintain statistics on these claims as all matters pertaining to Spanish War pensions are handled in our central office.

Very truly yours,

E. R. BENKE,
Manager, Pittsburgh, Pa.

LOCK BOX 53,
Hyndman, Pa., June 9, 1933.

Hon. J. HOWARD SWICK,
Member of Congress, Washington, D.C.

DEAR COMRADE SWICK: In re: Arthur B. Jenkins, claim 354,306, Corporal Company B, One hundred and tenth Infantry, United States Army (New Brighton company); veteran of Spanish-American War, 1898; seizure and occupation of Vera Cruz, Mexico, 1914; Mexican border expedition, 1916; and World War, 1917–19. Entered United States service February 20, 1893; honorably discharged March 1, 1919. Gassed and wounded at Marne River July 14 and 15, 1918. Taken prisoner of war July 15, and remained such until December 10, 1918. From German prison, Rastatt, Germany, taken to Base Hospital No. 19, Vichy, France, suffering from arthritis, sciatica, bronchitis (should have been recorded as tuberculosis of both lungs), and mitral regurgitation, as shown by records of Adjutant General's Office, War Department, Washington, D.C. An invalid for over 14 years and requiring the constant attention of an attendant in the person of his wife. A mental and physical wreck. Was awarded a compensation rating of permanent and total disability November 23, 1929, to run without examination until November 1934. Recently, as shown in copy of letter from Pittsburgh, Pa., office, all disabilities claimed to be on nonservice connection.

Files of Senators Wesley L. Jones, D. A. Reed, J. J. Davis, R. S. Copeland, and Congressmen Clyde Kelly, J. Banks Kurtz, B. K. Focht, Roy G. Fitzgerald, and F. N. Zihlman; Veterans of Foreign Wars of the United States and Disabled American Veterans, World War (Washington office); and Mount Alto Diagnostic Center, Washington, D.C., show the history of this man.

Since November 1930, in order that my husband could have proper hospitalization, medical care, drugs, etc., in Pennsylvania, Maryland, and Florida, we had to mortgage our little home and furnishings that we have worked and slaved to secure. Had this cruel blow not been delivered we would have, in time, been able to come out from under this heavy load; but now we are doomed, and when I pay our June bills out of the last check we are to receive I do not know where our next bite of food is coming from, and all our insurance will be lost. Through taking care of my husband for over 14 years I am broken down and unable to go out and earn a living for both of us, and I am forced to appeal to the overseers of the poor of Bedford County, asking them to accept my husband as a pauper and to give me such work as my condition will allow me to do in return for my food and shelter in order that I can be with and take care of my husband. Arthur, at the time of entering the World War, was a resident of your community and went out to the border and World War in the outfit from your community. We have been friends for years, and you are an honorary member of the Ex-Prisoners of War Association, World War, of which Arthur has been commander in chief for several years; you are also a member of the staff of the commander in chief; and I am not asking you as the Congressman of your district to help see justice done, but as a comrade and aide to your commander in chief, the same as several other personal friends in both Houses of Congress who are honorary members of that organization. This blow and loss of income has driven Arthur completely out of his mind and we have to watch him closely. He left Saint-Nazaire, France, January 31, 1919, as a member of Hoboken Casual Company, 495. Would he have been sent home as a casual if he were not? With love to you and yours, the best of wishes, and God bless and keep all of you and shower His choicest blessings upon you for many long and happy years, each year brighter and happier than the preceding year, and trusting you will help us, as your medical knowledge will be an immense factor in securing justice for us, I am, as ever,

Affectionately,

Mrs. ARTHUR B. JENKINS.

Irrespective of their congressional and senatorial districts, I have the promises in writing of our other personal friends and members of the Ex-Prisoners of War Association that they will be in this fight for justice, and I hope you will stick by a former noncommissioned officer of the company that left your own district, Company B, Old Fighting Tenth, in whose camp at Brady's Run, Pa., and Camp Hancock, sewing and mending for the boys for almost a year, I contributed my bit to their comfort and happiness, was a mother to them. Corporal Jenkins is now 58, an old-time service man.

LOCK BOX 53,
Hyndman, Pa., June 9, 1933.

[Copy of communication from Pittsburgh regional office]

"VETERANS' ADMINISTRATION,
"*Pittsburgh, Pa., June 6, 1933.*

"Jenkins, Arthur B., C-354,306

"In reply refer to 11.40.

"Mrs. ARTHUR B. JENKINS,
"*Lock Box 53, Hyndman, Pa.*

"DEAR MADAM: I wish to acknowledge receipt of your communication of May 30, and am sorry to learn that Mr. Jenkins had such a bad winter. I hope since the nice warm weather has again arrived he will soon be feeling much better.

"We have received information from the Veterans' Administration, St. Petersburg, Fla., that Mr. Jenkins' claim has been rated under Public, No. 2, Seventy-third Congress, and that he has no World War service incurred disability. In view of this fact, I am most sorry to say that this office will be unable to authorize the furnishing of any further medicine.

"By direction:

"H. S. MONROE,
"*Chief Medical Officer, Pittsburgh, Pa.*"

BUTLER, PA.

Mr. J. HOWARD SWICK,
Washington, D.C.

DEAR SIR: I have in my possession a letter from the Veterans' Bureau at Pittsburgh dated April 21, 1933, stating that my 100 percent disability allowance will be cut off July 1, 1933. They now claim that my disability existed prior to my enlistment, which is not true. And the reason it is not true is this: Just after I entered camp I contracted a very severe cold on my bronchi and lungs, a little later I was accidently gassed while drilling in a gas-filled room. The congested condition of my lungs from the cold, aided by the gas, made it impossible for me to ever regain my health again, and I know of no one thing that I can gather more facts of, and I profess to do so. I was a perfect specimen of manhood and in very good health when I entered the service. The doctors are still living that examined me prior to enlistment for jobs and athletics, the doctors are living that examined me when I entered the service. They all pronounced me to be a splendid specimen of man. I was firing on the Bessemer Railroad at the time of my enlistment, and was about to realize my ambition of becoming an engineer; but after I was discharged I found that I no longer could pass the railroad examination. The gas had left my bronchi and lungs in too bad a condition.

In despair I began to doctor for the first time in my life. After doctoring a few months I again tried to enter the service, but was turned down. I have proof of this fact from Washington. I then realized that my once perfect health was gone. It was my most treasured possession, and all the money in the world can never bring back my health. Now, up to the time I enlisted I had never failed on any physical examination, and I had passed some very rigid tests for athletics and on railroads of which I can present—the Pennsylvania, New York Central, and Bessemer Railroads. Every time I was found to be in perfect health; and, for my stature of 5 feet 9½ inches, they pronounced me a perfect man. I had always been proud to boast of never having taken a dose of medicine. If the records of these doctors can show a possible defect in my health prior to my enlistment, then I will not think of making any claim. The United States Veterans' Bureau has not got the records of any of these doctors, and I know that they have not. Then how can they give a man justice according to his claim? Just suppose I had an asthmatic and congested condition of the chest at enlistment, then why was I passed for military service? If I did, would the gas not aggravate it? But I had no physical defects before I entered the service, and have just as many doctors to testify to my statements, prior to enlistment, as there is in the Pittsburgh bureau. I contracted the cold and gas at Camp Sherman. It is a fact I came in contact with no gas—that is mustard gas—in Butler County.

How I contracted my first cold of this nature was the following way: We trained excessively at times, and very often we would be in a sweaty condition and compelled to stand at attention while the captain or some of the lieutenants gave a long talk, or severely criticized someone for his mistakes. One often became very chilly, and under these conditions is how I contracted the cold. And, being a man who had been in the pink of condition, I just naturally could not think of making any complaint. For a man of my physical looks it looked foolish. And when I asked for something for a cold I think the medical attachés regarded it very lightly. The cold run my condition down, and the gas put an end to all recovery. Even after my lungs were burned by the gas I made no formal complaint, but when the doctors came around to make a final examination they found the asthmatic and congested condition of my respiratory organs. I tried to think the doctors were wrong in their diagnosis, but as I continued along with my daily routine of duty I soon became convinced that their findings were a reality, for at times I found my breath coming in short quick laborious gasps. The bottom of my lungs seemed to be full of water; it seemed as though I was getting my breath through some thick, heavy substance. And with the lightness that the doctors seemed to regard sickness at camp, I doubt very much if there was any record made of the facts, that is, in detail, for they seemed to think that everyone was putting it on, for some reason, but with me, I did not want it made known that I was suffering in any way, and a number of the doctors were not far enough advanced in medical science to detect an injury, or consider the facts, much less make a detailed report of the facts; they thought the gas was not strong enough to hurt anyone; but they did not reckon with one who might have their lungs and bronchi irritated by a very severe cold, the next thing to pleurisy, and possibly was pleurisy, for all that is known. I had very sharp pains in my chest, but most severe in my back, under my shoulder blades. Dr. Brown was the doctor that examined me for the railroad when I came back from camp, and he would not pass me, saying that I had the first stages of tuberculosis. I then went to Dr. Hockenbury, of West Sunbury, Pa. He was an appointed doctor of the State clinic. He also said I was in the first stages of tuberculosis, and attributed the cause to the gas and cold. Dr. Hockenbury, and Sinclair examined me when I entered the service, and marveled at my wonderful physique, and went so far as to go over me the second time, trying to find some defect, but found none. When I returned a few short months later, they could hardly believe I was the same person, and as well as I can remember, I think it was about 6 months after my discharge, that I began to doctor with Hockenbury for tuberculosis, accompanied with asthma. He wanted me to go to Mount Cresson, but I rejected that, and through his treatment, and life in the open, my case was finally arrested.

The way I received the gas was in a room suitable for releasing gas in for the purpose of us to drill in, in order that we might familiarize ourselves with it, and the drill always ended by removing our masks and inhaling some of the fumes. It was too strong for my sore lungs and bronchi. I often tried to save myself by not removing my mask, but I was always observed by some of the officers in charge, and compelled to unmask, while they remained with theirs on and severely criticised me for disobeying the command, while the gas burned my lungs; each time it hurt me worse, and to say anything was out of the question for a man of my physical makeup. It made me feel like a baby to think of saying anything, much less being hurt, from its effects, and among the medical attachés of the camp, they seemed to regard the accident as just a slight affair, and in my outward appearance I was satisfied to have it appear that way, but when learned doctors got on the job I found there was no fooling them into thinking that I was all right; they soon found the condition the gas and cold had left my lungs. They asked me if I had such a condition of the lungs before I entered the service, and I told them no. They asked me about my wheezing, how it affected me. I replied that it was like inhaling sulphur fumes; the gas had a tight, burning sensation, which caused a sharp burning gasp for breath. I do not remember whether there was any mention of the gas at the time or not, and doubt very much if there was any record made of it; yet it was and is a known fact that we drilled in gas. The doctors that made the final test rejected me on account of the condition my lungs were in, and this condition was caused by the cold and gas I received at camp. Now, you will find the following names of doctors that have doctored me since my discharge: Dr. Brown, of Greenville, Pa., examined me; Dr. Young and Dr. Hockenbury doctored me, 1918 to 1920, about a year of this, 1918–20 period I doctored with Hockenbury for my lungs, TB. Since 1920 I have been under the following doctors' care, namely: Dr. Steel, Dr. Gibson, Dr. McDonald, Dr. Farley, all of Logan, Logan County, W.Va.

In Butler here I have Dr. Robb, Dr. Atwell, Dr. Duncal, Dr. McCall. Now if these doctors' testimony does not prove my claim, then there is little regard for truth in this world; in addition to the $100 a month I was getting for my disability I was, and am still, spending $15 to $20 a month of that for medical aid. I sometimes go for weeks at a time that I am unable to walk across the room. The long strain of labored breathing has seriously affected my heart.

I did not apply for any compensation until I became totally disabled. After being arrested of tubercular trouble in 1920 my condition has always been too weak to stand up with any job very long at a time, and it does not take long for one to get around all the jobs in a community, and once one is found too inefficient in health you are done there. They don't want you and no longer can one get employment of any kind. Although I have practically been totally disabled since 1919 yet I filed no claim until 1926. I done the best that I could, and as a last resort I ask the Government for help. The Government injured my health and now does not want to compensate me for it; it will cut me off without a cent after it has taken its toll in my health. What kind of a Government do we have? If I injure someone, or injure their health, I must pay according to law in money or prison. Then how can our Government, our Congressmen, the very men we vote for to give us justice, will turn against us? They have taken of our lives, our health, our vote to protect your interest, the President's interest, cut us off without a cent, without the health to make a living, leaving wives and children to poverty. Without an army there can be no war, without war there can be no disabled soldiers, without justice there can be no sound government. The Government took my health and now I am left with four small children and a wife in very poor health, and my earning capacity gone, the Government took my health and now refuses to consider my health worthy of help. Since I was arrested of tubercular troubles it has left me with bronchial asthma, very severe with cardiac complications, tachycardia, cardiac hypertrophy dilatation. Now if there is any possible chance of a man firing a locomotive or entering athletics or passing any physical test or enter the service in such a condition, it is beyond

reason and common sense. I never made any mention of the tubercular trouble, I only filed claim on the asthmatic conditions it had left. Most all of the doctors that examined me prior to enlistment and at enlistment are still living. Mr. Clarence Masters, of Beaver County, and Mr. Grover Stoughten, of Butler County, helped me out the gas chamber the last time I entered it, and I can truthfully prove these facts and am willing to do so any time. Some doctors seem to think that the tubercular trouble is again starting to reappear. If I had been left with any earning capacity at all, I would not ask for anything. I could not be much worse off with both arms and legs gone.

Please give this your very kind attention and do whatever you can for me.

My claim number is C-1378986.

I remain, yours very truly,

LEE H. MCCALL,
Butler, Pa., General Delivery.

WASHINGTON, D.C., *June 9, 1933.*

Hon. J. HOWARD SWICK:

We appeal to you for justice and mercy for Spanish War veterans. The provisions of the Connally amendment are necessary for Spanish War veterans, their widows and dependents, to be able to purchase the necessities of life. Won't you please make it your personal responsibility to have the Connally amendment to the independent offices appropriation bill accepted by the House of Representatives?

WILLIAM J. OTJEN,
Commander in Chief United Spanish War Veterans.

Mr. RANSLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. JAMES].

Mr. JAMES. Mr. Speaker and Members, in the Spanish-American War I was a private in the rear ranks. When I left for Cuba I weighed 160 pounds, and when I came back I weighed 90 pounds. That was the case with most of the members of my regiment. We had no hospitals, no nurses, and were without much medical treatment at all except quinine. We had to do our own cooking, generally in an empty tomato can.

When we came back we were told that if we wanted to be discharged we would have to say that we were in perfect condition or go to a hospital. Everyone said that he was in perfect condition when called up before the officers for discharge. They did not apply for a pension until after they got so they could not work.

Now, what do we find? They are told that if you are a pauper—"in need"—if you are 50 percent disabled, you can get, not under the law, but through a letter written by the President, ten or fifteen dollars a month.

Gentlemen on your side—the Democratic side—we have passed legislation for the benefit of the World War veterans under the Republican Presidents only because we passed it over the veto of the President. Now, because the President is a Democrat, are you going to refuse to give the soldiers what they in justice deserve? Vote down this unfair proposition, and then we will come to the Connally amendment, and you can take care of the people that deserve to be taken care of. Let us vote down this proposition, even if you have to meet a veto of the President.

Mr. RANSLEY. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Speaker, I am speaking now for the American Legion and the Veterans of Foreign Wars and the United Spanish War Veterans. I am a past commander of these three organizations. The veterans of America are opposed to this inhuman bill. This bill is saturated with the blood of heroes, and you men, especially from the South, ought to be in favor of the Spanish War veterans. I learned to love the southerners in 1898. I appeal to you to help the Spanish War veterans and vote down this rule. I heard some gentlemen say that they wanted to vote today and settle the question—because of the heat. The Spanish veteran faced bullets in the intense heat of Cuba. He did not care to come home until he finished. We should do likewise here and not adjourn until we bring proper relief to the veteran.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. KVALE].

Mr. KVALE. Mr. Speaker, I know that in this closing hour of turmoil there is little that can be done. The strange paradox of 435 Members of Congress, afraid to go home, tumbling all over themselves to get out of town because the administration openly states it does not want them here to embarrass it on certain points of international economics is astounding. But today you must not be in so much of a hurry that after once having been deceived—and certainly it is true that those who voted for the economy bill on the basis of the statements made in debate were deceived—you would voluntarily come forward, again shackle yourselves, give away your rights, and vote for a gag rule which instructs the conferees and does not even permit them to try to win advantages from the Senate in the way of legislative amendment.

I hope that when the final test comes there will be enough men, sensible of their responsibility under their oath of office, to vote down the previous question and amend this rule, so that we can at least open the rule to permit votes upon some of the features to which attention has been called in this debate, and so that we may leave the conferees free to work out a reasonable proposition.

Take a look at those regulations and the amendments that are proposed. Why should you give these rights of appeal and review to political boards, a majority of whom it is stipulated shall be made up of inexperienced men, men who have not served under the Veterans' Administration. Take a look over it and see how you restrict the benefits far beyond what we know to be right and proper—and time does not permit me to enumerate them, much less to discuss them.

Oh, I was moved by the address of the gracious lady from Massachusetts [Mrs. ROGERS], and I, too, cry to a God in heaven to forgive us the injustices that we are wreaking upon deserving men and women and children through this appalling ignorance of ours. [Applause.]

The SPEAKER. The time of the gentleman from Minnesota has expired.

Mr. RANSLEY. Mr. Speaker, I yield the remaining time to the gentleman from Massachusetts [Mr. CONNERY.]

Mr. CONNERY. Mr. Speaker, a Boston newspaper states that 12 Massachusetts veterans have committed suicide as a result of their compensation being cut. The facts of these suicides were placed before the special board visiting Boston from the central office of the Veterans' Bureau, which is investigating conditions among the veterans since the so-called "economy bill" went into effect.

Mr. Speaker, this is a point where I am compelled to make one of the most difficult decisions that I have had to make since I have been a Member of this House. My friend from Tennessee [Mr. BROWNING] and my friend from Texas [Mr. PATMAN] have labored for a week, night and day, as members of a special committee trying to get some concessions for the veterans. After considering all aspects of the situation, parliamentary and otherwise, and striving to reach some compromise which would get some real advantages for the veterans, I decided in the interest of harmony—because of the hard work of my veteran comrades, Mr. PATMAN and Mr. BROWNING, and fearful of the legal construction as to presumptives that might be placed on the Connally amendment barring the presumptives from relief—I decided yesterday that I would go along on the recommendations which they wrote out yesterday.

Today those recommendations have been changed. The chairman of the rehabilitation service of the American Legion, Mr. Watson Miller, who probably knows more about the technical meaning of veterans' laws and regulations than any other person in the country, tells me that those changes in the language take the burden of proof off of the Government and put the burden of proof again upon the veteran; and also I note that the language which provided consideration for aggravation of injury has been taken out. I say it is a hard decision for me to make, but I cannot vote for this proposal as changed. To my mind, I would be voting against the best interests of the veterans. Suicides like these 12 suicides in Massachusetts have become all too common since the passage of the so-called "Economy Act."

I am going to vote against this rule. I shall vote against the previous question, with the hope that I and other veterans may have the opportunity to offer motions to recede and concur with amendments which will be in the real interest of the veterans. [Applause.]

Mr. POU. Mr. Speaker, I yield the remaining time to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM. Mr. Speaker, I hope this rule will be adopted. I hope the amendment to the rule will be adopted. I feel, as does the gentleman from North Carolina, that not only every veteran but I think the House and the people of the United States owe a debt of gratitude to this special committee of the House that after several days of conference with the administration has been able to bring back very material and very potent benefits for the veterans in addition to those provided in the original regulations.

After the first regulations issued by the President, when we began to get the reaction and see the practical effect of them, there was a unanimity of opinion that their effects certainly as regards service-connected cases were very much more drastic than anybody had intended or desired. That fact was readily and promptly admitted by the President and he set about to remedy it. Those injustices have been remedied. Regulations have been sent in which very greatly increase the benefits of the service-connected cases.

I want to say a word about the Spanish-American War veteran. I join with my colleagues in expressing regret that under the circumstances more cannot be done for the Spanish-American War veteran. But I do not agree with my colleague from Alabama [Mr. HUDDLESTON] or my colleague from Michigan [Mr. JAMES] that we have thrown them overboard or that they are discriminated against, because one thing above all others that the new method of dealing with veterans does, whether we like it or not, is to put them all on an even plane and there is no discrimination between veterans.

But, now, let us see about the Spanish-American War veterans. Let us see what we do. There is no need for any veteran to commit suicide, because no honorably discharged veteran of any war need go hungry for a single meal or sleep a single night out of doors in this country if he wants to take advantage of the benefits we have offered him. If he is totally and permanently disabled, he may have $30 a month. If he is destitute, if he has no place to sleep, he will be taken to a good place to sleep, regardless of any disability of any kind.

Spanish-American veterans between 55 and 62 years of age will be given consideration according to their condition and needs, as set out in the President's letter heretofore read. Those over 62 years get a flat pension of $15, and of course those who can show service-connection get the same rate of pay as World War veterans.

Mr. Speaker, this will be a happy solution to this matter, for we will be treating the veterans with sympathetic consideration and yet maintaining the principle embodied in the Economy Act; that is, that compensation will be paid only when the condition is due to war service.

As experience shows the effects of the regulations, the President will have the power to make further changes if he is so advised.

The SPEAKER. The time of the gentleman from Virginia [Mr. WOODRUM] has expired.

All time has expired.

Mr. POU. Mr. Speaker, I move the previous question on the amendment and the resolution.

Mr. LEHLBACH. Mr. Speaker, a parliamentary inquiry.

Mr. KVALE. Mr. Speaker, I ask for the yeas and nays.

CRUCIFYING THE VETERANS ON THE TAPROOTS OF MORGAN

Mr. HOEPPEL. Mr. Speaker and Members of the House, as the Democratic gag rules prevented me from addressing the House on H.R. 5389, which continues the inhuman provisions of the veterans' economy act, I must take this means of presenting my views to the public.

A bill must be inherently wrong if its sponsors will deny to a member of their own party opposed to the bill an opportunity to discuss it upon the floor, but freely yield time to those who are in favor of the bill, not because of its merits but because of the fact that they belong to the "yes-men group."

I am opposed to the elimination of the Connally amendment and the substitution of the language of the amendment as printed in House Resolution 185.

I can assure the Congress that the veterans generally oppose the so-called "administration amendment." Not only do the veterans oppose the continuance of these injustices to the veterans but the nonveteran population as well is opposed to legislation which is so inhuman as the veterans' economy law, even including the proposed amendment. The least that the veterans are willing to accept is the Connally amendment, which safeguards them all and which reduces their compensation or pension not to exceed 25 percent.

It is noted that in the proposed legislation the Spanish veteran, who fought in Cuba and in the Philippines, is absolutely ignored. Private pensions, which are obtained generally through political influence, are not affected. These beneficiaries, who could not prove their right to a pension under the pension laws, will continue on the pension rolls, while the men who have fought our wars on foreign shores in so many thousands of cases are peremptorily removed.

If we pass this legislation, we are writing a premature epitaph for the thousands of indigent and disabled veterans who will be affected. In the very blood of these heroes we are writing our own political epitaph as we disregard the common tenets of humanity and the precedents already established in governmental aid to our disabled and indigent veterans.

The Spanish veterans who are being peremptorily removed from the pension lists are fortified in their statements that they are unable to prove service connection. The report of the Surgeon General, dated June 30, 1899, states:

> It was difficult to obtain, even from the Regular regiments when in the field, the monthly reports of sick and wounded required by the regulations.

With this condition existing in Regular regiments, can you visualize the lack of medical records in Volunteer regiments? Yet, because of this dereliction of the Government these unfortunate men are now to be removed from the pension rolls or have their pensions reduced to a mere pittance!

Dictator Hitler, in Germany, destroyed all Jewish literature except the Bible, which he also probably would destroy if he felt equal to the task—a task which is beyond the comprehension of man. If we adopt this bill, American history, carrying the stories of the exploits of Dewey, Roosevelt, Schley, Merritt, and Lawton, should be destroyed as their exploits were predicated upon the heroism of the men whom this bill so ruthlessly attacks, banishes, and sends to early graves. We may well drape our flag with a crepe for degenerated patriotism which is measured by the yardstick of the dollar under the direction and stimulus of the National Economy League, whose principal sponsors are the corrupt bankers of Wall Street who have evaded income tax and who have pilfered from the American citizens $3,000,000,000 in our failed banks!

The suffering of our troops during the hot campaigns in Cuba and their further suffering and death at Montauk Point, N.Y., and in the Philippines is all for naught, and the patriotic lessons which our youth have imbibed, based upon these exploits, are nullified in an act as inhuman as this now before us!

The volunteers who served upon the call of duty in the Philippines, patriotically upholding our colors at the inception of the Philippine insurrection, and who were entitled to come home, have been denied a just travel pay for the past 34 years. By every right and authority, which is officially recognized, the Government owes these men their long-delayed travel pay; but as yet no effort has been made giving them this long-overdue pay. Instead we are taking from them the last pittance which would maintain them in even a limited amount of comfort during their last days. We freely extended $50,000,000 credit to China just recently. Are our own citizens of less consequence than the Chinese?

Our foreign debtors, to whom we granted a moratorium and who are now again in default, appear to be more-favored children than are our own battle heroes! A conference is soon to take place in London wherein we are to negotiate with these "arch repudiators." To me this is analogous to an honest man negotiating with confidence men.

What value can we place upon their plighted word or any agreement which may be reached as long as they continue to default the just obligations they assumed, which we so freely gave in order to maintain their national and personal existence during the period of stress in the World War? Without our financial and physical aid they would have been obliterated and the thanks we receive for succoring them from the enemy is repudiation of their honestly acquired obligations—all assumed after the period of hostilities had ceased.

The Spanish War nurses are also ignored in this bill, as well as the thousands of cases of worthy emergency officers, one of whom, personally known to me, served in seven major combats and was wounded. He was removed from the emergency officers' retired list because of the fact that his disability is held as not incurred in line of duty under the causative-factor clause.

It is beyond my comprehension that our own Government, which has been so profligate with the Reconstruction Finance Corporation and others, will stoop to the ignominy exemplified in this bill which takes from our worthy and deserving veterans the pittance of a pension they now receive.

CUTTING VETERANS' COMPENSATION UNDER THE ECONOMY ACT—EXTENSION OF REMARKS

Mr. EVANS. Mr. Speaker and Members of the House, the all-absorbing subject of legislative interest during the past few weeks has been that affecting the cause of the veterans. The regulations announced by the President through his administrative officers under the provisions of the so-called "Economy Act" took the country off its feet, so to speak.

These regulations made potential reductions in the amount paid veterans of all wars to the extent of approximately $460,000,000. This is about half the amount of the entire budget for veterans' compensation, including hospitalization, domiciliary care, and so forth. As a rule, the non-veteran citizenry of the country welcomed this announcement and praised the President and all those who supported the economy bill, because they felt that at last real drastic steps had been taken toward economizing in governmental administration.

President Hoover had for 4 years demanded of Congress the right to reduce governmental expenses, and had succeeded in a measure. Notwithstanding many economies thus effected, however, the Government was still running at a daily loss of from $7,000,000 to $9,000,000. The natural impulse of every American citizen was and is that this is a condition that cannot be tolerated.

I voted for all economy measures recommended and called for by President Hoover and his administration. I fully realized that governmental expenses must be curtailed and that this Government must eventually and as soon as possible arrive at the state of a balanced Budget, and must adhere to this policy or else prepare itself to meet financial and economic disaster.

I likewise voted for the Roosevelt economy bill passed in the early stages of this Congress. Before the election last November I stated to the people of the district which I represent that if reelected I would continue to vote for economies in government and for reductions wherever they could be properly made. As much as I regretted to have to do so, I voted to reduce the salaries of all governmental employees because I felt that it was necessary in order to meet the exigencies of the situation.

As much as I favor reductions in governmental expenses and as much as I appreciate the absolute necessity of accomplishing this purpose, I am not in favor, nor ever have been in favor, of placing the major part of this burden on the disabled veterans of the various wars.

When I voted for the economy bill passed during the first days of this special session of Congress I did so with the knowledge that there would be reductions in veterans' benefits, but with the further assurance of administration leaders uttered on the floor of the House and in private conversation and otherwise that the President and his administrative officers would in all events be absolutely fair to veterans of all wars, and especially would the service-connected disabled veteran be left substantially undisturbed and unharmed.

It was my purpose when I voted for the economy bill, and I believe that I am speaking the feeling of a great majority of the Members of the House of Representatives when I say that I expected those World War cases which had no service-connected disability and whose present ailments were in no wise attributable to their service would be the ones left off the pension rolls, nor did I expect any regulations which would strike from the roll the Spanish-American War veteran who, by reason of lost or unkept records of his service is now unable to submit proof of service connection, and who has absolutely no chance to supply this proof by reason of the long period of years that have elapsed since that war.

These men, by the action of the Government in not requiring the submission of proof of service connection have never dreamed that such evidence would ever be required, and have therefore lost all opportunity of ever being able to submit such evidence. If proof of service-connected disability is required of a Spanish War veteran his case is already lost, because it is now absolutely impossible for him to supply such proof.

Illustrative of what I mean with reference to the hardships and gross injustices which the regulations have inflicted upon thousands of World War veterans I will submit just two or three examples of cases which have come to my knowledge.

A World War veteran was discharged from the service January 30, 1919, with disability. On April 14, 1919, he suffered a severe gastric hemorrhage, was taken to the Mayo Brothers Clinic in Rochester, Minn., for treatment, and operated on for duodenal ulcers. This veteran was known to have had ulcers before entering the service, but at the time of his enlistment he passed a perfect physical examination and was, according to the record and according to the facts so far as known, in perfect health.

On November 17, 1919, he received a letter from the Treasury Department awarding him compensation in the following language:

> On account of disability resulting from injuries incurred in the line of duty while employed in the active service.

He has been carried on the compensation rolls ever since November 17, 1919. In the meantime his condition has grown gradually worse, having hemorrhages from time to time, until he is substantially disabled from following his profession, that of a lawyer. Pursuant to the regulations under the Economy Act, and on May 16, 1933, this veteran received a letter from the Director of the Veterans' Administration stating that his benefits would be discontinued on June 30, 1933, for the reason that his disabilities were not incurred in service in the World War.

Now, the thing that seems so unfair and unjust is that this Government, having determined that he had a service-connected disability within a few months after he was discharged from the service, would reverse its attitude 14 years later and come to the conclusion that no service connection had been established in the first instance. It would appear to any reasonable mind that the doctors who examined the veteran and passed on his case just a short while after he was discharged from the service for disability, were better qualified to determine whether or not he had disability and whether or not it was service connected. At that time they were in position to inquire into the nature of his service, the condition of his health, and to make a real judicial decision in the matter. After being led to believe for a period of 14

years that his claim for compensation was thoroughly established and made of record, it is not only unfair but unjust and unreasonable to expect this veteran to go back over the ground and accumulate evidence to prove a fact which he and the Government doctors had satisfactorily proven and established at the time his case was properly before the tribunal.

The witnesses which he then produced, or of whose testimony the examining doctors undoubtedly availed themselves, have scattered to the four ends of the earth and many of them have died. What right had he to anticipate that the Government would turn on him after 14 years and make the charge that his disability had no connection with his service? The Government had already determined this question for itself and had abided by its own decision for a period of 14 years. I have personal knowledge of the facts surrounding this case.

Another case which has come to my attention during the last few days is of striking interest.

Two men, one a sergeant, were sent out on a reconnoitering expedition. They came to a shell hole and decided to investigate. The shell hole was mined and an explosion resulted, killing the sergeant and so badly injuring the other man that both legs had to be amputated. The survivor has been receiving compensation until the present time, but has now been cut off entirely, on the ground that his disability was due to his own misconduct; that is, it was held that he was guilty of negligence in entering the shell hole.

These two cases to which I have referred are typical of thousands and thousands of cases of similar purport. They are not particularly outstanding because there are literally thousands of other cases in which equally gross injustices have been invoked. I have mentioned these cases merely to show how unjustly and cruelly the regulations promulgated by the administration of the Economy Act apply.

I do not believe that a dozen Members of the House of Representatives would have voted for this bill had they known that such drastic steps would be taken. The country is undoubtedly in favor of economy and the country believes and is undoubtedly justified in believing that many gross abuses have been made in administering the veterans' laws, and that literally thousands of men who served in the war are on the compensation rolls who should never have been there. Many of them were in uniform only a few days and suffered no sort of disability from their enlistments.

For the taxpayers to have to bear the burden of supporting the veteran of this type or his dependents is naturally repulsive to any sense of justice or decency, but as much as the people favor economy in government and as much as they disfavor the granting of bounties to those who incurred no detriment from their enlistments in the service, the people of the country are equally anxious and equally zealous in their purpose of adequately, so far as possible, compensating the disabled veterans whose disabilities can either directly or indirectly be traced to their service.

I believed the President and his administrative officers would be fair and just when I voted for his economy bill. I do not now believe that he was either fair or just in the regulations which he promulgated, and for that reason I shall vote against his compromise amendment by voting against the rule under which the compromise is offered on the floor. I want Congress now to say for itself what reductions shall be made. I have been ready and willing at all times to carry my own responsibility regarding veteran legislation, and not "pass the buck" to the President or anyone else.

FAIR TREATMENT FOR VETERANS—EXTENSION OF REMARKS

Mr. PETTENGILL. Mr. Speaker, I regret that I cannot vote for this bill—the independent offices appropriation bill—for two reasons:

First. I do not think the battle casualties and actual bona-fide service-connected disabled veterans of the World War should be asked to take a greater cut than the civil employees of the Government, and second, this bill violates my own sense of justice as well as a campaign pledge to the Spanish-American War men who I think are entitled to special consideration on account of exceptional circumstances surrounding their service. These men are willing to take a reasonable cut, up to 25 percent, but are not willing to take a 75-percent or 100-percent cut, as thousands of them will be required to do. I do not think the public wants these men in the evening of their lives to be put in the dole lines back home.

In saying this I intend no criticism of anyone else. Letters I have addressed to our good President have been sympathetically received and answered by him, and I have confidence they have had something to do in the amelioration already made of the regulations first worked out by the Director of the Budget and General Hines. Those letters are as follows:

MARCH 26, 1933.

The PRESIDENT,
The White Houe, Washington, D.C.

DEAR MR. PRESIDENT: As one who supported you on the economy bill, I beg to present my views with reference to the Spanish-American War veterans.

It seems to me obvious that these veterans are in a different category from those who have seen service in more recent years. It is hoped, of course, that a revival of confidence and the beginning of prosperity will for millions of ex-service men do more for their reemployment than they will lose through scaling down the remittances they have been receiving from the Government.

This, however, cannot be true of the Spanish-American soldier. His average age is already 60, and increasing employment through the return of confidence will not reemploy him.

In addition, there are other factors in his favor that I think are entitled to faithful consideration. One is that their number is relatively small; second, that they all volunteered without draft; third, that they served at a time when Army records as to disabilities incurred in service were very poorly kept, if at all. In many instances, through loss of records and the passage of time, many men disabled in service are no longer capable of furnishing proof thereof.

I lay these considerations before you with the utmost confidence that you will approach this problem with every bit of sympathy consistent with the emergency that confronts the entire Nation.

Very respectfully yours,

SAMUEL B. PETTENGILL, M.C.

MAY 26, 1933.

The PRESIDENT,
The White House, Washington, D.C.

DEAR MR. PRESIDENT: I am profoundly disturbed, as I know you are, by the reports coming in from all parts of the country as to the injustice and cruelty of the regulations under the Economy Act. War disabled veterans with battle scars and amputations are being discharged from hospitals. Others are so reduced that they will be thrown out on the streets as beggars with "nowhere to lay their heads."

As you yourself said on May 11, these regulations went far beyond your own intentions, and certainly beyond the intention of your loyal supporters in Congress who, like myself, voted for the Economy Act. I can say very plainly that I did not believe service-connected cases would be asked to make the bitter sacrifices which the present regulations, if not modified, will require.

I am sending a copy of this to Director Douglas and General Hines.

Very faithfully yours,

SAMUEL B. PETTENGILL, M.C.

WHY I FAVORED THE CONNALLY AMENDMENT—EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker and Members of the House, I favor the Connally amendment, which will insure a greater measure of justice to the disabled veterans of the World War and the Spanish-American War, and for that reason I voted against the rule to preclude its consideration. I voted and spoke against the Economy Act when it was passed, because I feared the perpetration of the very wrongs and injustices which have subsequently flowed from it as the inevitable consequence of its administration. My worst fears were more than realized, for the regulations which were issued were cruel, ruthless, inhuman, and a disgrace to the United States of America we love.

In the past few weeks I have been notified by almost every community in my congressional district of a large number of families of veterans who will be compelled to apply to the county relief agencies—with their already depleted treasuries—for the bitter bread of charity. I hold in my hand a sheaf of telegrams from boards of county commissioners, mayors of cities, civic organizations, and

prominent Democrats urging my support of the Connally amendment.

The present effort to humanize the law to some degree is commendable, but injustices will still remain for future correction.

My colleagues, the Economy Act was undoubtedly forced upon the country by the big banking interests who raised the interest rate from one tenth of 1 percent to 4½ percent on the $694,000,000 of United States Government debts which fell due March 15, 4 days after the Economy Act was passed, and who insisted on the Budget being balanced by taking away the compensation and pensions from the veterans of our wars, their wives, and children, even if it broke the heart of America and placed a foul, hideous stain on her fair name. In truth, most of the money taken from the veterans is for interest to be paid to the holders of the $21,000,000,000 of tax-exempt bonds drawing $725,000,000 interest annually—a bonus and a dole to the big money lenders who must be paid in full without any reduction of any kind and to whom the American people are in bondage.

Mr. Speaker, President Roosevelt is not to blame. No political party is to blame. Indeed, the Republican leaders in this chamber were more outspoken in favor of the economy bill when it was passed than the Democrats, for it was in truth and in fact the legislation Herbert Hoover and Andrew Mellon had advocated and which was sponsored by the Economy League in the Seventy-second Congress and which we inherited with a $5,000,000,000 deficit. The American people and their Representatives in Congress are alone to blame for permitting the continuation of a money and banking system which enables a small group of selfish, money-mad men, who are without a country and without a God, to constitute the "invisible government" which rules America and will continue to rule America until America is restored to the American people.

HOUSE RESOLUTION 185—EXTENSION OF REMARKS

Mr. MARSHALL. Mr. Speaker, I wish to express my opposition to the rule under which so important a matter as the Connally amendment to the independent offices appropriation bill is being considered, and further to express my opposition to the acceptance, in lieu of the Connally amendment, of the so-called "compromise" or "substitute" advocated by the President of the United States and which is about to be forced through Congress by the Democratic administration by means of the "gag" rule in these closing hours of this special session.

At an hour when all the banks of our Nation were closed and the newly elected President appealed to the Congress to pass the Economy Act to prevent a complete break-down of our financial structure, the Congress responded to his appeal.

We were assured by the Democratic leaders that we could trust the President to enforce this law with fairness and justice to all, and that no veteran would be permitted to suffer at the hands of the President. I am sorry to say that our confidence in their promises has been misplaced. Time does not permit me to mention any of the thousands of cases coming to our attention daily that would move a heart of stone to pity.

Since the passage of the Economy Act much legislation has been passed in which the urge for economy is entirely absent. Under the terms of the reforestation law the widow of a volunteer who is killed in line of his work receives $45 per month, while a Spanish War veteran must prove 100-percent disability to receive the insignificant sum of $20 per month.

This is an insult to the veterans of this Nation and to the sense of fairness of the American people.

There are many ways that savings could be effected to the end that the adoption of the Connally amendment would add nothing to the burden of the taxpayers of the country, whereas failure to adopt same will place on the roll of charity hundreds of veterans, to their humiliation, and at increased cost to the taxpayers of their community.

VETERANS' COMPENSATION—EXTENSION OF REMARKS

Mr. McFADDEN. Mr. Speaker, under the general leave to extend my remarks on the bill H.R. 5389, I make the following statement:

I voted against the economy bill knowing full well what this administration would do to the soldiers and their dependants. The worst that I expected has happened. They have been unfairly dealt with, and the Congress has been whipped into obedience once more, but this time at the expense of the defenders of our Nation and their dependents.

This bill, H.R. 5389, with the Senate amendments, is being made the order by House Resolution 185, a gag rule, reported by the Chairman of the Rules Committee [Mr. Pou]. Any Member of the House, be he Republican or Democrat, who votes for this rule votes to deprive himself of the right to offer amendments to this bill, which amendments should be offered and passed in order to remedy the injustice which is in immediate contemplation by the compromise agreement which members of the majority party have entered into with the President of the United States. To force this agreement the President of the United States is using his power and influence to secure an adjournment of Congress tonight in order that there may be no discussion in the House by Members of the House on the incidents of the opening of the Economic Conference, which is to start in London on next Monday, the 12th of June.

I am unalterably opposed to the repudiation of the Government's obligations to the soldiers and their dependents. I shall vote against this gag rule, and I shall vote against the passage of this bill.

THE ECONOMY BILL—THE CONNALLY AMENDMENT—EXTENSION OF REMARKS

Mr. MILLER. Mr. Speaker, at the convening of this session of the Congress the economic conditions of our Nation were such as to demand the taking of drastic steps to save our governmental institutions and to "promote the general welfare, and secure the blessings of liberty to ourselves and our posterity." One of the most important problems was the necessity of reducing the cost of government.

Our Government was then and had been for the last 3 years spending daily more money than it was receiving from all sources, and the necessity of cutting down these expenses was not only apparent but it was real. There are only two ways in which the operating budget of a government may be balanced. One is by increasing the revenue by levying more taxes and the other is by reducing the expenses of the government. It did not seem wise to attempt to increase the tax burdens of our people, and the only alternative this Congress had was to materially reduce the expenses. Accordingly the administration proposed that the so-called "economy bill" be enacted. This bill is unprecedented in the peace-time legislative history of our Nation, and its enactment was only justified by the unparalleled economic conditions then existing. Under the terms of the bill the expenses of every department of our Government were to be reduced, including the salaries of Members of the Congress and every employee of the Government. The bill further provided that the President should have the right to reduce pensions and compensation that was then being paid to the veterans of the United States and to their widows and dependents.

The leaders of the Congress and the spokesmen of the President in presenting this bill assured the Congress that the bill would be sympathetically and justly administered. In his message to the Congress the President said:

> If the Congress chooses to vest me with this responsibility, it will be exercised in a spirit of justice to all, sympathy to those who are in need, and of maintaining inviolate the basic welfare of the United States.

With complete confidence and faith in the President, the Congress enacted the proposed bill. In the administration of the act the President and his advisors have seen proper to promulgate regulations, the injustices of which have become apparent, insofar as the absolute needs of the disabled veterans of our Government are concerned. To permit the

regulations as promulgated by the President and his advisors to remain as they are will be to promote injustice to the disabled veterans of our Nation, and it is apparent to every fair-minded person that it is necessary if this injustice is to be prevented that the power of the President should be limited. The Congress retained its full power to legislate, and since it is now known to all of us that the act is not being administered "in a spirit of justice to all and sympathy to those who are in need", it is imperative that the Congress reassert its authority and enact legislation that will prevent the doing of these apparent injustices and at the same time effect the necessary economy.

The veterans of our Nation are willing to make their contribution in these times of depression in order that the finances of our Government may be rehabilitated, but it is not right nor just that the disabled veterans should be required to make more than a fair contribution for this purpose; and, while I still have faith in our great President, I am not willing to sit idly by and see the act administered by agents who have clearly demonstrated they have little concern about the welfare of our disabled veterans and less concern about the welfare of the Democratic Party and its future.

The President has seen proper to surround himself with a coterie of advisors which have caused me to seriously doubt the advisibility of extending to him unlimited authority and power or to further surrender the prerogatives and constitutional rights and powers of the Congress to prescribe the policies to be followed by the Government.

When the independent offices appropriation bill was under consideration in the Senate that body adopted an amendment offered by Senator CONNALLY, of Texas, by which it limited the authority of the President to reduce pensions and compensation to an extent of not more than 25 percent. This limitation applied to all service-connected veterans as wall as to the veterans of the Spanish-American War. It is a just limitation and is in accord with the pledge contained in the Democratic platform. In that platform the Democratic Party pledged itself to reduce Government expenses to the extent of 25 percent.

When the appropriation bill carrying the Connally amendment came to the House from the Senate certain leaders of the House attempted to reach an agreement with the President relative to the limitation to be placed on the cuts which he had ordered in the case of service-connected veterans and Spanish-American War veterans. The House, through a committee, worked diligently in trying to reach a just and fair agreement with the President and the committee have reported to the House today the terms of this agreement.

I have carefully considered the agreement, but it is not sufficient to prevent a continuation of the glaring injustices that are about to be done to the deserving service-connected disabled veterans. No provision for fair treatment of the veterans of the Spanish-American War is made by the agreement, and this great class of patriotic citizens who volunteered their service in a time of crisis are to be left to the whims of the advisors of the President who have heretofore by their actions demonstrated their unsympathetic attitude toward this class of veterans as well as the disabled veterans of the World War. Therefore I cannot support the proposed agreement or amendment which the committee is offering to this House in lieu of the Connally amendment. It is time for us as Members of Congress to assert our own rights and to use our own judgment in meeting this situation, and as long as our actions are prompted by a desire to do justice to all, then we should proceed without fear. The principle of the Connally amendment is just. It is fair to the taxpayers and to the disabled veterans, and having reached that conclusion I expect to cast my vote against any proposal that is contrary to the principles of the Connally amendment, and I for one favor action by this Congress to reclaim for itself its right to determine the policies of this Government. I feel sure the President wants to see justice done, but he must of necessity delegate many of his duties. This he has done in this instance, and this delegation of authority has been made to those who have demonstrated they are unwilling to care for the disabled veterans of our wars. My action in this instance is in accord with the heretofore expressed desires of the President. I accepted his promise and have supported him in every movement, but I shall insist that those promises be fully performed and the surest way to obtain this is to support the Connally amendment, which is in accord with House Resolution 5851, introduced by me on May 31, 1933.

VETERANS' COMPENSATION AND THE CONNALLY AMENDMENT—EXTENSION OF REMARKS

Mr. WALLGREN. Mr. Speaker, we have, during this special session, been seeking legislation which aims at social good rather than at economic advantage for any class or group. Surely under the heading of social good comes veterans' legislation. The welfare of any man hurt or maimed in the service of this country certainly has a definite bearing on the social development of our Nation.

As a veteran who believes he understands fully the veterans' problems, I desire to present my views on the Connally amendment and on the rule which would substitute a different view for this amendment and which is considered a compromise.

FOOTBALL OF POLITICS

The veteran has been made the football of politics. He has been exploited by politicians desiring to retain their seats at all costs and by lawyers whose desires for fees were greater than their desires for public good.

The veteran deserves a fair answer to his problems. This Congress should be able to give that answer. Yet today in the hodge-podge of hurried legislation we are asked to vote upon a rule that offers little in clarification of the problem brought to a head by the administration of the so-called "Economy Act."

No matter how this vote goes today, the veteran loses. True enough it allows a liberalization of the Economy Act. As one who dared to vote against this act when a trusting Nation was clamoring for the support of the administration, it is a certan satisfaction to report that original criticism of this vote has turned to commendation.

That faith in the President which called for the Economy Act in the hysteria of desperate times has not, in my opinion, been misplaced. It is the faith of the President in the actual administration of the act which has gone astray. In his multiplicity of duties, the President could not have been expected to closely supervise the administration of this act. Those who have carried into effect the drastic cuts seem to have forgotten many of the broader concepts of human sympathy.

Today, we who voted against the Economy Act are receiving hundreds of telegrams, not alone from veterans but from local governmental officials, pleading for liberalization of rulings in order that already overburdened indigent relief costs be not enlarged.

QUESTION OF ADMINISTRATION

Mr. Speaker, these telegrams are not directed against the President. He holds the respect of the entire Nation. His leadership inspires many men who a few short months ago were about "to give up the ship."

Such leadership must and will be given support, but this support lies in constructive criticism, and not in adulation. In voting against the Economy Act, it was my contention that the President should not be placed in a position in which he now finds himself. I mean that situation in which he finds underlings administering veterans' affairs in such a manner that the veteran is done an injustice.

To aid in preventing this injustice, I believe the Connally amendment is a closer approximation to justice. A reduction of 25 percent for the veteran who is actually suffering from service-origin disabilities is still too great. On the other hand, to ask that aged men, dependent on pensions, prove their service connection is a greater injustice.

Is it not unfair to ask the veteran to again establish his disabilities as service connected? True, the burden of proof on this point is supposed to lie with the Government, and not the individual, but in practice the reverse seems to be the fact.

The rule which some would substitute for the Connally amendment will require Spanish-American War veterans to show evidence of service origin of their disabilities. The extreme difficulty of producing such evidence is apparent. This, to me, seems the wrong attitude for a great Nation.

President Roosevelt has shown his fairness in recognizing that the original regulations were too drastic. Does this not prove that we who opposed the Economy Act were right? If we were right then, Mr. Speaker, is it not fair to assume that we are again close to the truth? The Connally amendment provides equal cuts for veterans of recent wars. The rule under consideration discriminates against the Spanish War veterans. This is unjust, and I must vote against this rule in the hope that the Connally amendment will be given consideration by this House.

WEED OUT UNDESERVING

To protect the rights of the veterans, power to purge the rolls of undeserving cases must be given. But this power must not be distorted to allow persecution of all veterans. Such a move undoubtedly would effect a satisfactory reduction and at the same time administer justice to all. In protecting veterans' rights I believe we are preserving the social rights of a great section of our people.

Many of the other measures passed during the present session lie somewhat under the same category. All depend very much on intelligent and sympathetic administration. This administration must be so calculated to bring justice to all. Every measure adopted is intended as a step toward better conditions and toward national growth along permanent lines.

I hope and believe that steps taken will bring about a better regulated economic condition and bring with it a better chance for a decent living for the laborer, the farmer, and the business man. In helping each of these groups is it wise that at the same time we should curtail the income of the veteran who, because of disability, cannot hope to compete on the same footing with his neighbor.

COORDINATE MANY FIELDS

Coordination and regulation is an apparent need in all fields of endeavor. The veterans' field should not be considered as alien to other work. Like other endeavors the veterans' bureau has been allowed to "just grow." Little thought was given to ultimate results. Today it is necessary that this field and many others be revamped and rebuilt. But in rebuilding let us not forget that the heart is needed as well as the hand. Lasting good cannot come from an act which caused dire fear to enter the lives of thousands of people who in this day of distress have come to depend on pitiful pensions for the meager necessities of life.

All measures alike should be insured administration from the humanitarian as well as the social and economic viewpoint. In the President's words we are entering into a partnership with private endeavor. Let us make sure that in this partnership all will have an equal chance.

VETERANS' PENSIONS—EXTENSION OF REMARKS

Mr. CHRISTIANSON. Mr. Speaker, it is my view that concurrence by this House in the Connally amendment offers the best present solution of the question of veterans' pensions. If it is adopted we shall have substantially what we were told we were going to get when we passed the Economy Act. The net result will be a saving of $300,000,000 to the taxpayers, considerably more than what was sought by the previous administration, without curtailing the veterans' compensation more than the cost of living has been reduced.

The suggestion that presumptive cases be carried on the compensation pay roll for a number of months, during which time veterans might furnish evidence to prove service connection, would be fair if the Veterans' Administration were disposed to be reasonable in the interpretation of the proofs presented. But there is nothing in the administration of the Economy Act to justify further faith in promises of leniency. The President's heart is responsive to suffering, and if it were possible for him personally to weigh every case, there would be no need to hedge the law about with restrictions. But, unfortunately, the President will not pass upon a single case. The task of weighing and sifting evidence and passing judgment will fall upon several thousand individuals more imbued with the bureaucrat's zeal for petty literalism than motivated by a passion for justice. The inevitable result of leaving to these underlings wide discretion to handle presumptive cases will be that a few months hence those heretofore rejected will again be thrown upon the doorsteps of their respective municipalities to become charges upon the States and cities; and Congress will, upon reconvening in January, face the same problem which confronts it now.

To me it would seem that the wiser course is to adopt the Connally amendment, allowing those who now receive compensation to continue to get 75 percent of what they have received heretofore, and then instruct the Veterans' Administration to prepare and present to the Congress at its next session a list of those classes which in its opinion should either be further reduced or eliminated altogether, together with a statement of the savings that could thus be accomplished.

I have no sympathy with those who, having adequate means of support, take money which should go to their less fortunate comrades. I would eliminate from the compensation rolls all who receive generous salaries from the Government. I would reject the chiselers and the grafters. But I am even more anxious to make decent provision for those who bear the scars and wounds of battle, and for their widows and orphans.

I would not attempt to justify the original law, which provided that if certain disabilities developed within 5 years after discharge they were presumed to have occurred in service; but Congress, having seen fit to establish the 5-year presumption, should not, with the economic situation being what it is, deprive those who have enjoyed this presumption of their compensation without opportunity to adjust themselves to self-support under more favorable conditions. It should be remembered that a large number of those whose disabilities are service-connected by presumption are suffering from tuberculosis or mental and nervous disorders and will be unable to shift for themselves even after the period of wide-spread unemployment ends.

The emergency officers' retirement pay should, I believe, be discontinued where the beneficiary draws a substantial salary in either a Government or private position; and it should be provided by law that an officer, although entitled to compensation, may of his own free will forego the benefits without prejudice to his rating should his future economic situation become such as to make it necessary for him to draw retirement pay.

It has been said that if we adopt the Connally amendment, provision must be made for increased revenue. With the proposition that the Government must match outgo with income, I have no quarrel. I believe in the balanced Budget as an essential part of good governmental practice. But I would call attention to the inconsistency of requiring additional taxation to carry the burden of the Connally plan without also asking for more funds to carry out the alternative plan, which involves an almost equal increase in expenditures.

Personally I believe in the principle that there should be broad grants of executive responsibility. The details of the application of principles are not proper subjects of legislation. Generally speaking, the function of the Congress is to formulate general policies, that of the executive department to apply the policies so formulated to individual cases. It was in conformity with this, to me a basic principle of government, that I voted for the Economy Act. I do not apologize for that vote. It was a necessary piece of legislation. But while I hold the views I do, I also realize that political formulas must not be rigidly followed when they result in injustice. Doctrine must yield when the welfare of human beings is at stake.

The Connally amendment is not a solution of the problem we are considering, but it is a means whereby we can do substantial justice to both the taxpayer and the disabled

service men while the search for the correct solution continues.

Mr. ALLEN. Mr. Speaker and Members of the House of Representatives, at an hour when all the banks of our Nation were closed and the newly elected President appealed to the Congress to pass the Economy Act to prevent a complete break-down of our financial structure, the Congress responded to his appeal. We were assured by the Democratic leaders that we could trust the President to enforce this act with fairness and justice, and that no veteran would be permitted to suffer at the hands of the President. Since the passage of the act much legislation has been passed in which the essence of economy is entirely absent.

During my campaign last year I promised the voters of my district, that if elected I would vote for economies in Government and for reductions in personnel and salaries where they could be properly made. As much as I regretted to have to do so, I voted to reduce the salaries of all governmental employees because I felt that it was necessary in order to meet the exigencies of the situation.

As much as I favor reductions in governmental expenses, and as much as I appreciate the absolute necessity of accomplishing this purpose, I am not in favor, nor have ever been in favor, of placing the major part of this burden on the Spanish-American War veteran, or the service-connected veteran of the World War.

When I voted for the economy bill, which provided for a $3,000 reduction in my own salary for the term, which reduced all Federal employees 15 percent in salary and which in addition gave the President absolute power to deal with the veterans, I did so with the understanding that there would be a reduction in veterans benefits, but with the assurance of the administration leaders, uttered on the the floor of the House and in private conversation, that there would not be any drastic cuts from a single Spanish-American War veteran or a single service-connected World War veteran.

It was my understanding, and the understanding of the large majority of the Members of Congress, that the reduction was to be made from those World War cases which had no service-connected disability and whose present ailments were in no way attributable to their service. Nor did I expect any regulation which would strike from the roll the Spanish-American War veteran who, by reason of lost or unkept records of his service, is now unable to submit proof of service connection by reason of the long period of years since the war. These men, by action of the regulations, are lost, because it is impossible for them to secure service-connected proof at this late date.

In my opinion very few Members of Congress would have voted for the economy bill had they known that the President would not be fair to the Spanish-American War veteran and the service-connected World War veteran. The country is undoubtedly in favor of economy, and the country believes and is justified in believing that many gross abuses have been made in the administering of veteran laws. For the taxpayers to have to bear the burden of many abuses is repulsive to any sense of justice or decency, but as much as the people of our great Nation favor economy and as much as they disfavor the granting of bounties to thousands of administrative clerks and hundreds of surplus doctors at hospitals, the people of this country are equally anxious and equally zealous in their purpose of adequately compensating the disabled veteran whose disabilities can be either directly or indirectly traced to their service.

VETERANS AND ECONOMY—EXTENSION OF REMARKS

Mr. EICHER. Mr. Speaker, throughout this entire extraordinary session of the Congress every decision I have made and vote that I have cast has been with an eye single to accomplishing the earliest possible enactment of the President's inspired program for national recovery. Under his vitalizing leadership, forceful, aggressive, and confidence-restoring action has been substituted for the almost fatal policy of nonaction and witless drifting which had brought us so close to the perilous vortex that would have engulfed our national order. The act to maintain the credit of the United States was the second of the various constructive measures to which I gave my hearty and hopeful support in recognition of the fundamental need for drastic retrenchment in nonessential governmental expenditures.

No one has ever had the temerity to contend, however, that fair compensation to needy defenders of our country who are suffering disabilities resulting from their service is a nonessential public outlay. At the same time it cannot be denied by any disinterested and impartial observer that many abuses have crept into the administration of our pension laws, the correction of which in common justice to the vast taxpaying body of our citizenship and from considerations of sheer national solvency is imperative. Every community in the land has its one or more examples of excessively paid and possibly undeserving recipients of public benefactions, in many cases completely outside the spirit and intent of the law, and constituting in the aggregate an increasingly unbearable burden upon productive enterprise. To accomplish the necessary pruning, executive power and responsibility only can be effective.

But the regulations originally formulated by the Budget Director and the Veterans' Bureau cut deeper into the existing compensation of veterans sustaining service-connected disabilities and of Spanish-American War veterans than by any standard can be held consistent with fair or sympathetic treatment. And the language of the proposed substitute does not, in my judgment, sufficiently protect the deserving veteran against technically adverse interpretation by the Bureau. Furthermore, the rank and file of the soldiers of 1898—our last great volunteer Army—with practically no service records made or preserved—certainly no patriotic taxpayer will at this late date demand that they assume the oftentimes impossible burden of proving that their existing disabilities are directly traceable to the exposure and the hardships endured in the fever-infected swamps that were the scene of their service.

I shall vote, therefore, in favor of a modification of the unfairly rigorous regulations, with the conviction, in fact with the knowledge, that the additional outlay will not break or even weaken any link in the chain drawing us to economic recovery that has been so courageously forged by the President. However, if any serious danger should exist on that score, I shall gladly vote for additional taxes to the extent necessary to avoid pauperization of the men, women, and children in the classes I have mentioned. And to raise any necessary revenues for such purpose we do not need to increase the burden on incomes, or on gasoline consumers, or on consumers of commodities generally, for a very slight assessment on the money value of sales of corporate stocks on the exchanges of the country would be painless in its incidence and would at the same time serve the public welfare by curbing the purely speculative operations that otherwise will surely again become dangerously excessive as we proceed further into the era of now-assured rising price levels and more and more prosperous times.

VETERANS AND ECONOMY—EXTENSION OF REMARKS

Mr. GRAY. Mr. Speaker, I promised my soldiers that I would not reduce pensions more than the pay of other men drawing wages and salaries from the Government.

And I would rather go back to a log cabin with a dirt floor and sleep on a bed of straw, and eat from a board as a table and live on bread and water, and wear sackcloth for clothing and maintain good faith and my word and pledge to the soldiers than to be welcomed at the door of a mansion or a gilded palace, to bask in the flattery of wealth and high social position, to win the praise and plaudits of kings, presidents or potentates, or be crowned a servient puppet to be used as a tool and cat's-paw of millionaire corporations to raise the hue and cry and to carry the flag of economy and a balanced Budget to divert attention from unpaid income taxes.

The indiscriminate and wholesale reduction of pensions and disability allowances without evidence heard or medical or surgical examination to ascertain the present status of disability or impairment, was unwarranted, unjustified, and unnecessary to accomplish the economy to be obtained.

While we are concerning ourselves with the amounts required for the payment of wages, salaries, and disability allowances and providing for their reduction and elimination as may be necessary and required to relieve the strain upon the Public Treasury, let us realize and keep in mind that these amounts of pensions, wages, and salaries are small and inconsequential as compared with the myriad millions we are allowing withheld from the Treasury by the nonpayment of income taxes due and owing to the Government from international financiers and bankers under the system of holding corporations organized to cover and conceal their earnings, income, and surplus profits. If the income taxes due the Government from the earnings of these evading corporations were collected and placed in the Treasury, the amount paid out for pensions, wages, and low salaries would no more be missed from the amount than a handful of wheat would escape observation from a Kansas elevator bin or a shovelful of sand from the seashore.

For years Andrew Mellon, and continuously while he remained Secretary of the Treasury, has been paying trivial amounts of income taxes and has been rebated, or given back, a very large part of the amount paid. W. L. Mellon, a nephew of Andrew Mellon, is now owing $2,000,000 of back taxes and is resisting the payment of the same on technicalities of the income tax laws. The following Mellon corporations and members of the Mellon family are now under investigation by the McKellar Senate investigation committee, charged with the evasion of income taxes since 1917 down to and including 1933:

Andrew W. Mellon, the Gulf Refining Co., the Gulf Oil Corporation, the Gulf Production Co., the Gulf Pipeline Co., the Gulf Refining Co. of Louisiana, the Gypsy Oil Co., the Gulf Pipeline Co. of Oklahoma, the Mexican Gulf Oil Co., the South American Gulf Oil Co., the Panama Gulf Oil Co., the Gulf Cooperage Co., the Gulf Commissary Co., the Standare Steel Car Co., the Middleton Car Co., the Baltimore Car & Foundry Co., the Verona Steel Casting Co., the Forged Steel Wheel Co., the Steel Car Forge Co., the Butler Bolt & Rivet Co., the Butler Car Wheel Co., the Lundora Land & Improvement Co., the Mellon National Bank, the Union Trust Co., the Union Savings Bank, Aluminum Co. of America, Aluminum Cooking Utensils Co., Aluminum Die Casting Corporation, the Aluminum Ore Co., the Aluminum Seal Co., the Electric Carbon Co., the Knoxville Power Co., the St. Lawrence River Power Co., the St. Lawrence Securities Co., the Tallahassee Power Co., McClintic-Marshall Co., Union Shipbuilding Co., Carborundum Co., the Pittsburgh Plate Glass Co., the Koppers Corporation; also Ogden L. Mills, and Ogden L. Mills, executor of the estate of Ogden L. Mills, Sr.

J. P. Morgan and his banker associates are now under investigation and charged with the evasion of income taxes amounting to myriad millions year after year and continuously since 1917. The following is a list of 89 corporations controlled by the Morgan syndicate of bankers, whose incomes have been juggled, mystified, covered, and concealed under the fictitious transfer of stock to holding and intermediate companies and which are being investigated and charged with the evasion of the payment of income taxes:

Banks and trust companies: Bankers' Trust Co., Bank for Savings of the City of New York, Discount Corporation of New York, Guaranty Trust Co. of New York, New York Trust Co., City Bank Farmers' Trust Co., Girard Trust Co., Fidelity Philadelphia Trust Co., Pennsylvania Co. for Insurance on Lives and Granting Annuities, Main Line Trust Co., Germantown Trust Co., Philadelphia Savings Fund Society, Integrity Trust Co., Western Savings Fund Society, Northern Trust Co.

Miscellaneous holding companies: American Foreign Securities Co., American Securities Investing Corporation, First Security Co. of the City of New York, Foreign Finance Corporation, Richmond-Washington Co., Willow Corporation, and United States Guarantee Co.

Railroad companies: Atchison, Topeka & Santa Fe Railway, Chicago & Erie Railroad Co., Lehigh & Hudson River Railway Co., National Railway of Mexico, New Jersey & New York Railroad Co., New York & Middle Coal Field Railroad & Coal Co. (controlled by Lehigh Valley Railroad Co.), New York, Susquehanna & Western Railroad Co., Northern Pacific Railroad Co., Reading Co., and Western Pacific Railroad Co.

Public utility companies—holding companies: International Telephone & Telegraph Co., United Gas Improvement Co., United Corporation, Columbia Gas & Electric Co., and Niagara Hudson Power.

Operating companies: Bell Telephone of Pennsylvania, Frankford & Southwark Philadelphia City Passenger Railway Co., Philadelphia Electric Co., Public Service Corporation of New Jersey, Second & Third Street Passenger Railway Co., Diamond States Telephone Co., Consolidated Gas Co. of New York, and Wyoming Valley Water Supply Co.

Industrial companies: Johns-Mansville Corporation, American Radiator & Standard Sanitary Corporation, General Electric Co., Kennecott Copper Corporation, Standard Brands, Inc., Montgomery Ward & Co., Beaver Coal Corporation, American Pulley Co., Sharp & Dohme, Inc., Stonega Coal & Coke Co., J. I. Case Threshing Machine Co., Associated Dry Goods Co., Lehigh Valley Coal Corporation, Philadelphia Steel & Wire Corporation, Keystone Watch Case Corporation, Texas Gulf Sulphur Co., Phelps-Dodge Corporation, Continental Oil Co., United States Steel Corporation, Crowell Publishing Co., International Agriculture Corporation, International Harvester Co., Lamont, Corliss & Co., Southwestern Construction Co., Charles E. Hires, Markless Corporation, General Asphalt Co., General Motors Corporation, Philadelphia & Reading Coal & Iron Corporation, Baldwin Locomotive Works, General Steel Castings, Cerro de Pasco Copper Corporation, Highland Coal Co., National Storage Co., Bellevue Stratford Hotel Co., De Bardeben Coal Corporation, Pullman Co., 150 William Street Corporation.

Insurance companies: Aetna Insurance Co.; Fire Association of Philadelphia and subsidiaries; Pennsylvania Fire Insurance Co.; North British & Mercantile Insurance Co., Ltd.; Royal Exchange Assurance Co. (American branch); Transportation Mutual Insurance Co.

Senate investigations now in progress have disclosed the transfer of shares of stock to great holding and security corporations set up by the Van Sweringens to evade the payment of income taxes. The new Senate investigation has brought in and involved the General Securities Corporation, and the Geneva Securities Corporation, the Chesapeake & Ohio Railroad Corporation, the Nickel Plate Railway Co., the New York Central Railway Co., the New York, St. Louis & Chicago Railroad Co., and other railway and holding companies. And under these fictitious transfers multiplied dividends and surplus profits have been sequestered and concealed and the taxes thereon to the Government have been evaded and withheld from payment and are now due with penalties in all amounting to many millions of dollars.

Until we can make the Morgans and Mellons, the Van Sweringens and associates pay their just share of the taxes, the common masses of the people, low-salaried men and wage earners, the soldiers and pensioners must submit and give up a part of their salaries, wages, and pensions, enough to pay the public expense. But when wealth and corporations can be made to pay their taxes then these reductions can be dispensed with and pensions, wages, and low salaries can be paid from a balanced Budget.

United States bonds are now coming due or subject to call, in all amounting to $10,000,000,000, a great part of which could be paid or funded in United States non-interest-bearing currency notes and the four hundred million interest could be saved to the Treasury, more than enough to pay the contested pensions and the reduction of wages and low salaries. The currency notes would be obligations of the Government the same as the bonds would be obligations. Both would be backed by the credit of the Nation, a charge upon all the wealth of the Nation, upon all the earnings and income of the Nation, upon all the production of the Nation, and made good by the great taxing power, supported by the Army and Navy to enforce collection for their payment.

Before the gold clause was eliminated and while gold redemption was required both the bonds and noninterest-bearing notes were alike supported by gold. And since such elimination of the gold clause and the suspension of the gold reserve the bonds and noninterest notes are alike supported, sustained and guaranteed without preference or difference one over the other. The only difference in the obligations are that the bonds draw 4 percent interest and the currency notes are interest free. Yet the bonds are pronounced good because they provide for the payment of interest and the currency notes are declared bad because the obligation does not provide for an annual interest charge. Yet with the strain upon the Treasury creating fear, apprehension, and distrust, which the reduction of pensions and wages was to relieve, we are paying out $400,000,000 in interest and prate long about balancing the Budget, and the imperative necessity of reducing pensions, wages, and low salaries summarily without showing cause to rescue the credit of the Nation.

It has come to be the judgment and conclusion of a great body of men today that the panic was originally caused and its continuance has been prolonged by the failure or the want of the buying and consuming power of the many and great masses of the people. And it is further generally agreed today that a restoration of the buying and consuming power is the first, necessary, and imperative requirement to bring a return of normal prosperity, without which the panic will continue a menace unabated, threatening chaos and disorder. While high salaries and dividends are largely hoarded as surplus wealth and only meager parts are used in buying and consuming the necessaries and comforts which make up the greater part of what industry produces, every dollar of pensions, wages, and low salaries is immediately used to buy and consume the staple necessaries of life, and without which consumption by the masses production would stagnate in surplus congestion. Yet while declaring for the restoration of purchasing power we are destroying the buying and consuming power and counteracting other parts of our prosperity program to the amount of the reduction of such wages, pensions, and low salaries.

We are at work primarily on a program formulated for economic recovery by restoring the buying and consuming power of the masses, the power to buy, take, and consume what industry produces. But we are entering upon the program in a reverse order to accomplish that result, when we reduce wages, pensions, and small salaries, every dollar of which is required and is used in the consumption of the vital necessaries, before we shall have restored employment and the opportunities of men to earn an income with which to buy and consume the staple necessaries, the products of farm, factory, mill, and workshop. We are failing to realize that production without consumption is dead and cannot be brought back to life by further paralyzing the power of men to consume.

The following statement issued by L. S. Ray, chairman legislative committee of the Veterans of Foreign Wars, Washington, D.C., shows the history of the so-called "Economy Act", and how the support of Members of Congress was gained, and how it was administered in gross violation of the representations made to secure its enactment, and the inevitable effect upon pensions and disability allowances if the law remains in force:

After the passage of Public, No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and the subsequent issuance of regulations by the President on March 31, and instructions to the field by the Veterans' Administration, the Veterans of Foreign Wars counseled its membership, numbering about a quarter of a million ex-service men who served on foreign soil or in hostile waters in a time of war, to be as calm as possible, as we believed when the full effects of this legislation were known corrections would be made.

This belief was based on statements repeatedly made on the floor of the House and Senate that full justice would be done all disabled ex-service men and their dependents.

Statistics from the field reveal that veterans suffering from direct service-connected disabilities, including battle casualties, will suffer a slash of approximately 70 percent through the breaking of service-connection and drastic reductions in disability ratings. At this time very few cases of widows and orphans of disabled veterans who died of war-incurred disabilities have been reviewed, but, in the name of governmental economy, they, too, will receive this same ruthless cut.

The disabled veterans of the Spanish-American War and Philippine campaigns and their dependents will suffer a loss in pension of at least 65 percent. The Spanish-American War veteran has now reached an average age of 60 years—old age for men whose bodies have been weakened by injuries incurred during the period of the Spanish-American War. This fact has been officially admitted by the War and Navy Departments; and it is ridiculous to ask these men at this late date to attempt to prove service-connection. At their age and with their disabilities they cannot hope to find employment and will be forced to call on State, county, and municipal governments for aid.

Like injustices have been done to thousands of disability-allowance cases who, by no fault of their own, are unable to prove service-connection for their disabilities. Disabled emergency officers who have direct service-connected disabilities are asked to meet an impossible requirement of showing a causative factor.

Hospitalization has been restricted to service-connected injuries and diseases or to those with a permanent disability who can sign a pauper's oath.

The statement has been made in the press that those charged with carrying out this unjust act are convinced from the lack of appeal from the majority of veterans that they are willing to take a reduction in their pensions to aid the country in this economic depression. These disabled veterans are the same soldiers who in 1896 and 1917 and 1918 answered their country's call to arms. Few of them are of the complaining type. Surely, though, most of the 700,000 who will be dropped from the rolls, and for whom their small pension is the difference between an existence and absolute want, might be forgiven for complaining. These disabled war veterans have a right to expect justice from the Nation they served so well.

The Veterans of Foreign Wars believe if any adjustment in compensation were to be made that each item should be given the same careful study as was given the enactment of the laws providing these benefits.

After a careful study of Public, No. 2, regulations and instructions, and their effect, we are certain that this law is not based on justice nor equity, but strictly on the desire to effect economies at the expense of the disabled war veteran and his dependents. We do not believe that a single Member of Congress was in favor of or believed that such drastic cuts would be made when he voted for the measure, nor that few, if any, would have supported the legislation had they been advised of the plans undoubtedly formulated before the bill was presented to Congress.

Some few minor changes have been made in the Veterans' Administration instructions—these in the main were to correct errors—but no changes have been made in the regulations.

There is no longer any doubt that there is a clear understanding of what the full effects of the act and regulations will be, and that no material changes will be made unless Congress makes them. This is a serious situation that will bring suffering and want to thousands and if ignored or allowed to go further will, in our opinion, be indefensible.

The Veterans of Foreign Wars of the United States demand, in the name of humanity, that before this special session of Congress adjourns Public, No. 2, be repealed and that any changes made be given careful study in hearings by the proper standing committees of the House and Senate or that it be amended so there can be no doubt that these disabled ex-service men will be given a fair deal.

With these disclosures and the information showing the administration of the law in gross violation of the representations made to Members of Congress to secure its support and approval, and with the personnel of the Department to continue in control and direct the administration of the pensions and Veterans' Bureau, Douglas as Director of the Budget, Hines, Administrator of the Bureau, and Woodin to continue Secretary of the Treasury, there was one and only one thing to do to vindicate my pledge and promise to the soldier and that was to introduce a bill to repeal the so-called "Economy Act" and provide for 15 percent reduction of pensions, the same as the act provided for wages and salaries, and which I have filed to bring before the House.

The administration of the so-called "Economy Act" under the regulations promulgated by the Veterans' Bureau to reduce and cut off pensions and disability allowances to service-maimed and wounded soldiers without evidence considered or hearing granted, to be left in want and to suffer humiliation and despair, while men with untold wealth are made exempt or left free to evade the payment of taxes, and while myriad millions are expended to finance banks and money lenders and to provide for interest to bond investors, is without parallel in cold, heartless public policy to favor war profiteers over its soldier defenders, and will go down in history and be held in harrowing memory as the most cruel, inhuman, brutal, and most unjustifiable course pursued by a

civilized nation toward its helpless citizen soldiery recorded in the annals of ancient or modern time.

THE VETERANS OF 1898—EXTENSION OF REMARKS

Mr. LUNDEEN. Mr. Speaker, it was my pleasure to hear a speech delivered in the House of Representatives by the gentleman from Alabama, my Spanish-American War comrade, Congressman GEORGE HUDDLESTON. It was one of the most thrilling, eloquent speeches I have heard in many a day, spoken with great feeling and sincerity, and by a very able and distinguished soldier and gentleman. I had the pleasure of serving with Congressman HUDDLESTON during the war days in the Sixty-fifth Congress. I know him as fearless and unafraid, and I am glad to find him still in Congress, and I hope that he will stay here for many a day.

I know those of you who have not seen it want to read that speech, and we now read his words as follows:

Mr. HUDDLESTON. Mr. Speaker, the measure which we are considering and which is offered as a substitute for the Connally amendment, is said to represent a "compromise" agreed upon by the President and the unofficial committee which waited upon him. I agree that this substitute secures for World War veterans benefits comparable to the Connally amendment; but, as far as Spanish War veterans and their dependents are concerned, they have been tossed overboard; there is nothing for them.

Today 35 years ago my division was marching and drilling at Camp Coppinger, some miles out from Mobile. Within a few days we were transferred to Miami, then a mere village alongside a swamp. There, bitten by swarms of insects and under unspeakable sanitary conditions, we remained throughout the tropical summer. Our food was scanty and unwholesome. Our hospital was little more than a name, medicines and supplies almost wholly lacking, and medical attention largely a pretense. There were no nurses and no suitable food for the sick. I lay for 30 hours, after admission to the hospital, upon a bare board, with my blouse folded under my head for a pillow, without seeing a doctor or receiving the slightest attention.

Our sick list mounted at terrific pace, until scarcely 50 percent were fit for duty. Wracked by malaria, typhoid, and other diseases of the semitropics, within 60 days there was scarcely a sound man in the pestilential camp, and deaths were rising to an appalling figure. When the armistice was signed these men came away to be discharged without a medical examination, and without any adequate record having been made of their disabilities.

I saw these men as they went into camp—gay and patriotic boys, eager to serve their country. Then I saw them as they were discharged to their home—gaunt and fever-stricken, and bearing the seeds of disease to plague them throughout their lives.

Never have veterans of any of our wars received so little attention and such small evidence of appreciation of their sufferings as have those who served in the War with Spain. For more than 20 years no special provision whatever was made for those who were disabled. They received neither bounty nor bonus, and yet there was not a conscript among them.

Now, 35 years have gone. Half of these veterans have passed into the great beyond, many of them hastened to their graves by their sufferings in service. The others, now in their old age and their gray hairs, enfeebled by disease incurred in the service of their country, or broken by the casualties of industry, now find themselves, in their declining years, the "forgotten men"—discriminated against, dishonored, and disowned by the Government for which they offered their lives. [Applause.]

What have they done to receive such treatment—that they should be denied the pittance by which they might eat honest bread? Did you not call them to the service of your country? Did they not follow your flag? Did they not suffer in your stead? Why should you disown them now. [Applause.]

I marched with these men in '98. They have been my friends and intimates through all the intervening years. I know how poor they are—how little they have to show for a life of service. I know that a large majority of them will be destitute if robbed of their pensions. I know that many are merely being transferred from the pension list to the mercies of charity or to the shoulders of sympathetic friends.

Oh, the ingratitude of republics! You are tossing them overboard, these veterans of '98. I marched with them then, and I can do no better now than share their fate. You toss them overboard and, if need be, I am willing to go overboard with them. [Applause.]

The Spanish-American War is one war which gained great wealth for Uncle Sam. The cost is estimated at a trifle over $1,000,000,000, and the property gained at about $10,000,000,000. This property has earned for us more than twenty billion since we acquired the same. If Uncle Sam were to pay out the money he made on the Spanish-American War to the veterans and widows and orphans of that war, we would be drawing 10 times the pensions we are drawing today, every one of us, and more besides, and our widows and orphans after us.

Why those in authority should strike so viciously at so brave a volunteer army as that which marched in 1898 is beyond my comprehension, and I say men who so voted and who so struck are not well informed and do not understand. They should see Puerto Rico and its great wealth. They should see Cuba, because under the Platt amendment it is ours whenever we so desire. Its resources are always at our command and have greatly enriched the continental United States. The Philippine Islands are most valuable and have untold resources.

Half of our men are dead and gone. For a score of years we asked nothing. We were then in our prime, and we fought through our manhood in civilian life without asking a cent from Uncle Sam. Now, when our regiments and battalions are drifting into old age and over the horizon into death, we have asked for a few dollars for our disabled veterans and for our widows and orphans, and I say that any man who votes against a fair and just compensation for these men, these volunteers, these heroes of 1898, is unpatriotic and un-American and fails to understand his country and its institutions.

Is it serving your country to vote against the defenders of the Nation in time of war? Is that a patriotic thing to do, to cut their little pensions down in order that taxes may be saved upon fortunes of the superrich? Here is the House of J. Pierpont Morgan & Co., paying no income taxes for more than 3 years, paying huge taxes to the British Empire. There are other huge fortunes unlevied upon. I say, before I am willing to cut the Spanish War veterans' pensions I will vote to take one half of every million and billion inheritance in this country. I am willing to vote huge levies upon incomes in the higher brackets of our superrich and their great fortunes. I am willing to levy gift taxes upon those who seek to evade the law. Let the war profiteers pay. The widow, the orphan, the service man must be protected.

Now, I want to say to you, my comrades of 1898, the enemy is upon us. They have already struck down the pension structure built up after many years of effort. We should have had the so-called "50–50" pension law years ago, but we were not even granted that. Now, our enemies are cutting and slashing our forces in every direction.

There is but one remedy to this situation, and that is politics, political action in political campaigns, and I predict that when the elections of 1934 and 1936 roll around, even though one half of our armies may have disappeared over the horizon into the land beyond, those who fought us will think the woods are full of Spanish-Americans, for we will be up and fighting them.

We know now who our enemies are. They have recorded their names upon the roll calls. They have shown just where they stand. We have been betrayed by fair words. It was the kiss of Judas, and we did not understand; but we understand now.

Let it be understood by all men that the Spanish-American soldiers never lost a battle, never lost a prisoner, and won a war in record time. We are not going to lose this battle with our enemies for justice for the disabled, and we mean to let the world know that we will not submit to any pauper clauses and any degrading papers which we are asked to sign. We stand today erect in the sunlight of God under the flag we carried in war time and unafraid we look the world in the face, American citizens and soldiers—and we demand that we be treated as such.

VETERANS' COMPENSATION—THE STEIWER-CUTTING AMENDMENT IS NOT A FAVOR TO THE VETERANS—EXTENSION OF REMARKS

Mr. DISNEY. Mr. Speaker, we are at a period in the career of our country when it is necessary to effect legislation that will reduce the running expenses of our Government, and it is incumbent on every one of us to suggest such means as will accomplish this. There is not a question that the affairs of Government have been handled for many years in a very extravagant manner. The taxpayers of our country have been compelled to delve deeper and deeper into their pockets in order to maintain the standard of the Gov-

ernment and to meet the taxes imposed on them for this purpose.

I might suggest many ways of enabling our Government to curtail the expense made necessary by such extravagance; but if I were to do so, there would be without doubt a hue and cry raised in opposition to such suggestion for the reason that it might affect an activity of the Government which certain classes believe should not be interfered with.

When we speak of economy it is with an idea of reducing expenses in connection with some governmental activity that will not interfere with the fundamental interests of those who would be affected thereby. To eliminate one branch of government by consolidating it with another is one means of effecting this without injury to the persons concerned, as it is possible to take care of the employees thus affected. But when we take from those who are rightfully entitled to receive consideration from our Government without giving anything in return, that is inhuman and unjust.

In 1898, when our Government called for volunteers to protect the flag, it did not find the men who responded unwilling to take the oath to die if need be in support of our Constitution and the rights of our people. In 1917, when the selective draft was put into effect, our young men responded with the same willingness as those of other wars. When they were discharged after the armistice was signed it was with the sole thought of returning to a useful occupation with no thought in mind other than to give the same service to their Government that they had in time of war. Many of these young men were so desirous of being discharged from the Army that they failed to disclose any disability that may have been the result of their war service. Others were disabled to such an extent that they were not capable of carrying on the occupation which they had followed before their entrance into the service.

Actual service-connected disability compensation should not have been touched. The rolls should have been purged of other cases found undeserving.

The Congress, with a full realization of the need of our veterans, enacted after very careful consideration various laws having for their purpose the granting of the compensation to which they were entitled.

The veteran, whether he be of the World War or any other war, is entitled to the greatest consideration that may be given him, and in the end I predict that the compensation which has already been awarded to him will be returned in full measure. Yet we are here today discussing how a few dollars may be cut from these benefits, and it appears to me that the veteran is to be made the goat. I do not directly or indirectly impugn the good faith of the President in urging that this action be taken. I voted for the economy measure in the firm conviction that the officials of Government who would carry out its provisions would take such action as would not affect our veterans who were entitled to the benefits they had been receiving. There is no question that there is room for improvement in our veterans' laws, which would afford a saving of much money to the Government. The emergency officers' retirement pay should be discontinued where the beneficiary draws a substantial salary in either a Government or private position. In many other ways a saving might be effected, and it was with this in mind that I voted for such measure. The President, in my opinion, could not be expected to supervise closely the drafting of regulations or the carrying into effect of the provisions of the numerous acts which have been signed by him. It is necessary for him to depend upon his subordinates, and in this particular instance I believe that he was not aware of the injustice that was attempted to be worked on our veterans.

The measure before us today is not a solution of the problem, neither is the Connally amendment. I do not believe that a veteran of any of our wars who is receiving a pension for actual service-connected disability should be required to present further evidence to show that he was entitled to such compensation. Any of my colleagues who has had occasion to further the interests of a veteran with his claim for compensation certainly realizes that the burden is on him to prove that his disability was service connected. At the same time I believe that in protecting the rights of the veterans the Government should have the power to purge the rolls of undeserving cases, but in no instance should this power be distorted to allow persecution of all veterans. I think a purging of the rolls of undeserving cases should have come first, and my idea of the economy bill was that this would first be done under fair, instead of cruel and unjust, regulations.

The veteran deserves a fair answer to his inquiries concerning the action which his Congressman intends to take in the problem with which he is confronted; and in answer to the veterans who are my constituents, I want them to know that no act of mine will ever reflect other than gratitude to them for the service which they have rendered their country. It shall be my purpose to continue my activity in their behalf in the hope that in the next session of the Congress such legislation will be passed as will make it impossible for any succeeding body to enact any law which would ex post facto take from them any part of the compensation which had been rightfully given to those properly entitled to it by a former act of Congress, whether it be in the interest of economy or otherwise.

In this vote I am following the lead of Congressman WRIGHT PATMAN and Congressman GORDON BROWNING, who have been leaders of the fight in the interests of the veterans, and who say that a vote for the Steiwer-Cutting amendment is a vote to set the cause of the veterans back 10 years. Let us follow the advice of these two friends of veterans' legislation.

RECESS

Mr. BYRNS. Mr. Speaker, I move that the House stand in recess until 6 o'clock.

The SPEAKER. The question is on the motion of the gentleman from Tennessee [Mr. BYRNS].

The motion was agreed to; accordingly (at 4 o'clock and 17 minutes p.m.) the House took a recess until 6 o'clock p.m.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 6 o'clock p.m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, the bill (H.R. 5790) entitled "An act to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes"; that the Senate insists upon its amendments to said bill, requests a conference with the House thereon, and appoints Mr. BYRNES, Mr. ADAMS, and Mr. GOLDSBOROUGH to be the conferees on the part of the Senate.

The message also announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H.R. 3511. An act to authorize the creation of a game refuge in the Ouachita National Forest in the State of Arkansas;

H.R. 3659. An act to extend the mining laws of the United States to the Death Valley National Monument in California;

H.R. 4872. An act authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.;

H.R. 5589. An act granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.; and

H.J.Res. 183. Joint resolution extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act

of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 554. An act providing per capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury;

S. 1286. An act to increase the efficiency of the Veterinary Corps of the Regular Army;

S. 1650. An act amending section 74 of the Judicial Code, as amended (U.S.C., Annotated, title 28, sec. 147);

S. 1654. An act for the relief of George Yusko;

S. 1759. An act to extend the time for the construction of dams and dikes in Lincoln County, Oreg., to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith;

S. 1772. An act for relief of the Western Montana Clinic, Missoula, Mont.

S. 1813. An act providing for the sale to Joe Graham Post, No. 119, American Legion, of the lands lying within the Ship Island Military Reservation in the State of Mississippi;

S. 1872. An act to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn.;

S.J.Res. 15. Joint resolution extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920;

S.J.Res. 59. Joint resolution to provide for the expenses of delegates of the United States to the Ninth Pan American Sanitary Conference; and

S.J.Res. 60. Joint resolution making an appropriation for an investigation of housing conditions and rentals in the District of Columbia.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

FARM CREDIT LEGISLATION

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. CARPENTER of Nebraska. Reserving the right to object, I suggest that the gentleman from Texas withhold this request until we see if the bank bill comes up, as I gave notice that I would object to any further-unanimous-consent requests.

Mr. JONES. This simply sends the bill to conference, and they are trying to get through this evening.

Mr. CARPENTER of Nebraska. And I am trying to see to it that they do not get through until the bank bill comes here.

Mr. JONES. I want to state to the gentleman from Nebraska that the entire agricultural credit of the Nation is involved in this bill, and the machinery for the functioning of the entire system of the different types of credit. It is a considerable responsibility for a Member to take to stop it. It is a nonpartisan matter and I hope the gentleman will not object to this bill going to conference, because it means a great deal for American agriculture.

Mr. CARPENTER of Nebraska. It merely means an extension for 24 hours.

Mr. JONES. No. It may defeat the entire program. This particular thing may have to go over. I do not know that they would hold over the Congress for this matter.

Mr. BLANTON. Will the gentleman yield?

Mr. JONES. I yield.

Mr. BLANTON. And objecting would not help the bank bill and the gentleman from Nebraska thereby accomplishes nothing at all. That is not helping the bank bill. Most of us are with the gentleman in wanting to pass the bank bill. We would like to see that bill get out of the Senate jam, but his holding up this matter would be a futile proceeding.

Mr. CARPENTER of Nebraska. It will hold it up until Monday, will it not?

Mr. BLANTON. But it would not help it a bit.

Mr. JONES. I want to say to the gentleman that the farmers of every State of the Union are interested in this bill, and it is a matter that means a great deal to the farmers of the gentleman's section, as well as mine, and he is taking on his shoulders the entire responsibility for its failure, if it fails.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. JONES, FULMER, DOXEY, CLARKE of New York, and HOPE.

INDUSTRIAL RECOVERY BILL

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the conferees on the industrial recovery bill may file a report without an accompanying statement.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

Mr. LEHLBACH. Reserving the right to object, will the gentleman yield to me to address a parliamentary inquiry to the Speaker?

Mr. BYRNS. Yes.

Mr. LEHLBACH. I have no objection to the gentleman's request.

Mr. BYRNS. Can the gentleman not let me get this and then address the Chair?

Mr. LEHLBACH. Very well.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

Mr. LEHLBACH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LEHLBACH. When we took the recess there was pending a motion to order the previous question. I should like to ask whether the previous question was moved with respect to both the pending amendment to the rule and to the rule itself?

The SPEAKER. It was.

Mr. LEHLBACH. Then a further inquiry, Mr. Speaker. If the previous question is defeated would an amendment in behalf of the Spanish-American War veterans then be in order?

The SPEAKER. The Chair thinks so.

Mr. BYRNS. Mr. Speaker, may I propound a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. BYRNS. If the House votes down that rule, is it not a fact that there is nothing before the House with reference to veterans? Is that not the fact?

The SPEAKER. That is true.

Mr. KVALE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KVALE. If this resolution is defeated, will the vote then come upon the Connally amendment, so called, which was incorporated in the Senate bill?

Mr. BYRNS. Oh, no.

Mr. BLANTON. There would not be anything before the House.

The SPEAKER. That could only be accomplished by unanimous consent.

Mr. WOODRUFF. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOODRUFF. As I understand it, the previous question was moved.

The SPEAKER. Yes.

Mr. WOODRUFF. If the previous question is voted down the rule will still be before the House, will it not, and open to amendment?

The SPEAKER. Yes.

Mr. KVALE. And open to amendment?

Mr. WOODRUFF. That is the way I understand it.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent, in the interest of a number of gentleman on both sides of the aisle, that the House stand in recess until 6:45.

Mr. LEHLBACH. Make it 6:30.

Mr. BYRNS. I got the request from gentlemen on both sides of the aisle, that the House stand in recess until 6:45. I am simply complying with their request. That is only 15 minutes longer and it is a courtesy we owe them.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Accordingly (at 6 o'clock and 8 minutes p.m.) the House stood in recess until 6:45.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 6:45 o'clock p.m.

The SPEAKER. When the House recessed, the gentleman from North Carolina [Mr. POU] had moved the previous question on the amendment and resolution to final passage.

The question is on ordering the previous question.

Mr. LEHLBACH. Mr. Speaker, on that I ask the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 231, nays 168, not voting 31, as follows:

[Roll No. 63]

YEAS—231

Abernethy	Culkin	Kee	Perkins
Adams	Cullen	Keller	Peyser
Allgood	Cummings	Kelly, Ill.	Pierce
Arnold	Darden	Kemp	Polk
Auf der Heide	Dear	Kennedy, Md.	Pou
Ayres, Kans.	Delaney	Kenney	Prall
Bailey	Dickinson	Kerr	Ragon
Bankhead	Dickstein	Kloeb	Ramsay
Beam	Dies	Kniffin	Randolph
Beck	Dingell	Kocialkowski	Rayburn
Beiter	Disney	Kopplemann	Reilly
Berlin	Dobbins	Kramer	Richardson
Biermann	Doughton	Lambeth	Robertson
Bland	Doxey	Lamneck	Robinson
Blanton	Drewry	Lanham	Rogers, N.H.
Bloom	Driver	Lanzetta	Romjue
Boehne	Duffey	Larrabee	Rudd
Boland	Duncan, Mo.	Lea, Calif.	Ruffin
Boylan	Eagle	Lehr	Sabath
Brennan	Eilzey, Miss.	Lesinski	Sadowski
Brown, Ky.	Faddis	Lewis, Colo.	Sanders
Brown, Mich.	Farley	Lewis, Md.	Sandlin
Browning	Fiesinger	Lindsay	Schaefer
Brunner	Fitzpatrick	Lozier	Schulte
Buchanan	Flannagan	Luce	Sears
Buck	Ford	McCarthy	Secrest
Bulwinkle	Foulkes	McClintic	Shallenberger
Burch	Fuller	McDuffie	Sirovich
Busby	Gambrill	McFarlane	Sisson
Byrns	Gillespie	McGrath	Smith, Va.
Cady	Glover	McKeown	Smith, W.Va.
Caldwell	Goldsborough	Major	Snyder
Cannon, Wis.	Goodwin	Maloney, La.	Somers, N.Y.
Carden	Green	Marland	Spence
Carley	Greenwood	Martin, Colo.	Steagall
Carpenter, Kans.	Gregory	Martin, Oreg.	Stokes
Cary	Griffin	May	Strong, Tex.
Celler	Haines	Merritt	Stubbs
Chapman	Hamilton	Milligan	Studley
Chavez	Hancock, N.C.	Mitchell	Sullivan
Church	Harlan	Montet	Sumners, Tex.
Claiborne	Harter	Moran	Sutphin
Clark, N.C.	Hastings	Musselwhite	Taber
Cochran, Mo.	Henney	Norton	Tarver
Coffin	Hill, Ala.	O'Connell	Taylor, Colo.
Colden	Hill, Samuel B.	O'Connor	Taylor, S.C.
Cole	Hoidale	Oliver, Ala.	Terrell
Colmer	Hughes	Oliver, N.Y.	Thom
Cooper, Tenn.	Imhoff	Owen	Thompson, Ill.
Cox	Jenckes	Palmisano	Tobey
Crosby	Johnson, Okla.	Parker, Ga.	Turner
Cross	Johnson, Tex.	Parks	Umstead
Crowe	Johnson, W.Va.	Parsons	Underwood
Crump	Jones	Patman	Vinson, Ga.
Vinson, Ky.	Weideman	Wilcox	Wood, Ga.
Walter	West, Ohio	Williford	Woodrum
Warren	West, Tex.	Williams	Young
Weaver	Whittington	Wilson	

NAYS—168

Adair	Dondero	James	Rankin
Allen	Doutrich	Jeffers	Ransley
Andrews, N.Y.	Dowell	Jenkins	Reece
Arens	Dunn	Johnson, Minn.	Richards
Ayers, Mont.	Durgan, Ind.	Kahn	Rogers, Mass.
Bacharach	Eaton	Kelly, Pa.	Rogers, Okla.
Bakewell	Edmonds	Kinzer	Scrugham
Beedy	Eicher	Knutson	Seger
Black	Eltse, Calif.	Kurtz	Shannon
Blanchard	Englebright	Kvale	Shoemaker
Boileau	Evans	Lambertson	Simpson
Bolton	Fish	Lee, Mo.	Sinclair
Britten	Fitzgibbons	Lehlbach	Smith, Wash.
Brumm	Fletcher	Lemke	Snell
Burke, Nebr.	Focht	Ludlow	Stalker
Burnham	Foss	Lundeen	Strong, Pa.
Cannon, Mo.	Frear	McCormack	Swank
Carpenter, Nebr.	Fulmer	McFadden	Swick
Carter, Calif.	Gasque	McGugin	Taylor, Tenn.
Carter, Wyo.	Gibson	McLean	Thomason, Tex.
Cartwright	Gilchrist	McLeod	Thurston
Castellow	Gillette	McMillan	Tinkham
Cavicchia	Goss	McSwain	Traeger
Chase	Granfield	Maloney, Conn.	Treadway
Christianson	Gray	Mapes	Truax
Clarke, N.Y.	Griswold	Marshall	Turpin
Cochran, Pa.	Guyer	Martin, Mass.	Wadsworth
Collins, Calif.	Hancock, N.Y.	Mead	Waldron
Collins, Miss.	Hartley	Meeks	Wallgren
Condon	Healey	Millard	Watson
Connery	Hess	Miller	Wearin
Connolly	Higgins	Monaghan	Welch
Cooper, Ohio	Hildebrandt	Morehead	Werner
Cravens	Hill, Knute	Mott	White
Crowther	Hoeppel	Muldowney	Whitley
Darrow	Hollister	Murdock	Wigglesworth
Deen	Holmes	Nesbit	Withrow
De Priest	Hooper	Parker, N.Y.	Wolcott
DeRouen	Hope	Peavey	Wolfenden
Dirksen	Howard	Pettengill	Wolverton
Ditter	Huddleston	Powers	Wood, Mo.
Dockweiler	Jacobsen	Ramspeck	Woodruff

NOT VOTING—31

Almon	Douglass	Lloyd	Reed, N.Y.
Andrew, Mass.	Fernandez	McReynolds	Reid, Ill.
Bacon	Gavagan	Mansfield	Rich
Brooks	Gifford	Montague	Schuetz
Buckbee	Hart	Moynihan	Sweeney
Burke, Calif.	Hornor	O'Brien	Utterback
Corning	Kennedy, N.Y.	O'Malley	Zioncheck
Crosser	Kleberg	Peterson	

So the previous question was ordered.

The Clerk announced the following additional pairs:

On this vote:

Mr. Corning (for) with Mr. Douglass (against).
Mr. O'Malley (for) with Mr. Bacon (against).
Mr. Brooks (for) with Mr. Sweeney (against).

Until further notice:

Mr. Almon with Mr. Gifford.
Mr. Crosser with Mr. Andrew of Massachusetts.
Mr. Gavagan with Mr. Moynihan.
Mr. McReynolds with Mr. Buckbee.
Mr. Kennedy of New York with Mr. Reed of New York.
Mr. Mansfield with Mr. Rich.
Mr. Fernandez with Mr. Reid of Illinois.
Mr. Kleberg with Mr. Utterback.
Mr. Hart with Mr. Zioncheck.
Mr. Montague with Mr. Peterson.
Mr. Schuetz with Mr. Lloyd.
Mr. O'Brien with Mr. Hornor.

Mr. CONNERY. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. DOUGLASS, is unavoidably absent. He asked me to state that if he were here he would vote "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question now recurs on the amendment offered by the gentleman from North Carolina [Mr. POU].

Mr. CONNERY. Mr. Speaker, I ask for the yeas and nays.

Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. Members are asking if this is a vote on the adoption of the rule.

The SPEAKER. It is on the amendment.

The yeas and nays were refused.

The question was taken, and the amendment was agreed to.

The SPEAKER. The question is on the resolution as amended.

Mr. LEHLBACH and Mr. CONNERY asked for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 238, nays 161, not voting 31, as follows:

[Roll No. 64]

YEAS—238

Abernethy	Delaney	Kocialkowski	Robertson
Adams	DeRouen	Kopplemann	Rogers, N.H.
Allgood	Dickinson	Kramer	Romjue
Andrews, N.Y.	Dickstein	Lambeth	Rudd
Arnold	Dies	Lamneck	Ruffin
Auf der Heide	Dingell	Lanham	Sabath
Ayres, Kans.	Disney	Lanzetta	Sadowski
Bailey	Dobbins	Larrabee	Sanders
Bankhead	Dockweiler	Lea, Calif.	Sandlin
Beam	Doughton	Lehr	Schaefer
Beck	Doxey	Lesinski	Schuetz
Beiter	Drewry	Lewis, Colo.	Sears
Berlin	Driver	Lewis, Md.	Secrest
Biermann	Duffey	Lindsay	Shallenberger
Bland	Duncan, Mo.	Lozier	Sirovich
Blanton	Eagle	Luce	Sisson
Bloom	Elizey, Miss.	Ludlow	Smith, Va.
Boehne	Faddis	McCarthy	Smith, W.Va.
Boland	Farley	McClintic	Snyder
Boylan	Fiesinger	McDuffie	Somers, N.Y.
Brennan	Fitzpatrick	McFarlane	Spence
Brown, Ky.	Flannagan	McGrath	Steagall
Brown, Mich.	Fletcher	McKeown	Stokes
Browning	Ford	Major	Strong, Tex.
Brunner	Foulkes	Maloney, La.	Stubbs
Buchanan	Fuller	Marland	Studley
Buck	Gambrill	Martin, Colo	Sullivan
Bulwinkle	Gillespie	Martin, Oreg.	Sumners, Tex.
Burch	Goldsborough	May	Sutphin
Byrns	Green	Mead	Taber
Cady	Greenwood	Merritt	Tarver
Caldwell	Gregory	Millard	Taylor, Colo.
Carden	Griffin	Milligan	Taylor, S.C.
Carley	Haines	Mitchell	Terrell
Carpenter, Kans.	Hamilton	Montet	Thom
Cary	Hancock, N.C.	Moran	Thompson, Ill.
Castellow	Harlan	Norton	Tobey
Celler	Harter	O'Brien	Turner
Chapman	Hastings	O'Connell	Umstead
Church	Henney	O'Connor	Underwood
Claiborne	Hill, Ala.	Oliver, Ala.	Vinson, Ga.
Clark, N.C.	Hill, Samuel B.	Oliver, N.Y.	Vinson, Ky.
Cochran, Mo.	Hoidale	Owen	Wadsworth
Coffin	Hollister	Palmisano	Walter
Colden	Hughes	Parker, Ga.	Warren
Cole	Imhoff	Parks	Weaver
Colmer	Jenckes	Parsons	Weideman
Cooper, Tenn.	Johnson, Okla.	Patman	West, Ohio
Cox	Johnson, Tex.	Perkins	West, Tex.
Crosby	Johnson, W.Va.	Peyser	Whittington
Cross	Jones	Pierce	Wilcox
Crowe	Kee	Polk	Willford
Crowther	Keller	Pou	Williams
Crump	Kelly, Ill.	Prall	Wilson
Culkin	Kemp	Ragon	Wood, Ga.
Cullen	Kennedy, Md.	Ramspeck	Woodrum
Cummings	Kenney	Randolph	Young
Darden	Kerr	Rayburn	Zioncheck
Dear	Kloeb	Reilly	
Deen	Kniffin	Richardson	

NAYS—161

Adair	De Priest	Hess	Mapes
Allen	Dirksen	Higgins	Marshall
Arens	Ditter	Hildebrandt	Martin, Mass.
Ayers, Mont.	Dondero	Hill, Knute	Meeks
Bacharach	Doutrich	Hoeppel	Miller
Bakewell	Dowell	Holmes	Monaghan
Beedy	Dunn	Hooper	Morehead
Black	Durgan, Ind.	Hope	Mott
Blanchard	Eaton	Howard	Muldowney
Boileau	Edmonds	Huddleston	Murdock
Bolton	Eicher	Jacobsen	Musselwhite
Britten	Eltse, Calif.	James	Nesbit
Brumm	Englebright	Jeffers	Parker, N.Y.
Burke, Nebr.	Evans	Jenkins	Peavey
Burnham	Fish	Johnson, Minn.	Pettengill
Busby	Fitzgibbons	Kahn	Powers
Cannon, Mo.	Focht	Kelly, Pa.	Ramsay
Cannon, Wis.	Foss	Kinzer	Rankin
Carter, Calif.	Frear	Knutson	Ransley
Carter, Wyo.	Fulmer	Kurtz	Reece
Cartwright	Gasque	Kvale	Richards
Cavicchia	Gibson	Lambertson	Rogers, Mass.
Chase	Gilchrist	Lee, Mo.	Rogers, Okla.
Christianson	Gillette	Lehlbach	Schulte
Clarke, N.Y.	Glover	Lemke	Scrugham
Cochran, Pa.	Goodwin	Lundeen	Seger
Collins, Calif.	Goss	McCormack	Shannon
Collins, Miss.	Granfield	McFadden	Shoemaker
Condon	Gray	McGugin	Simpson
Connery	Griswold	McLean	Sinclair
Connolly	Guyer	McLeod	Smith, Wash.
Cooper, Ohio	Hancock, N.Y.	McMillan	Snell
Cravens	Hartley	McSwain	Stalker
Darrow	Healey	Maloney, Conn.	Strong, Pa.
Swank	Treadway	Welch	Wolfenden
Swick	Truax	Werner	Wolverton
Taylor, Tenn.	Turpin	White	Wood, Mo.
Thomason, Tex.	Waldron	Whitley	Woodruff
Thurston	Wallgren	Wigglesworth	
Tinkham	Watson	Withrow	
Traeger	Wearin	Wolcott	

NOT VOTING—31

Almon	Corning	Kennedy, N.Y.	Peterson
Andrew, Mass.	Crosser	Kleberg	Reed, N.Y.
Bacon	Douglass	Lloyd	Reid, Ill.
Brooks	Fernandez	McReynolds	Rich
Buckbee	Gavagan	Mansfield	Robinson
Burke, Calif.	Gifford	Montague	Sweeney
Carpenter, Nebr.	Hart	Moynihan	Utterback
Chavez	Hornor	O'Malley	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Corning (for) with Mr. Douglass (against).
Mr. O'Malley (for) with Mr. Bacon (against).
Mr. Brooks (for) with Mr. Sweeney (against).

Until further notice:

Mr. Almon with Mr. Gifford.
Mr. Crosser with Mr. Andrew of Massachusetts.
Mr. Gavagan with Mr. Moynihan.
Mr. McReynolds with Mr. Buckbee.
Mr. Kennedy of New York with Mr. Reed of New York.
Mr. Mansfield with Mr. Rich.
Mr. Fernandez with Mr. Reid of Illinois.
Mr. Kleberg with Mr. Utterback.
Mr. Montague with Mr. Peterson.
Mr. Carpenter of Nebraska with Mr. Robertson.
Mr. Chavez with Mr. Lloyd.
Mr. Hart with Mr. Hornor.

Mr. WEST of Texas. Mr. Speaker, the gentleman from Texas, Mr. KLEBERG, is unavoidably absent. If present, he would vote "aye."

Mr. CONNERY. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. DOUGLASS, is unavoidably absent. He requested me to state that if he were here, he would vote "no."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. The Clerk will report amendment no. 47.

The Clerk read as follows:

Amendment no. 47: Page 59, after line 17, insert:
"SEC. 20. Notwithstanding any of the provisions of the act approved March 20, 1933, entitled 'An act to maintain the credit of the United States Government', in no event shall World War service-connected disability compensation of any veteran or the pension of any veteran of a war prior to the World War, or the pension of any widow and/or dependents of such veterans be reduced more than 25 percent of the rate being received prior to March 15, 1933."

Mr. BUCHANAN. Mr. Speaker, I move to concur in Senate amendment no. 47, with an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Mr. BUCHANAN moves to concur in Senate amendment no. 47 with the following amendment: In lieu of the matter contained in said amendment, insert the following:
"SEC. 20. The President is hereby authorized under the provisions of Public Law No. 2, Seventy-third Congress"——

Mr. BUCHANAN (interrupting the reading of the motion). Mr. Speaker, I ask unanimous consent that the reading of this 3-page amendment be dispensed with as it is the same amendment contained in the amended rule just adopted. It has been read to the House and has been discussed for an hour.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, I yield 2 minutes to the gentlewoman from Indiana [Mrs. JENCKES].

Mrs. JENCKES. Mr. Speaker, I wish at this time to address the House of Representatives on a most important phase of the veteran problem. This problem affects the welfare of the veteran, the welfare of the Nation, and also the efficient functioning of the House of Representatives in the deliberations incident to bringing our Nation back to a state of prosperity.

My standing as a friend of the veteran is nationally known. For years I have pleaded for a comprehensive, permanent

rehabilitation of the American veteran, and since I came to Congress my services to the veteran have met with their entire approval. So today I come before you in behalf of the American veteran and I not only come to you as your colleague but as a woman who is able to understand the women's viewpoint as it pertains to the permanent rehabilitation of our American veterans.

The American veteran problem will never be settled until it is settled on a permanent basis. This subject has been before preceding sessions of the Congress and no permanent solution has been developed.

It is now not only necessary but imperative that the American veteran must take his place in the ranks of our American citizenship and cooperate with the President and the Congress in the Nation-wide effort we are making to face our Nation toward prosperity again. I have followed the various suggestions for legislation made in behalf of the veteran. I have considered them from the viewpoint of the women members of the veterans' families, and I sincerely believe that the best interests of all veterans can be served in a genuine way by patriotically accepting the changes made by President Roosevelt on June 6 in the regulations having to do with the compensation allowances for veterans of the World War and the Spanish-American War. I have advice from the White House that—

> No man in a hospital with service-connected injury or disability or in distress would be put out of a hospital, and that a survey would be made of all cases where compensation cuts had been more severe than was intended. The purpose of this survey would be to increase the levels of compensation due to veterans.

I especially invite the attention of the Members of the House of Representatives, as well as that of all veterans, to the statement released by the White House on June 6, which shows the increase in the compensations, which in some instances are more advantageous to the veteran than is proposed in legislation intended to limit the President's economy power.

It is obvious to all of us here in Congress, and to every patriotic veteran, that all efforts in behalf of the veteran at this time must be considered from the emergency viewpoint.

President Roosevelt has met this emergency in a way which will tide over our veterans until the progress of the "new deal" and the President's economy program brings the state of the Nation to the point of prosperity where we can discharge the obligation America owes its veterans. So I appeal to you, my colleagues, to "stand by the President" in his recommendations for the welfare of the veterans and in this manner make it possible for our veterans to share in helping bring back prosperity to our Nation. [Applause.]

Mr. BUCHANAN. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Texas to concur in the Senate amendment with an amendment.

Mr. KVALE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KVALE. If the motion of the gentleman from Texas is voted down, will the question then recur upon the Connally amendment?

The SPEAKER. If this motion is voted down, the Connally amendment will be before the House for consideration.

Mr. FISH. Then, Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. AYERS of Montana. Mr. Speaker, a parliamentary inquiry. If this motion is voted down, does that put the Connally amendment before the House?

Mr. WOODRUM. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded. The Chair has answered that inquiry.

The question was taken; and there were—yeas, 243, nays 155, not voting 32, as follows:

[Roll No. 65]

YEAS—243

Abernethy	Cummings	Kocialkowski	Robertson
Adams	Darden	Kopplemann	Robinson
Allgood	Dear	Kramer	Rogers, N.H.
Andrews, N.Y.	Deen	Lambeth	Romjue
Arnold	Delaney	Lamneck	Rudd
Auf der Heide	Dickinson	Lanham	Ruffin
Ayres, Kans.	Dickstein	Lanzetta	Sabath
Bacharach	Dies	Larrabee	Sadowski
Bailey	Dingell	Lea, Calif.	Sanders
Bakewell	Disney	Lehr	Sandlin
Bankhead	Dobbins	Lesinski	Schaefer
Beam	Doughton	Lewis, Colo.	Schuetz
Beck	Doxey	Lewis, Md.	Sears
Beiter	Drewry	Lindsay	Secrest
Berlin	Driver	Lloyd	Seger
Biermann	Duffey	Lozier	Shallenberger
Bland	Duncan, Mo.	Luce	Sirovich
Blanton	Eagle	McCarthy	Sisson
Bloom	Eaton	McClintic	Smith, Va.
Boehne	Ellzey, Miss.	McDuffie	Smith, W.Va.
Boland	Faddis	McFarlane	Snell
Boylan	Farley	McGrath	Snyder
Brennan	Fiesinger	McKeown	Somers, N.Y.
Britten	Fitzpatrick	McLean	Spence
Brown, Ky.	Flannagan	Major	Stokes
Brown, Mich.	Ford	Maloney, La.	Strong, Tex.
Browning	Fuller	Marland	Stubbs
Brunner	Gambrill	Martin, Colo.	Studley
Buchanan	Gillespie	Martin, Oreg.	Sullivan
Buck	Glover	May	Sumners, Tex.
Bulwinkle	Goldsborough	Mead	Sutphin
Burch	Goodwin	Merritt	Taber
Byrns	Green	Millard	Tarver
Cady	Greenwood	Milligan	Taylor, Colo.
Caldwell	Gregory	Mitchell	Taylor, S.C.
Carden	Griffin	Montet	Terrell
Carley	Haines	Moran	Thom
Carpenter, Kans.	Hamilton	Norton	Thompson, Ill.
Cary	Hancock, N.C.	O'Brien	Tinkham
Castellow	Harlan	O'Connell	Tobey
Cavicchia	Hart	O'Connor	Treadway
Celler	Harter	Oliver, Ala.	Turner
Chapman	Hastings	Oliver, N.Y.	Umstead
Chavez	Henney	Owen	Underwood
Church	Hill, Ala.	Palmisano	Vinson, Ga.
Claiborne	Hill, Samuel B.	Parker, Ga.	Vinson, Ky.
Clark, N.C.	Hoidale	Parker, N.Y.	Wadsworth
Cochran, Mo.	Hughes	Parks	Walter
Coffin	Jenckes	Patman	Weaver
Colden	Johnson, Okla.	Perkins	Weideman
Cole	Johnson, Tex.	Peyser	West, Ohio
Colmer	Johnson, W.Va.	Pierce	West, Tex.
Cooper, Tenn.	Jones	Polk	Whittington
Cox	Kee	Pou	Wigglesworth
Crosby	Keller	Prall	Wilcox
Cross	Kelly, Ill.	Ragon	Willford
Crowe	Kemp	Ramspeck	Williams
Crowther	Kennedy, Md.	Randolph	Wilson
Crump	Kenney	Rayburn	Wood, Ga.
Culkin	Kerr	Reilly	Woodrum
Cullen	Kloeb	Richardson	

NAYS—155

Adair	Dowell	James	Reece
Allen	Dunn	Jeffers	Richards
Arens	Durgan, Ind.	Jenkins	Rogers, Mass.
Ayers, Mont.	Edmonds	Johnson, Minn.	Rogers, Okla.
Beedy	Eicher	Kahn	Schulte
Black	Eltse, Calif.	Kelly, Pa.	Scrugham
Blanchard	Englebright	Kinzer	Shannon
Boileau	Evans	Kniffin	Shoemaker
Bolton	Fish	Knutson	Simpson
Brooks	Fitzgibbons	Kurtz	Sinclair
Brumm	Fletcher	Kvale	Smith, Wash.
Burke, Nebr.	Focht	Lambertson	Stalker
Burnham	Foss	Lee, Mo.	Strong, Pa.
Busby	Foulkes	Lemke	Swank
Cannon, Mo.	Frear	Ludlow	Sweeney
Cannon, Wis.	Fulmer	Lundeen	Swick
Carpenter, Nebr.	Gasque	McCormack	Taylor, Tenn.
Carter, Calif.	Gibson	McFadden	Thomason, Tex.
Carter, Wyo.	Gilchrist	McGugin	Thurston
Cartwright	Gillette	McLeod	Traeger
Chase	Goss	McMillan	Truax
Christianson	Granfield	Maloney, Conn.	Turpin
Clarke, N.Y.	Gray	Mapes	Waldron
Cochran, Pa.	Griswold	Marshall	Wallgren
Collins, Calif.	Guyer	Martin, Mass.	Watson
Collins, Miss.	Hancock, N.Y.	Mecks	Wearin
Condon	Healey	Miller	Welch
Connery	Hess	Monaghan	Werner
Connolly	Higgins	Morehead	White
Cooper, Ohio	Hildebrandt	Mott	Whitley
Cravens	Hill, Knute	Muldowney	Withrow
Darrow	Hoeppel	Murdock	Wolcott
De Priest	Holmes	Nesbit	Wolfenden
DeRouen	Hooper	Parsons	Wolverton
Dirksen	Hope	Pettengill	Wood, Mo.
Ditter	Howard	Powers	Woodruff
Dockweiler	Huddleston	Ramsay	Young
Dondero	Imhoff	Rankin	Zioncheck
Doutrich	Jacobsen	Ransley	

NOT VOTING—32

Almon	Fernandez	Lehlbach	Peavey
Andrew, Mass.	Gavagan	McReynolds	Peterson
Bacon	Gifford	McSwain	Reed, N.Y.
Buckbee	Hartley	Mansfield	Reid, Ill.
Burke, Calif.	Hollister	Montague	Rich
Corning	Hornor	Moynihan	Steagall
Crosser	Kennedy, N.Y.	Musselwhite	Utterback
Douglass	Kleberg	O'Malley	Warren

So the motion to concur in the Senate amendment with an amendment was agreed to.

The following pairs were announced:

On this vote:

Mr. Corning (for) with Mr. Douglass (against).

Until further notice:

Mr. Almon with Mr. Gifford.
Mr. Crosser with Mr. Andrew of Massachusetts.
Mr. Gavagan with Mr. Moynihan.
Mr. McReynolds with Mr. Buckbee.
Mr. Kennedy of New York with Mr. Reed of New York.
Mr. Mansfield with Mr. Rich.
Mr. Fernandez with Mr. Reid of Illinois.
Mr. Kleberg with Mr. Utterback.
Mr. O'Malley with Mr. Bacon.
Mr. Musselwhite with Mr. Hollister.
Mr. Warren with Mr. Lehlbach.
Mr. Steagall with Mr. Peavey.
Mr. McSwain with Mr. Peterson.
Mr. Montague with Mr. Hornor.

Mr. WILCOX. Mr. Speaker, my colleague, Mr. PETERSON, is absent on account of the death of his father.

Mr. WEST of Texas. Mr. Speaker, my colleague, Mr. KLEBERG, is unavoidably absent. If present, he would have voted "aye."

Mr. CONNERY. Mr. Speaker, my colleague, Mr. DOUGLASS, is unavoidably absent. If here, he would vote "no."

The result of the vote was announced as above recorded.

Mr. BUCHANAN. Mr. Speaker, I move that the House ask for a conference with the Senate on the disagreeing votes of the two Houses.

The motion was agreed to.

Mr. BLANTON. Mr. Speaker, I offer a preferential motion to instruct the conferees.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

Mr. Speaker, I move to instruct the House conferees to disagree to Senate amendment 19, page 53, which appropriates $48,500 for the expense of participating in the International Institute of Agriculture at Rome, Italy.

Mr. BLANTON. Mr. Speaker, this Senate amendment no. 19 is an improper legislative matter that the Senate has improperly put on an appropriation bill. Such a proposal could not have been placed on this bill in the House. It would have been subject to a point of order, and I would have stopped it by making a point of order against it; and it should not have been put on in the Senate, for our overburdened farmers just now are not interested in spending $48,500 for a junket over to Rome, Italy, for certain bureau chiefs in the Agricultural and State Departments, and possibly for some politicians to accompany them. Here is the Senate amendment:

(19) INTERNATIONAL INSTITUTE OF AGRICULTURE

The sum of $48,500, or so much thereof as may be necessary, is hereby appropriated for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under the direction of the Secretary of State in the following manner:

(1) Not to exceed the equivalent in United States currency of 192,000 gold francs for the payment of the quota of the United States for the support of the institute, including the shares of the Territory of Hawaii, and of the dependencies of the Philippine Islands, Puerto Rico, and the Virgin Islands.

(2) Not to exceed $5,000 for the salary of a United States member of the permanent committee of the International Institute of Agriculture.

(3) Not to exceed $5,500 for rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (46 Stat. 818); compensation of subordinate employees without regard to the Classification Act of 1923, as amended; actual and necessary traveling expenses; and other contingent expenses incident to the maintenance of an office at Rome, Italy, for a United States member of the permanent committee of the International Institute of Agriculture.

Mr. Speaker, this is a $48,500 junket, and this matter was before the House not long ago. The farmers do not want to spend $48,500 in Rome, Italy. It was fought out on the floor, debated pro and con on both sides of the aisle, and after careful consideration the Members of this House decided that it would be a waste of public money to expend $48,500 on the so-called "Institute" in Rome, Italy, and we killed the bill in the House by a record vote.

We ought to stop this, and save this $48,500. That being the case, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Texas to instruct the conferees.

Mr. BLANTON. On that, Mr. Speaker, I ask for the yeas and nays.

The SPEAKER. The gentleman from Texas demands the yeas and nays. The Chair will count. [After counting.] Forty-four Members have arisen; not a sufficient number.

Mr. BLANTON. I ask for a division.

The House divided; and there were—yeas 118, noes 150.

Mr. BLANTON. Mr. Speaker, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. BUCHANAN and Mr. BLANTON.

The House again divided; and the tellers reported that there were 125 ayes and 180 noes.

So the motion was rejected.

The SPEAKER. The Chair will appoint as conferees on the part of the House Mr. WOODRUM, Mr. BOYLAN, Mr. HASTINGS, Mr. BUCHANAN, Mr. TABER, and Mr. THURSTON.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that, notwithstanding clause II of rule XXI, the conferees be permitted to agree to any of the Senate amendments.

The SPEAKER. Is there objection?

Mr. CARPENTER of Nebraska. Mr. Speaker, I object.

Mr. TABER. I object.

FEDERAL FARM LOAN ACT

Mr. JONES. Mr. Speaker, I call up the conference report upon the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Texas calls up a conference report upon the bill H.R. 5790 and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

Mr. CARPENTER of Nebraska. Mr. Speaker, I object.

The SPEAKER. The Clerk will read the conference report.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 6, and 56.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, and 54, and agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: On page 7, line 19, of the Senate engrossed amendments, strike out " and representing the public interest " and insert in lieu thereof the following: " of whom two shall represent the public interest and one shall represent national farm-loan associations and borrowers through agencies, and such director shall be a borrower from a Federal land bank "; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows:

" SEC. 86. Subdivision (a) of section 10 of the act entitled 'An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes', approved May 12, 1933, is amended by inserting before the period at the end of the first sentence a colon and the following: '*And provided further*, That the State administrator appointed to administer this act in each State shall be appointed by the President, by and with the advice and consent of the Senate.' "

And the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " 87 "; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " 88 "; and the Senate agree to the same.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
JOHN D. CLARKE,
CLIFFORD R. HOPE,
Managers on the part of the House.

JAMES F. BYRNES,
ALVA B. ADAMS,
P. L. GOLDSBOROUGH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 1: This amendment makes the exercise of the power by the directors of the Production Credit Corporations and the Banks for Cooperatives to employ and fix the compensation of officers and employees subject to the approval of the Governor of the Farm Credit Administration. The House recedes.

On amendments nos. 2, 8, 9, and 48: These amendments make clerical corrections, and the House recedes.

On amendment no. 3: Under the House bill it was provided that the creation of the revolving fund under section 5 (a) is not to restrict the Governor of the Farm Credit Administration in expending out of the funds included in subsection (a) so much as might be required during the fiscal year 1934 in the execution of the functions for which such funds were available. The Senate amendment strikes out the language relating to the fical year 1934, thus making such funds available during the remainder of the fiscal year 1933, as well as during the fiscal year 1934. The House recedes.

On amendment no. 4: This amendment authorized loans by the Governor of the Farm Credit Administration to counties to aid in grasshopper eradication and control. The Senate recedes.

On amendments nos. 5 and 7: These amendments make clarifying changes in language. The House recedes.

On amendment no. 6: This amendment includes within the security which may be taken for loans by production credit associations ranches, leases, and permits. Under the House bill such security could be taken, and therefore the provision is omitted as being unnecessary. The Senate recedes.

On amendment no. 10: Under the House bill Federal courts were to have jurisdiction in cases of winding up production credit corporations and production credit associations. The Senate amendment deprives Federal courts of such jurisdiction but confers jurisdiction on such courts of suits by or against receivers of such corporations and associations. The House recedes.

On amendments nos. 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37: These amendments make technical changes in the penalty provisions of the bill and make the penalties applicable as well in the case of officers and employees of the farm credit administration, the regional agricultural credit corporations, and any production credit association in which a production credit corporation holds stock, and in cases of fraud in dealings with any of the foregoing agencies. The Senate amendments also provide penalties for fraudulently concealing, removing, disposing of, or converting property mortgaged or pledged to such agencies. The House recedes.

On amendment no. 38: This amendment provides that no director, officer, or employee of any of the corporations created by the act shall be paid compensation at a rate in excess of $10,000 per annum, and that the same limitation shall apply to officers and employees of the Farm Credit Administration engaged in administering the provisions of the act relating to such corporations. The House recedes.

On amendment no. 39: This amendment changes the date after which only one director of a land bank may act as an officer or employee of the Farm Credit Administration or any land bank, and after which not more than one director shall receive compensation as a director of a land bank for more than 30 days in 1 year except for attendance at directors' meetings from July 1, 1933, as provided in the House bill, to January 1, 1934. The House recedes.

On amendment no. 40: This amendment provides for representation on the land-bank board of directors of stockholders of banks for cooperatives and production credit associations. It further provides that the director at large of the land banks shall be appointed by the Governor of the Farm Credit Administration without regard to nominations by borrowers. The section relates only to successors of present directors whose regular terms expire, so that a vacancy up to that time is to be filled without regard to the amendatory provision, and in no event is the section to apply until 1 year after the enactment of the act. The House recedes with an amendment which provides that 1 of the 3 district directors appointed by the Governor of the Farm Credit Administration shall represent national farm-loan associations and borrowers through agencies and shall be a land-bank borrower.

On amendments nos. 41, 42, and 43: These amendments are technical clarifying amendments. The House recedes.

On amendment no. 44: This amendment inserts a subsection letter. The House recedes.

On amendment no. 45: This amendment eliminates the requirements that land-bank bonds state on their face that they are secured by endorsed first mortgages. The House recedes.

On amendment no. 46: This amendment eliminates the requirement that the officers and employees of land banks be also the officers and employees of the Federal intermediate credit banks. It also provides that the employment

and compensation of such officers and employees shall be subject to the approval of the Governor of the Farm Credit Administration. The House recedes.

On amendments nos. 47 and 49: These amendments make changes in section numbers and letters. The House recedes.

On amendments nos. 50 and 51: These amendments eliminate the 8-year term of land-bank commissioners hereafter appointed. They also provide for the appointment by the President by and with the advice and consent of the Senate of three commissioners in the Farm Credit Administration. The House recedes.

On amendment no. 52: This amendment provides that this act shall not be construed to repeal the provision of law which created the regional agricultural credit corporations. The House recedes.

On amendment no. 53: This amendment authorizes the Reconstruction Finance Corporation, with the approval of the Governor of the Farm Credit Administration, to reduce and increase the capital of regional agricultural credit corporations. The House recedes.

On amendment no. 54: This amendment makes a change in section number. The House recedes.

On amendment no. 55: This amendment provides that the functions, under the Agricultural Adjustment Act, of officers, employees, and experts of the Department of Agriculture in each State shall be executed under the supervision of a State administrator in each State appointed by the President, by and with the advice and consent of the Senate. The House recedes with an amendment which provides that the State administrator appointed to administer the Agricultural Adjustment Act in each State shall be appointed by the President, by and with the advice and consent of the Senate.

On amendment no. 56: This amendment provides for a tax on certain futures transactions in cotton. The Senate recedes.

On amendments nos. 57 and 58: These amendments make changes in section numbers. The House recedes with amendments making further changes in section numbers.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
JOHN D. CLARKE,
CLIFFORD R. HOPE,
Managers on the part of the House.

Mr. JONES. Mr. Speaker, two amendments that have been agreed to are of interest and importance. One changes the method of selecting the directors and provides such a method as will give a central control of directors of the farm-lending agencies. The other amendment which makes a substantial change provides that the State administrators under the Agricultural Adjustment Act shall be appointed by the President, by and with the advice and consent of the Senate.

Mr. GILCHRIST. Mr. Speaker, will the gentleman yield?

Mr. JONES. Yes.

Mr. GILCHRIST. Do I understand that the amendment proposed by the Senate provides that the Federal Land Bank Board shall now have control of the directorates of the banks?

Mr. JONES. The change that is made provides the method of selecting. It provides that of the three selected by the stockholders, one shall represent the production field, one the cooperative field, and a third the land-bank field. Of the three directors selected by the governor one must be selected from among Federal land-bank borrowers or stockholders. The seventh is selected by the governor.

Mr. GILCHRIST. As I understand, the present law is that the seventh member of the directorate is selected from one of three as proposed by the local boards.

Mr. JONES. That is changed, and the governor controls this selection.

Mr. GILCHRIST. Of all?

Mr. JONES. No; just of one.

Mr. GILCHRIST. I know, but that is the seventh one.

Mr. JONES. Yes.

Mr. GILCHRIST. That gives him control?

Mr. JONES. Yes.

Mr. GILCHRIST. That makes him have 4 against 3.

Mr. JONES. Yes.

Mr. GILCHRIST. And it is not proposed by this amendment that the Governor will have complete control of the board of each of these banks.

Mr. JONES. No; for one of those four must be a land-bank borrower or stockholder. That gives the land-bank borrowers two representatives.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to, and a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

AGRICULTURE

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. FOULKES. Mr. Speaker, a few days ago I made a short talk on the floor of the House relating to agriculture, of which committee I have the honor of being a member. Today I desire to elaborate briefly my remarks on the same question. I am a real dirt farmer, I actually farm thousands of acres of the most fertile soil that lies outdoors, with houses, barns, stock, machinery, and the usual equipment which accompanies large farming operations.

This has been acquired by a lifetime of grueling work, through frugality and industry. In my humble opinion this experience, coupled with a lifetime of effort, gives me the right to voice my sentiments in behalf of the millions who toiled upon our farms today. Treating agriculture and those engaged in it as the ancient nomadic Tartars treated their cattle cannot go on forever. The Tartars traveled slowly on their shaggy ponies driving cows and oxen before them. When they wanted meat they cut a slice off the living animal and the suffering creature was driven on. When from too much cutting it could walk no longer it was slaughtered. All animals could stand that for a little while. None could stand it indefinitely. You will find that these farmers cannot stand the same treatment indefinitely either. The other day I made a brief reference to the professors, economists, statisticians, and others now engaged in the Agricultural Department of this Government. These gentlemen, who all enjoy large salaries, are constantly engaged in formulating new rules and regulations under the pretense of benefiting the agricultural sections, until today we are so surrounded and burdened with these regulations that it has become almost impossible for the farmer to market his crop after it has been produced. This is a serious situation, which at a later date I hope to be able to bring to the attention of this House with the expectation that legislation will be enacted to remove a condition which is now unbearable.

This Republic is anchored in the farm homes of America. More and more this basic fact is becoming generally known. Even the industrial centers now realize that the farm problem is a national problem. The farmer is the last great American individualist. The wheat farm grows more than 60 different types of wheat, ranging from the winter wheat of the Southwest to the spring wheat of the Northwest. Some of these producers live 2,000 miles apart. Unorganized, working alone, they have served the country in peace and war. In former years they have gathered around their fireside and planned the future and education of their children. While they have been going about their daily toil, certain selfish groups have benefited by discriminatory legislation and by trade practices that have inured to their advantage. This has caused a one-sided development of our national life. I speak of selfishness, not in an offensive way. It is as natural for men to look after their own interest as for the sparks to fly upward.

I do not charge that there has been a deliberate attempt to discriminate against agriculture, but the inevitable result of past governmental policy has been to place upon us the same burden that follows the granting of special privilege to other groups of our industrial population. In other words, the unconscious discrimination against us is just as severe and much more difficult to attack than if it had been done from deliberate purpose. During the last 10 years a line of thought grew up to the effect that a prosperous agriculture was not essential to our general prosperity. We were admittedly suffering while great activity in industry and manufacturing was hailed as evidence that farming was no longer a basic factor in our general welfare. Such a doctrine failed to take into consideration the fact that 11,000,000 persons employed in agriculture against 9,000,000 employed in industry and 3,000,000 in transportation and 6,000,000 as salesmen, clerks, and in trade; that agriculture still constituted the largest class and in addition represented a class requiring experience, skill, and special knowledge. Such an element as ourself standing first in number, and whose labor is so essential to the maintenance of all human life, cannot be put aside as a negligible factor in our scheme of economic well-being. You leaders of commerce, industry, and finance have given little thought to the troubles of agriculture up to this time. Now, however, you are commencing to realize just how severe the punishment for violation of economic law is to you.

There will be no well-founded prosperity for the people of this country until every group of our population is secure in its enjoyment of equal opportunity to all. For more than three decades governmental policy has steadily tended toward subversion of agriculture and toward the upholding of industrial supremacy. Ignorance of the delicate adjustment of the machinery of agricultural production and its distribution leads to interference with the solution of our problem, not from deliberate purpose but from misunderstanding.

The simple truth is that we farmers are determined and compelled to take ourselves and our future with desperate seriousness. We know the struggle for what it is, a difficult brutually free-for-all. Because we are human, we wish to forge ourselves a direct and simple path to personal happiness. Because we cannot escape the movements of the time nor the accident of our environment, we demand that our lines of procedure be not impeded by any extraneous or unfair methods or obstacles. We also have our general needs and present objectives, and hope to fit ourselves so far as possible with specialized weapons as will most help us to defend our own cause.

With the coming of Mr. Roosevelt and his new deal, I believe we shall have leaders with vision and a new program.

Within the last 60 days we have appropriated enormous sums of money for the benefit of our farmers and small-home owners. Sums so great that the mind is bewildered in its contemplation. This was emergency legislation, taken at the instance of our great President and his advisers, with whose program I have been in deepest sympathy. Enormous powers have been delegated to individuals of his choice for the administration of this huge program, and I hope these powers have not been misplaced and will be administered with a kindly and sympathetic spirit. I note with regret, however, the absence of actual and experienced farmers among the appointees, men whose life work should have fitted them for this responsibility. Surely, somewhere in this great mass of men who labor on the land there must be outstanding individuals whose qualifications should best fit them for this work. I was in hopes that the administration would avail itself of their services in this labor of usefulness, and I repeat that I regret to notice the absence of their employment. What this work needs to bring it to its full degree of fruition for which it was intended, is less theory and a more complete abundance of fact. [Applause.]

AMENDING NATIONAL DEFENSE ACT OF JUNE 3, 1916

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5645) to amend the National Defense Act of June 3, 1916, as amended, and agree to the Senate amendment.

The SPEAKER. The gentleman from South Carolina asks unanimous consent to take from the Speaker's table the bill H.R. 5645, which the Clerk will report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the Senate amendments.

The Clerk read as follows:

Page 3, after line 16, insert:

"The Chief of Staff shall exercise the same supervision and control of the reserve components of the Army of the United States as he does over the Regular Army."

Page 5, line 18, strike out all after "command" down to and including "promotion", line 20.

Page 20, line 14, strike out "nine" and insert "four."

The SPEAKER. The gentleman from South Carolina asks unanimous consent to concur in the Senate amendments. Is there objection?

Mr. CARPENTER of Nebraska. Mr. Speaker, I object.

Mr. McSWAIN. Mr. Speaker, I move that the House concur in the Senate amendment. They are agreeable to every interest involved. They have been agreed to by the reserve officers, the National Guard Association, and the War Department.

The SPEAKER. The question is on the motion of the gentleman from South Carolina to concur in the Senate amendment.

The motion was agreed to.

A motion to reconsider the vote by which the motion was agreed to was laid on the table.

NATIONAL INDUSTRIAL RECOVERY

Mr. DOUGHTON. Mr. Speaker, I present a privileged conference report on the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, which I send to the desk.

The SPEAKER. The gentleman from North Carolina presents a conference report upon the industrial recovery bill, which the Clerk will report.

The Clerk read the conference report, as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 10, 21, 23, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 47, 49, 54, 69, 76, 79, 80, 88, 89, 90, 92, and 93.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 6, 7, 8, 9, 12, 13, 14, 15, 16, 17, 18, 19, 20, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 51, 52, 53, 55, 56, 57, 58, 59, 60, 61, 62, 63, 65, 67, 70, 71, 72, 73, 74, 75, 77, 81, 82, 83, 84, 85, 87, 91, 94, and 95, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restriction of production (except as may be temporarily required), to increase the consumption of industrial and agricultural products by increasing purchasing power"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert ": *Provided*, That such code or codes shall not permit monopolies or monopolistic practices"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with the following amendments: On page 3 of the Senate engrossed amendments, line 11, strike out "and" and insert "quantities or"; on page 3 of the Senate engrossed amendments, line 16, strike out "shall" and insert "may"; and on page 3 of the Senate engrossed amendments, line 21, strike out "may" and insert "shall"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "and also the construction of any river or drainage improvement required to perform or satisfy any obligation incurred by the United States through a treaty with a foreign government heretofore ratified and to restore or develop for the use of any State or its citizens water taken from or denied to them by performance on the part of the United States of treaty obligations heretofore assumed: *Provided*, That no river or harbor improvements shall be carried out unless they shall have heretofore or hereafter been adopted by the Congress or are recommended by the Chief of Engineers of the United States Army"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and "reconstruction, alteration, or repair"; and the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "and paragraph (3) of such subsection (a) shall for such purposes be held to include loans for the construction or completion of hospitals the operation of which is partly financed from public funds, and of reservoirs and pumping plants and for the construction of drydocks"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "heavier-than-air aircraft and technical construction for the Army Air Corps and"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "and bridge"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert "seven eighths"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert "and one eighth in the ratio which the population of each State bears to the total population of the United States, according to the latest decennial census"; and the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert "citizens of the United States and aliens who have declared their intention of becoming citizens, who are"; and the Senate agree to the same.

Amendment numbered 79½: That the House recede from its disagreement to the amendment of the Senate numbered 79½, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert "citizens of the United States and aliens who have declared their intention of becoming citizens, who are"; and the Senate agree to the same.

Amendment numbered 86: That the House recede from its disagreement to the amendment of the Senate numbered 86, and agree to the same with amendments as follows: On page 21 of the Senate engrossed amendments, line 15, strike out all after figure "1932" down to and including the word "act" in line 17;

On page 25 of the Senate engrossed amendments, line 14, strike out "214" and insert "215";

On page 26 of the Senate engrossed amendments, line 12, strike out "the date of";

On page 26 of the Senate engrossed amendments, line 19, strike out "212" and insert "213";

On page 27 of the Senate engrossed amendments, line 15, strike out all after the colon down to and including line 20 and insert the following: "No part of any loss disallowed to a partnership as a deduction by section 23 (r) shall be allowed as a deduction to a member of such partnership in computing net income.";

On page 28 of the Senate engrossed amendments, line 2, strike out "taxable year 1932" and insert "taxable years 1932 and 1933";

On page 28 of the Senate engrossed amendments, line 5, strike out "1933, 1934, and 1935" and insert "1934 and 1935";

On page 28 of the Senate engrossed amendments, line 7, strike out the period and insert a period at the end of the line;

On page 28 of the Senate engrossed amendments, strike out lines 19 to 25, both inclusive, and lines 1 to 11, both inclusive, on page 29;

On page 29 of the Senate engrossed amendments, line 12, strike out "(i)" and insert "(h)";

On page 29 of the Senate engrossed amendments, line 14, strike out all after the colon down to and including line 17, and insert the following: "and all returns made under this act after the date of enactment of the National Industrial Recovery Act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President" and a period;

On page 30 of the Senate engrossed amendments, strike out lines 4 to 24, both inclusive, and lines 1 to 19, both inclusive, on page 31;

On page 26 of the House bill, at the end of line 18, insert the following: "The President is authorized to allocate so much of said sum, not in excess of $100,000,000, as he may determine to be necessary for expenditures in carrying out the agricultural adjustment act and the purposes, powers, and functions heretofore and hereafter conferred upon the Farm Credit Administration"; and

On page 26 of the House bill, after line 18, insert the following:

"SEC. 221. Section 7 of the Agricultural Adjustment Act, approved May 12, 1933, is amended by striking out all of its present terms and provisions and substituting therefor the following:

"'SEC. 7. The Secretary shall sell the cotton held by him at his discretion, but subject to the foregoing provisions: *Provided*, That he shall dispose of all cotton held by him by March 1, 1936: *Provided further*, That notwithstanding the provisions of section 6, the Secretary shall have authority to enter into option contracts with producers of cotton to sell to the producers such cotton held by him, in such amounts and at such prices and upon such terms and conditions as the Secretary may deem advisable, in combination with rental or benefit payments provided for in part 2 of this title.

"'Notwithstanding any provisions of existing law, the Secretary of Agriculture may in the administration of the

Agricultural Adjustment Act make public such information as he deems necessary in order to effectuate the purposes of such act.'"

And the Senate agree to the same.

ROBERT L. DOUGHTON,
HEARTSILL RAGON,
SAM B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
Managers on the part of the Senate.

Mr. DOUGHTON. Mr. Speaker, I yield 10 minutes to the gentleman from Arkansas [Mr. RAGON].

Mr. RAGON. Mr. Speaker, the House and Senate conferees have been all day trying to get together on the different amendments offered to the recovery bill by the Senate. Your conferees are glad to report to you that we came to an agreement with the Senate conferees a little over an hour ago. There have been something like 100 amendments offered by the Senate to this bill. After we ironed it out I do not think there is very much change between the bill as we find it today and the bill as it passed the House, save and except with reference to the basis of taxation for the bond issue. I do not think there is any material difference in the bill as it passed the House, save and except perhaps the inclusion of the provision giving the President rather extensive powers over the oil industry. This provision the House conferees accepted as the Senate passed it, because, as we understood it, it was a compromise between the different oil industries and the Secretary of Commerce.

Mr. PARSONS. Will the gentleman yield there?

Mr. RAGON. I yield.

Mr. PARSONS. Was there any discussion with reference to the coal proposition coming in as well as the oil proposition, at this time?

Mr. RAGON. No, sir; there was not. Except for that and minor amendments, which I believe could be called more mechanical than anything else, I do not think there is any worth-while change in title I of this bill.

Mr. SNELL. Will the gentleman yield for a question?

Mr. RAGON. I yield.

Mr. SNELL. Will the gentleman explain what was done with the so-called "Borah amendment"?

Mr. RAGON. Yes. With reference to the Borah amendment, when that came up for consideration the conferees dispatched Senator WAGNER to have a conference with Senator BORAH. Upon his return he provided the conferees with this amendment which was adopted. I cannot say whether this met with the endorsement or approbation of Senator BORAH or not. I did not discuss the matter with Senator WAGNER after his return. I might add it was explained that Senator BORAH was interested in the provisions referring to the antitrust law, in seeing that any provision that might affect restraint of trade or a price-fixing condition, did not result in the practice of monopoly. So this is the final draft of the amendment that was inserted in the bill:

Provided, That such code or codes shall not permit monopolies or monopolistic practices.

That is the amendment that was finally adopted and is written into the conference report.

Mr. SNELL. That would be quite a little coming down from the original amendment as presented. That would be quite a little compromise from the original amendment as presented, would it not?

Mr. RAGON. It strikes out the words "price fixing", and also the words, "restraint of trade", that were in there. As I understood from news that was brought to us, Senator BORAH would not object to this amendment as it was.

Mr. DOUGHTON. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. DOUGHTON. I think the gentleman will remember also that the message came from Senator BORAH stating that notwithstanding any amendment that might be adopted, he would not support it under any circumstance, and he did not know whether he should offer any suggestion at all to the conferees or not.

Mr. RAGON. That is correct.

Mr. TERRELL. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. TERRELL. I want to ask about the oil control. Do you grant the President any authority further than control of oil in interstate shipments?

Mr. RAGON. That is all. That is all we could do.

Mr. TERRELL. I know that is all you could legally do.

Mr. RAGON. Well, we did not do anything illegally.

Mr. CONNERY. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. CONNERY. Did they leave in the Senate amendment in title I, which provided that the President is given discretion on foreign imports, to bar them from the United States?

Mr. RAGON. Yes. That is left in there. That was taken as the Senate had passed it. I perhaps should explain that provision, since it enables the President, whenever any foreign products or imports come into this country in such quantity as to endanger the effectiveness of one of these codes, to assess fees in any range that he desires; that is, assess them after an investigation is made by the Tariff Commission; and he may likewise, after investigation by the Tariff Commission, limit the imports of that particular product.

Mr. CONNERY. Will the gentleman yield further?

Mr. RAGON. I yield.

Mr. CONNERY. I call attention to the fact that that was the suggestion of the Committee on Labor in the House, and that is the reason why the 5-day, 6-hour bill was not allowed to come up in the House.

Mr. CELLER. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. CELLER. Will the gentleman tell us whether the amendment passed by the Senate concerning the publication of taxation returns is still in the bill?

Mr. RAGON. I will read that just as soon as the experts can find it. That provision was modified. The House took the position that the Senate provisions were rather drastic, and the Treasury experts suggested it would be a very cumbersome thing for them to properly administer. We then discussed going back to the old law where the name of the taxpayer and the amount paid was published and posted in the collector's office. Finally after much discussion we adopted this provision:

And all returns made under this act after the date of the enactment of the National Industries Recovery Act shall constitute public records and shall be open to public examination and inspection as to such an extent as shall be authorized in rules and regulations promulgated by the President of the United States.

Mr. McCLINTIC and Mr. KVALE rose.

Mr. RAGON. I yield to the gentleman from Oklahoma.

Mr. McCLINTIC. Can the gentleman state whether any change was made in the gasoline tax other than what was agreed upon by the House?

Mr. RAGON. I prefer to conclude title I before I take that matter up.

I now yield to the gentleman from Minnesota.

Mr. KVALE. As far as the gentleman knows did the House conferees feel it was fair to the House and to the Senate to ask them to delegate this important power to the Executive instead of specifically providing in the bill what measure of publicity should be granted, and in the report which the conferees brought back to the House?

Mr. RAGON. I may say to the gentleman from Minnesota that we did not have time, as he knows, especially when we were told by the leaders on both sides that we wanted to adjourn tonight, to consider every amendment as thoroughly as we should have liked. We felt that if we could turn over the gigantic industries of this country to

the President and delegate the tender interests of the laboring classes of this country to the President of the United States we certainly could depend on him for the little thing of promulgating rules that would give to the man who had the right to look at them, the right to inspect the income-tax returns of the country.

Mr. KVALE. Will the gentleman yield for a further question?

Mr. RAGON. I yield for a question if it is not a statement. I am very tired.

Mr. KVALE. Is the gentleman willing, as one of the conferees, to grant the House the privilege of expressing its will regarding publicity on income-tax returns?

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman from Arkansas 5 additional minutes.

Mr. RAGON. The gentleman knows I am not going to impose my frail form here in front of the House of Representatives if it wants to rush headlong without consideration into this matter, but I do suggest to the gentleman as a practicable proposition that we fought for 2 hours over that provision and this is the best we could get in the way of a compromise at this time. We are not writing a revenue bill here, Mr. Speaker; we are trying to put to work 12,000,000 people and save the broken-down industries of this country. That is the prime consideration to remember in this bill.

Mr. KVALE. Then the Senate conferees did not sustain the position of their own body?

Mr. RAGON. That is a thing they will have to take up over there, I may say to the gentleman.

Mr. TREADWAY. Mr. Speaker, will the gentleman yield?

Mr. RAGON. I yield.

Mr. TREADWAY. Is not this authority over returns placed in the hands of the President exactly identical with all the other provisions of the bill?

Mr. RAGON. Certainly, it is exactly the same.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. RAGON. I yield.

Mr. McFARLANE. With regard to the oil regulatory provision, does the bill give the President power to divorce pipe lines from the refining end of the business?

Mr. RAGON. Yes, it does that. Mr. Speaker, I think if the Members would let me proceed with my statement we might obviate many of these questions.

Mr. SEARS. Mr. Speaker, will the gentleman yield?

Mr. RAGON. I yield.

Mr. SEARS. Amendment no. 48 I understand the conferees cut out.

Mr. RAGON. We cut out everything but hospitals, reservoirs, and drydocks.

Mr. SEARS. Why did you cut them out?

Mr. RAGON. Because I may say to the gentleman frankly, and I would like the House to hear this, when we were before the Ways and Means Committee having these hearings there were 50 Members, I guess, who came over there and asked for amendments of one kind and another.

In order to expedite this matter and in order to get the bill as near as we could like the administration desired it, we had to forego what would have otherwise been a pleasure to the committee of giving those Members all they wanted in the way of amendments. We did it on this ground: The attorney, Mr. Richberg, and Mr. Douglas, and Senator Wagner, all said that most of their amendments came within the provisions or the purview of the bill and they stayed in, but when they got over there you find some gentleman ready to stick his fingers into the pork barrel, either politically or financially, and, so far as we found, mighty near every amendment we had rejected over here came back on the Senate bill. Every Member who did not get his amendment inserted over here went over there and had it put on, and we proceed to take 9 out of every 10 out of the bill, and we said to them that the Members of the House of Representatives were not going to be denied a privilege that Members of the United States Senate undertook to get themselves. [Applause.]

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. RAGON. I yield.

Mr. GREEN. Can the gentleman tell us anything about the status of the provision in the act relative to the disruption of labor relationships?

Mr. RAGON. I do not know what that amendment is.

Mr. LEE of Missouri. Mr. Speaker, will the gentleman yield?

Mr. RAGON. I yield.

Mr. LEE of Missouri. Will the gentleman from Arkansas state whether or not the Representatives from this House insisted on covering up these income-tax returns or insisted that they be made public?

Mr. RAGON. We have got more publicity. If the gentleman means the publicity feature, we did not take that attitude.

Mr. LEE of Missouri. The laws of the country in the past have been so framed that the Morgans and the idle rich have profited by this lack of publicity.

Mr. RAGON. If we had got busy on this publicity proposition a long time ago we would not have much of this Morgan situation that is presented today.

Mr. McCLINTIC. Mr. Speaker, will the gentleman yield?

Mr. RAGON. I yield.

Mr. McCLINTIC. Would the gentleman care to make any statement in regard to the tax on gasoline?

Mr. RAGON. I shall proceed forthwith to the tax features of the bill.

Mr. CONNERY. Can the gentleman tell me if any action was taken with respect to the cost-plus feature?

Mr. RAGON. No; the House committee knocked that out.

Mr. CONNERY. I am pleased to hear that, because the American Federation of Labor, as well as all labor, was against that provision.

Mr. McLEOD. Will the gentleman yield for a question?

Mr. RAGON. I yield.

Mr. McLEOD. What happened to the Vandenberg amendment with respect to street widening in title II of the bill?

Mr. RAGON. That went out. I would suggest that the gentleman discuss that with the gentleman from New Jersey [Mr. BACHARACH].

Mr. CELLER. Will the gentleman yield?

Mr. RAGON. Yes.

Mr. CELLER. The Senate inserted an amendment that the Federal Trade Commission, rather than the district court, should hear complaints concerning violations of these fair-trade codes. What happened to that amendment?

Mr. RAGON. We took it out.

Mr. CELLER. So it is now put back in the district courts?

Mr. RAGON. Yes.

Mr. LUNDEEN. Will the gentleman yield for a brief inquiry?

Mr. RAGON. Yes.

Mr. LUNDEEN. Was the provision with respect to the authority given to the President over foreign imports permissive or mandatory?

Mr. RAGON. Permissive.

Mr. SHOEMAKER. Were the rates on income taxes changed?

Mr. RAGON. If the gentleman will permit I will now explain the matter of taxes.

Mr. Speaker, with reference to taxes, the House abandoned its tax base. I will say to you, frankly, I think the Senate had a better base and I think every one of your five conferees took the same view of it. I think it was more just and it was more equitable.

My friend, the gentleman from Oklahoma, a moment ago asked about the gasoline tax. The gasoline tax was reduced from the House rate of three fourths of a cent a gallon to one half of a cent a gallon. This will bring in about $62,000,000.

The House bill subjected dividends from corporations to the normal tax rates. The Senate provision still retains the taxation of dividends but they reach it in an entirely different way and I think in a much more equitable and a much more satisfactory way. They impose first a flat 5 percent on all dividends and they apply the tax at the source; that is, before the dividend is paid to you, for instance, as a member of the corporation, the tax is held in the hands of the corporation which issues the dividend. This brings in, I believe, $70,000,000.

Then the Senate also placed upon the tax base what we used to have and what was known as the capital stock tax. This brings in approximately $80,000,000.

This totals $212,000,000 of the $220,000,000 to furnish the tax base for this bond issue.

There are numerous clauses of the administrative features in the present law that have been corrected here that will bring about an increase in taxes of approximately $15,000,000. Most of these are directed at private bankers or efforts that are made to correct the abuses which have been laid at the door of the Morgan firm.

Mr. CLARKE of New York. Will the gentleman permit an interruption right there?

Mr. RAGON. Yes.

Mr. CLARKE of New York. As I understand it, the two outstanding abuses, as revealed in the Senate investigation, are first, these fake proceedings where they sell at the close of the year certain stock to their wives or someone else and escape the tax in that way, and I think the other abuse of the taxation processes which we have in this country today is the issuance of tax-exempt securities. One of the outstanding critics over in the other body and one of the investigators is a man that put from $40,000,000 to $60,000,000 into tax-exempt securities, and, so far as I am concerned, I should like to know whether any consideration was given to some method of getting at these men who take their money, amounting to thirty or forty or fifty or sixty million dollars and put it into tax-exempt securities and are more guilty, in my opinion, than the Morgan firm itself in trying to evade the law.

Mr. RAGON. I fully agree with my friend, and I hope some day or other this Congress will pass such legislation.

Mr. CLARKE of New York. I say "amen" to that.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. RAGON. But I hope the time will come in the near future when the Congress of the United States will do what I think the sixteenth amendment was intended to permit and that is, tax securities of every kind, and this should be done at once. [Applause.]

There was brought in before the Senate last night when I was listening to the debate over there a proposition to solely tax State securities or the interest from the bonds of the States. No effort was made, of course, because of perhaps the constitutional effect, upon Government securities; but an amendment was passed last night and was brought up for the consideration of the conferees that would subject our State bonds or our State securities to these different taxes. Your conferees took that into consideration, and after full discussion and thorough consideration we thought that that should not be done at this time. I do not think it is fair to the States to do a thing like that.

The Treasury Department came before us and said, while it would not affect the issue within the next 10 days, they felt that it would affect the selling of securities that they expected to put on the market in the near future, and they asked that that amendment be killed. I think I would be safe in saying that it is the consensus of opinion of the conferees on both sides that it be left out.

Mr. CONNERY. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. CONNERY. Will the House have an opportunity to vote on how they feel about it?

Mr. RAGON. I do not think the gentleman wants to gum up the proceedings in that way.

Mr. CONNERY. If you are going to take $400,000,000 from the disabled veterans, let us tax these securities.

Mr. RAGON. I doubt whether we have the constitutional authority to levy a tax on State securities. That question came up, and it is too uncertain.

Mr. MAY. Is it not well settled by reliable authority that you cannot do it, but has the gentleman thought about this proposition that in marketing securities upon which the Government has to secure money to pay its operating expenses the tax on the securities would reduce the market value more than the amount of the tax?

Mr. RAGON. That has been considered. I know that what impresses me most in a bill of this character is that in the revision of revenue you do not want to fly into quick action, because it is a very serious thing to impose a tax on the State credit.

Mr. BLANTON. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. BLANTON. The gentleman's committee, the Ways and Means Committee, is the only committee in the House that has authority in the House to bring in legislation that will reach these tax-exempt securities. The gentleman says he "hopes some day or other this Congress will pass such legislation." I hope that the Ways and Means Committee in the next Congress will reach it, but I have heard that statement, that "some day or other they will do it", from the members of the Ways and Means Committee every single year for 16 years. When are we going to pass legislation that will reach tax-exempt securities?

Mr. RAGON. I will tell the gentleman that the Ways and Means Committee brought in a measure of that kind in the Sixty-seventh and Sixty-eighth Congress, and what did you do? You killed it.

Mr. BLANTON. I want to say to the gentleman that I tried at that time in every way that was humanly possible to help pass a measure that would reach tax-exempt securities, but was outvoted.

Mr. CLARKE of New York. I challenge that statement.

Mr. BLANTON. Oh, the gentleman from New York does not know what he is talking about.

Mr. CLARKE of New York. And neither does the gentleman from Texas. [Laughter.]

Mr. BLANTON. It is most fortunate indeed, Mr. Speaker, that the gentleman from Texas has proof that he does know what he is talking about. When in the Sixty-eighth Congress, which was the first in which my friend from Arkansas, Mr. RAGON, served, the Green resolution was before the House on February 28, 1924; it was sponsored by our late Secretary of the Treasury, Mr. Mills, of New York, and by the former Republican Speaker, Mr. Longworth, and I then took the position that their measure would not reach tax-exempt securities, and was not designed to reach exempt securities owned by the rich, and I offered the following substitute for it, to wit:

Substitute of Mr. BLANTON for the amendment offered by Mr. MCKEOWN: Page 1, line 9, strike out all of section 1 of the resolution and insert in lieu thereof the following:

"SECTION 1. The United States shall have power to lay and collect taxes on income derived from all tax-exempt securities owned by any person or corporation in excess of the maximum amount of such securities which Congress by appropriate legislation shall determine may be owned by a person or corporation free from taxation. And when Congress determines the maximum amount of tax-exempt securities which may be owned free from tax on income by a person or corporation, the income from all tax-exempt securities in excess of such maximum owned by any person or corporation shall respond to the same rate of taxation as income derived from all other sources."

And in speaking for my proposal, I then made the following observations, and I later quoted at length a colloquy I had with Chairman GREEN, showing that he admitted that his proposal would not reach them, to wit:

Mr. BLANTON. Mr. Chairman, I am in favor of making the rich respond to the Government in taxes just the same as anybody else. I am against the rich evading the payment of taxes. I am against the present practice of the very wealthy investing all of their big fortunes in tax-exempt securities and thus avoiding the payment of any tax whatever on their big incomes.

The amendment I have just offered will stop it. It is proposed to be stopped in no other way. The Green resolution now before

us will not stop it, and all of us know it. If my amendment is passed, it would give the Congress the right to limit the amount of tax-exempt securities which any person or corporation could own and evade the payment of tax on its income to the sum of $100,000; while at present, and even after passing the Green resolution, the rich of the country may continue to own from $40,000,000 to $100,000,000 each in tax-exempt securities and pay no tax whatever on their stupendous incomes. I am for stopping it. My amendment will stop it. But Mr. GREEN claimed in his speech that there is only $13,000,000,000 of such tax-exempt securities. And I made him admit that the very wealthy have not been able to absorb half of such amount. Let me quote the colloquy:

"Mr. BLANTON. The gentleman said that big finance did not absorb the $13,000,000,000 which already exists in tax-exempt securities. How much can it absorb?

"Mr. GREEN of Iowa. Oh, not one half of it.

"Mr. BLANTON. The gentleman says that it cannot absorb one half of that, and that the purpose of this amendment which the gentleman says he introduced and which we recognize as the same as our friend from New York [Mr. MILLS] introduced——

"Mr. GREEN of Iowa. I do not want the gentleman to make a speech in my time.

"Mr. BLANTON. If they cannot absorb half of those which exist, how are we going to reach them, when we do not make this amendment apply in any way to the income from those which already exist, but only to future issues?

"Mr. GREEN of Iowa. You cannot reach them or affect them, nor will this amendment materially affect the price of the securities which they now own."

This shows, Mr. Speaker, that the gentleman from Texas does know what he is talking about. And I hope that next January the Committee on Ways and Means will pass a measure that will reach tax-exempt securities.

Mr. AYERS of Montana. Will the gentleman yield?

Mr. RAGON. Yes.

Mr. AYERS of Montana. Section 204, which deals with the apportionment of money among the States for highways—did the conferees adopt the Senate amendment?

Mr. RAGON. I am glad the gentleman brought that up. We had a wrangle and wrestle over that, and we finally adopted seven eighths and one eighth instead of three fourths and one fourth, and everybody was happy.

Mr. AYERS of Montana. The same as the old law?

Mr. RAGON. No; seven eighths and one eighth, instead of three fourths and one fourth. Mr. Speaker, much has been said here tonight to show the interest of Members of this House in a revision of the revenue laws. I think a resolution will be introduced here tonight asking authority for the Ways and Means Committee to meet in December, in vacation, to look into the matter of the revision of the revenue laws of this country. Also a resolution carrying an appropriation of $5,000 will be asked to enable them to carry on that work. If you will go at it in that way instead of traipsing around the country with some lawyer drawing big headlines in the newspapers and drawing down $100,000 from the Treasury, and get down here yourselves with these experts that you have on your pay roll, you can do it just as well as anybody, and it does not take an expose of the Morgan concern to bring it about. These loopholes are well known. It is up to you gentlemen. These resolutions will be introduced for your consideration and I hope they will prove the beginning of a better day toward an equalization of our taxing laws.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. RAGON. Yes.

Mr. TRUAX. It has been reported that the electrical energy tax has been transferred back to the consumer.

Mr. RAGON. Who reported that?

Mr. TRUAX. It was in this morning's newspaper.

Mr. RAGON. The gentleman should not believe everything he sees in the newspapers. We did not even consider such a proposition.

Mr. DOUGHTON. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, at the beginning of my remarks in reference to this bill I want first to make a special reference to the Member from Arkansas [Mr. RAGON] who has just taken his seat. I assume that tonight is the last appearance that the gentleman will make as a Member of this House. As a member of the opposition party, I can sincerely say that the House is experiencing a very great loss in the resignation which I assume is soon to come from the gentleman from Arkansas, Mr. RAGON. [Applause.] The explanation that he has just presented to this House of a very intricate and complicated conference report is a higher compliment to his ability than I can pay in words. He has been a Member of the House for 10 years and has served on the Committee on Ways and Means for the last 5 years. He succeeded another eminent son of Arkansas in the person of the late William A. Oldfield. Certainly Arkansas has made great contribution to the work of the Ways and Means Committee. It might be proper for me as a Republican to say that it will be easier for us to proceed with Mr. RAGON out of the way, but I am not going to draw any such inference as that, because while the Committee on Ways and Means is a partisan committee, nevertheless we have prided ourselves for many years upon the fact that we sit about the council table hour after hour endeavoring to serve not a party but the people and the country, and Mr. RAGON is an outstanding example of that type of service. [Applause.]

The country, however, is fortunate, even if the House is the loser, by the fact that he is soon to assume a position on the bench. We have seen ample illustration of his legal ability and his judicial type of mind; and certainly, if all appointments to the judiciary are to be of the type that he represents, there will be no such effort at impeachment procedure as we have seen in the House here recently. All of us, Democrats and Republicans, whether on the Ways and Means Committee or not, I am quite sure join in congratulating the gentleman from Arkansas upon his elevation to the bench, and they join with me in expressing our own sincere regret that he is to sever his relations with the House of Representatives and the Committee on Ways and Means. [Applause.]

After the explanation that the gentleman from Arkansas has made, there is very little that I need to add in explanation of the conference report. It is not as anyone of us would have written it. There are many things in the report that my colleague, the gentleman from New Jersey [Mr. BACHRACH], and myself would have been glad to have opposed, and possibly we might have been glad to oppose the whole bill itself. However, that was not the question involved. We were appointed by this House to come to an agreement with the other branch of Congress, and to endeavor to do it today.

Congressmen are often criticized for not making good use of their time, and it is said that they have an easy job. I wish some of those critics could have sat about that council table with us today and seen the necessity for haste and careful consideration at the same time that it was necessary for the 10 conferees to exercise. Therefore, in behalf of the gentleman from New Jersey and myself, let me say that we approve of the conference report, even though we represent the minority. I shall confine myself to very brief remarks on only a few items.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. CONNERY. It has been brought to my attention that a liaison officer was provided by a Senate amendment, who was supposed to represent the Federal employees and act as a sort of advocate for employees who might be discharged without cause or something of the sort. I understand that that was stricken out by the conferees. What was the purpose of that?

Mr. TREADWAY. Mr. Speaker, I cannot tell the gentleman the purpose of striking it out. It was an amendment from which the Senate receded. The House conferees were not asked to adopt that Senate amendment.

It was inserted in the Senate, and before there was any opportunity for action the Senate conferees receded and left us with nothing to do.

Now, I want to refer particularly to the highway item. As one of those coming from a fairly large State, I regret very much that we were obliged to accept any change in the allot-

ment of the new money in this bill as passed by the House, but that was one place wherein we were absolutely deadlocked.

Some of us come from old Yankeeland, and if you cannot have your own way, have what part of it you can and split the difference. That is exactly what we did in the allotments to the States. We split the difference from three quarters to seven eighths and called it a Yankee bargain, neither side being satisfied. [Laughter.] That is the whole explanation of that particular item. Still, as a New Englander, I want to approve of the idea of a trade, a Yankee straight out-and-out splitting-the-difference trade, which I will do any time, trading jackknives or anything else. The practical effect of the conference agreement is to allocate ten twenty-fourths of the road money on the basis of population, seven twenty-fourths on the basis of acreage, and seven twenty-fourths on the basis of mileage.

There is another feature of the highway item that I certainly disapprove of. The allotment of $400,000,000 for highway improvement is the only item of actual amount designated in the House bill. It was the purpose of the House measure that $400,000,000 should be spent on the highways. That is the way it was passed in this body, but the Senate was very insistent that the language should be changed to read "not less than $400,000,000", which leaves the gate wide open for the expenditure of any sum in addition to that up to $3,300,000,000. Personally I think the language of the House was much better than the language adopted by the conference report, but there it is, and we had to agree to it.

There is another item that I personally am very much interested in. It occurs on page 5, where we have inserted a long Senate amendment having to do with giving the President very wide authority over tariff matters. I venture to say that if at any time the Republican Party had been in power it had offered such an amendment as this, the Democratic minority would have endeavored to laugh us out of our seats. It is extending a power to the President almost to the extent of setting up an embargo. As long as the President wants that authority, we Republicans want him to have it. [Laughter and applause.]

The SPEAKER. The time of the gentleman from Massachusetts [Mr. TREADWAY] has expired.

Mr. DOUGHTON. I yield 5 minutes additional to the gentleman from Massachusetts.

Mr. TREADWAY. On the question of revenues, I agree with the gentleman from Arkansas [Mr. RAGON] that we have made a good change in the system of taxation involved in the new bill. In other words, the Senate amendment was preferable to our system of raising $227,000,000. The capital-stock tax is the outstanding feature, and is not open to the criticism of the old capital-stock tax on account of the fact that this tax is laid on the rate of value that the corporations themselves set up.

There are various administrative changes which will raise an additional revenue of $15,000,000 by plugging up certain loopholes in the law. These are not injurious changes. They are simply administrative. The method of assessing rates on dividends is an improvement, in that they are to be laid at the source, and in that way we will secure a large revenue from foreign-held dividend-paying stocks.

Mr. McFADDEN. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. McFADDEN. On page 39 of the bill, section 13, you impose a tax on dividends. Does that include a tax on stock dividends?

Mr. TREADWAY. No.

Mr. McFADDEN. Was that given any consideration?

Mr. TREADWAY. That is on dividends collected at the source and not collected from the person who has received the dividends from the company. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts [Mr. TREADWAY] has again expired.

Mr. DOUGHTON. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. CROWTHER].

Mr. CROWTHER. Mr. Speaker, I desire to express my appreciation of my association with and my admiration for the gentleman from Arkansas [Mr. RAGON], my colleague, over a long period of years, on the Ways and Means Committee. Particularly do I desire to express my appreciation of the fact that he has been instrumental in bringing into this Congress in this conference report so splendid a tariff amendment. [Applause.]

It has been suggested that I have leaned somewhat toward a protective-tariff policy [laughter], but this out-tariffs anything I have ever even suggested. I have never been an embargoist. It has been suggested I wanted rates so high that an importer would probably break his neck trying to get his goods into the country. Former Chairman Collier said I had such an antipathy for importers that I wanted an amendment put in the bill that the only way they could approach the Ways and Means Committee at public hearings was on their hands and knees.

However, I am glad that this amendment has been accepted. Let me say to the gentleman from Arkansas that if his court decisions are based upon the same calm, cool judgment that he displayed in consideration of this tariff amendment, there will be no appeals from his decisions in the State of Arkansas. [Applause and laughter.] Judge RAGON, I salute you.

The SPEAKER. The time of the gentleman from New York [Mr. CROWTHER] has expired.

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from Oklahoma [Mr. MARLAND].

Mr. MARLAND. Mr. Speaker and Members of the House, never before in the history of the world have the people of a civilized nation such as ours abandoned completely an industrial system that had prevailed among them for generations without attendant bloodshed and political revolution.

This Congress today, representing the people of the United States, has turned its back upon the highly competitive industrial system which has built this great Nation of ours and which has been the life of trade during the centuries of progress from our European ancestors.

We have not only abandoned an economic system which had its beginning in the early dawn of civilization but we have left it without knowing what system we are to follow in the future.

No law has been written which so much affected human rights, human happiness, and human destiny since the writing of the Magna Carta on the field of Runnymede 718 years ago as will the passage of the National Industrial Recovery Act. It may mean that by the passage of this act we shall have repealed that great charter of human liberties which guaranteed government "by law" instead of government "by discretion" of royalty, which had theretofore prevailed.

By this National Industrial Recovery Act we will confer upon the President of the United States wider discretionary powers of government than have ever been held by any but an absolute monarch. The saving grace of this renunciation of our constitutional rights lies in the fact that a national emergency exists and that the powers granted to the President shall cease to exist at the expiration of 2 years after the date of the enactment of this act, or sooner if in the judgment of the President the emergency has ceased to exist.

How the new order of things will affect the petroleum industry of the great oil-producing State of Oklahoma, which I have the honor to represent, is the subject upon which I would address you.

Individual enterprise, initiative, keen competition, ability to endure hardships and disappointments have built up this great industry. Its expansion, its physical progress, have been due to the enterprise, the ability, the genius of the individuals engaged in it. Its growth into the first rank among the great industries of our country has been unequalled by that of any industry intended to be aided by this act.

The dependency of our national welfare and safety, our general prosperity, our modern manner of living rest upon

its ability to supply our ever-increasing demand for oil, which has been met in the past because of the promised reward held out to the venturesome individuals engaged in finding and producing oil.

Superior luck, superior skill, and the compelling force of personal ambition have found our oil fields. Among the thousands of individuals engaged in the business of producing oil, a few only have prospered greatly. The others have met dismal disappointment of their hopes for wealth. The net result of the efforts of all in pioneering or prospecting for oil has been to increase the number of discovered oil fields and increase the petroleum wealth of the Nation.

Our present and future civilization depends upon our ability to find more and more oil fields. In the past, three fourths of our oil fields have been found, not by associations or corporations but by individuals.

What does the future hold in store for us under the new economic order about to be set up under the Industrial Recovery Act? Will individual effort, will initiative and enterprise, will inventive genius be smothered under the codes of fair competition, written by trade associations and approved by the President?

When the code to govern oil producers is written by an association or associations, financed and controlled by integrated corporations, will it provide that the President or his administrator may say when, where, and how a man may drill a well for oil?

And if he finds oil, will the code provide when, where, and to whom, and for how much he may sell his oil? Will the code limit his possible profits when he is lucky and ignore his more frequent losses? Will the code compel him to sell his crude oil to existing refineries, or may he build a refinery of his own, and sell the products to the consumer? Or if he is permitted to build his own refinery and refine his oil, must he forego the privilege of marketing the products direct to the consumers and, perforce, sell them to some existing marketing agency?

There is nothing in this act to say what he may or may not do. He will be governed under it completely by the discretion of the President. It is to the President he must look for the determination of his rights and privileges and future conduct of his business.

Mr. Speaker, it is my intention, as soon as this act has been passed, to notify my many friends in the producing branch of the oil business in the United States to assemble and write for themselves a code to govern their future activities and present it to the President for his approval. They must not neglect to do this. They must not permit the great integrated companies to write a producing code for them. A major company engaged in producing, pipeline transportation, refining, and marketing cannot be expected to write a code that will be fair to producers not engaged in the other branches of the industry.

The great integrated companies, with their enormous profits accruing to them from pipe-line operations, are not so much concerned about establishing a price for crude oil to meet the cost of production. Nor can they be trusted to write a code that will be fair to each of the several oil-producing States when their producing interests may be entirely in other States.

A trade association in an industry cannot be depended upon to be equally fair to the producers of all States when it may represent the producers in only one of those States, or when it is financed or controlled by the refining industry, or by pipe-line companies purchasing oil.

The interest of the public of the United States, the interest of the people of the several oil-producing States, and the interest of the independent producers of oil are identical. They want to produce the quantity of oil needed for the market for the greatest number of years without either physical or economic waste, at a fair profit, commensurate with the hazard of the business.

Mr. Speaker, I should like to impress upon the President and the agency he sets up to administer this act, so far as it relates to the petroleum industry, the importance of these facts:

In the past the independent producer of oil, the individualist, has found nearly all the oil fields that have been found in this country; that he must be depended upon to do so in the future; that his initiative must not be ruined; that his incentive must remain; that he must not be turned over to the tender mercies of the great integrated holding companies, whether they be Standard Oil, Mellon, Morgan, or Dutch controlled. He must be allowed freedom, within proper bounds, in which to exercise his genius and his enterprise.

Mr. Speaker, it is my hope that the President, in exercising his authority under this act, will see to it that the independent producers of each of our oil-producing States have fair representation upon any board or agency that may be set up under his authority to pass upon a code to control the producers of oil in the United States.

Mr. Speaker, my State of Oklahoma is vitally concerned with the proper administration of this act. I hope that the administrative agency set up by the President will call into consultation, before approving any code to regulate the production of oil, the State authorities, the Corporation Commission of Oklahoma, which is invested with the authority, under our State laws, to enforce oil conservation in our State.

For many years Oklahoma has supplied a great part of the market for petroleum and its products in the mid-continent area of the United States, that great region extending from the Allegheny Mountains on the east to the Rocky Mountains on the west, to Canada on the north, and to the Oklahoma-Texas State boundary line on the south. That was, and still is, the natural market for our production. That market can and should be supplied from the wells and refineries within that area.

The producers of oil in those States, the conservation authorities of those States, should be called into consultation before any code governing production is finally approved. Only by so doing can we have a fair, impartial administration of the act.

In conclusion it is safe to say that the code, when written by the petroleum trade associations, will be silent on the section of the act which I had the privilege of suggesting, section 9, which provides that—

> The President may initiate proceedings to control the operations of pipe lines and fix reasonable rates for the transportation of oil, and to institute proceedings to divorce from any holding company any pipe-line company which by unfair practices or by exorbitant rates in the transportation of petroleum tends to create a monopoly.

My confidence in the President and his statements regarding pipe-line divorcement leads me to believe that he will place proper value on the recommendations of so-called "independent oil associations" financed by the pipe-line companies, and, even though they neglect to request it, he will exercise the authority vested in him by section 9 of this act, and will divorce pipe-line companies from holding companies when necessary to establish fair competition and preserve the smaller units in the petroleum industry.

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. KVALE].

Mr. KVALE. Mr. Speaker, it is futile to try to plead with the conferees and with the House on an evening like this, but I call the attention of my colleagues to the fact that in a few minutes, without any printed material before us, without adequate explanation, we shall be called upon to vote upon the most gigantic piece of legislation that has been before this body in this century, with the possible exception of the declaration of war in 1917.

There have been drastic changes not only in the Borah amendment referred to with reference to price fixing and antimonopoly but also with reference to other features of the public-works as well as of the industry-controlled section of the bill, and there have been radical changes in the entire tax structure, culminating in two amendments referred to briefly in debate, the one with reference to taxing tax-exempt securities and the other with reference to changes in the tax structure that was passed by the House and changed by the Senate, throwing out all our proposals to tax the incomes and to continue certain of the nuisance

taxes, and substituting therefor a rather involved system of taxation beginning with the tax upon the net worth of corporations and continuing on into a system of excess-profits taxes and other things that we should understand but do not in this evening hour.

I wonder if it is not possible to delay the adjournment of this body, to withstand the pressure that is being exerted upon us from all sides to quit tonight regardless of our duty, and stay here until we can enact some bank-guaranty legislation [applause], until we can consider this all-important tax feature of this measure, until we can give adequate attention to the needs of the veterans who still, God help them, look hopefully to us, and until we can discharge our duty as responsible people that we were asked to perform when we were elected last November.

This is a futile appeal, I fear, but I hope that maybe as things approach a crisis in the next hour or two, or three, that somewhere, from some source there may come to us a determination to stay here until our duties are discharged.

Upon this I for one cannot agree to the report of the conferees until I understand better than I now do what is contained in this report, and I think I can say the same for the vast majority of the Membership of this House. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I join with my colleague from Massachusetts [Mr. TREADWAY] in expressing the high regard that I have for my distinguished friend, the gentleman from Arkansas [Mr. RAGON], who is about to leave the legislative branch to accept an appointment as a member of the Federal judiciary.

I came to Congress 5 years ago as a new Democratic Member from Massachusetts, and one of the first Members that I met, and one of the first Democratic leaders that I met, was the gentleman from Arkansas [Mr. RAGON]. He immediately impressed me with not only his ability and personality but with the fine, broad, national viewpoint that he possessed. Sectionalism had no place in his mind. He imbued me from the outset with his ambition and his determination to build up a national Democratic Party; a party national in its character that would be representative of and render service to the entire country.

It is an ambition that has been attained.

Two years ago I was elected by my Democratic colleagues as a member of the Committee on Ways and Means. The Democratic members of this committee also act as the committee on committees for the Democratic Members of the House. The Democratic members of this committee are charged with the responsibility of assigning Democrats to other committees. The manner in which this duty is discharged is important in the building up of a party that will have strength throughout the country. During my service on this committee our friend from Arkansas has been the leader in what is now our settled policy that not only ability but geographical lines should be a matter of primary consideration in the making of committee assignments. Committees that would be as representative as possible of all sections of the country have been the goal of our friend from Arkansas. The favorable results, not only to the Democratic Party but to the country, of the efforts of Mr. RAGON have already been evidenced, and will be shown more and more as the years go by if this sound and practical policy is adhered to. Sectionalism has always been hurled at the Democratic Party in the past. It was good politics for the other party in some sections of the country to make this charge. Whether or not this was true in the past, it is no longer true. The committee assignments of Democrats in the House will clearly refute any such claim in the future. This condition, in the main, favorable to party and country, has been brought about as a result of the vision, the courage, and the sterling leadership of the gentleman from Arkansas [Mr. RAGON].

One of the great pleasures, outside of the sacred ties of family life, are the friendships that we make. If I am permitted to live to what might be termed old age, to the point where I will look back on life instead of looking forward to the future, that which will stand out most important in my life will be the friendships that I have made, and foremost in my mind will be my friendship for my friend RAGON, and of our service as Members of this body. My contact with him has been an inspiration to me, and I regret seeing him go. I regret seeing the legislative branch lose his services, but I am glad to see the judiciary of the United States receive the benefit of his outstanding abilities.

In the years to come I shall always look back upon my association with my distinguished friend from Arkansas as one of the most pleasant that has occurred during my life. I shall always value and treasure his friendship. [Applause.]

Mr. DOUGHTON. Mr. Speaker, we are now nearing the consummation of the enactment of one of the most important pieces of legislation that has perhaps ever been considered by the Congress within the history of our country. Some seem to think we could perform the task better by remaining here several days longer. This view has just been expressed, but, in my judgment, Mr. Speaker, were we to remain here for weeks and months we would perhaps be in no better condition to complete our work than we are tonight.

The country is anxious for us to complete our labors and give the legislation we have enacted an opportunity to be tried out. I know the country desires that we complete our work immediately.

Mr. Speaker, separating from those with whom we have served pleasantly and congenially is always a very unpleasant thing. I know I express the sentiment of every member of the Ways and Means Committee, yea, indeed, of every Member of this House, when I say it is with genuine and sincere regret that there will soon be separated from this service, to go to the service of the judicial branch of the Government, our distinguished colleague the gentleman from Arkansas [Mr. RAGON].

Mr. Speaker, since I have been a Member of this House, no Representative from any section of the country, North or South, East or West, has served with greater ability, greater industry, greater courage, and greater fidelity to public duty than the gentleman from Arkansas [Mr. RAGON.] As a member of the Ways and Means Committee, he has always been courteous, he has always been helpful, he has always been fair, he has always been intelligent, and I wish to say further, Mr. Speaker, in paying him this tribute, that we all regret to see him go, but we trust that his life in the other branch of the Government service will be one filled with genuine happiness. The gentleman from Arkansas possesses every qualification of mind and character essential to the making of an able and an upright judge, and I know, Mr. Speaker, that what we lose will be gained by those whom he serves as a judge of the Federal court of the United States.

Mr. Speaker, we are soon to vote upon this most important piece of legislation. It has been explained so far as it can be explained, briefly, here tonight. It gives unprecedented power and authority to the President of the United States; but, Mr. Speaker, we are in the midst of unprecedented conditions, and our great President has said that he would try this as an experiment and that if it did not work, he would try something else. We all know, Mr. Speaker, that something unusual, something extraordinary, must be tried, and we all hope and we all expect when this legislation is put into effect and its effects are manifested throughout the country that millions of men will be again employed and that industry will be resuscitated and revived by reason of the salutary effect of this legislation.

It is the composite judgment of the American Congress, not only the Democrats, but the Republicans as well, and right here I should pay a word of tribute to the minority, because in all our deliberations in the preparation of this legislation there has not been one partisan word uttered. You could not have told from the deliberations in our committee that there was a majority or a minority, or a Republican or a Democrat, on the committee, and the same thing, Mr. Speaker, was true with respect to the conference. If

this legislation works and has a beneficial effect on the country and we realize the benefits that we expect, the credit for it belongs to both parties and not strictly to one party. If it should not work, then the responsibility for its failure rests, of course, more upon the majority than the minority, but the minority always has a responsibility. Minorities cannot excuse themselves from responsibility for what they do any more than the majority can.

Mr. Speaker, I now move the previous question.

The previous question was ordered.

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. Would it be possible for me now, under the rules with respect to conference reports, to offer a motion to recede and concur in the Senate amendment with respect to tax-exempt securities?

The SPEAKER. That would not be in order.

The conference report was agreed to.

A motion to reconsider was laid on the table.

INVESTIGATION OF REVENUE LAWS

Mr. VINSON of Kentucky. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 183, authorizing the Ways and Means Committee, either as a whole or as a subcommittee, to sit in vacation.

The Clerk read the resolution, as follows:

House Resolution 183

Resolved, That for the purpose of obtaining information necessary as a basis for legislation the Committee on Ways and Means, as a whole or by subcommittee, is authorized to conduct an investigation (1) of the operation and effect of the internal-revenue laws of the United States with a view to determining methods of improving and simplifying, and of preventing evasion and avoidance of, such laws, and (2) of possible new sources of revenue.

The committee shall report to the House at the earliest practicable date during the first regular session of the present Congress the results of its investigation, including such recommendations for legislation as it deems advisable.

For such purposes the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places, in the District of Columbia or elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses, and the production of such books, papers, and documents, and to take such testimony as it deems necessary. Subpenas may be issued under the signature of the chairman, and may be served by any person designated by him.

Mr. BLANTON. Mr. Speaker, reserving the right to object, under the language of this resolution any subcommittee of the Ways and Means Committee could sit anywhere in the United States and employ experts and assistants and fix their salaries and go to many other expenses. I have objected to this sort of resolution. I have objected to a similar resolution with respect to the Judiciary Committee, and they have amended the resolution, eliminating all waste and possible extravagance; and, as amended, it is not objectionable. If the gentleman would amend this resolution and leave out the words "and elsewhere" after the words, "District of Columbia", and confine the investigations to Washington, I would have no objection; but under the language of this resolution, the committee could travel all over the United States and pay high salaries to expensive experts, and spend $500,000 if the various subcommittees saw fit to spend it.

Mr. VINSON of Kentucky. It is contemplated if the resolution is adopted that only $5,000 will be spent instead of $500,000. The purpose of it is to allow the Ways and Means Committee to work in vacation.

Mr. BLANTON. Where will they probably sit?

Mr. VINSON of Kentucky. I think probably most of the time in Washington.

Mr. BLANTON. Then why not limit sittings to Washington?

Mr. VINSON of Kentucky. If the gentleman from Texas wants to take the responsibility of preventing this Ways and Means Committee from making an investigation and stopping up the loopholes in the internal revenue laws, he can take that responsibility. But I know that the gentleman from Texas is such a good legislator that he will not take that responsibility.

Mr. BLANTON. I will take the responsibility unless there is some definite understanding or a limitation in the bill restricting expenditures to not over $5,000, because I know what other committees have spent. I know about the tremendous amount the Joe Walsh committee spent on the Pacific coast, when it lived in special Pullmans there for weeks, and I know what the Graham of Illinois committee spent. I know that there was first $400,000 spent and then an additional $200,000 wasted by a commission in the investigation of the coal matter. I know the Wickersham committee spent $500,000. I cannot forget them; and on my responsibility as one Member of Congress, I want a proper limitation in these bills restricting expenditures.

Mr. VINSON of Kentucky. I assure the gentleman that there will not be more than $5,000 expended here.

Mr. BLANTON. If the gentleman will put that in the bill, or if he will give me that assurance that it will be not over $5,000, I will not object.

Mr. VINSON of Kentucky. I think I can do that.

Mr. BLANTON. Then I withdraw my reservation of objection.

Mr. CLARKE of New York. Mr. Speaker, reserving the right to object, I do not care about an assurance that they will not spend more than $5,000, but I want to know if there will be some consideration given to tax-exempt securities, which is one of the biggest loopholes in the whole proposition?

More than that, I want to know if the committee will investigate one feature of the law that allows a person to sell his securities to his wife and then take them back in 60 days afterward simply to escape taxation.

Mr. FREAR. Reserving the right to object, I would insist on the gentleman from New York [Mr. CLARKE], and the gentleman from Texas [Mr. BLANTON] being present as witnesses to aid us in this work.

The SPEAKER. Is there objection?

Mr. McFADDEN. Reserving the right to object, and I do not intend to object, I want to say to the gentleman that I am very happy that he has brought in this resolution, I want it to pass, it is, I hope, what I have been asking for. I want to say to him and to the House that $500,000 if necessary could be very properly spent in such an inquiry, because if this committee will do its duty and look into the tax evasions, going back into evasions, and fraudulently withheld taxes, including refunds, they will save the country hundreds of millions of dollars and correct a situation that I have been trying to correct and trying to get the House to act upon for a long time past. [Applause.]

Mr. TREADWAY. Mr. Speaker, a great deal of reference has been made to tax-exempt securities. The Committee on Ways and Means now has before it a resolution setting up a constitutional amendment which I introduced some weeks ago, and naturally it will be one of the subjects brought up when this committee takes up the subject of taxation.

Mr. CLARKE of New York. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I have not the floor, but if the gentleman from Kentucky yields I have no objection to answering the gentleman's question.

Mr. CLARKE of New York. I should like to ask this question of the gentleman from Massachusetts. Has any thought or consideration been given to the single proposition of whether there is any way under the law by which the Federal Government can set up a sort of refinance corporation to take over all of the tax-exempt securities in the country and prevent the further issuance of any tax-exempt securities from now on?

Mr. TREADWAY. I do not think there is, but we will look into the question with great care.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

NATIONAL DEPOSITORS COMMITTEE—EXTENSION OF REMARKS

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent to insert in the Record a resolution and a copy of the program adopted by the executive committee of the convention that is being held in the city of Washington, representing 20,000,000 depositors who have money in closed banks. This sets out their program and plan of action to secure relief.

The SPEAKER. Is there objection?

There was no objection.

Mr. BANKHEAD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following program of the National Depositors Committee to be presented to President Franklin D. Roosevelt by a committee headed by Frank H. Schrenk, chairman, and Hon. A. Mitchell Palmer:

We pledge our earnest support to the President in the wise and courageous course he has pursued to lift the burden of suffering which the depression in business and the cost of government have laid on the backs of the people. We commend his efforts to carry out in good faith and in spite of all opposition the pledges made by his party in the form of a covenant with the people to which he has publicly pledged his support 100 percent.

We call attention to the fact that so far the only "forgotten man" in the administration's plans for relief is the depositor in the thousands of closed and restricted banks, who has waited with a patience and forbearance unequaled in history for the relief to which he is entitled if the pledge of the party in power and the moral obligation of the Government are to be faithfully kept.

Twenty million American people, depositors in restricted and closed banks, who responded to the appeals of the Government to keep their money in the banks, are now being penalized for their loyalty to the Government and their confident trust in its leaders. These 20,000,000 loyal Americans are entitled to have their money paid back to them, and the loss, if any, in the program of reopening restricted banks and payment of a fair percentage of the deposits of closed banks must be borne by the Government and absorbed by the Nation.

As their representatives, chosen by them for the purpose of working out a program for their relief, we call upon the proper authorities of the Government to take such steps as may be lawful and necessary to accomplish the following reforms:

1. The Reconstruction Finance Corporation, which has operated with all the rigid rules and regulations of investment bankers for the purpose of saving losses to the Government and even making a profit for itself, should adopt a policy of saving losses to depositors without regard for profits to the Reconstruction Finance Corporation.

2. The policy of the Reconstruction Finance Corporation should contemplate recovery in business and not universal bankruptcy, and the Government should await the return of that recovery before liquidating assets which secure deposits frozen during the existing emergency.

3. The Reconstruction Finance Corporation should release to the closed and restricted banks all their prime and unquestioned assets in order that such banks may reopen and the depositors be credited on their books with such proportion of their deposits as are secured by such assets.

4. The Reconstruction Finance Corporation should accept in lieu of such unquestioned assets now held by it as security for loans the slow or frozen assets of closed and restricted banks, which should be liquidated only over a period of years as prices advance in response to the policies of the administration now being considered or heretofore enacted into law.

5. Such slow or frozen assets should be accepted by the Reconstruction Finance Corporation on the basis of values of 1926 and loans made thereon to the amount of 80 percent of such values.

6. Federal Reserve banks during the emergency should accept the rediscountable paper of customers of closed and restricted banks at par.

7. Income on collateral of closed and restricted banks should be paid to the banks when and as received for the purpose of facilitating their banking business and interest charged to the banks on such loans should not exceed the rate the Government pays on its own loans for the purpose of carrying out the provisions of the Reconstruction Finance Corporation Act.

8. Credits granted by the Reconstruction Finance Corporation and Federal Reserve banks to closed and restricted banks after the deposit of collateral should be carried on the borrowing banks' books as cash.

9. The Reconstruction Finance Corporation should purchase capital stock of restricted banks dollar for dollar of the amount which is sold by the bank, including sales to its own depositors, to be paid for out of balances now tied up in such banks.

10. The various local Reconstruction Finance committees which pass on collateral submitted by restricted and closed banks are the representatives of the larger and open banks of the communities, and these banks as a class do not want the restricted banks to be reopened. The depositors of restricted banks cannot secure fair play from present existing committees. These committees should be reorganized to include representatives of restricted and closed banks.

11. The depositors of closed banks which do not reopen under the plan above set forth should be immediately repaid by the Federal Government 60 percent of their frozen deposits and the Government should accept from said depositors assignment of their bank balances and from their banks an assignment of assets which should be liquidated over a period of years and not at present deflated prices.

12. We urge the prompt enactment of the Glass-Steagall banking reform bill. This legislation is required in the interest of the depositors of every bank in the country and would have been passed long ago except for the violent and apparently effective opposition of the large banking interests in New York who plan to destroy the independence of the country banker and are willing to sacrifice the interests of the suffering depositors to their own ambition to control the banking system of the United States. The insidious and vicious methods by which these interests have sought influence in high places to accomplish these ends is the greatest scandal of the times. Every favorite of these New York banking interests should be driven from public place and we earnestly, even prayerfully, urge the President to execute the determination expressed in his inaugural address to drive these money changers from the temple.

A. Mitchell Palmer, Pennsylvania, Chairman; S. Davis Wilson, Pennsylvania; Jas. H. Sleeth, Michigan; T. C. Dale, Vermont; Clyde H. Walker, Oregon-Washington; John J. Rohora, Louisiana; John J. Fitzgerald, New Jersey; John E. Orman, Alabama.

INVESTIGATION OF REVENUE LAWS

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 184, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 184

Resolved, That the expenses of conducting the investigation authorized by H.Res. 183, incurred by the Committee on Ways and Means, acting as a whole or by subcommittee, not to exceed $5,000, including expenditures for the employment of experts and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by the committee, signed by the chairman thereof, and approved by the Committee on Accounts.

The SPEAKER. Is there objection?

Mr. CLARKE of New York. Mr. Speaker, I reserve the right to object. I want an assurance that there will not be more than $5,000 expended in this investigation.

Mr. COCHRAN of Missouri. I say to the gentleman as a member of the Committee on Accounts that there will be no more than $5,000 expended, without the permission of the gentleman from New York.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

CRIMINAL CODE

Mr. McKEOWN. Mr. Speaker, I call up the bill H.R. 5091, to amend section 289 of the Criminal Code, on the Speaker's desk, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to take from the Speaker's desk the bill H.R. 5091, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference. Is there objection?

There was no objection.

The Speaker appointed the following conferees:

Mr. SOMERS of New York, Mr. McKEOWN, and Mr. KURTZ.

LOANS TO CLOSED BUILDING-AND-LOAN ASSOCIATIONS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1648) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations, which I send to the desk and ask to have read.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, I reserve the right to object. We want to know what the bill is.

Mr. STEAGALL. Mr. Speaker, this bill has the unanimous report of the Committee on Banking and Currency and it is desired by the administration. The provisions of the bill simply amend the original Reconstruction Finance Corporation Act so as to eliminate the limitation which provided that only $200,000,000 should be available for loans upon the assets of the closed banks.

Mr. BLANTON. Has it the approval of a very important bank politician who lives in a capital on the James? Unless it has his approval, I doubt very seriously whether we can ever pass it. It might be held up as our guaranty deposit bank bill is being held up just now.

Mr. STEAGALL. There is no opposition to this bill from any quarter on the part of anybody who is familiar with it. One of the most important things before the country now is to thaw out the frozen assets in closed banks and relieve depositors whose cash is tied up in that way. That is the purpose of the legislation.

The SPEAKER. Is there objection?

Mr. DOWELL. Reserving the right to object, the gentleman has stated that this raises the $200,000,000 limit. What limit is placed in this bill?

Mr. STEAGALL. It simply permits the Reconstruction Finance Corporation to loan from the assets of closed banks within its discretion, as long as it pleases, the same as other institutions to which loans are authorized, none of which are so worthy as the institutions provided for in this bill.

Mr. DOWELL. This puts it on the same basis as the other?

Mr. STEAGALL. Yes.

Mr. McFARLANE. Reserving the right to object, are there limitations placed upon the salaries of these building-and-loan and closed-bank officers?

Mr. STEAGALL. No limitation that especially refers to this. The same as are incorporated in the bill on which the House has already voted.

Mr. CONNERY. Reserving the right to object, will the gentleman state whether credit unions are provided for in this?

Mr. STEAGALL. Oh, yes. They are originally provided for.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the first paragraph of section 5 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"SEC. 5. To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products, the Corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building-and-loan association, insurance company, mortgage-loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate-credit bank, agricultural credit corporation, livestock credit corporation, organized under the laws of any State or of the United States, including loans secured by the assets of any bank, savings bank, or building and loan association that is closed, or in process of liquidation to aid in the reorganization or liquidation of such banks or building-and-loan associations, upon application of the receiver or liquidating agent of such bank or building-and-loan association, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same: *Provided*, That not more than $300,000,000 shall be used for the relief of banks (including savings banks and building-and-loan associations) that are closed or in the process of liquidation, and such sum shall constitute a revolving fund for such purposes."

With the following committee amendment:

On page 2, line 15, after the word "same", strike out the remainder of the paragraph.

The committee amendment was agreed to.

The Senate bill as amended was ordered to be read a third time, was read the third time, and passed. A motion to reconsider was laid on the table.

TO AMEND NATIONAL EMERGENCY BANKING ACT

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1425) to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. SNELL. Reserving the right to object, I think the gentleman should tell us what this bill means.

Mr. STEAGALL. I shall be very glad to do so. The bill has the unanimous report from the Committee on Banking and Currency. There has been no objection from any source that I have heard of. It amends the Emergency Banking Act so as to relieve the Government from responsibility for what we call "double liability" on any preferred stock that might be acquired by the Reconstruction Finance Corporation, under the provisions of the Emergency Banking Act, which permitted the Reconstruction Finance Corporation to purchase the preferred stock of banks, or make loans on preferred stocks in banks as collateral.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, is amended by—

(a) Striking out the whole of section 301 of title III thereof and inserting in lieu thereof the following:

"SEC. 301. Notwithstanding any other provision of law, any national banking association may, with the approval of the Comptroller of the Currency and by vote of shareholders owning a majority of the stock of such association, upon not less than 5 days' notice, given by registered mail pursuant to action taken by its board of directors, issue preferred stock of one or more classes, in such amount and with such par value as shall be approved by said Comptroller, and make such amendments to its articles of association as may be necessary for this purpose; but, in the case of any newly organized national banking association which has not yet issued common stock, the requirement of notice to and vote of shareholders shall not apply. No issue of preferred stock shall be valid until the par value of all stock so issued shall be paid in."

(b) Striking out the whole of subsection (a) of section 302 of the said title III and inserting in lieu thereof the following:

"Notwithstanding any other provision of law, whether relating to restriction upon the payment of dividends upon capital stock or otherwise, the holders of such preferred stock shall be entitled to receive such cumulative dividends at a rate not exceeding 6 percent per annum and shall have such voting and conversion rights and such control of management, and such stock shall be subject to retirement in such manner and upon such conditions as may be provided in the articles of association with the approval of the Comptroller of the Currency. The holders of such preferred stock shall not be held individually responsible as such holders for any debts, contracts, or engagements of such association, and shall not be liable for assessments to restore impairments in the capital of such association as now provided by law with reference to holders of common stock."

(c) Adding to section 304 of said title III the following new paragraph:

"Notwithstanding the provisions of United States Revised Statutes, section 5146, nominees of Reconstruction Finance Corporation shall be qualified as such to act as directors of any national banking association."

With the following committee amendment:

Page 3, beginning on line 7, strike out all down to and including line 12 on page 3.

The committee amendment was agreed to.

The Senate bill as amended was ordered to be read a third time, was read the third time, and passed. A motion to reconsider was laid on the table.

REDEMPTION OF NATIONAL-BANK NOTES, ETC.

Mr. HANCOCK of North Carolina. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1634) to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. SNELL. Reserving the right to object, I think the gentleman should make some explanation of what this bill is. We are passing legislation here tonight without knowing very much about it.

Mr. HANCOCK of North Carolina. Mr. Speaker, the bill S. 1634 has been passed by the Senate and unanimously approved by the Committee on Banking and Currency in the House. It provides for the redemption of mutilated currency, such currency as is unidentified or defaced. The total amount now outstanding that cannot be identified is approximately $1,735. The individual claims do not exceed

$11. Not one dollar will be provided by the Government. The amount is to be redeemed by apportioning the loss among the Federal Reserve banks.

Mr. McFADDEN. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. McFADDEN. Why is this made in the form of permanent legislation?

Mr. HANCOCK of North Carolina. I did not understand that it was made that way.

Mr. McFADDEN. I think it applies for all time, as the gentleman will note if he will read it.

Mr. HANCOCK of North Carolina. If the gentleman will carefully read the report he will see it only provides for redemption at this time of $1,765.

Mr. McFADDEN. Does the gentleman know whether or not that is the amount of the accumulation from the time we began to issue those notes?

Mr. HANCOCK of North Carolina. That is the representation made to us.

Mr. McFADDEN. I may say to the gentleman that does not seem at all possible, and I am curious to know whether some new precedent is being established here whereby the redemption of counterfeit notes, possibly, or some inferior notes, might be made?

Mr. HANCOCK of North Carolina. We do not understand it that way.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. HANCOCK]?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That whenever any national-bank notes, Federal Reserve bank notes, or Federal Reserve notes are presented to the Treasurer of the United States for redemption and such notes cannot be identified as to the bank of issue or the bank through which issued, the Treasurer of the United States may redeem such notes under such rules and regulations as the Secretary of the Treasury may prescribe, and the notes so redeemed shall be forwarded to the Comptroller of the Currency for cancelation and destruction.

SEC. 2. National-bank notes and Federal Reserve bank notes redeemed by the Treasurer of the United States under this act shall be charged against the balance of deposits for the retirement of national-bank notes and Federal Reserve bank notes under the provisions of section 6 of the act entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes", approved July 14, 1890 (U.S.C., title 12, sec. 122), and section 18 of the Federal Reserve Act (U.S.C., title 12, sec. 445); and charges for Federal Reserve notes redeemed by the Treasurer of the United States under this act shall be apportioned among the 12 Federal Reserve banks in proportion to the amount of Federal Reserve notes of each Federal Reserve bank in circulation on the 31st day of December of the year preceding the date of redemption, and the amount so apportioned to each bank shall be charged by the Treasurer of the United States against deposit in the gold-redemption fund made by such bank or its Federal Reserve agent.

The bill was ordered to be read a third time, was read the third time and passed. A motion to reconsider was laid on the table.

SECTIONS 109 AND 113 OF THE CRIMINAL CODE

Mr. JONES. Mr. Speaker, I ask unanimous consent for the present consideration of Senate Joint Resolution 54, limiting the operations of sections 109 and 113 of the Criminal Code, which I send to the Clerk's desk with an amendment.

The Clerk read the title of the Senate joint resolution.

Mr. BLANTON. Mr. Speaker, I am going to object to the consideration of this joint resolution, not only because it changes the law but also because it sets a bad precedent. Such a privilege given to any lawyer would be worth a hundred thousand dollars a year to him.

Mr. JONES. I wish to say, if the gentleman will reserve his objection——

Mr. BLANTON. Mr. Speaker, I may say that if we change this law, both criminal and civil, for this particular lawyer, it would set a most unwise precedent that would harass us in the future.

Mr. JONES. This does not change the law.

Mr. BLANTON. Oh, my colleague is mistaken, Mr. Speaker, for it makes several laws inapplicable to this particular lawyer. It grants him privileges that no other lawyer enjoys. It would give him an inside on law business with Government departments. He should not represent private business against the Government, when he is working for the United States. I regret to have to object, but I do object.

REPORTS FROM CHIEF OF ENGINEERS

Mr. LAMBETH. Mr. Speaker, by direction of the Committee on Printing I send to the desk a privileged resolution and ask its immediate consideration.

The Clerk read as follows:

HOUSE RESOLUTION 178

Resolved, That the communications from the Secretary of War transmitting letters of the Chief of Engineers submitting reports on the examination and survey of Bad River, Wis.; Big Black River and its tributaries, Miss.; Big Fork River, Minn.; Brule River, Minn.; Calcasieu River, Bayou Nezpique, and Bayou Teche, La.; Cannonball, Grand, and Moreau Rivers, N.Dak. and S. Dak.; Cascade River, Minn.; Columbia River and minor tributaries; Coquille River, Oreg.; Devil Track River, Minn.; Grand River, Mich.; Green, Barren, and Rough Rivers, Ky.; Hocking River, Ohio; James River, N.Dak. and S.Dak.; John Day River, Oreg.; Kentucky River, Ky.; Licking River, Ky.; Little Fork River, Minn.; Milk River, Mont.; Montreal River, Wis. and Mich.; Niobrara River, Nebr. and Wyo.; Osage River, Mo. and Kans.; Pigeon River, Minn.; Poplar and Temperance Rivers, Minn.; Potomac River and its tributaries; St. Joseph River, Mich. and Ind.; St. Louis River, Minn. and Wis.; Santee River, N.C. and S.C.; Sturgeon River, Mich.; Turkey River, Iowa; Vermilion River, Minn.; Wabash River, Ohio, Ind. and Ill.; and White River, Mo. and Ark., which were transmitted to the House of Representatives pursuant to section 1 of the River and Harbor Act, approved January 21, 1927, and section 10 of the Flood Control Act, approved May 15, 1928, during the seventy-second Congress and the present session, be printed, with illustrations, as separate House documents.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The resolution was agreed to.

On motion of Mr. LAMBETH, a motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I ask the majority leader a question?

Rumors are going around at the other end of the Capitol that there is no possibility of adjournment tonight. May I ask the gentleman from Tennessee how much longer he really expects to keep us in session?

Mr. BYRNS. I do not know anything about the rumors, but I just left the majority leader of the Senate, and he stated that if we would remain in session probably 2 hours, we would be able to adjourn. I think under the circumstances we ought to remain here, since we are so near adjournment.

Mr. BLANTON. We have stayed here all night a number of times during the past years.

Mr. BYRNS. Yes. Many times I have stayed here 2 nights in succession.

Mr. BLANTON. Yes; and it is not going to hurt us to stay here 2 hours, or all night, if we can adjourn sine die. Let us take a recess and then resume later and finish work and adjourn sine die tonight.

Mr. BYRNS. Mr. Speaker, I am informed by the gentleman from Missouri, who has just come from the Senate, that there is an even chance of getting through tonight. I think we should wait and see how matters progress over there. We all know something about the habits of the Senate. Things flare up, but suddenly everything is all right.

EXTENSION OF COOPERATIVE WORK OF THE GEOLOGICAL SURVEY TO PUERTO RICO

Mr. McDUFFIE. Mr. Speaker, by direction of the Committee on Insular Affairs, I ask unanimous consent for the present consideration of House Joint Resolution 202, providing for extension of cooperative work of the Geological Survey to Puerto Rico.

The Clerk read as follows:

Resolved, etc., That the provisions of law authorizing the making of topographic and geological surveys and conducting investigations relating to mineral and water resources by the United States Geological Survey in various portions of the United States be, and the same are hereby, extended to authorize such surveys and investigations in Puerto Rico.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I should like to ask the gentleman from Alabama a question. Is not this a junket?

Mr. McDUFFIE. No; it is not.

Mr. BLANTON. What is it?

Mr. McDUFFIE. I am afraid the gentleman did not hear the resolution read.

Mr. BLANTON. I heard it. Does it contemplate that this geological survey is to be made by the Committee on Insular Affairs or by the Geological Survey of the Interior Department?

Mr. McDUFFIE. The Committee on Insular Affairs would not, if it could, make a geological survey.

Mr. BLANTON. Does the committee intend to go to our island possessions, whether Puerto Rico or anywhere else?

Mr. McDUFFIE. No member of the committee is going at the expense of the Government or the islands so far as I know.

Mr. BLANTON. But I take it there are probably some experts who have been doing this work in the United States who want to take a trip to Puerto Rico this summer. Is that right?

Mr. McCORMACK. The gentleman from Texas should know that the gentleman from Alabama would not do anything of the kind.

Mr. BLANTON. I may say there have been junkets taken to Puerto Rico, the Hawaiian Islands, the Philippine Islands, and elsewhere, to South America and Europe, not by my good economy friend [Mr. McDUFFIE] because he is for economy, but by some other economy friends.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. WEIDEMAN. Does the gentleman know what the approximate cost of this is going to be?

Mr. McDUFFIE. The approximate cost of this in the course of 3 or 4 years will be about $250,000.

Mr. BLANTON. I wanted to ask what the exact cost will be, if this bill passes?

Mr. McDUFFIE. This will cost in the course of 2, 3, or 4 years, just as the Interior Department is able to do the work from year to year, approximately $250,000.

Mr. BLANTON. Mr. Speaker, we ought to save this $250,000.

Mr. McDUFFIE. Let me say to the gentleman——

Mr. BLANTON. I just want to mention that we ought not to spend this $250,000, when it is not necessary.

Mr. McDUFFIE. Yes; but let me mention something first, if the gentleman pleases. This does not take an additional dollar of appropriations out of the Treasury.

Mr. BLANTON. But it takes $250,000 that has already been appropriated, that ought to be spent here on the mainland in the various States and allows it to be spent on what I call junket trips by experts to Puerto Rico.

Mr. McDUFFIE. The gentleman knows I would be the last man to consent to a junket trip.

Mr. BLANTON. I think Mr. Secretary Ickes is going to have all he can do to take care of the oil problems and other situations on the mainland.

Mr. McDUFFIE. May I say to the gentleman from Texas that we own the island of Puerto Rico. The extent of our trade with Puerto Rico last year, I am satisfied, will surprise the gentleman and it did me when I found it was $163,000,000. Puerto Rico is the sixth largest customer of ours. We own the island. There are vast natural resources there that no one knows anything about. This may be a very wise investment, but whether it be wise or not the gentleman, I am sure, is willing to have that island mapped.

Mr. BLANTON. I should like to ask one question and if the gentleman can answer it satisfactorily I shall withdraw my objection. If this is such a wise matter and so important, why on God's earth has it been put off until the last hours of probably the last night of Congress to be called up?

Mr. McDUFFIE. I grant the gentleman there is something in that suggestion, but that does not go to the merits of the resolution, and I think the gentleman is fair enough to admit that.

Mr. BLANTON. I think we can well put this matter off, and save now this $250,000.

Mr. LANZETTA. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. LANZETTA. The Territories of Hawaii and Alaska are included in this geological survey, so there is absolutely no reason why Puerto Rico should not be included.

Mr. BLANTON. Mr. Speaker, I have followed my good friend from Alabama many times, and the gentleman knows I appreciate all his splendid service, but I think this $250,000 should be saved, and I object.

The SPEAKER. Objection is heard.

ORDER OF BUSINESS

Mr. BACHARACH. Mr. Speaker, I should like to have the attention of the majority leader. As I understand, there is a message here from the President of the United States; and it would seem to me that while we are waiting to hear from the other side of the Capitol, it would be well to have the message read, unless the gentleman can tell us now what the purport of the message may be.

Mr. BYRNS. I have not any control over the message, I will say to my friend from New Jersey.

Mr. BACHARACH. I understand the gentleman has no control over it, but it would seem to me that it is very important in the closing hours of this Congress that this message should not come to us at the last minute. If I have been correctly informed, it involves very important consolidations of various departments, and the message is on the Speaker's table. It would seem to me that the Members of the House who have waited here until this late hour, with nothing particular to do except to wait on the other body, should at least be able to hear what the President has to say with reference to consolidations.

Mr. BYRNS. The gentleman has given me some information, and I am much obliged to him. I have not seen the message, and I have made no inquiries about it.

Mr. BACHARACH. Perhaps the gentleman has not made any inquiry for a very good reason, and I am making the inquiry for the same reason.

It seems to me, Mr. Speaker, that inasmuch as the majority leader does not seem anxious to give us the information, we are entitled to get the information from the Chair.

The SPEAKER. The message in question will be read to the House before the House adjourns and when the Speaker submits it for that purpose.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendment of the House to the bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5790) entitled, "An act to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes."

BRIDGE ACROSS THE ST. CLAIR RIVER

Mr. WOLCOTT. Mr. Speaker, with the consent of the Committee on Interstate and Foreign Commerce, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5495) to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said

bridge, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 3, lines 19 and 20, strike out "and the bonds issued in connection therewith."

Mr. WEIDEMAN. Mr. Speaker, reserving the right to object, is this a Senate bill?

Mr. WOLCOTT. This is a House bill that has passed the Senate with an amendment striking out this language.

Mr. WEIDEMAN. This is the bridge across the St. Clair River at Port Huron?

Mr. WOLCOTT. Yes.

Mr. WEIDEMAN. This is the bridge where the Americans furnish all the capital, and after the bridge is finished the profits are divided with Canadian interests?

Mr. WOLCOTT. No; I cannot agree with the gentleman about that.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Senate amendment was agreed to.

INVESTIGATION OF RECEIVERS, TRUSTEES, REFEREES IN BANKRUPTCY, ETC.

Mr. SMITH of Virginia. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 145.

Mr. SNELL. Mr. Speaker, I make a point of no quorum.

The SPEAKER. The gentleman from New York makes the point of no quorum. The Chair will count. [After counting.] Two hundred and thirty-three Members are present, a quorum.

Mr. MARTIN of Massachusetts. Mr. Speaker, I move that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 35, noes 175.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 115, nays 249, not voting 66, as follows:

[Roll No. 66]

YEAS—115

Allen	Dondero	Kelly, Pa.	Rogers, Mass.
Arens	Doutrich	Kerr	Sadowski
Ayers, Mont.	Dowell	Kinzer	Seger
Bacharach	Eaton	Knutson	Shoemaker
Bakewell	Edmonds	Kurtz	Simpson
Beedy	Eltse, Calif.	Kvale	Sinclair
Blanchard	Englebright	Lambertson	Snell
Boileau	Evans	Lehr	Stalker
Britten	Fish	Luce	Stokes
Brown, Mich.	Focht	Lundeen	Strong, Pa.
Brumm	Foss	McFadden	Swick
Brunner	Gibson	McGugin	Taber
Burnham	Gilchrist	McLean	Thurston
Carter, Calif.	Goodwin	Mapes	Tobey
Carter, Wyo.	Guyer	Marshall	Traeger
Chase	Hancock, N.Y.	Martin, Mass.	Treadway
Christianson	Hartley	Merritt	Turpin
Clarke, N.Y.	Hess	Millard	Wadsworth
Cochran, Pa.	Higgins	Monaghan	Waldron
Collins, Calif.	Hill, Knute	Mott	Watson
Connolly	Holmes	Muldowney	Welch
Crowther	Hooper	Musselwhite	Whitley
Culkin	Hope	Oliver, N.Y.	Wigglesworth
Cummings	Hornor	Parker, N.Y.	Withrow
Darrow	Howard	Parks	Wolcott
De Priest	James	Powers	Wolfenden
Dirksen	Jenkins	Rankin	Wolverton
Disney	Johnson, Minn.	Ransley	Woodruff
Ditter	Kahn	Reece	

NAYS—249

Adair	Boylan	Carley	Colmer
Adams	Brennan	Carpenter, Kans.	Condon
Allgood	Brooks	Cartwright	Connery
Arnold	Brown, Ky.	Cary	Cooper, Tenn.
Auf der Heide	Browning	Castellow	Cox
Ayres, Kans.	Buchanan	Cavicchia	Cravens
Beiter	Buck	Celler	Crosby
Berlin	Bulwinkle	Chapman	Cross
Biermann	Burch	Chavez	Crowe
Black	Burke, Nebr.	Church	Crump
Bland	Busby	Clark, N.C.	Cullen
Blanton	Byrns	Cochran, Mo.	Darden
Bloom	Cady	Coffin	Dear
Boehne	Caldwell	Colden	Deen
Boland	Cannon, Mo.	Cole	Delaney
DeRouen	Holdale	Mead	Shannon
Dickinson	Huddleston	Meeks	Sirovich
Dickstein	Hughes	Miller	Sisson
Dies	Imhoff	Milligan	Smith, Va.
Dobbins	Jacobsen	Mitchell	Smith, Wash.
Dockweiler	Jeffers	Montet	Smith, W.Va.
Doughton	Jenckes	Moran	Snyder
Doxey	Johnson, Okla.	Morehead	Somers, N.Y.
Drewry	Johnson, Tex.	Murdock	Spence
Driver	Johnson, Va.	Nesbit	Steagall
Duffey	Jones	Norton	Strong, Tex.
Duncan, Mo.	Kee	O'Brien	Studley
Dunn	Keller	O'Connell	Sullivan
Durgan, Ind.	Kemp	O'Connor	Sumners, Tex.
Eagle	Kenney	Oliver, Ala.	Sutphin
Eicher	Kloeb	Owen	Swank
Ellzey, Miss.	Kniffin	Palmisano	Sweeney
Faddis	Kocialkowski	Parker, Ga.	Tarver
Farley	Kopplemann	Parsons	Taylor, Colo.
Fiesinger	Kramer	Patman	Taylor, S.C.
Fitzgibbons	Lambeth	Perkins	Thom
Fitzpatrick	Lamneck	Pettengill	Thomason, Tex.
Flannagan	Lanham	Peyser	Thompson, Ill.
Fletcher	Lanzetta	Polk	Tinkham
Ford	Larrabee	Prall	Truax
Fuller	Lea, Calif.	Ramsay	Turner
Fulmer	Lee, Mo.	Ramspeck	Umstead
Gambrill	Lemke	Randolph	Vinson, Ga.
Gillespie	Lesinski	Rayburn	Vinson, Ky.
Gillette	Lewis, Colo.	Reilly	Wallgren
Glover	Lewis, Md.	Richards	Walter
Goldsborough	Lindsay	Richardson	Wearin
Granfield	Lozier	Robertson	Weaver
Gray	Ludlow	Robinson	Weideman
Green	McCarthy	Rogers, N.H.	Werner
Greenwood	McClintic	Rogers, Okla.	West, Ohio
Gregory	McCormack	Romjue	White
Griffin	McDuffie	Rudd	Whittington
Griswold	McFarlane	Ruffin	Wilcox
Hamilton	McGrath	Sabath	Williford
Harlan	McKeown	Sandlin	Williams
Harter	McLeod	Schaefer	Wilson
Hastings	Major	Schuetz	Wood, Mo.
Healey	Maloney, Conn.	Schulte	Young
Henney	Maloney, La.	Scrugham	Zioncheck
Hildebrandt	Marland	Sears	
Hill, Ala.	Martin, Colo.	Secrest	
Hill, Samuel B.	May	Shallenberger	

NOT VOTING—66

Abernethy	Cooper, Ohio	Kelly, Ill.	Pou
Almon	Corning	Kennedy, Md.	Ragon
Andrew, Mass.	Crosser	Kennedy, N.Y.	Reed, N.Y.
Andrews, N.Y.	Dingell	Kleberg	Reid, Ill.
Bacon	Douglass	Lehlbach	Rich
Bailey	Fernandez	Lloyd	Sanders
Bankhead	Foulkes	McMillan	Stubbs
Beam	Frear	McReynolds	Taylor, Tenn.
Beck	Gasque	McSwain	Terrell
Bolton	Gavagan	Mansfield	Underwood
Buckbee	Gifford	Martin, Oreg.	Utterback
Burke, Calif.	Goss	Montague	Warren
Cannon, Wis.	Haines	Moynihan	West, Tex.
Carden	Hancock, N.C.	O'Malley	Wood, Ga.
Carpenter, Nebr.	Hart	Peavey	Woodrum
Claiborne	Hoeppel	Peterson	
Collins, Miss.	Hollister	Pierce	

So the House refused to adjourn.

The following pairs were announced:

Until further notice:

Mr. Montague with Mr. Lloyd.
Mr. Crosser with Mr. Andrew of Massachusetts.
Mr. Almon with Mr. Gifford.
Mr. Gavagan with Mr. Moynihan.
Mr. McReynolds with Mr. Buckbee.
Mr. Kennedy of New York with Mr. Reed of New York.
Mr. Mansfield with Mr. Rich.
Mr. O'Malley with Mr. Bacon.
Mr. Warren with Mr. Lehlbach.
Mr. Woodrum with Mr. Andrews of New York.
Mr. Pou with Mr. Cooper of Ohio.
Mr. Bankhead with Mr. Goss.
Mr. Corning with Mr. Taylor of Tennessee.
Mr. Douglass with Mr. Beck.
Mr. Kelly of Illinois with Mr. Frear.
Mr. McMillan with Mr. Hollister.
Mr. Ragon with Mr. Reid of Illinois.
Mr. Underwood with Mr. Bolton.
Mr. McSwain with Mr. Peavey.
Mr. Kleberg with Mr. Peterson.
Mr. Sanders with Mr. Carden.
Mr. Abernethy with Mr. Stubbs.
Mr. Beam with Mr. Utterback.
Mr. Wood of Georgia with Mr. Cannon of Wisconsin.
Mr. Collins of Mississippi with Mr. Dingell.
Mr. Fernandez with Mr. Claiborne.
Mr. Hancock of North Carolina with Mr. Foulkes.
Mr. Haines with Mr. Hart.

The result of the vote was announced as above recorded.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was

read and referred to the Committee on Expenditures in the Executive Departments:

To the Congress:

Pursuant to the provisions of section 1, title III, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith an Executive order for certain regroupings, consolidations, transfers, and abolitions of executive agencies and functions thereof.

Please let me tell you very simply and frankly that in transmitting this Executive order at this late hour in the special session I have had no thought of taking what might be considered an advantage of the Congress. The very urgent demands of the public business, both legislative and administrative, during the past few weeks have made it literally impossible to complete the study of consolidation.

Many other changes are in contemplation, and I have selected only those which I believe should be put into effect as quickly as possible. These additional changes I do not feel it right to submit until the next regular session of the Congress.

May I suggest that if the changes proposed in the present Executive order are not concurred in by the Congress they can be restored or otherwise changed at the beginning of the next regular session a few months hence.

The justification for sending this Executive order up, even at this late hour, is that it will effect a saving of more than $25,000,000. This is well worth while.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 10, 1933.*

EXECUTIVE ORDER

ORGANIZATION OF EXECUTIVE AGENCIES

Whereas section 16 of the act of March 3, 1933 (Public, No. 428, 47 Stat. 1517), provides for reorganizations within the executive branch of the Government, requires the President to investigate and determine what reorganizations are necessary to effectuate the purposes of the statute, and authorizes the President to make such reorganizations by Executive order; and

Whereas I have investigated the organization of all executive and administrative agencies of the Government and have determined that certain regroupings, consolidations, transfers, and abolitions of executive agencies and functions thereof are necessary to accomplish the purposes of section 16;

Now, therefore, by virtue of the aforesaid authority, I do hereby order that:

Section 1. Procurement

The function of determination of policies and methods of procurement, warehousing, and distribution of property, facilities, structures, improvements, machinery, equipment, stores, and supplies exercised by any agency is transferred to a Procurement Division in the Treasury Department, at the head of which shall be a Director of Procurement.

The Office of the Supervising Architect of the Treasury Department is transferred to the Procurement Division, except that the buildings of the Treasury Department shall be administered by the Treasury Department and the administration of post-office buildings is transferred to the Post Office Department. The General Supply Committee of the Treasury Department is abolished.

In respect of any kind of procurement, warehousing, or distribution for any agency the Procurement Division may, with the approval of the President, (a) undertake the performance of such procurement, warehousing, or distribution itself, or (b) permit such agency to perform such procurement, warehousing, or distribution, or (c) entrust such performance to some other agency, or (d) avail itself in part of any of these recourses, according as it may deem desirable in the interest of economy and efficiency. When the Procurement Division has prescribed the manner of procurement, warehousing, or distribution of anything, no agency shall thereafter procure, warehouse, or distribute such thing in any manner other than so prescribed.

The execution of work now performed by the Corps of Engineers of the Army shall remain with said corps, subject to the responsibilities herein vested in the Procurement Division.

The Procurement Division shall also have control of all property, facilities, structures, machinery, equipment, stores, and supplies not necessary to the work of any agency; may have custody thereof or entrust custody to any other agency; and shall furnish the same to agencies as need therefor may arise.

The Fuel Yards of the Bureau of Mines of the Department of Commerce are transferred to the Procurement Office.

The Federal Employment Stabilization Board is abolished, and its records are transferred to the Federal Emergency Administration of Public Works if and when said administration is authorized and established.

Section 2. National parks, buildings, and reservations

All functions of administration of public buildings, reservations, national parks, national monuments, and national cemeteries are consolidated in an office of national parks, buildings, and reservations in the Department of the Interior, at the head of which shall be a director of national parks, buildings, and reservations; except that where deemed desirable there may be excluded from this provision any public building or reservation which is chiefly employed as a facility in the work of a particular agency. This transfer and consolidation of functions shall include, among others, those of the National Park Service of the Department of the Interior and the national cemeteries and parks of the War Department which are located within the continental limits of the United States. National cemeteries located in foreign countries shall be transferred to the Department of State, and those located in insular possessions under the jurisdiction of the War Department shall be administered by the Bureau of Insular Affairs of the War Department.

The functions of the following agencies are transferred to the office of national parks, buildings, and reservations of the Department of the Interior, and the agencies are abolished:

Arlington Memorial Bridge Commission.
Public Buildings Commission.
Public Buildings and Public Parks of the National Capital.
National Memorial Commission.
Rock Creek and Potomac Parkway Commission.

Expenditures by the Federal Government for the purposes of the Commission of Fine Arts, the George Rogers Clark Sesquicentennial Commission, and the Rushmore National Commission shall be administered by the Department of the Interior.

Section 3. Investigations

All functions now exercised by the Bureau of Prohibition of the Department of Justice with respect to the granting of permits under the national prohibition laws are transferred to the Division of Internal Revenue in the Treasury Department.

All functions now exercised by the Bureau of Prohibition with respect to investigations and all the functions now performed by the Bureau of Investigation of the Department of Justice are transferred to and consolidated in a Division of Investigation in the Department of Justice, at the head of which shall be a Director of Investigation.

All other functions now performed by the Bureau of Prohibition are transferred to such divisions in the Department of Justice as in the judgment of the Attorney General may be desirable.

Section 4. Disbursement

The function of disbursement of moneys of the United States exercised by any agency is transferred to the Treasury Department and, together with the Office of Disbursing Clerk of that Department, is consolidated in a Division of Disbursement, at the head of which shall be a Chief Disbursing Officer.

The Division of Disbursement of the Treasury Department is authorized to establish local offices, or to delegate the exercise of its functions locally to officers or employees of other agencies, according as the interests of efficiency and economy may require.

The Division of Disbursement shall disburse moneys only upon the certification of persons by law duly authorized to incur obligations upon behalf of the United States. The function of accountability for improper certification shall be transferred to such persons, and no disbursing officer shall be held accountable therefor.

Section 5. Claims by or against the United States

The functions of prosecuting in the courts of the United States claims and demands by and offenses against the Government of the United States and of defending claims and demands against the Government, and of supervising the work of United States attorneys, marshals, and clerks in connection therewith, now exercised by any agency or officer, are transferred to the Department of Justice.

As to any case referred to the Department of Justice for prosecution or defense in the courts, the function of decision whether and in what manner to prosecute, or to defend, or to compromise, or to appeal, or to abandon prosecution or defense, now exercised by any agency or officer, is transferred to the Department of Justice.

For the exercise of such of his functions as are not transferred to the Department of Justice by the foregoing two paragraphs, the Solicitor of the Treasury is transferred from the Department of Justice to the Treasury Department.

Nothing in this section shall be construed to affect the function of any agency or officer with respect to cases at any stage prior to reference to the Department of Justice for prosecution or defense.

Section 6. Insular courts

The United States Court for China, the District Court of the United States for the Panama Canal Zone, and the District Court of the Virgin Islands of the United States are transferred to the Department of Justice.

Section 7. Solicitors

The Solicitor for the Department of Commerce is transferred from the Department of Justice to the Department of Commerce.

The Solicitor for the Department of Labor is transferred from the Department of Justice to the Department of Labor.

Section 8. Internal revenue

The Bureaus of Internal Revenue and of Industrial Alcohol of the Treasury Department are consolidated in a Division of Internal Revenue, at the head of which shall be a Commissioner of Internal Revenue.

Section 9. Assistant Secretary of Commerce

The Assistant Secretary of Commerce for Aeronautics shall be an Assistant Secretary of Commerce, and shall perform such functions as the Secretary of Commerce may designate.

Section 10. Official Register

The function of preparation of the Official Register is transferred from the Bureau of the Census to the Civil Service Commission.

Section 11. Statistics of cities

The function of the Bureau of the Census of the Department of Commerce of compiling statistics of cities under 100,000 population is abolished for the period ending June 30, 1935.

Section 12. Shipping Board

The functions of the United States Shipping Board including those over and in respect to the United States Shipping Board Merchant Fleet Corporation, are transferred to the Department of Commerce, and the United States Shipping Board is abolished.

Section 13. National Screw Thread Commission

The National Screw Thread Commission is abolished, and its records, property, facilities, equipment, and supplies are transferred to the Department of Commerce.

Section 14. Immigration and Naturalization

The Bureaus of Immigration and of Naturalization of the Department of Labor are consolidated as an Immigration and Naturalization Service of the Department of Labor, at the head of which shall be a Commissioner of Immigration and Naturalization.

Section 15. Vocational Education

The functions of the Federal Board for Vocational Education are transferred to the Department of the Interior, and the Board shall act in an advisory capacity without compensation.

Section 16. Apportionment of appropriations

The functions of making, waiving, and modifying apportionments of appropriations are transferred to the Director of the Bureau of the Budget.

Section 17. Coordinating Service

The Federal Coordinating Service is abolished.

Section 18

The following functions are abolished in part:

Cooperative vocational education and rehabilitation, 25 percent thereof.

Payments for agricultural experiment stations, 25 percent thereof.

Cooperative agricultural extension work, 25 percent thereof.

Endowment and maintenance of colleges for the benefit of agriculture and the mechanic arts, 25 percent thereof.

Section 19. General provisions

Each agency all the functions of which are transferred to or consolidated with another agency is abolished.

The records pertaining to an abolished agency or a function disposed of, disposition of which is not elsewhere herein provided for, shall be transferred to the successor. If there be no successor agency, and such abolished agency be within a department, said records shall be disposed of as the head of such department may direct.

The property, facilities, equipment, and supplies employed in the work of an abolished agency or the exercise of a function disposed of, disposition of which is not elsewhere herein provided for, shall, to the extent required, be transferred to the successor agency. Other such property, facilities, equipment, and supplies shall be transferred to the procurement division.

All personnel employed in connection with the work of an abolished agency or function disposed of shall be separated from the service of the United States, except that the head of any successor agency, subject to my approval, may, within a period of 4 months after transfer or consolidation, reappoint any of such personnel required for the work of the successor agency without reexamination or loss of Civil Service status.

Section 20. Appropriations

Such portions of the unexpended balances of appropriations for any abolished agency or function disposed of shall be transferred to the successor agency as the Director of the Budget shall deem necessary.

Unexpended balances of appropriations for an abolished agency or function disposed of, not so transferred by the Director of the Budget, shall, in accordance with law, be impounded and returned to the Treasury.

Section 21. Definitions

As used in this order—

"Agency" means any commission, independent establishment, board, bureau, division, service, or office in the executive branch of the Government.

"Abolished agency" means any agency which is abolished, transferred, or consolidated.

"Successor agency" means any agency to which is transferred some other agency or function, or which results from the consolidation of other agencies or functions.

"Function disposed of" means any function eliminated or transferred.

Section 22. Effective date

In accordance with law, this order shall become effective 61 days from its date: *Provided*, That in case it shall appear to the President that the interests of economy require that any transfer, consolidation, or elimination be delayed beyond the date this order becomes effective, he may, in his discretion, fix a later date therefor, and he may for like cause further defer such date from time to time.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 10, 1933.*

Mr. MAPES. Mr. Speaker, may I submit an inquiry? If I understand the law, the orders of the President reorganizing the departments do not go into effect until after the expiration of 60 days after their submission to Congress.

The SPEAKER. That is a question of law, and the Speaker cannot answer it without reading the law.

Mr. MAPES. I ask unanimous consent that I may proceed for 1 minute, in order that I may ask the gentleman from Tennessee a question.

The SPEAKER. Is there objection?

There was no objection.

Mr. MAPES. I should like to ask the gentleman from Tennessee if it is his intention or purpose in order to put into effect at once the savings which the President speaks of to pass an act of Congress putting these orders into effect immediately instead of waiting for 60 days.

Mr. BYRNS. I will say to my friend that that is a matter that has not been determined, and needs some consideration. I think we are all anxious to adjourn and get a good night's sleep and rest.

Mr. KVALE. Under the law, if I remember correctly, it is possible to carry it into effect in 60 days from today, inasmuch as Congress is in session.

Mr. BLANTON. Mr. Speaker, I think the report accompanying the message ought to be printed in the RECORD.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, announced that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3511. An act to authorize the creation of a game refuge in the Ouachita National Forest in the State of Arkansas;

H.R. 3659. An act to extend the mining laws of the United States to the Death Valley National Monument in California;

H.R. 4872. An act authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.;

H.R. 5589. An act granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.; and

H.J.Res. 183. Joint resolution extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 804. An act to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co.;

S. 1513. To amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land;

S. 1536. An act giving credit for water charges paid on damaged land;

S. 1745. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg.;

S. 1746. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg.;

S. 1747. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Waldport, Lincoln County, Oreg.;

S. 1748. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg.;

S. 1749. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg.;

S. 1783. An act granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key; and

S. 1808. To authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifies of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 25 minutes p.m.) the House adjourned until Monday, June 12, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

93. A letter from the Secretary of War, transmitting report from the Chief of Engineers, pursuant to the River and Harbor Act of July 3, 1930, on preliminary examinations of Flint River, Ala., together with accompanying papers; to the Committee on Rivers and Harbors.

94. A letter from the Secretary of War, transmitting report from the Chief of Engineers, pursuant to the River and Harbor Act of July 3, 1930, on preliminary examination and survey of Fairfield Canal, N.C., together with accompanying papers; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McDUFFIE: Committee on Insular Affairs. House Joint Resolution 202. Joint resolution providing for extension of cooperative work of the Geological Survey to Puerto Rico; without amendment (Rept. No. 236). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUCHANAN: Committee on Appropriations. H.R. 6034. A bill making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; without amendment (Rept. No. 238). Referred to the Committee of the Whole House on the state of the Union.

Mr. SOMERS of New York: Committee on Coinage, Weights, and Measures. House Joint Resolution 94. Joint resolution authorizing the Secretary of the Treasury to accept certain gifts; with amendment (Rept. No. 240). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. House Resolution 178. Resolution to authorize the printing of communications from the Secretary of War transmitting letters of the Chief of Engineers submitting reports on the examination and survey of certain waterways in the United States; without amendment (Rept. No. 244). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COCHRAN of Missouri: Committee on Accounts. House Resolution 182. Resolution for the relief of Catherine Jane McKee (Rept. No. 237). Ordered to be printed.

Mr. COFFIN: Committee on Military Affairs. S. 248. An act for the relief of Rolando B. Moffet; without amendment (Rept. No. 239). Referred to the Committee of the Whole House.

Mr. ROGERS of New Hampshire: Committee on Military Affairs. H.R. 2632. A bill for the relief of Wilson G. Bingham; without amendment (Rept. No. 241). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KRAMER: A bill (H.R. 6033) to require certain borrowers from the Reconstruction Finance Corporation to grant extensions of time for payment of loans on homes or farm lands, and for other purposes; to the Committee on Banking and Currency.

By Mr. BUCHANAN: A bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. KNUTSON: A bill (H.R. 6035) to prohibit the sale or offer for sale, for domestic consumption or use, of oleomargarine containing less than 75 percent of animal fat; to the Committee on Agriculture.

By Mr. FADDIS: A bill (H.R. 6036) to provide benefits for women who served with the American Expeditionary Forces during the World War; to the Committee on Military Affairs.

By Mr. BYRNS: A bill (H.R. 6037) to exempt from taxation certain property of the National Society of the Sons of the American Revolution; to the Committee on the District of Columbia.

By Mr. SHANNON: A bill (H.R. 6038) to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States; to the Committee on Expenditures in the Executive Departments.

By Mr. DEAR: A bill (H.R. 6039) to provide for the commemoration of the Fort of Los Adais, in the State of Louisiana; to the Committee on Military Affairs.

By Mr. LEWIS of Maryland: A bill (H.R. 6040) to stabilize the coal-mining industry; to provide for a coal operators' code and agreement; to provide for cooperative marketing of coal; to secure prices just to operators and consumers and fair living and working conditions for the miners concerned; to levy a tax on coal and provide for a drawback under certain conditions; to declare the production, distribution, and use of coal to be affected with a public interest; to provide for the general welfare; and for other purposes; to the Committee on Ways and Means.

By Mr. DUNN: A bill (H.R. 6041) to protect the homes and properties of all of the people in the United States and its possessions; to the Committee on the Judiciary.

By Mr. LUDLOW: A bill (H.R. 6042) to repeal Public Law No. 17 of the Seventy-third Congress; to the Committee on Military Affairs.

By Mr. KELLER: A bill (H.R. 6043) in relation to the construction, maintenance, and regulation within and by the United States of America of a Nation-wide system of durable hard-surfaced post roads and their appurtenances, and the provision of means for the payment of the cost thereof; to the Committee on Ways and Means.

By Mr. McSWAIN: A bill (H.R. 6044) to create a Board of Decorations and Awards in the War Department; to the Committee on Military Affairs.

By Mr. AYERS of Montana: A bill (H.R. 6045) to amend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; to the Committee on the Public Lands.

By Mr. WALDRON: A bill (H.R. 6095) to amend the Reconstruction Finance Corporation Act, as amended; to the Committee on Banking and Currency.

By Mr. REID of Illinois: Joint resolution (H.J.Res. 204) to provide for the disposal of smuggled merchandise, to authorize the Secretary of the Treasury to require imported articles to be marked in order that smuggled merchandise may be identified, and for other purposes; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AUF DER HEIDE: A bill (H.R. 6046) for the relief of Frederick F. Day; to the Committee on Naval Affairs.

By Mr. BAILEY (by request): A bill (H.R. 6047) for the relief of the International-Great Northern Railroad Co.; to the Committee on Claims.

By Mr. DE PRIEST: A bill (H.R. 6048) granting a pension to Mary T. Gunn; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6049) for the relief of Albert Armstrong; to the Committee on Military Affairs.

By Mr. GIBSON: A bill (H.R. 6050) for the relief of Earl E. Robinson; to the Committee on Naval Affairs.

By Mr. HARTLEY: A bill (H.R. 6051) for the relief of Saul Levin; to the Committee on Claims.

By Mr. HORNOR: A bill (H.R. 6052) granting an increase of pension to Elizabeth M. Schoonover; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6053) granting an increase of pension to Margaret Smith; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6054) granting an increase of pension to Nancy J. Smith; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6055) granting an increase of pension to Susan J. Waldo; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6056), granting an increase of pension to Elizabeth E. West; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6057) granting an increase of pension to Julia A. Duncan; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6058) granting an increase of pension to Mary E. Hart; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6059) granting an increase of pension to Anzina L. Harper; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6060) granting an increase of pension to Sarah C. Kirkpatrick; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6061) granting an increase of pension to Villa A. Light; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6062) granting an increase of pension to Annie A. Moneypenny; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6063) granting an increase of pension to Sarah A. Nutter; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6064) granting an increase of pension to Ann E. Riggs; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6065) granting a pension to Mary J. Carr; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6066) granting a pension to James C. Elbon; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6067) granting a pension to Alexander T. Taylor; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6068) granting a pension to Sarah M. Waugh; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6069) granting a pension to Anna King; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6070) granting a pension to Nathan O. Myer; to the Committee on Pensions.

Also, a bill (H.R. 6071) granting a pension to Florence O. Weekley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6072) granting an increase of pension to Sarah A. Bush; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6073) granting an increase of pension to Minerva E. Bailey; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6074) granting an increase of pension to Mary E. Crites; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6075) granting an increase of pension to Mary Danley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6076) for the relief of John Albert Farne; to the Committee on Naval Affairs.

Also, a bill (H.R. 6077) for the relief of Charles H. Frum; to the Committee on Military Affairs.

Also, a bill (H.R. 6078) for the relief of Edwin M. Rapp; to the Committee on Military Affairs.

Also, a bill (H.R. 6079) for the relief of Clarence G. Stonestreet; to the Committee on Military Affairs.

Also, a bill (H.R. 6080) for the relief of the Zoar Baptist Church, of Keslers Cross Lanes, Nicholas County, W.Va.; to the Committee on War Claims.

By Mr. LEMKE: A bill (H.R. 6081) for the relief of Jerry O'Shea; to the Committee on Claims.

By Mr. MONAGHAN: A bill (H.R. 6082) for the relief of M. M. Twichel; to the Committee on Indian Affairs.

By Mr. REECE: A bill (H.R. 6083) for the relief of Edward Ray; to the Committee on Naval Affairs.

By Mr. RICHARDS: A bill (H.R. 6084) for the relief of Lottie W. McCaskill; to the Committee on Claims.

By Mr. SHOEMAKER: A bill (H.R. 6085) for the relief of the estate of Victor L. Berger, deceased; to the Committee on Claims.

By Mr. SNYDER: A bill (H.R. 6086) granting an increase of pension to Martha Gorsuch; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6087) granting an increase of pension to Mary C. Pearson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6088) granting an increase of pension to Sarah A. Chisholm; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6089) granting an increase of pension to Ella N. Nerwick; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6090) granting an increase of pension to Roxalina Davis; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6091) granting an increase of pension to Sarah Miller; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H.R. 6092) for the relief of the Hiawasee Lumber Co. and its successors; to the Committee on the Judiciary.

Also, a bill (H.R. 6093) for the relief of the counties of Haywood and Swain, in the State of North Carolina, by reason of their loss in taxable valuation by the establishment of the Great Smoky Mountains National Park; to the Committee on the Judiciary.

By Mr. CROSBY: A bill (H.R. 6094) authorizing the Treasurer of the United States to refund to creditors' committee of the Progressive Commercial Co., of Philadelphia, Pa., income taxes illegally paid to the United States Treasurer; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1359. By Mr. CELLER: Resolution of the Mount Sinai Baptist Church, of Brooklyn, N.Y., calling upon the Seventy-third Congress to exert forceful influence upon the Nazis of Germany, under the leadership of Adolf Hitler, to refrain from the barbarism and cruelties now being practiced upon the defenseless Jews in Germany; to the Committee on Foreign Affairs.

1360. Also, resolution of the National Guard Association of the State of New York, advocating maintenance of Federal appropriations for the Naval Reserve; to the Committee on Appropriations.

1361. By Mr. COCHRAN of Missouri: Petition of the American War Mothers of St. Louis, Mo., Edith R. Steibenz,

president, Luella B. Leacock, chairman of the resolutions committee, actuated by the knowledge of the destructiveness of the principles underlying the Russian Soviet Government, call upon Congress to voice its stern objection to the diplomatic recognition of Soviet Russia by our Government; to the Committee on Foreign Affairs.

1362. By Mr. DE PRIEST: Petition on behalf of the Chicago branch, National Association for the Advancement of Colored People, by A. C. MacNeal, president, as to the constitutional rights of certain citizens; to the Committee on the Judiciary.

1363. By Mr. FITZPATRICK: Petition of the Congregation Linas Hazedik, located at Ward and Watson Avenues, Bronx, New York City, relative to the inhuman treatment of the Jewish citizens by the German Government; to the Committee on Foreign Affairs.

1364. By Mr. GOSS: Petition of James F. Martone, Bladis Waitkus, Nicholas Muccino, and other citizens of the city of Waterbury, Conn., urging the restoration to all service-connected disabled veterans their former benefits, privileges, schedules, ratings, etc.; to the Committee on Appropriations.

1365. By Mr. HOEPPEL: Petition of certain citizens of the United States, residents and voters of the State of California, protesting certain phases of the so-called "Economy Act regulations", particularly insofar as they pertain to the legitimately service-connected disabled veteran, and petitioning Congress to take such action as is necessary to revise the regulations and/or the Economy Act itself so that there shall be restored to all veterans who were actually disabled in the military or naval service the former rights, benefits, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existent prior to the enactment of said Economy Act; to the Committee on Appropriations.

1366. By Mr. KRAMER: Petition of R. F. Beckwith and other citizens of the United States and the State of California, protesting against certain phases of the so-called "Economy Act regulations", particularly insofar as they pertain to the legitimately service-connected disabled veteran, etc.; to the Committee on Expenditures in the Executive Departments.

1367. By Mr. MERRITT: Petition of Banner Council, No. 54, Sons and Daughters of Liberty, of South Norwalk, Conn., urging the passage of House bill 4114 to further restrict immigration into the United States; to the Committee on Immigration and Naturalization.

1368. Also, petition of Star Council, No. 42, Sons and Daughters of Liberty, of Greenwich, Conn., urging the passage of House bill 4114 to further restrict immigration into the United States; to the Committee on Immigration and Naturalization.

1369. By Mr. PARKER of Georgia: Resolution adopted at a mass meeting of the Jews of Savannah, Ga., on June 5, 1933, preliminary to a campaign for raising funds for the immediate relief of Jews in Germany; to the Committee on Foreign Affairs.

1370. By Mr. SUTPHIN: Petition of Monmouth County Board of Chosen Freeholders, New Jersey, urging Federal beach protection; to the Committee on the Public Lands.

1371. By Mr. TRAEGER: Petition of 260 residents of California, to restore to all service-connected disabled veterans their former benefits, privileges, schedules, rating, etc.; to the Committee on Pensions.

1372. By the SPEAKER: Petition of the Chamber of Commerce of Eau Claire, Wis., urging Congress to adopt House Joint Resolution 137; to the Committee on Rules.

1373. By Mr. COLLINS of California: Petition of citizens of the State of California, requesting Congress to restore to all service-connected disabled veterans their former benefits, ratings, etc.; to the Committee on Expenditures in the Executive Departments.

1374. Also, petition of citizens of the State of California, requesting Congress to restore to all service-connected disabled veterans their former benefits, ratings, etc.; to the Committee on Expenditures in the Executive Departments.

SENATE

MONDAY, JUNE 12, 1933

(Legislative day of Tuesday, June 6, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of June 9 and June 10 was dispensed with, and the Journal was approved.

SPECIAL COMMITTEE ON INVESTIGATION OF CAMPAIGN EXPENDITURES

The VICE PRESIDENT. The Chair announces the appointment of the Senator from Utah [Mr. THOMAS] as a member of the Special Committee on Investigation of Campaign Expenditures to fill the vacancy caused by the resignation of the Senator from New Mexico [Mr. BRATTON].

RATIFICATION BY WYOMING OF THE REPEAL OF EIGHTEENTH AMENDMENT

The VICE PRESIDENT laid before the Senate the proceedings and minutes of the Constitutional Convention for the State of Wyoming, held at Casper, Wyo., on May 25, 1933, which were ordered to lie on the table and to be printed in the RECORD, as follows:

THE STATE OF WYOMING,
OFFICE OF THE SECRETARY OF STATE.

UNITED STATES OF AMERICA,
State of Wyoming, ss:

I, A. M. Clark, secretary of state of the State of Wyoming, do hereby certify that the annexed is a full, true, and correct copy of the minutes of the constitutional convention held at Casper, Wyo., on May 25, 1933.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Wyoming.

Done at Cheyenne, the capital, this 6th day of June A.D. 1933.

[SEAL] A. M. CLARK, *Secretary of State.*
By C. J. ROGERS, *Deputy.*

PROCEEDINGS AND MINUTES OF THE CONSTITUTIONAL CONVENTION FOR THE STATE OF WYOMING, HELD AT CASPER, WYO., MAY 25, 1933

Pursuant to the statutes of the State of Wyoming providing for the calling of State conventions, prescribing the method and manner in which such conventions shall be called and held in the State of Wyoming to consider and vote on the question of repealing, amending, or altering the Constitution of the United States of America; providing for the payment of the expenses thereof, prescribing the duties of the Governor, the secretary of state, the chairman or other member of the board of county commissioners and the officers of the several counties; and appropriating money to defray the expenses incurred thereby; and a public proclamation by Hon. Leslie A. Miller, Governor of the State of Wyoming, which proclamation reads as follows:

PUBLIC PROCLAMATION

Under and by virtue of the power vested in me by reason of the laws of the State of Wyoming, I, Leslie A. Miller, Governor of the State of Wyoming, do hereby order and proclaim that on the 25th day of May A.D. 1933, at 10 o'clock a.m., at the city hall in the city of Casper, in the State of Wyoming, there shall be held a State convention to which State convention there shall be submitted the following joint resolution proposing an amendment to the Constitution of the United States, for such action as may be had thereon.

"[Seventy-Second Congress of the United States of America; at the second session, begun and held at the city of Washington on Manday, the 5th day of December 1932]

"Joint resolution proposing an amendment to the Constitution of the United States

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three fourths of the several States:

"'ARTICLE —

"'SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"'SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"'SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions

in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress.'

"JNO. N. GARNER,
"*Speaker of the House of Representatives.*
"CHARLES CURTIS,
"*Vice President of the United States and President of the Senate.*"

The number of delegates (who shall be qualified electors) of which said convention shall consist, and the method and manner by and in which delegates to such State convention shall be elected, shall be in all respects in conformity with the provisions of Enrolled Act No. 53, Senate, Twenty-second Legislature of the State of Wyoming, and as herein ordered.

It is further ordered and proclaimed that on the 15th day of May A.D. 1933, at 10 o'clock a.m., in each of the election precincts in each of the counties of this State there shall be held a meeting of the qualified electors of such precinct, at which meeting there shall be held a precinct election at which election there shall be elected 1 delegate from each of such precincts and 1 additional delegate for each 600, or major portion thereof, of the inhabitants of such precinct to a convention of such delegates to be held at the county seat of such county. Such precinct meetings shall be held at the established polling place in each of the election precincts as the same are now or as may be hereafter constituted and shall be presided over by any qualified elector of such precinct. The presiding officer of each of such precinct meetings shall forthwith certify to the county convention, under oath, the names of the delegates to such county convention chosen by such precinct meetings.

It is further ordered and proclaimed that on the 18th day of May A.D. 1933, at 10 o'clock a.m., there shall be held a county convention in each of the counties of this State, and the delegates thereto shall assemble and elect 1 delegate for each county and 1 delegate for each 5,000, or major fraction thereof, of the inhabitants of such county as delegates to the State convention hereinbefore mentioned. The meeting place shall be in the court room of the courthouse, if there be one in such county; and if not, in the court room in said county whereat the business of the district court is usually transacted. It shall be the duty of the chairman of the board of county commssioners, or some other member of such board in each county, to convene such county convention and to preside over the same until the delegates chosen thereto shall select a chairman of such convention, and the delegates shall thereafter select a secretary of such convention. It shall be the duty of the chairman and secretary of such county convention to certify to the secretary of state of the State of Wyoming and to said State convention hereby called under oath the names of the delegates to such State convention chosen by such county convention.

The rules of practice, procedure, and conduct of the business of the several county conventions shall be those prescribed by Roberts' Rules of Parliamentary Procedure and Order.

The vote on the selection of delegates to either of the conventions herein mentioned shall be by written or printed ballot.

In the apportionment of representation in the several conventions herein mentioned the last census enumeration taken and made by the United States Government shall be the basis upon which the right to representation in such conventions shall be determined.

The secretary of state of the State of Wyoming shall convene such State convention at the time and place herein designated and shall preside over the same until the delegates chosen thereto shall select a chairman of such State convention, and the delegates shall thereafter select a secretary of such State convention. It shall be the duty of the officers of such State convention to certify to the secretary of state of the State of Wyoming under oath the result of the vote cast at such State convention upon the question hereby submitted to such State convention.

In witness whereof I, Leslie A. Miller, Governor of the State of Wyoming, have hereunto set my hand and caused the great seal of the State of Wyoming to be affixed.

Done at the capitol, in the city of Cheyenne, this 14th day of March A.D. 1933, and in the year of the independence of the United States the one hundred and fifty-seventh.

LESLIE A. MILLER, *Governor.*

By the Governor:
[SEAL]
A. M. CLARK,
Secretary of State.

The State convention provided for by said proclamation was convened by Hon. A. M. Clark, secretary of state of and for the State of Wyoming, on the 25th day of May A. D. 1933, at 10 o'clock a.m. at the city hall in the city of Casper, Natrona County, Wyo., as follows:

Secretary of State CLARK. I notice that we are short the official certificates for four counties, and I am going to call those four counties' names, and if the chairman of your delegation has your certificate will he please bring it to the desk, so that we can complete our list of official delegates. Campbell County, Converse County, Lincoln County, and Weston County.

At this time the delegates from the four counties mentioned presented to Mr. Clark their credentials.

Secretary of State CLARK. Members of this convention, we now have the credentials, seemingly, from all counties and the certificates necessary to entitle the delegates to sit at this convention. I have appointed Mr. J. R. French as temporary secretary of this convention, and I am inclined to do my little part as quickly as possible and in as short a manner as possible. If I remember correctly, in the list of delegates to this convention there is one lady. [Applause.] I don't know how many drys there are, because, you know, it looks as though we drys are all wet. I am going to dispense with the reading of the proclamation of the Governor, as copies have been distributed among you, as have also copies of the law providing for this convention, and a little later we will try to furnish each one of you with one of our official directories, which will give your names, as well as those of other State officers.

Before we go further I will ask the temporary secretary, who is taking a report of the convention, to call the roll of delegates and alternates.

The secretary then proceeded with the roll call of the delegates by counties, as follows:

There were present and answering to roll call at said convention the following-named delegates (or alternates) from the following-named counties, for whom certificates had been filed showing that they were entitled to vote at said convention, to wit:

Albany County: N. A. Swenson, alternate for T. L. Johnson; J. R. Sullivan; Oscar Hammond.

Big Horn County: J. P. Wheeler, alternate for T. K. Bishop; J. R. French, alternate for H. B. Richardson.

Campbell County: Guy Garrett, W. D. McGrew.

Carbon County: Victor H. Scepansky, alternate for H. J. Cashman; Gus Larson; C. D. Williamson.

Converse County: Waldo Bolen, Joe Garst.

Crook County: Charles Louis, alternate for James T. McGuckin; G. W. Earle, alternate for Jay Durfee.

Fremont County: Mrs. Sam Payne, Walter Oswald, R. S. Price. (Also alternates Charles Moore and A. O. Heyer.)

Goshen County: L. G. Flannery, J. M. Roushar, Erle H. Reid. (Also alternate William Bosse.)

Hot Springs County: Henry Cottle, John McCullum.

Johnson County: Frank O. Horton, Jean Van Dyke. (Also alternates Berton Hill and Richie Young.)

Laramie County: A. D. Homan, Fred W. Roedel, Wilfrid O'Leary, Abe Goldstein, Perry Williams, Fred Hofmann. (Also alternates W. Q. Phelan and T. Joe Cahill.)

Lincoln County: Dr. C. D. Stafford, Glen E. Sorensen, Oluf Jefson.

Natrona County: Robert N. Ogden; J. E. Jones, alternate for John Nance; T. F. Speckbacker; T. C. Spears; E. J. Sullivan; J. F. Cowan. (Also alternate L. B. Townsend.)

Niobrara County: Albert P. Bruch, C. W. Erwin.

Park County: Alex Linton, B. C. Rumsey, M. L. Simpson. (Also alternate Eugene Phelps.)

Platte County: Hans Christiansen, B. L. Dixon.

Sheridan County: Malcolm Moncreiffe, Peter Kooi, R. A. Keenan, Roy Bedford.

Sublette County: Albert Larsen. (Also E. D. Key, his alternate.)

Sweetwater County: William Evers, Dr. R. H. Sanders, Glen A. Knox, P. C. Bunning, Joe Bertagnolli.

Teton County: R. C. Lundy, Sr., O. A. Pendergraft.

Uinta County: Matthew Morrow, S. S. Kastor, J. H. Holland.

Washakie County: Dr. W. O. Gray, R. C. Shultz. (Also L. L. Dorman, alternate.)

Weston County: A. L. Leslie, alternate for E. C. Raymond; M. M. Falk. (Also A. S. Boatsman, alternate.)

Secretary of State CLARK. If there are any reporters in the room who want room at the table there is plenty of room up here, and you are welcome to use it. What is the next pleasure of this convention.

Senator FRANK O. HORTON. Mr. Chairman, I presume the next order of business is the selection of a permanent chairman, but before going into that I should like the privilege of the floor. There undoubtedly are a great many men here entitled to that honor, irrespective of their party affiliations. Perhaps it would be well if we could select a Democrat, because they have been honest in their stand, and due largely to that stand are they in power in this State today, and I am not talking politics, I am just giving credit where credit belongs. Mr. Chairman, there is some one person who is entitled to be chairman of this convention because his work and labor has been more outstanding than that of anyone else. It is almost impossible at an open convention of this kind to find that one man, therefore I have this suggestion to make, that the temporary chairman appoint as a nominating committee the chairman of each of the county delegations, let this committee of one delegate from each county retire and thresh the entire field and find that one man and come back here and tell us about it. This would, of course, not preclude other nominations. I give you that in the form of a motion.

Secretary of State CLARK. Do I hear a second?

(Motion seconded from the floor.)

Secretary of State CLARK. It has been moved and seconded that the Chair appoint the chairman of each county delegation as a committee to retire for a short time and submit the name of some person for chairman of this convention. Are there any more remarks? All in favor of the motion say "Aye", contrary minded "No." The motion has prevailed. The committee on nominations will retire, for I hereby appoint the chairman of each county delegation as a nominating committee, and I believe they will select a good man.

(From the floor:) Mr. Chairman, while the committee are out, may we not have a short recess?

Secretary of State CLARK. I had that in mind; if no objection, we will stand in recess subject to the call of the Chair.

(During this recess Governor Miller was brought in and introduced to the convention, and made a very fine talk regarding the matter for which this convention was called.)

Secretary of State CLARK. Is the committee on nomination ready to report?

Senator HORTON. Your committee is ready to report. I should like to say that there were 106 men whose names were considered, and every one of them was outstanding, and we thought each one should be the choice for permanent chairman of this convention; but we had to narrow it down, and we have decided upon a man who has ability to preside and whose work has been outstanding over all the rest. I have the pleasure of presenting to you the name of Mr. Erle H. Reid for permanent chairman, and move the adoption of the report.

(The motion was seconded from the floor.)

Secretary of State CLARK. You have heard the report and motion and its second. Are there any remarks? All in favor of the motion say "Aye", contrary minded "No." The motion has carried unanimously, and it is so ordered.

(From the floor:) Mr. Secretary, I move the temporary secretary be instructed to cast the unanimous vote of this convention for Mr. Reid for permanent chairman of this convention.

(Motion seconded from the floor.)

Secretary of State CLARK. It has been regularly moved and seconded that the secretary be instructed to cast the unanimous vote of this convention for Mr. Erle H. Reid as chairman of this convention. Are there any remarks. [Question called for.] All in favor of the motion as stated say "Aye", contrary "No." The motion has carried. Mr. Secretary, cast the vote of this convention for Mr. Reid as chairman.

Temporary Secretary FRENCH. I hereby cast the unanimous vote of this convention for Mr. Erle H. Reid for permanent chairman of this convention.

Secretary of State CLARK. I declare Mr. Erle H. Reid elected. Mr. Reid will you come forward? Members of this convention, I wish to introduce to you your permanent chairman of this convention, Mr. Erle H. Reid, of Torrington. Mr. Reid, you will now take the chair. [Applause.]

Chairman REID. Thank you, Governor. Madame delegate and gentlemen, you have done me a great honor this morning, and I want to assure you I appreciate it very much. I am here, interested as you are, in the accomplishment of a great thing for the State of Wyoming and this United States of ours, a movement toward better government in our State and country, and I speak your cooperation to that end; and I hope the work of this convention will be speedily taken care of so we may return home. I presume the next work of this convention is the selection of a credentials committee. May I suggest, that while I am acquainted with a great many here, there are also a number here whom I have not met, and it might expedite business if you give your name and county when addressing the Chair.

Mr. VAN DYKE, of Buffalo. Mr. Chairman, I move you, the Chair, appoint a credentials committee of three.

Mr. MORROW, of Uinta County. I second the motion.

Mr. HORTON, of Johnson County. I suggest the gentleman from Buffalo withhold that motion for a moment, as I wonder if the next order of business would not be the selection of a permanent secretary.

Chairman REID. I think that is right.

Mr. ROUSHAR, of Goshen County. I move you, Mr. Chairman, that the temporary secretary be made the permanent secretary of this convention.

(Motion seconded from the floor.)

Mr. GARST, of Converse County. Mr. Chairman, does the secretary have to be from the delegates?

Chairman REID. I think that the secretary need not be; however, the present secretary is one of the delegates. Are there any remarks? So many as are in favor of the temporary secretary for the office of permanent secretary will please rise. The motion is carried unanimously. Mr. French, you are elected permanent secretary of this meeting. We will now return to the other order of business, and I will take up the motion as made by Mr. Van Dyke and seconded by Mr. Morrow, for the appointment of a credentials committee. Are there any remarks? All in favor of the motion as stated signify by saying "aye", contrary "no." The motion is carried, and I will appoint on that committee Mr. Ogden, of Natrona; Mr. Glen Knox, of Sweetwater; and Mr. Wilfrid O'Leary, of Laramie County.

Secretary of State CLARK. Mr. Chairman, I should like to meet with that committee at once. I have the credentials sent in for the delegates and believe I can assist them materially.

Mr. HORTON, of Johnson County. Mr. Chairman, I move you we stand in recess, while this committee is out, and subject to the call of the Chair.

(Motion seconded from the floor.)

Chairman REID. You have heard the motion and its second; are there any remarks? All in favor of the motion as stated signify by saying "Aye", contrary "No." The motion is carried; the convention will stand in recess subject to the call of the Chair.

(At this time a recess of 15 minutes was taken.)

Chairman REID. The convention will be in order; is the credentials committee ready to report?

Mr. OGDEN, of Casper. Yes, Mr. Chairman. Your committee finds that the respective delegates and alternates answering the roll call are all properly accredited. In Uinta County three delegates were elected, and the honorable secretary of state informs us two is all they were entitled to; we therefore find that the delegates from Uinta County are entitled to only two-thirds vote each in this convention. We find that the following delegates are entitled to seats and to vote in this convention:

Albany County: N. A. Swenson, J. R. Sullivan, and Oscar Hammond.

Big Horn County: J. P. Wheeler and J. R. French.

Campbell County: Guy Garrett and W. D. McGrew.

Carbon County: Victor H. Scepansky, Gus Larson, and C. D. Williamson.

Converse County: Waldo Bolln and Joe Garst.

Crook County: Charles Louis and G. W. Earle.

Fremont County: Mrs. Sam Payne, Walter Oswald, and R. S. Price.

Goshen County: J. G. Flannery, J. M. Roushar, and Erle H. Reid.

Hot Springs County: Henry Cottle and John McCullum.

Johnson County: Frank O. Horton and Jean Van Dyke.

Laramie County: A. D. Homan, Fred W. Roedel, Wilfrid O'Leary, Abe Goldstein, Perry Williams, and Fred Hofmann.

Lincoln County: Dr. C. D. Stafford, Glen E. Sorensen, and Oluf Jefsen.

Natron County: Robert N. Ogden, J. E. Jones, T. F. Speckbacker, T. C. Spears, E. J. Sullivan, and J. F. Cowan.

Niobrara County: Albert P. Bruch and C. W. Erwin.

Park County: Alex Linton, B. C. Rumsey, M. L. Simpson.

Platte County: Hans Christiansen and B. L. Dixon.

Sheridan County: Malcolm Moncreiffe, Peter Kooi, R. A. Keenan, and Roy Bedford.

Sublette County: Albert Larsen.

Sweetwater County: William Evers, Dr. R. H. Sanders, Glen A. Knox, P. C. Bunning, and Joe Bertagnolli.

Teton County: R. C. Lundy, Sr., and O. A. Pendergraft.

Uinta County: Matthew Morrow, S. S. Kastor, and J. H. Holland.

Washakie County: Dr. W. O. Gray and R. C. Shultz.

Weston County: A. F. Leslie and M. M. Falk.

I move you the adoption of the report, Mr. Chairman, and that the committee be discharged.

Mr. KNOX, of Sweetwater County. I second the motion.

Chairman REID. You have heard the motion and second that the report of the credentials committee be accepted and the committee be discharged; are there any remarks? All in favor of the motion signify by saying "Aye", contrary "No." the motion has prevailed; the report of the credentials committee is accepted and the committee discharged with the thanks of the Chair.

I think at this time the Chair will entertain a motion to dispense with reading the proclamation of the Governor calling this convention. You all have copies of the proclamation, and a copy will be spread in the minutes by the secretary, and I see no purpose that will be served by reading it at this time.

Mr. GARST, Converse County. Mr. Chairman, I move you we dispense with reading the proclamation of the Governor.

Mr. HOFMANN, Laramie County. I second the motion.

Chairman REID. You have heard the motion and the second. Are there any remarks? If not, all in favor of the motion signify by saying "aye", opposed "no"; the motion is carried. We are met here this morning as a result of three distinct actions that have been taken; in the first place, the Congress of the United States has submitted to the several States, for ratification or rejection, a proposed amendment to the Constitution of the United States; second, the legislature of this State has passed a law providing for this convention, or similar convention which may be called in the future; and, third the Governor of this State has called this convention, who are now assembled, by proclamation. You have passed on the names of those who will constitute your convention. I take it there is but one thing before this convention at this time, and that is, Shall this convention ratify or reject the proposed amendment to the Constitution? I will ask at this time that the secretary read the joint resolution of the Seventy-second Congress of the United States submitting this amendment.

Whereupon the secretary read the amendment, as follows:

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

Chairman REID. The question before us is, Shall the proposed twenty-first amendment be ratified or rejected? The secretary will call the roll by counties.

Mr. SIMPSON, of Park County. Mr. Chairman, before that roll call is taken, may I say I am a bit fearful of the outcome of this vote, and I understand from other sources, as well as from the Governor, that there is some money left in the fund created to cover the expenses of this convention. Inasmuch as Natrona County and the city of Casper don't seem to be going to take care of us, I suggest we spend this money for a few bottles of beer for the delegates to this convention.

Chairman REID. The motion is carried. The secretary will call the roll and the chairman will respond for his county, giving the number of votes and whether for or against the adoption of the proposed amendment.

(From the floor:) In order that the question might be perfectly clear, should it be specified how the vote should be given; that is, for the adoption of the twenty-first amendment?

Chairman REID. I take it the vote should be, for instance, three votes for ratification or three votes against ratification; however, knowing the sentiment of the convention, I take it there will be none against ratification.

Mr. GARST, of Converse County. Mr. Chairman, I don't like to do too much talking, but there is a question in my mind whether there should not be a motion on the minutes of this meeting so we can vote whether to ratify or not ratify. I think that is a matter of procedure.

Mr. FLANNERY, Goshen County. Mr. Chairman, we are here to bury Caesar, and the quicker the better, I move you this convention ratify this proposed twenty-first amendment to the Constitution of the United States.

Motion seconded from the floor.

Mr. EARLE, Crook County. Are we to vote individually or by acclamation?

Chairman REID. I think we should have a roll call and vote by counties.

Mr. SULLIVAN, Natrona County. I admit we are here to bury Caesar, but when he is buried let him be wholly interred. The danger in this convention is in not having a minority, we might do things in an irregular way, the quest is known over the State as: "Will we repeal the eighteenth amendment", but the question here is will the State of Wyoming ratify the action of the Congress of the United States in submitting the twenty-first amendment to the Constitution of the United States, and if there is no objection I would like to present that language in place of that in the motion.

Mr. GARST, of Converse County. My motion was to ratify the resolution as read by the secretary, I think that would be proper.

Mr. SULLIVAN, Natrona County. I withdraw my suggestion.

Secretary of state, Mr. CLARK. Mr. Chairman, I am in a rather peculiar situation here, while I must work with the convention yet I am not a delegate, so if you will pardon this intrusion, while it is the office of the officers of this convention to make such report as they see fit to the secretary of state, we need to keep in mind that the secretary of state is required to report to the United States. In the suggested outline which I presented your secretary for his minutes, it has been our purpose to see that every vote be recorded individually and by counties, however there is no necessity for this convention following that order. If there should be a question raised, as there might be for 13 States can prevent the ratification of the twenty-first amendment, as to the sufficiency of our action, it is a good thing to have a complete record; that is the reason I have asked the reporter to sit here and take the minutes. In making this outline it has been our idea that even though there be but one in the minority that he be allowed to record his vote in the minutes of this meeting.

Chairman REID. I take it you think we should call the roll by delegates and not by counties.

Secretary of state, Mr. CLARK. You can call it by both county and delegate, as they are all shown on the list there.

Chairman REID. I think you have the right idea, and if there is no objection we will have the secretary call the roll on the question: "That the State of Wyoming, by this convention, do ratify the proposed twenty-first amendment to the Constitution of the United States of America", as read by the secretary and to be transcribed in the minutes.

(No objection being made, the secretary proceeded to call the roll by delegates and counties, as follows:)

Albany County, 3 votes: N. A. Swenson, aye; J. R. Sullivan, aye; Oscar Hammond, aye.

Big Horn County, 3 votes (1 vote absent): J. P. Wheeler, aye; J. R. French, aye.

Campbell County, 2 votes: Guy Garrett, aye; W. D. McGrew, aye.

Carbon County, 3 votes: Gus Larson, aye; Victor H. Scepansky, aye; C. D. Williamson, aye.

Converse County, 2 votes: Waldo Bolln, aye; Joe Garst, aye.

Crook County, 2 votes: Charles Louis, aye; G. W. Earle, aye.

Fremont County, 3 votes: Mrs. Sam Payne, aye; Walter Oswald, aye; R. S. Price, aye.

Goshen County, 3 votes: L. G. Flannery, aye; J. M. Roushar, aye; Erle H. Reid, aye.

Hot Springs County, 2 votes: Henry Cottle, aye; John McCullum, aye.

Johnson County, 2 votes: Frank O. Horton, aye; Jean Van Dyke, aye.

Laramie County, 6 votes: A. D. Homan, aye; Fred W. Roedel, aye; Wilfrid O'Leary, aye; Abe Goldstein, aye; Perry Williams, aye; Fred Hofmann, aye.

Lincoln County, 3 votes: Dr. C. D. Stafford, aye; Glen E. Sorensen, aye; Oluf Jefsen, aye.

Natrona County, 6 votes: Robert N. Ogden, aye; J. E. Jones, aye; T. F. Speckbacker, aye; T. C. Spears, aye; E. J. Sullivan, aye; J. F. Cowan, aye.

Niobrara County, 2 votes: Albert P. Bruch, aye; C. W. Erwin, aye.

Park County, 3 votes: Alex Linton, aye; B. C. Rumsey, aye; M. L. Simpson, aye.

Platte County, 3 votes (one delegate being absent): Hans Christiansen, aye; B. L. Dixon, aye.

Sheridan County, 4 votes: Malcolm Moncreiffe, aye; Peter Kool, aye; R. A. Keenan, aye; Roy Bedford, aye.

Sublette County, 1 vote: Albert Larsen, aye.

Sweetwater County, 5 votes: William Evers, aye; Dr. R. H. Sanders, aye; Glen A. Knox, aye; P. C. Bunning, aye; Joe Bertagnolli, aye.

Teton County, 2 votes: R. C. Lundy, aye; O. A. Pendergraft, aye.

Uinta County, 2 votes (two-thirds vote for each delegate): Matthew Morrow, aye; S. S. Kastor, aye; J. H. Holland, aye.

Washakie County, 2 votes: Dr. W. O. Gray, aye; R. C. Shultz, aye.

Weston County, 2 votes: A. F. Leslie, aye; M. M. Falk, aye.

Whereupon it was found that 65 delegates had cast 64 votes "aye" and were in favor of the ratification of said article, and no delegates had voted "nay."

Chairman REID. Ladies and gentlemen, you have cast a unanimous vote for the ratification and the twenty-first article to the Constitution of the United States has been ratified by this convention. I suggest that this finishes the official business of this convention.

Mr. ROUSHAR, of Goshen County. Mr. Chairman, this is an unusual procedure, the first time such a practice has been submitted to the people; heretofore it has been done for the people by the legislature of their State; and in view of the fact that there is an unexpended fund in the hands of the State treasurer, set aside for the purpose of bearing the expense of this convention, I feel we ought to go on record as having these minutes published and each delegate and alternate be furnished a copy thereof. Mr. Chairman, I move you we go on record as requesting the secretary to print these minutes and a copy thereof be furnished by mail to each delegate and alternate to this meeting.

Chairman REID. The Chair suggests that the expenditure of this fund is not in the hands of this convention, and your motion should be as a request to the Governor.

Mr. ROUSHAR. I amend the motion to the form stated by the Chair.

Secretary of State CLARK. While the money is technically in the hands of the secretary of state, I think we would have to take that up with the Governor.

Mr. SIMPSON, Park County. I rise to a point of order; what became of my motion?

Chairman REID. It was carried unanimously. I see no objection, Mr. Roushar, to your motion as amended. Was there a second to the motion?

(Motion seconded from the floor.)

Chairman REID. You have heard the motion and second that we go on record as requesting the Governor to have the minutes of this meeting published and a copy furnished each delegate and alternate to this convention. Are there any remarks? Those in favor signify by saying "Aye", contrary "No." The motion is carried.

Mr. GOLDSTEIN, of Laramie County. Mr. Chairman, I should like to present a resolution at this time: Be it

Resolved, That the Wyoming State Convention, assembled in Casper, Wyo., May 25, 1933, do hereby immediately telegraph the following message to Franklin Delano Roosevelt, President of the United States of America:

"Wyoming, at its State convention, held in Casper, May 25, 1933, on that day, by action of delegates assembled from the several counties of the Commonwealth, has voted unanimously for repeal of the eighteenth amendment to the Constitution of the United States."

(From the floor:) I believe the message should be corrected to say "has ratified the twenty-first amendment to the Constitution of the United States."

Chairman REID. Will you permit the correction, Mr. Goldstein?

Mr. GOLDSTEIN. Yes.

Chairman REID. Do I hear a motion for the adoption of the resolution?

(Motion made from the floor, and seconded, that the resolution, as amended, be adopted.)

Chairman REID. You have heard the motion for the adoption of the resolution as amended; are there any remarks? All in favor of the motion will signify by saying "Aye", contrary "No." The motion is carried. The secretary will see that the message is forwarded.

Mr. SULLIVAN, of Natrona County. Mr. Chairman, there is one more matter: There is no method provided by law for the recalling of this convention or calling another one; we have taken the action we think necessary for the ratification of the twenty-first amendment, and I am sure before we adjourn a motion will be placed before this convention that the secretary and chairman will certify the minutes of this meeting to the secretary of state. We hope that will be done, but being mindful of the uncertainty of human life, and if between adjournment of this convention and the time the minutes are prepared the chairman might become disqualified, having that in view I wonder if it will be agreeable to the convention to provide for the office of vice chairman, he to act only in the event of the disqualification of or disability of the chairman. Having that in mind, I move you we create the office of vice chairman of this convention.

(Motion seconded from the floor.)

Chairman REID. You have heard the motion that we create the office of vice chairman, he to act only in the event of the disqualification or disability of the chairman to act; are there any remarks? [Question called for.] All in favor of the motion as stated say "Aye", opposed "No." The motion is carried unanimously.

Mr. ROUSHAR, of Goshen County. I should like to move the nomination of Mr. E. J. Sullivan as vice chairman.

Mr. SULLIVAN. With thanks to the mover of the motion, it came in a very friendly way, but there were three men who were mentioned in the committee on nominations for the honorable office of chairman. We might take recognition of the fact that one of the men was a man who has done a great deal, in addition to what our chairman has done, for the worthy cause, and who is more worthy of this honor than I am. Will you remember that I am neither wet or dry. That I am one of the many who stand in the middle road seeking for temperance; and I should like permission to substitute the name of Richard A. Keenan, of Sheridan.

(Motion seconded from the floor.)

Mr. BEDFORD, of Sheridan County. Mr. Chairman, I move you the nominations be closed and the secretary instructed to cast the unanimous vote of this convention for Mr. R. A. Kennan as vice chairman of this convention.

Mr. SIMPSON, of Park County. I second the motion.

Chairman REID. You have heard the motion and second; are there any remarks? Those in favor say "Aye", opposed "No"; the motion is carried. Mr. Secretary, you will cast the unanimous vote of this convention for Mr. R. A. Keenan, of Sheridan, for vice chairman. [Secretary cast the unanimous vote of the convention for Mr. Keenan.] I declare Mr. R. A. Keenan elected as vice chairman of this convention.

Mr. KEENAN, of Sheridan. I wish to thank you very much for the honor conferred upon me, and I can assure you I consider it a very great honor.

Mr. LARSON, of Carbon County. Would it also be well for us to take the same action as to the secretary?

Mr. SULLIVAN, of Natrona County. The certificate is by the chairman, attest by a secretary, and should the young man French go to heaven, the chairman can appoint another secretary.

Chairman REID. While the law provides that the chairman and secretary certify the record of our proceedings, I presume it will be well to have such a motion.

Mr. BEDFORD, of Sheridan County. I move you, Mr. Chairman, that the chairman of this convention and the secretary, and in the absence or inability of the chairman, the vice chairman make the proper certification of our proceedings to the secretary of state.

(Motion seconded from the floor.)

Chairman REID. You have heard the motion and the second; are there any remarks? Those in favor signify by saying "Aye", opposed "No"; the motion is carried.

Mr. HOFMANN, of Laramie County. Mr. Chairman and fellow delegates, we have had a wonderful meeting and carried our point in the State of Wyoming, and we are all proud of it. For my part, I have been a wet since the day prohibition went into effect, and as I stand on the floor here I want to say to you our duty is not finished; we must not let the business we condemned in 1919 get into the same rut; we want to see it carried on in a clean and honorable manner, and you will never be able to do this if you have the Government, the States, or the cities mixing whisky with beer. Whisky should be divorced from beer; take it home to your family and teach your children its use in a proper way, and that is not standing against a bar drinking all day and having your wife waiting supper. It was the women of this country who voted it dry, and it will be the women who vote it wet again; they have found out their mistake; but it wouldn't have taken near as long to get the country wet again if it had not been for the efforts of our politicians.

Chairman REID. Unless there is some other business, the Chair will entertain a motion to adjourn.

(Motion from the floor that we adjourn. Seconded from the floor.)

Chairman REID. It has been regularly moved and seconded we adjourn. Those in favor say "Aye", opposed "No." The motion is carried; we will stand adjourned.

Dated at Casper, Wyo., this 25th day of May A.D. 1933.

ERLE H. REID, *Chairman.*

Attest:

J. R. FRENCH, *Secretary.*

THE STATE OF WYOMING,
County of Natrona, ss:

Erle H. Reid and J. R. French, each being separately duly sworn on oath, each for himself, does hereby certify and depose as follows: That the said Erle H. Reid is the duly selected chairman of the State convention held at Casper, Wyo., on May 25, A.D. 1933, and the said J. R. French is the duly selected secretary of the State convention held at Casper, Natrona County, Wyo., on May 25, A.D. 1933; that at said convention there were present and entitled to vote therein 65 delegates; that on the question of ratification of the following article:

"ARTICLE —

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

The 65 delegates, who were entitled to 64 votes, cast their unanimous vote in favor of ratification of said article, and that no delegates present and entitled to vote against ratification of said article, and that all votes cast were in favor of ratification of said article and said article was by said convention ratified and that annexed thereto and made a part hereof is a full, true, and complete record of the proceedings had and taken and all things done by said convention held at the city hall in the city of Casper, in the State of Wyoming, on May 25, A.D. 1933, and which fully and in detail shows the result of the vote taken and had at said convention on the questions submitted.

ERLE H. REID, *Chairman.*
J. R. FRENCH, *Secretary.*

Subscribed in my presence and sworn to before me at Torrington, Wyo., by Erle H. Reid, this 3d day of June A.D. 1933.

NELLE ARMITAGE, *Notary Public.*

My commission expires 20th day of January A.D. 1934.

Subscribed in my presence and sworn to before me at Bawin, Wyo., by J. R. French, this 31st day of May A.D. 1933.

F. H. SCHUYLER,
Clerk of the district court, Big Horn County, Wyo.

My term expires January 2, 1935.
[OFFICIAL SEAL]

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by Eunice Sterling Chapter, Daughters of the American Revolution, of Wichita, Kans., protesting against the recognition of the Government of Soviet Russia, which was referred to the Committee on Foreign Relations.

He also laid before the Senate the petition of the Chicago (Ill.) Branch of the National Association for the Advancement of Colored People, praying for the passage of appropriate legislation to fully enforce the thirteenth, fourteenth, and fifteenth amendments of the Constitution, which was referred to the Committee on the Judiciary.

He also laid before the Senate letters from John Filostrat, of New Orleans, La., and F. C. Bayles, of Sandy Hook, Miss., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, and condemning attacks made upon him, which were referred to the Committee on the Judiciary.

He also laid before the Senate a telegram in the nature of a petition from the Honest Election League, by Burt W. Henry, chairman, New Orleans, La., praying for the making of provision for funds to continue the investigation by the Special Committee of the Senate on Campaign Expenditures relative to the Louisiana senatorial election of 1932, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate a resolution adopted by the Chefs' de Cuisine Club, of San Francisco, Calif., favoring the prompt passage of legislation to legalize the manufacture and sale of wines, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the City Council of Chicago, Ill., favoring the allocation of Federal-aid funds for the construction of highway facilities in the Greater Chicago metropolitan region, which was ordered to lie on the table.

Mr. COPELAND presented resolutions adopted by the Steuben County Committee, American Legion, Department of New York, favoring the repeal or modification of legislation and Executive orders issued thereunder relating to veterans' relief insofar as deserving disabled veterans are affected thereby, which were referred to the Committee on Finance.

FEDERAL HOME LOAN BANK BOARD—WALTER H. NEWTON

Mr. SHIPSTEAD presented a resolution adopted by the annual convention of the Minnesota League of Building Loan and Savings Associations, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

The Minnesota League of Building Loan and Savings Associations notes with great pleasure the nomination by the President of Hon. Walter H. Newton, of Minnesota, as a member of Federal Home Loan Bank Board.

Mr. Newton's record as a member of the Minnesota bar is an excellent one and he has achieved well-merited distinction in his chosen profession. His record in the Congress has reflected real credit upon himself and upon the district and the State which he has so ably represented. His service in other respects to the Nation has been characterized by loyalty and devotion to public duty and by executive ability of the highest order. His integrity has not been and cannot be challenged, and his personal character has long merited the respect of all who have known him both in official and in private life.

Mr. Newton's attainments and his ability unquestionably qualify him to perform ably and very satisfactorily the duties of a member of the Federal Home Loan Bank Board.

The Minnesota League of Building Loan and Savings Associations, in annual convention assembled at Rochester, Minn., hereby unanimously and enthusiastically commends the President upon the wisdom of his action and urgently requests the Senators from the State of Minnesota, Hon. HENRIK SHIPSTEAD and Hon. THOMAS D. SCHALL, to exert vigorously and promptly their efforts to secure the prompt confirmation by the Senate of the nomination of Mr. Newton as a member of Federal Home Loan Bank Board.

Resolved, That this resolution be telegraphed to Senators SHIPSTEAD and SCHALL and that copies thereof, attested by the officers of this association, be mailed immediately to them and to the Secretary of the Senate.

We certify that the foregoing is a true and correct copy of a resolution which was duly adopted by Minnesota League of Building Loan and Savings Associations on June 9, 1933, at its annual convention at Rochester, Minn.

MINNESOTA LEAGUE OF BUILDING LOAN AND SAVINGS ASSOCIATIONS,
By H. WINE, *President*.
D. ELIZA CRARY, *Secretary*.

INTERNATIONAL COPYRIGHT UNION

Mr. CUTTING. Mr. President, on Saturday last I introduced a bill authorizing the United States to enter into the Berne Convention relating to the International Copyright Union. I have here a petition from the Honorable Robert Underwood Johnson, who was formerly Ambassador to Italy, who has fought for a great many years for the principle of giving to American authors and publishers the rights which they have and which they have never obtained. Mr. Johnson points out that "although copyright legislation was instituted in 1790 on the initiation of Noah Webster, and was thereafter warmly supported by Henry Clay and Daniel Webster, the principle of the ownership of literary and artistic property by the person creating it is not yet fully established in the United States."

I ask that the petition from the Honorable Robert Underwood Johnson be printed in the RECORD, and appropriately referred, as a part of my remarks.

There being no objection, the petition was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

A PETITION FOR THE ENTRY OF THE UNITED STATES INTO THE BERNE COPYRIGHT UNION

To the honorable the Senate of the United States:

Your petitioner respectfully records that more than 40 years ago, as the representative of all the American advocates of the abolition of legalized piracy of literature and the arts, he was engaged with others in "spiritual lobbying" before the Congress in favor of various measures to establish in this country an international copyright. To the lasting honor of the Congress and of the country a bill was passed and was signed on the 3d of March 1891 accomplishing the desired purpose.

There were, however, in this measure certain manufacturing and nonimportation clauses which limited the entire right of the producer of the copyrightable property. As was then prophesied, conditions have since changed so materially as to convert those who desired these limitations and to make them willing to renounce them in favor of a pure and simple copyright law which shall fully recognize the rights of the original producer from which all other rights are derived. Great as was the moral advance in putting an end to literary and artistic piracy, our country has not yet reached the highest ethical position on this subject. The United States have long been invited to accept the benefits of the International Copyright Union, under whose terms a citizen of any subscribing nation is entitled to copyright in any other by the mere fact of authorship and such membership without laborious and annoying details. This country has been unable to enter the convention by reason of the restrictions in our law above referred to.

Your petitioner, an American author and citizen, very respectfully represents to your honorary body the opportunity now offered to place the United States upon the highest ethical ground in the matter of the recognition of those claims for security which are specially mentioned in the Constitution of the United States by which there was granted to the Congress the function of protecting the rights of authorship.

This opportunity is the acceptance by the United States of the International Copyright Convention of Rome, signed on June 2, 1928.

Your petitioner respectfully calls attention to the fact that although copyright legislation was instituted in 1790 on the initiation of Noah Webster and was thereafter warmly supported by Henry Clay and Daniel Webster, the principle of the ownership of literary and artistic property by the person creating it is not yet fully established in the United States. This is largely because this principle has been lost sight of in the consideration of secondary rights. Henry W. Longfellow well said "A good principle works well in all directions", and we may be assured that the essential consideration is security for the copyright property at its source.

Your petitioner respectfully asks that the Senate may take into account its responsibility for early action on this subject.

ROBERT UNDERWOOD JOHNSON.

NEW YORK, *May 17, 1933*.

REPORTS OF COMMITTEES

Mr. TYDINGS, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S.Res. 78) authorizing the appointment of a special committee to investigate the administration of bankruptcy and receivership proceedings in United States courts, reported it with amendments.

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 308) to authorize the award of a decoration for distinguished service to Harry H. Horton, reported it without amendment and submitted a report (No. 143) thereon.

PURCHASE OF MATERIALS OR EQUIPMENT FOR THE CIVILIAN CONSERVATION CORPS

Mr. SHEPPARD, from the Committee on Military Affairs, submitted a report, pursuant to Senate Resolution 88, to investigate alleged irregularities in connection with purchases of materials or equipment for the use of the Civilian Conservation Corps, which was ordered to be printed as Report No. 144, and to be printed in the RECORD, as follows:

The Committee on Military Affairs submits the following report, pursuant to Senate Resolution 88, Seventy-Third Congress, first session, directing the said committee to investigate the negotiations between the Director of Emergency Conservation Work and the BeVier Corporation and report the results of the investigation to the Senate, together with its recommendations:

We find that these negotiations resulted in large purchases without advertising for competitive bids and on representations of a single salesman. We call attention to the danger inherent in such a situation and believe that steps should be taken to prevent its recurrence.

We recommend that in cases of emergencies where there is not time for competitive bidding, or for any other reason such bidding would be impracticable, the Comptroller General be empowered and directed by Executive order of the President to pass upon the reasonableness of the price proposed before the contract becomes operative.

We find no evidence in the record that would sustain a charge of corruption or improper motive on the part of anyone. However, we find that lower prices could have been obtained for articles of a quality sufficient to meet all requirements, and that fewer articles would have served all practical purposes of the Civilian Conservation Corps. It is but justice to add that the prices paid for the particular articles purchased were not excessive.

We recommend that the purchase of all supplies for the Civilian Conservation Corps be vested in a single agency of the Government possessing adequate experience and organization.

MURIEL CRICHTON

Mr. COPELAND. Mr. President, for the Senator from South Carolina [Mr. BYRNES], I report a resolution from the Committee to Audit and Control the Contingent Expenses of the Senate and ask unanimous consent for its present consideration.

There being no objection, the resolution (S.Res. 100) was read, considered, and agreed to, as follows:

Resolved, That the Secretary of the Senate is authorized and directed to pay from the contingent fund of the Senate to Muriel Crichton $1,200 in full settlement of all claims for hospitalization, medical care, and all other expenses as a result of injuries suffered in the Senate wing of the Capitol Building; and Senate Resolution No. 60, Seventy-third Congress, first session, agreed to April 15, 1933, is hereby rescinded.

SUPPRESSION OF RACKETS AND RACKETEERING

Mr. COPELAND. Mr. President, on behalf of the Senator from South Carolina [Mr. BYRNES] I report back from the Committee to Audit and Control the Contingent Expenses of the Senate, with an amendment to the amendment of the Committee on Commerce, Senate Resolution 74, submitted by myself on May 8, 1933. I ask unanimous consent for the present consideration of the resolution.

There being no objection, the Senate proceeded to consider the resolution.

The amendment of the Committee to Audit and Control the Contingent Expenses of the Senate to the amendment of the Committee on Commerce was, on page 3, line 5, after

the word "exceed", to strike out "$25,000" and insert "$10,000."

The amendment to the amendment was agreed to.

The amendment of the Committee on Commerce was to strike out all after the word *"Resolved"* and the comma and to insert in lieu thereof the following, as already amended:

That the Committee on Commerce, or any duly authorized subcommittee thereof, is authorized and directed to investigate so-called "rackets" and "racketeering" practiced in the United States and to report to the Senate as soon as practicable the results of its investigations, together with its recommendations, if any, for necessary remedial legislation through the exercise of the postal power, the power over interstate and foreign commerce, or otherwise.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress until the final report is submitted, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman, or by the chairman of the subcommittee, if one shall be appointed.

The amendment as amended was agreed to.

The resolution as amended was agreed to.

The preamble was amended by striking it out and inserting in lieu thereof the following:

Whereas there have grown up in this country numbers of so-called "rackets", and newspapers carry numerous accounts of "beer rackets", "poultry rackets", "milk rackets", food rackets", "laundry rackets", "drug rackets", and other similar schemes for the exploitation, deception, and terrorizing of our citizens; and

Whereas the legitimate trade and commerce of the country, as well as the general welfare of our people, demand that the Federal Government take any steps within its power to suppress such practices: Therefore be it

The preamble as amended was agreed to.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. CAPPER:

A bill (S. 1929) granting an increase of pension to Mary E. Cramer (with accompanying papers); to the Committee on Pensions.

By Mr. AUSTIN:

A bill (S. 1930) to amend the Legislative Appropriation Act, fiscal year 1933, as amended, so as to limit the authority of the President to abolish the functions of executive agencies; to the Committee on Expenditures in the Executive Departments.

By Mr. COSTIGAN:

A bill (S. 1931) to amend the laws relating to the Postal Savings Depository System; to the Committee on Banking and Currency.

By Mr. GORE (by request):

A bill (S. 1932) for the relief of Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe by removing cloud on title; to the Committee on the District of Columbia.

By Mr. WHITE:

A bill (S. 1933) for the relief of Frank L. Weed; to the Committee on Military Affairs.

A bill (S. 1934) conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the 4-masted auxiliary bark *Quevilly* against the United States, and for other purposes; and

A bill (S. 1935) to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the steamship *W. I. Radcliffe* against the United States, and for other purposes; to the Committee on Claims.

A bill (S. 1936) for the relief of Joseph J. Fortin; to the Committee on Finance.

A bill (S. 1937) granting a pension to Emily A. Bailey;

A bill (S. 1938) granting a pension to George N. Butler;

A bill (S. 1939) granting a pension to Benjamin F. Howatt;

A bill (S. 1940) granting a pension to Isidore H. Smith;

A bill (S. 1941) granting an increase of pension to Edward L. Hayes; and

A bill (S. 1942) granting an increase of pension to Achsah E. Purinton; to the Committee on Pensions.

By Mr. BORAH:

A joint resolution (S.J.Res. 62) temporarily suspending the portion of the Executive order of the President relating to payments for agricultural experiment stations, cooperative agricultural extension work, and agricultural colleges; ordered to lie on the table.

By Mr. McNARY:

A joint resolution (S.J.Res. 63) disapproving section 18 of the Executive order of June 10, 1933, relating to the organization of executive agencies; ordered to lie on the table.

By Mr. REED:

A joint resolution (S.J.Res. 64) disapproving sections 1 and 2 of the Executive order of June 10, 1933, relating to procurement and to national parks, buildings, and reservations; ordered to lie on the table.

UNEMPLOYMENT RESERVE FUND IN THE DISTRICT

Mr. WAGNER. Mr. President, I ask unanimous consent to introduce a bill to create an unemployment reserve fund in the District of Columbia, and ask that the bill be printed in the RECORD and appropriately referred.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 1943) to create an unemployment reserve fund in the District of Columbia, to provide for its administration, and for other purposes, was read twice by its title, referred to the Committee on the District of Columbia, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc.,

PUBLIC POLICY DECLARATION

SECTION 1. As a guide to the interpretation and application of this act, the public policy of the District of Columbia is declared to be as follows:

Economic insecurity due to unemployment is a serious menace to the health, welfare, and morals of the people of the District of Columbia. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by Congress to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and his family. Congress therefore declares that in its considered judgment the public good and the well-being of the wage earners of the District require the enactment of this measure for the compulsory setting aside of financial reserves for the benefit of persons unemployed through no fault of their own.

SHORT TITLE

SEC. 2. This act shall be known and may be cited as the "District of Columbia Unemployment Reserve Law."

DEFINITIONS

SEC. 3. Whenever used in this act—

(1) "Secretary" means Secretary of Labor.

(2) "Department" means Department of Labor.

(3) "Employment", except where the context shows otherwise, means any employment in the District of Columbia under any contract of hire, express or implied, oral or written, including all contracts entered into by helpers and assistants of employees, whether paid by employer or employee, if employed with the knowledge actual or constructive of the employer; except that for the purposes of this act an employment shall not include:

(a) Employment as a farm laborer; or

(b) Employment not in the usual course of trade, business, or occupation carried on by the employer for pecuniary gain, or in connection therewith.

(c) Employment of a member of the immediate family of the employer.

(4) "Employee" means any person employed by an employer in any employment subject to this act, except persons employed at a rate of remuneration of $2,000 a year, or more, at other than manual labor, but does not include persons directly employed by the United States or the District of Columbia and persons engaged in the operation of any means of interstate transportation except suburban electrical railways and motor vehicles.

(5) "Employer", except when otherwise expressly stated, means a person, partnership, association, corporation, and the legal representatives of a deceased employer, or the receiver or trustee of a person, partnership, association, or corporation employing four or more persons.

(6) "Fund" means the unemployment reserve fund created by this act.

(7) "Employer's account" means the separate unemployment reserve account of an employer with the fund.

(8) "Reserve per employee" shall refer to the status of an employer's account as determined by the Secretary at the beginning of an accounting period. It shall be calculated by dividing the net amount of such employer's account by the maximum number of employees subject to this act employed by such employer in any week during the preceding accounting period.

(9) "Benefit" means the money allowance payable to an employee as provided in this act.

(10) "Wages" includes the money received for service rendered and the reasonable value of board, rent, housing, lodging, or similar advantage received from the employer.

(11) "Average weekly wage" shall be computed by averaging the wages received during at least 3 full weeks of employment within the 12-month period preceding the claim for benefit. In case there are no such full weeks of employment, the 3 weeks which most closely approximate full weeks of employment shall be taken for the purpose of computing such average.

(12) "A week of employment" means any calendar week in which the employee has performed at least 1 full day's work or its equivalent for an employer.

EXCLUDED INDUSTRIES

SEC. 4. This act does not apply to any seasonal industry in which it is customary to work not more than 17 weeks in 12 months. The Secretary shall by order establish whether any employment is seasonal after a hearing at which opportunity to be heard shall be given to employers in such industry, or their representatives, and the employees or their representatives of such employers.

LIABILITY FOR PAYMENT OF BENEFITS

SEC. 5. (1) Benefits shall be paid to each unemployed employee entitled thereto from his employer's account in the fund, except that exempted employers shall pay benefits directly to their unemployed employees under the plan approved by the Secretary as the basis for the exemption.

(2) Benefits shall become payable 1 year from the date on which the employer's contributions become payable under this act, except as a shorter period may be provided in the case of exempted employers.

(3) An employer's account shall be liable to pay benefits to employees in the ratio of 1 week of benefit to each 3 weeks of employment of such employee by such employer within the preceding 52 weeks, but in no case shall such account be liable for more than 16 weeks' payment of benefits in any 12 months to any one employee.

(4) In no case shall an employer's account be liable to pay benefits to an employee for any unemployment occurring more than 12 months after the date on which such employee last performed services for such employer.

(5) When the condition of any employer's or pooled account is such that it is unable to pay the benefits provided in this act, the Secretary may reduce the amount of benefit payable from such account to an amount which will assure equitable treatment of persons entitled to benefits from such account.

AMOUNT OF BENEFITS

SEC. 6. (1) An employee shall be entitled to benefits on account of unemployment which continues subsequent to a waiting period of 3 weeks after notification of unemployment: *Provided*, That not more than 3 weeks of unemployment for which no benefit is paid shall be required as a waiting period within any 13 consecutive calendar weeks (except as otherwise provided under section 8, subsection 2). No week of unemployment shall count as a waiting period in any case except weeks of unemployment as to which notification of unemployment has been given.

(2) Benefits shall be payable at a rate as provided herein but not to exceed:

(a) Fifteen dollars a week; or

(b) Fifty percent of the employee's average weekly wage, whichever is the lower.

(3) Benefits shall be paid to each employee for the weeks during which he is unemployed and eligible for benefits; but no employee shall receive in any 12 months more than 16 weeks of benefit.

(4) When an employee is employed by more than one employer within any 12-month period, the payment of benefits due such employee shall be made from the successive employer's accounts in inverse order to such successive employments. Until the last employer liable shall have met or been unable further to meet his benefit liability to an eligible employee no previous employer shall be due to pay benefits to such employee.

ELIGIBILITY FOR BENEFITS

SEC. 7. (1) Benefits shall be paid to an employee only:

(a) If he has been employed by one or more employers in the District for not less than 13 weeks during the preceding 52 weeks;

(b) While he is available for employment and unable to obtain employment in his usual employment or another for which he is reasonably fitted.

(2) No employee shall be required to accept employment:

(a) In a situation vacant in consequence of a stoppage of work due to a trade dispute;

(b) If the wages, hours, and conditions offered be not those prevailing for similar work in the place of employment or are such as tend to depress wages or working conditions;

(c) If acceptance of such employment would abridge or limit the right of the employee either:

(A) To refrain from joining a labor organization or association of workmen, or

(B) To retain membership in and observe the rules of any such organization or association.

LIMITATION ON PAYMENT OF BENEFIT

SEC. 8. (1) An employee shall not be entitled to benefits:

(a) While he is receiving compensation under the workmen's compensation law; or

(b) Unless he has given notice of his employment as required by this act, or unless the obligation to give notice has been dispensed with; or

(c) If he has left or lost his employment due to a trade dispute involving the employer by whom he was employed, so long as such trade dispute continues; or

(d) If he has refused a job offered him in a trade or occupation for which he is reasonably fitted.

(2) An employee shall not be entitled to benefits except for unemployment which continues subsequent to a waiting period of 10 weeks if he has lost his employment through misconduct, or if he has left employment voluntarily without reasonable cause.

BREAK IN UNEMPLOYMENT

SEC. 9. (1) Employment at any work for which provision of benefits is not required, shall suspend the right to benefits. If the employee becomes unemployed after 3 months or more of such employment, his right to benefits shall recommence upon notification of unemployment and the running of the waiting period. If he becomes unemployed within 3 months of his acceptance of such employment, his right to benefits shall recommence upon notification of unemployment.

(2) If an employee undertakes such employment during the 3-weeks waiting period, it shall not affect the running of such period if it continues for 6 days or less.

(3) The employee shall inform the employment office at which he has given notice of unemployment when he begins and leaves such employment.

NOTIFICATION

SEC. 10. An employee shall give notice of his unemployment either in the District employment office or in the employment office established under this act by trade associations or by organizations of employers and employees under collective agreements, for the industry in which he is usually or was last employed, or as otherwise designated by the Secretary.

PROOF OF RIGHT

SEC. 11. The employee shall prove his right to benefits and the continuance of such right in such manner as may be provided by the rules and regulations prescribed by the Secretary.

JURISDICTION CONTINUOUS

SEC. 12. Jurisdiction over benefits shall be continuous. Benefits paid to any individual shall be modified whenever necessary to make the amount correspond to the amount determined by the Secretary, in accordance with subsection 5 of section 5.

PAYMENT OF BENEFITS

SEC. 13. (1) Claims for benefits, except from exempted employers, shall be filed with the officer of the employment office at which notice of the unemployment has been given. Claims shall be filed within such time and in such manner as the Secretary shall by regulation prescribe, but such regulation shall provide for a notice to the employer or employers whose accounts may be affected and for a hearing at the request of the employer or employee. Benefits shall be paid at such periods and in such manner as the Secretary shall prescribe.

(2) (a) If the employer or any group of employers or any association or organization, approved under section 27, upon request by the employee, fails to pay or to continue to pay the benefit due, the employee may file a claim for benefit with the officer in charge of the employment office at which he has given notice of his unemployment. The claim must be filed within 1 month of the default in payment.

(b) If such officer believes the claim correct, or if incorrect, as soon as it has been corrected, he shall notify in writing within 5 days such employer or group of employers or the governing board of any association or organization, approved under section 27, of the claim and that he or it may contest the claim by filing, within 5 working days after receipt of notice, a denial of the claim in such form as the Secretary may provide; and such denial shall operate as an application for a hearing before such officer.

(c) If the claim appears to such officer to be invalid or improperly made, he shall, within 3 days, notify such employer, and shall also notify the employee of this and of his right to make an application for a hearing before the officer which must be made within 5 working days. Such notifications and applications shall be in such form as the Secretary may prescribe.

(d) The officer shall hold a hearing when applied for, and after a hearing, or in case no hearing is applied for, without hearing, shall make an order fixing benefits and notify the claimant, his last employer, and the Secretary.

(e) Under (b), (c), and (d) of this subsection the Secretary may designate an umpire to act in place of the officer in charge of the employment office.

APPEAL BOARD

SEC. 14. There shall be an appeal board, consisting of 3 members designated by the Secretary for 2-year terms, 1 of whom

shall be an umpire, who shall be chairman, 1 of whom shall be an employer or a representative of employers, and 1 of whom shall be an employee or a representative of employees. The members of the appeal board shall receive a per diem compensation for the days actually spent in the work of the board, to be fixed by the Secretary.

APPEALS

SEC. 15. (1) An appeal may be taken from a decision of the officer by any party affected within 30 days after the decision has been made by filing a notice of appeal with the officer, who shall mail a copy of such notice to the other party or parties and shall send to the appeal board a copy of the notice and of his decision. The appeal board shall fix a time for hearing and shall notify all parties. Upon a hearing the officer may be heard, and any party may present evidence and be represented by an agent. No fees shall be allowed any agent of an employer or employee in any proceeding under section 13 and under this section.

(2) The parties shall be notified of the decision of the appeal board, which shall be rendered not more than 30 days after the hearing.

FINAL DECISION ON FACTS

SEC. 16. A decision by the officer, if not appealed from, and a decision of the appeal board shall be final on all questions of fact and, unless appealed from, on all questions of law.

TECHNICAL RULES OF EVIDENCE OR PROCEDURE NOT REQUIRED

SEC. 17. The officer or board conducting a hearing shall not be bound by common law or statutory rules of evidence or by technical or formal rules of procedure, except as provided by this act, but may conduct such hearing in such manner as to ascertain the substantial rights of the parties.

QUESTIONS OF LAW TO COURT

SEC. 18. Within 30 days after notice of the filing of the award or the decision of the appeal board has been sent to the parties an appeal may be taken to the Supreme Court of the District of Columbia from such award or decision by the employee, by the employer, or by the group of employers or by the governing board of any association or organization approved under section 27. The appeal board may also, in its discretion, certify to such supreme court questions of law involved in its decision. Such appeals and the questions so certified shall be heard in a summary manner and shall have precedence over all other civil cases in such court, except cases arising under the workmen's compensation law. In case a question is certified by the appeal board the attorney of the United States for the District, without extra compensation, shall represent the appeal board. An appeal may also be taken to the Court of Appeals of the District of Columbia in all cases where the decision of the supreme court is not unanimous and by the consent of the supreme court or the court of appeals where the decision of the supreme court is unanimous. It shall not be necessary to file exceptions to the rulings of the appeal board. No bond shall be required to be filed upon an appeal to the Court of Appeals of the District of Columbia. Otherwise such appeals shall be subject to the law and practice applicable to appeals in civil actions. Upon final determination of such an appeal the appeal board shall enter an order in accordance therewith.

WAIVER AGREEMENT VOID

SEC. 19. No agreement by an employee to waive his rights under this act shall be valid.

ASSIGNMENT OF BENEFITS—EXEMPTION

SEC. 20. Benefits due under this act shall not be assigned, released, or commuted and shall be exempt from all claims of creditors and from levy, execution, and attachment or other remedy for recovery or collection of a debt, which exemption may not be waived.

UNEMPLOYMENT RESERVE FUND

SEC. 21. (1) There is hereby created a fund to be known as "the unemployment reserve fund." Such fund shall consist of all contributions received and paid into the fund, of property and securities acquired by and through the use of moneys belonging to the fund and of interest earned upon moneys belonging to the fund and deposited or invested. Such fund shall be applicable to the payment of benefits and shall be administered by the Secretary.

(2) A separate account shall be kept by the Secretary with each employer contributing to said fund, and this separate employer's account shall not be merged with any other account except as provided in subsection 3 or 4 of this section.

(3) Whenever two or more employers in the same industry desire to pool their several accounts with the fund, they may file with the Secretary a written application to merge their several accounts in a pooled account with the fund. The Secretary may approve such a pooled account, provided that the several employers each accept such suitable rules and regulations not inconsistent with the provisions of this act as may be drawn up by the Secretary for the conduct and dissolution of such pooled accounts.

(4) (a) Whenever it appears to the satisfaction of the Secretary that the assurance of the safety of the funds and the carrying out of the purposes of this act require a wider base than the individual account, he shall by order require the pooling of contributions of the employers in any industry and may make the necessary regulations to secure such pooling.

(b) Before making such order the Secretary shall hold a hearing at which an opportunity to be heard shall be afforded to any employer, or representative of employers, and the employees of any employer, or representative of employees, who may be affected by such order. A public notice of such hearing shall be given in such manner as may be fixed by the Secretary. Such notice shall be made at least 1 month before the hearing is held.

(c) All the employers in any pool shall be treated as a single employer for the purposes of contribution or of fixing rights to benefits, and the employees of all the employers in such pool shall be treated for the purposes of benefits as if they were the employees of a single employer.

PAYMENT OF CONTRIBUTIONS

SEC. 22. (1) On and after the 1st day of July 1934 contributions shall be payable by each employer then subject to this act. Contributions shall become payable by any other employer on and after the date on which he becomes subject to this act.

(2) All contributions from employers shall be paid at such times and in such manner as the Secretary may prescribe.

CONTRIBUTIONS TO THE UNEMPLOYMENT RESERVE FUND

SEC. 23. (1) The contribution regularly payable by each employer shall be an amount equal to 3 percent of the pay roll of the employees for whom he is liable to pay benefits under this act. During an employer's first 2 years of contribution, he shall make contributions to the fund at the rate of 3 percent of his pay roll, and thereafter shall make such payments during any accounting period at the beginning of which his account amounts to less than $65 reserve per employee.

(2) If the employer has been continuously subject to this act during the 2 preceding years, the rate of contributions may be reduced or suspended by the Secretary under the following conditions:

(a) Whenever at the beginning of an accounting period, the employer's account amounts to $65 but less than $100 reserve per employee, such employer shall pay contributions to the fund at the rate of 1 percent of his pay roll during the continuance of such period.

(b) Whenever at the beginning of an accounting period, the employer's account has a reserve per employee of $100 or more, no contributions to the unemployment reserve fund shall be required of such employer during the continuance of such period.

AGREEMENT TO CONTRIBUTIONS BY EMPLOYEES VOID

SEC. 24. No agreement by an employee to pay any portion of the payment made by his employer for the purpose of providing benefits required by this act, either through the fund or otherwise, shall be valid and no employer shall make a deduction for such purpose from the wages or salary of any employee.

EMPLOYEES' VOLUNTARY CONTRIBUTIONS

SEC. 25. Employees individually or collectively may make voluntary arrangements with their employers or with groups of employers for the payment of contributions to increase the benefits paid them over the benefits provided by this act, and may authorize the deduction from their wages of such contribution. With the consent of the Secretary and of the employer, or of employer members of a pool, by whom any employee or group of employees is employed, such arrangement may provide for the payment of such contributions into the fund and for their distribution in the same manner and under the same conditions as are benefits under this act, and for other necessary conditions.

ADMINISTRATION

SEC. 26. (1) This act shall be administered by the Secretary of Labor, and for such purpose the Secretary shall have power to make all rules and regulations and to appoint such officers and employees as may be necessary in the administration of this act.

(2) The Secretary shall fix the accounting periods.

(3) The Secretary shall establish an advisory council composed of persons representing employers and employees in equal numbers and the public, which shall consider and advise him concerning policies and methods connected with the administration of this act. Members of such council shall be selected from time to time in such manner as the Secretary shall prescribe and shall serve without compensation. The advisory council shall have access to all files and records connected with the administration of this act and may recommend such changes in policies and methods as it deems necessary.

(4) The Secretary may establish and maintain as many employment offices as he deems necessary to carry out the provisions of this act.

(5) It shall be one of the purposes of this act to promote the regularization of employment in the District. The Secretary shall take such steps as are within his means for the reduction and prevention of unemployment. To this end, the Secretary may employ experts and may carry on and publish the results of any investigations and research which he deems relevant, whether or not directly related to the other purposes and specific provisions of this act.

EXEMPTED EMPLOYERS

SEC. 27. (1) The Secretary may exempt from the provisions of this act requiring contributions to the unemployment reserve fund any employer or group of employers submitting a plan for unemployment benefits, whether the plan is submitted by an individual employer or by a group, or for an industry, by a trade association of which the employer is a member or by an employers' organization and an organization of employees, acting under a collective agreement, provided that the Secretary finds that such plan:

(a) Makes eligible for benefits at least the employees who would otherwise be eligible under this act and at least to the same amount;

(b) Provides that the proportion of the benefits to be financed by the employer or employers will on the whole be equal to or greater than the benefits which would otherwise be provided; and

(c) Is on the whole as beneficial in all other respects to such employees as the plan otherwise provided in this act.

(2) If under such a plan any contributions are made by employees, the accounts of the plan shall be so kept as to make clear what proportion of the benefits is financed by the employer or employers, and what proportion by the employees. If under such a plan any contributions are made by employees, the Secretary shall require that such employees be represented, by representatives of their own choosing, in the direct administration of such plan, and the Secretary may take any steps necessary and appropriate to assure such representation to contributing employees.

(3) As a condition of granting exemption, the Secretary may require the employer or group or trade association or organization to furnish such security as the Secretary may deem sufficient to assure payment of all promised benefits or wages, including the setting-up of proper reserves. Such reserves and other security and also the manner in which an exempted employer carries out his promises of benefits shall be subject to inspection and investigation by the Secretary at any reasonable time. If the Secretary shall deem it necessary he may require an exempted employer or group or trade association or organization to furnish additional security to assure fulfillment of his promises to his employees.

(4) If an exempted employer or group or association or organization fails to furnish security satisfactory to the Secretary, or fails to fulfill the promises made to employees, or willfully fails to furnish any reports that the Secretary may require under this act or otherwise to comply with the applicable portions of this act and the rules, regulations, and orders of the Secretary pertaining to the administration thereof, the Secretary may, upon 10 days' notice and the opportunity to be heard, revoke the exemption of such employer, group, association, or organization. In such case or in case any exempted employer, group, association, or organization voluntarily terminates exemption, such employer or each of such group or association or organization shall at once pay into the fund an amount equal to the balance which would have been standing to his account had he been making contributions to the fund and paying out the benefits provided in this act: *Provided*, That in any case where such balance cannot reasonably and definitely be determined, the Secretary may require such employer to meet his liability under the present subsection by paying into the fund a lump-sum amount equal to the contributions he would, if not exempted, have paid into the fund during the 12 months preceding the termination of his exemption. The account of any employer whose exemption has been terminated shall thenceforth be liable to pay to his employees the benefits which may remain or thereafter become due them, as if such employer had not been exempted under this section; and such employer shall thenceforth pay all contributions regularly required under this act from nonexempted employers.

(5) Such plans shall provide that upon the going out of business in the District by any employer, or the legal abandonment of the plan, the fund which shall have been contributed under such plan shall be retained for a sufficient period to meet all liability for benefits which may thereafter accrue, and that at the end of such period the proportion then remaining of employer contributions shall be paid to the employer or his assigns, and the proportion then remaining of employee contributions shall be distributed in such equitable manner as the Secretary may approve.

(6) The rules and regulations for the government of such plan must be submitted to and approved by the Secretary. The Secretary may, on the petition of any interested party, or on his own motion, and after public hearing, modify any such plan.

INDUSTRY EMPLOYMENT OFFICES

SEC. 28. (1) Any trade association for any industry, or any organization of employers and an organization of employees acting under a collective agreement, with a plan for administering its own benefits approved by the Secretary may, with the approval of the Secretary, establish an employment office to serve the industry, with such branches as it may think desirable. The expense of such office shall be a charge upon the unemployment fund of such association or organization. The governing board appointed in accordance with rules and regulations approved by the Secretary shall appoint and fix the remuneration of the officers and employees of such employment office, and shall, with the approval of the Secretary, make rules and regulations for its operation. The Secretary may at any time investigate the conduct of any employment office so maintained.

(2) There shall be an advisory committee of five members for each such office; two members shall be appointed by the employers of the industry, and two members shall be appointed by the employees of the industry in such manner as the Secretary may provide by regulation, and one shall be appointed by the Secretary. The advisory committee shall meet at least every 3 months and shall be consulted on the policy and operation of the office.

TREASURER OF THE DISTRICT OF COLUMBIA CUSTODIAN OF FUND

SEC. 29. The treasurer of the District of Columbia shall be the custodian of the fund, and all disbursements therefrom shall be paid by him upon vouchers signed by the treasurer or assistant treasurer. The treasurer shall give a separate and additional bond in an amount to be fixed by the auditor of the District of Columbia and with sureties approved by such auditor conditioned for the faithful performance of his duty as custodian of the fund. The treasurer may deposit any portion of the fund not needed for immediate use in the manner and subject to all the provisions of law respecting the deposit of other District funds by him. Interest earned by such portion of the fund deposited by the treasurer shall be collected by him and placed to the credit of the fund, and shall be allocated annually to the separate account of each employer or pooled account in the proportion which such account on June 30 in each year bears to the whole fund.

INVESTMENT OF SURPLUS

SEC. 30. Any of the surplus funds belonging to the fund may, by order of the Secretary, be invested in any obligations of the United States of America and of the District of Columbia. All such securities or evidences of indebtedness shall be placed in the hands of the treasurer of the District of Columbia, who shall be custodian thereof. He shall collect the principal and interest thereof, when due, and pay the same into the fund. The treasurer of the District of Columbia shall pay all vouchers drawn on the fund for the making of such investments when signed by the Secretary, or other officer or employee of the department duly authorized by the Secretary, upon delivery of such securities or evidence of indebtedness to him. The Secretary may sell any of such securities.

RECORD AND AUDIT OF PAY ROLLS

SEC. 31. Every employer shall keep a true and accurate record of the number of his employees and the wages paid by him, and shall furnish to the Secretary, upon demand, a sworn statement of the same. Such record shall be open to inspection at any time and as often as may be necessary to verify the number of employees and the amount of the pay roll. Any employer who shall fail to keep such record or who shall wilfully falsify any such record shall be guilty of a misdemeanor.

COLLECTION OF CONTRIBUTIONS IN CASE OF DEFAULT

SEC. 32. If an employer shall default in any payments required to be made by him to the fund, after due notice, the amount due from him with interest at 6 percent from the date when due, shall be collected by civil action against him brought in the name of the Secretary, and the same when collected shall be paid into the fund, and such employer's compliance with the provisions of this act requiring payments to be made to the fund shall date from the time of the payment of said money so collected.

BANKRUPTCY

SEC. 33. In the event of bankruptcy or insolvency of an employer the amount due for contribution to the fund shall be a prior claim and shall be entitled to such priority in bankruptcy, as is provided by section 64, subsection b, subsection 7, of the Federal Bankruptcy Act.

DISCLOSURES PROHIBITED

SEC. 34. Information acquired from employers or employees pursuant to this act shall not be open to public inspection, and any officer or employee of the Department who, without authority of the Secretary or pursuant to his regulations, or as otherwise required by law, shall disclose the same shall be guilty of a misdemeanor.

EXPENSES OF ADMINISTRATION

SEC. 35. (1) The Secretary and the auditor of the District of Columbia annually as soon as practicable after July 1 shall ascertain the total amount of expenses incurred by the department during the preceding fiscal year in connection with the administration of this act and shall add thereto one half of the total expenses of maintaining the public employment offices as established for the purposes of this act. An itemized statement of the total expenses so ascertained shall be open to public inspection in the office of the Secretary for 30 days after notice published as the Secretary shall provide before the Secretary shall make an assessment as hereinafter provided. The Secretary shall assess upon the fund and upon the exempted employers such total amount of expenses in the proportion that the total benefits paid from the fund or benefits paid by any exempted employer in such year bears to the total of benefits paid in such year. The Secretary shall apportion the share of such expense borne by the fund among the employers' accounts in the proportion which the benefits paid by or on behalf of each employer's account bear to the total benefits paid from the fund.

(2) No employer shall be assessed under this section in any fiscal year more than an amount equal to three tenths of 1 percent of the total wages paid by him to his employees during the year in which the assessed expenses were incurred by the department.

EXPENSES OF HEARINGS

SEC. 36. Fees of witnesses and other expenses, except legal services, involved in hearings and appeals under this act shall be paid at the same rate as similar expenses are paid in hearings under the act entitled "An act to provide compensation for disability or death resulting from injury to employees in certain employments in the District of Columbia, and for other purposes", approved May 17, 1928, and shall be treated as expenses under this act.

STUDY OF PARTIAL UNEMPLOYMENT

SEC. 37. The Secretary shall appoint a committee of not more than three persons who shall make a study of partial unemployment, and shall make recommendations to the Secretary in respect to provision for the inclusion of benefits for partial unemployment in this act. The Secretary shall transmit the report

and recommendations of the committee, with his comments thereon and recommendations to Congress not later than the 1st of February 1934.

PENALTIES

SEC. 38. (1) Any person who wilfully makes a false statement or representation:

(a) To obtain any benefit or payment under the provisions of this act, either for himself or for any other person; or

(b) To lower contributions paid to the fund; or

(2) Any person who wilfully refuses or fails to pay a contribution to the fund; or

(3) Any person or corporation who refuses to allow the secretary or his authorized representative to inspect his pay roll or other records or documents relative to the enforcement of this act; or

(4) Any employer who shall make a deduction from the wages or salary of any employee to pay any portion of the contribution which the employer is required to make shall be guilty of a misdemeanor. If a corporation is convicted of any such violation, its president, secretary, treasurer, or officers exercising corresponding functions shall each be guilty of a misdemeanor.

(5) Any employer who fails to pay his contributions to the fund promptly and when due shall be liable for interest at the rate of 6 percent from the time due until the time of payment.

SEPARABILITY OF PROVISIONS

SEC. 39. If any provision of this act or the application thereof to any person or circumstance is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

APPROPRIATION

SEC. 40. The sum of ——— dollars, or so much thereof as may be necessary, is authorized to be appropriated and paid for the purposes of carrying out the provisions of this act in like manner as other appropriations for the expenses of the government of the District of Columbia.

EFFECTIVE DATE

SEC. 41. This act shall take effect immediately.

REVISION OF FOOD AND DRUGS ACT

Mr. COPELAND. Mr. President, I ask leave to introduce a bill for reference to the Committee on Commerce, and present a memorandum to accompany the bill showing the changes it proposes to make in the present Food and Drugs Act. I ask that the memorandum may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 1944) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drugs, and cosmetics, and to regulate traffic therein, to prevent the false advertisement of food, drugs, and cosmetics, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

The memorandum presented by Mr. COPELAND to accompany the bill was ordered to be printed in the RECORD, as follows:

MEMORANDUM ON THE BILL FOR REVISING THE FOOD AND DRUGS ACT, INDICATING DIFFERENCES BETWEEN BILL AND PRESENT LAW

S. 1944	PRESENT LAW
SECTION 1. Title.	
SEC. 2. Definitions of food, drug, cosmetic, advertisement, and other terms used in bill.	Definition of drug does not include therapeutic devices, or drugs or devices intended to affect nonpathologic conditions of the body. Cosmetic and advertisement not defined.
SEC. 3. (a) Food defined as adulterated if dangerous to health; if added poisonous substances present in excess of tolerances prescribed by Secretary; if filthy or decomposed; if prepared under unsanitary conditions; if from diseased animals; or if packed in poisonous containers.	No provision against packing under unsanitary conditions, or in poisonous containers. No authorization to establish tolerances for poisons. Other provisions essentially the same.
(b) Food adulterated if valuable constituent removed; if another substance substituted partly or entirely for the article; if damage or inferiority is concealed; or if any substance has been mixed with it to increase its bulk or weight or to reduce its quality or to create a deceptive appearance.	Contains essentially the same provisions.
(c) Confectionery defined as adulterated if it contains alcohol, resinous glazes, or nonnutritive substances.	Resinous glazes not prohibited and only certain enumerated nonnutritive substances banned. Otherwise essentially similar.
(d) Prohibits use of uncertified coal-tar colors in foods.	No similar provision. No action can be taken unless it can be proved that colors or their impurities are poisonous and that they are present in such quantities as may be harmful to health.
SEC. 4 (a) A drug defined as adulterated if under the conditions of use prescribed in the labeling it may be dangerous to health.	Contains no such provision.
(b) A drug defined as adulterated if its name is the same as, or simulates, a Pharmacopœial or National Formulary name, and it fails to meet all the requirements of the Pharmacopœia or Formulary. Where the tests provided by the Pharmacopœia or Formulary for determining the standard of strength, quality, or purity are insufficient, the Secretary is authorized to prescribe improved tests. Drugs exempted from this provision if labeled to show wherein their strength, quality, and purity differ from Pharmacopœial or Forumlary requirements.	Does not authorize establishment of new tests when tests prescribed are insufficient. Other provisions essentially the same.
(c) Drugs not recognized in Pharmocopœia or Formulary must meet the standards under which they are sold.	Contains essentially same provisions.
(d) Drugs defined as adulterated if any substance has been mixed with them to reduce their quality or strength, or if any substance has been substituted wholy or in part for them.	Contains no similar provision. Action, if possible, must be taken under other adulteration provisions or under misbranding provisions.
SEC. 5. (a) Cosmetics defined as adulterated if injurious to the user.	No provisions on cosmetics.
(b) Cosmetics defined as adulterated if they contain poisonous substances in excess of the tolerances prescribed by the Secretary.	No provisions on cosmetics.
SEC. 6. (a) Food, drugs, and cosmetics defined as misbranded if labeling is false or misleading in any particular.	No provisions on cosmetics. Otherwise essentially the same.
(b) Food, drugs, and cosmetics in package form must bear labels which show the name and address of the manufacturer or distributor and the quantity of the contents. Canned food which moves in substantial quantities from packing to labeling establishments, there to be labeled, is exempted from penalties if it is actually labeled properly before leaving the labeling establishment.	Neither food nor drugs required to be labeled with the name and address of manufacturer or distributor. No provision on cosmetics. While statement of quantity of contents, required on food, no such requirement of contents for drugs. No provision specifically exempting canned food from labeling to show quantity of contents, but by order of Secretary such exemption administratively allowed.
(c) All statements required by this and other sections of the act must be plainly and conspicuously set forth in terms readily intelligible to the consumer.	Specifically required only for statements of quantity of contents; otherwise required only by inference.
SEC. 7. (a) Food misbranded if in deceptive or slack-filled containers.	No similar provision.
(b) Food misbranded if offered for sale under name of another food.	Contains same provision.
(c) Food misbranded if imitation and not so labeled.	Contains essentially same provision.
(d) Food misbranded if it fails to meet the definition of identity legally promulgated by regulations, or if its label fails to bear the name of the article.	Definitions now promulgated have no legal effect, but must be supported by expert testimony. Name of food defined not required to appear on label.
(e) Food misbranded if standards of quality have been legally promulgated and its label fails to state the quality of the food.	A similar provision is applicable only to canned foods.
(f) Food misbranded if it is represented as one for which no definition has been prescribed	No provision for informative labeling. On the contrary, food sold under a distinctive name

S. 1944	PRESENT LAW
and its label fails to bear the name of the food and of each ingredient in the order of predominance by weight. Secretary authorized to require by regulation such further information on the label as may be necessary to prevent deception.	which does not imitate the distinctive name of another article is exempted from provisions against adulteration and misbranding if it does not contain added poisonous ingredients. Exemptions also made for articles sold as compounds and blends. Extent of these exemptions not fully clarified by court decisions.
SEC. 8. (a) A drug misbranded if labeled with the name of a disease for which it is a palliative but not a cure and fails to state that it is not a cure, or if its label bears any statement concerning the effect of the drug contrary to the general agreement of medical opinion	A drug labeled with disease names for which it is a palliative not required to be labeled to show it is not a cure. False statements of therapeutic effect are banned only if such statements are fraudulently made.
(b) Labels for drugs containing any narcotic or hypnotic substance must bear the name and quantity of such substance with the statement, "Warning! May be habit-forming."	Labels must bear the name and quantity of a limited number of such substances, enumerated in the law, and their derivatives. No warning legend provided.
(c) Presence and amount of alcohol, ether, and chloroform must be declared on the labels.	Contains same provision.
(d) Methods of use must be prescribed on the labels.	Contains no such provision.
(e) Drugs sold under names not recognized in Pharmacopœia or Formulary required to bear their common name, if there is any, and the name and quantity of each medicinal ingredient. The Secretary is authorized to require such further information on the label as may be necessary to protect public health.	Contains no similar provision.
(f) Pharmacopœial and Formulary drugs must be packed and labeled as required by these authorities.	Contains no such provision.
(g) Drugs liable to deterioration must be packaged and labeled as required by regulations.	Contains no such provision.
(h) A drug misbranded if its container is deceptive, or if it imitates another drug, or if it is offered for sale under the name of another drug.	No provision regarding deceptive containers. Otherwise the same.
(i) Germicides and antiseptics must kill micro-organisms under conditions of use indicated in labeling.	Contains no such provision. Some of more flagrant abuses can be reached by general provisions against adulteration and misbranding.
SEC. 9 (a) and (b) Advertising of food, drugs, and cosmetics defined as false if misleading in any particular.	Contains no such provision.
(c) Public advertising of drugs for diseases wherein self-medication may be dangerous prohibited.	Contains no such provision.
SEC. 10. Secretary authorized to prohibit added poisons in food and cosmetics, or prescribe tolerances for them.	No provision on cosmetics. Expert testimony must be brought in each contested case on food to show beyond a reasonable doubt that the poison is present in such quantity as may be harmful to health.
SEC. 11. Secretary authorized to establish definitions of identity and standards of quality and fill of container for food.	Law authorizes establishment of standards of quality and fill of container for canned food only. Present definitions and standards for other food do not have the force and effect of law, and in all cases expert testimony must be introduced to sustain their validity.
SEC. 12. Secretary authorized to require permits for interstate shipment of classes of food, drugs, and cosmetics which by reason of conditions surrounding their manufacture may be injurious to health, and where their injurious nature cannot be adequately determined after interstate shipment.	Contains no such provision.
SEC. 13. Inspectors authorized to make inspection of factories, warehouses, and other establishments in which food, drugs, or	Contains no such provision.

S. 1944	PRESENT LAW
cosmetics are manufactured or held. Provision made to enjoin interstate shipments from factories or warehouse refusing privilege of inspection.	
SEC. 14. Interstate carriers of food, drugs, and cosmetics, and interstate consignees of such articles, required to permit inspectors to copy records showing interstate shipment.	Contains no such provision.
SEC. 15. Authorizes the Department to investigate food, drugs, and cosmetics, through its own agents or through State or city officials. Prescribes duties of United States attorneys to whom violations of the act are reported. Requires Secretary to give opportunity for hearing before criminal prosecution.	Hearing is not required except in prosecutions against dealers who have received and distributed goods in violation of the act. Nevertheless, the administrative practice has always been to afford hearings to prospective defendants. Other provisions essentially the same.
SEC. 16. Authorizes seizure of articles in violation of the law by process pursuant to libel, or in cases where there is probable cause to believe that articles are adulterated so as to be imminently dangerous to health, upon the order of an officer of the Department, after which jurisdiction of the court attaches. Where recovery is had in a suit against an officer by reason of seizure on probable cause, judgment will be paid out of appropriations for the administration of this act. Courts authorized to dispose of articles condemned after seizure by destruction or sale. Proviso made that seized goods may be returned to the claimant under bond for destruction or for bringing them into compliance with the law if this can be done.	Contains no provision for executive seizure, even though product imminently dangerous to health. Other provisions essentially the same.
SEC. 17. Provides penalties of imprisonment and fine for both first and subsequent violations of act; repeated offenders and willful offenders subjected to heavy penalties. Exempts publishers and radio broadcasters and advertising agencies from penalties if they furnish name of person responsible for the advertising. Exempts dealers from prosecution who hold guaranties. Prohibits forging of label identification devices authorized by regulations under sections 12 and 22.	Penalties are very small, and imprisonment authorized only on second offenses. No special penalty provided for willful violation. Contains no penalties for false advertising. Contains same exemption for dealers.
SEC. 18. Provides for liability of officers of corporations violating the law.	Contains similar provision.
SEC. 19. To avoid multiplicity of seizure and criminal proceedings United States courts are vested with jurisdiction to restrain repetitious violations by injunction.	Contains no such provision.
SEC. 20. Lays down procedure for excluding adulterated, misbranded, and falsely advertised food, drugs, and cosmetics from importation.	No provision on cosmetics. No provision against importation of falsely advertised food and drugs. Otherwise essentially the same.
SEC. 21. Secretary authorized to publish all court proceedings and to disseminate such other information regarding food, drugs, and cosmetics as may be necessary to protect the public health or to protect the public against fraud.	Authorizes publication of judgments of the court only.
SEC. 22. Secretary authorized upon application of manufacturers to designate supervisory inspectors in factories of food, drugs, and cosmetics, who, if the goods conform to the requirements of the act, will permit the use of marks showing compliance with the act and such other information as the regulations may provide. Such services to be paid for by appli-	Contains no such provision.

S. 1944	PRESENT LAW
cant and proceeds to be turned into the Treasury for use by the Secretary in expenditures incurred in carrying out this section.	
SEC. 23. Secretary authorized to prescribe rules and regulations for carrying out the provisions of the act except those relating to imports. Secretaries of Treasury and Agriculture authorized to prescribe regulations covering imports. Sections 9 and 10 of Federal Trade Commission Act incorporated by reference.	Regulations made by Secretaries of Treasury, Agriculture, and Commerce. No provision similar to sections 9 and 10 of Federal Trade Commission Act.
SEC. 24. Authorizes suit for personal injuries caused by violation of the act.	Contains no such provision.
SEC. 25. Separability clause.	Contains no such provision.
SEC. 26. Effective date and repeals.	

The outstanding changes in the bill from the provisions of the present law are:

1. Extension of jurisdiction to advertising.
2. Inclusion of cosmetics.
3. Authorization to limit added poisons in food to specific tolerances.
4. Authorization to establish definitions and standards for food.
5. Authorization to require permits when food may be injurious and public cannot be effectively protected by other provisions.
6. Provision to control more adequately false or misleading therapeutic claims on drugs.
7. Requirement for fully informative labeling of food and drugs.
8. More adequate remedial provisions.

REQUEST FOR RETURN BY THE PRESIDENT OF RAILROAD-RELIEF ENROLLED BILL

Mr. DILL. Mr. President, there is an urgent matter which I desire to bring to the attention of the Senate.

In the passage of the railroad bill the conference report left out two words. The bill has gone to the White House, and we are anxious to have it recalled from the White House.

Out of order, therefore, I ask unanimous consent to submit a concurrent resolution, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection?

Mr. McNARY. Mr. President, before granting permission I should like to have the concurrent resolution read.

The PRESIDING OFFICER. The concurrent resolution will be read.

The Chief Clerk read the concurrent resolution (S.Con.Res. 5), as follows:

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the Senate the enrolled bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

Resolved further, That in the event the said bill is returned by the President, the action of the Speaker of the House of Representatives and of the Vice President of the United States in signing the said enrolled bill be rescinded, and that the Secretary of the Senate be, and he is hereby, authorized and directed to reenroll the said bill with the following amendment, namely: In section 13, after the word "conditions", insert the words "and relations."

There being no objection, the concurrent resolution was considered by unanimous consent and agreed to.

REDUCTIONS IN PERSONNEL AND COMPENSATION AND CURTAILMENT OF SCIENTIFIC RESEARCH ACTIVITIES

Mr. McCARRAN. Mr. President, I ask unanimous consent for the present consideration of the resolution which I send to the desk.

Mr. McNARY. Let it be reported.

The VICE PRESIDENT. The resolution will be reported.

The resolution (S.Res. 101) was read, as follows:

Resloved, That the Secretary of the Interior, the Secretary of Agriculture, and the Secretary of Commerce are requested to furnish the Senate at once all available information as to any reductions in personnel, cuts in compensation, or curtailment of activities within the past year in connection with Federal scientific research or experimentation, carried on or conducted by said Departments or any bureau or agency thereunder.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

THE HOME-OWNERS LOAN CORPORATION (S.DOC. NO. 74)

On motion by Mr. HAYDEN, on behalf of the Committee on Printing, a statement by W. F. Stevenson, Chairman of the Federal Home Loan Bank Board, entitled "The Home-Owners Loan Corporation" was ordered to be printed as a Senate document.

COST OF LIVING AND WAGE CUTS—STATEMENT BY ETHELBERT STEWART

Mr. WHEELER. Mr. President, I ask to have inserted in the RECORD an article relating to a statement by Ethelbert Stewart, former Chief of the United States Bureau of Labor Statistics, dealing with governmental cost-of-living figures and wage cuts, which appeared in Labor, June 6, 1933.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Labor, June 6, 1933]

STEWART HITS "COST OF LIVING" FIGURES; USE TO DEFEND WAGE CUTS CALLED A CRIME—FAMOUS STATISTICIAN DECLARES GOVERNMENT DATA ARE MISLEADING AND VICIOUS; WORKERS NEVER REACHED DECENT STANDARD

One of the world's outstanding economists and statisticians, Ethelbert Stewart, former Chief of the United States Bureau of Labor Statistics, who during his 45 years with the Federal Government became internationally famous for the accuracy of his findings, has come out of retirement to deliver a smashing broadside against the widely prevalent practice of using the Government's "cost of living" figures as a basis for fixing wage rates.

One of the main arguments used by employers—from Uncle Sam down to the owner of a "hole-in-the-wall" bookstore—in their wage-cutting drive throughout the depression, has been that "living costs have come down."

FIGURES ARE MISLEADING

The figures on which that conclusion is based, Stewart points out in an article which will appear in the June issue of the Railroad Trainman, are 15 years old and their use as an argument, or as a basis for reduction of wages, "is a crime, a fraud, and an outrage." They are so misleading, he says, "as to be actually vicious."

"The Bureau of Labor Statistics never intended for 1 minute that this survey of 1918 should be used as a basis of computing the cost of living in 1933", Stewart emphasizes. And particular weight attaches to that statement in view of the fact that he was in charge of the Bureau when it made the survey.

As far back as 1926 Stewart protested that the 1918 standard-of-living figures had become obsolete. They are still more unsound today. Furthermore, he points out, the 1918 survey merely undertook to secure statistical information as to how the workers in 92 industrial centers lived and what it cost them.

NEVER MEANT AS STANDARD

"The bureau", he explains, "never said and never meant to indicate that the conditions it found were to be set up as a standard, or to be considered even normal, much less ideal."

Yet all the wage cutters base their arguments—when they feel it is necessary to offer an alibi for sandbagging their employees—on the cost-of-living indices as put out by the Bureau of Labor Statistics today which, Stewart solemnly declares on his reputation as a statistician, "are based upon standards that no longer exist and as far as the individual families are concerned could not possibly exist."

Stewart, a pioneer in the old Knights of Labor movement and a veteran of that organization's early struggles, sounds a fighting note in his statement—the first public utterance he has made since he retired from Federal service.

BLASTS "COST OF LIVING"

"I will not keep still", he says. "I will not by my silence seem a party to an attempt to crowd the American workmen back to the living conditions, into the status of 15 years ago."

And this is what he thinks of the whole theory of the "cost of living" basis for wage rates:

"The fixed standard of living is perhaps the most vicious fallacy in all the realms of statistical thinking. * * * There can be nothing that could produce greater mental anguish and physical discomfort than to crowd the workers back into an economic condition which they had outgrown.

IGNORES HUMAN RIGHTS

"I never did believe and do not now believe in 'cost of living' or 'standards of living' as a basis for wage rates. The whole theory and idea grows out of a system of economics utterly lacking in social outlook and utterly oblivious of human rights. I have hated it progressively with my advancing years." (He is 76 years of age.)

And the old veteran drops this verbal bomb into the camp of the wage slashers:

"Much of our financial and industrial trouble today results from clinging to a system of political economy which defines itself as being the 'science of wealth.' Its wage theory is that labor is a commodity to be secured at the lowest possible price.

"HANGOVER FROM SIMPLE ERA

"Its dictum of 'natural wages' is the lowest amount upon which a worker can live and reproduce another worker to take his place when his life ends or his working power is exhausted.

"Our present thought on this whole subject of the cost of living in its relation to wages is a hangover from a day when economics was concerned with producing enough for the people's sustenance and not to this period when the problem is how to distribute the enormous surplus.

"It is the 'Breeders' Gazette' theory of labor, and until it is abandoned there can be no adjustment of our social life with our enormous powers to produce in a machine age.

"If there be a possible standard of living, the workers of the United States have not reached it yet."

THE OIL SITUATION—ARTICLE BY SECRETARY OF THE INTERIOR

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in yesterday's New York Times. The article is entitled "The Crisis in Oil—A Huge National Problem", and was written by the Secretary of the Interior. Following this I ask to have printed in the RECORD three pages from the Federal Oil Conservation Board report which I have indicated.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article and excerpts from the report are as follows:

[From the New York Times, Sunday, June 11, 1933]

THE CRISIS IN OIL—A HUGE NATIONAL PROBLEM

By Harold L. Ickes, Secretary of the Interior

With respect to oil we are writing the most amazing chapter in the history of our dealings with our natural resources. We have laid waste our forests, leaving slashings exposed to fire hazards with resultant wanton destruction, not only of potential future forests but of soil fertility. Soil erosion has followed as a natural sequence and raging floods in their turn have periodically drowned out fertile farms and taken heavy toll of animal and human life.

Uncontrolled grazing on the public domain is destroying the forage necessary for the herds that we need to furnish us with meat and wool and hides. We have given away precious land by the millions of acres. We have alienated valuable water-power sites, flung to the greedy exploiter mineral resources of untold value, and allowed our water fronts to be stolen.

IRREPLACEABLE RESOURCES

But, compared with oil, we have been as frugal as a Scotchman in our management of our other natural resources. After all, we can replant our devastated forests. We can prevent further soil erosion and mitigate floods by protecting our watersheds as nature did originally. But we cannot replenish a depleted oil pool. We cannot recapture out of the air the billions of feet of natural gas which we have allowed to escape. Once gone these natural resources are irreplaceable, and for the oil there is no known substitute.

If an individual should squander his property as the Nation is squandering its oil resources, the courts would appoint a conservator to manage his affairs. He might even be adjudged an insane person. There can be little doubt what the finding of posterity will be when it reads the record we have written on oil. Unless we put a stop to this wanton waste, this profligate dissipation of an indispensable natural resource, our children will feel for us the pitying contempt that we will so richly have earned.

A NECESSITY FOR THE NATION

For our children cannot live without oil any more than we can. Nor can our country defend itself against an enemy without oil. If we continue to exploit our oil at the present rate, those who follow us will either have to go without a domestic supply altogether or pay so much for it as seriously to curtail its use. Such a result might well have an adverse effect upon our civilization and gravely weaken our defensive ability in time of war.

The huge oil industry of the greatest oil-producing country of the world is being brought to its knees. Unscientific exploitation, overproduction, oversupply in storage above the ground, reckless and improvident methods of capture, ruthless dissipation of the natural gas occurring with oil, and just human greed are to blame. So great is the production of oil that it has entered into keen competition with coal. The result is that about half of our oil production is today displacing the equally effective use of coal, the supply of which is virtually inexhaustible. Unless this waste is checked, this most valuable and necessary natural resource upon which our national defense and general welfare so vitally depend must inevitably soon reach practical exhaustion.

EXTRAVAGANT METHODS USED

Methods of capturing oil at the surface still in use are extravagant and enormously wasteful. To quote from the New Republic for June 7:

"The chaos of the oil industry has long been recognized, and especially the effect of this chaos in waste, both of natural and other economic resources. As J. Howard Marshall and Norman L. Meyers wrote in the Yale Law Journal of November 1931 (Legal Planning of Petroleum Production):

"'In the ill-planned production of the competitive system as much as 80 and 90 percent of the oil is lost and abandoned in the sands, natural gas is blown into the air, and the function of gas energy disregarded in the mad scramble for "more oil now." * * * In Texas two wells on the top of a dome were allowed to blow dry gas in the hope that oil would eventually be drawn up. After blowing for 34 and 18 days, respectively, and expending approximately 250,000,000 cubic feet, oil appeared; one well yielded 10 barrels a day, the other 26. Recently at Kettleman Hills in California a billion cubic feet of gas a day, enough to supply the industrial needs of San Francisco and the whole northern part of the State, has been allowed to escape into the air.'"

Pools of oil, of course, occur in large subterranean units; at the top there is likely to be free gas; in the oil saturating the sands below there is gas in solution; around and under the oil there is water. If the pool were properly tapped according to engineering principles, with the right number of wells strategically placed, the pressures of gas and water would be utilized to the utmost to facilitate a natural flow, and thus to extract most of the oil and eliminate the expense of pumping, and the gas would be saved.

In addition, there would not be incurred the considerable cost of drilling and maintaining superfluous wells or building storage facilities above ground—storage facilities which in turn incur losses through evaporation and occasional burning. A properly engineered oil pool would supply the demand almost as simply and economically as turning on and off a water tap in a city water system.

FAILURE TO ENFORCE STATUTES

The oil-producing States have undertaken conservation programs, but failure or inability to enforce State statutes, widespread evasion of both State and Federal taxes, and illegal production and distribution of excess oil and its derivatives have tended to break these down. The public is vitally concerned in bringing production of crude oil into balance with the demand for petroleum derivatives. Once this is attained, all concerned will be protected—royalty owners, landowners, the consuming public, and the marketing and manufacturing agencies.

A minority in the industry has thus far nullified voluntary cooperation or the carrying-out of State conservation plans by clandestinely purchasing and transporting oil illegally produced. This means that crude oil in excess of demand is being dumped on the market in unknown quantities but variously estimated at from 250,000 to 500,000 barrels a day. This oil pays no tax to the State or Federal Government.

These lawless interests are diminishing State and Federal taxes, evading royalties due, and threatening owners and operators of more than 300,000 oil wells with the possibility of having to abandon their wells, as the price in many areas has been driven below the cost of production. In brief, these refiners and marketers are undermining the capital structure of the whole industry as a result of their unfair practices.

A CHANGED INDUSTRY

The oil industry, as we know it today, is different from the oil industry of tradition and legend. In its modern phase, it may almost be said to date from the beginning of the second decade of this century. It is a long step from the small beginning of "mineral oil" production in western Pennsylvania to the far-flung oil empire of today.

The modern oil cycle began with the rise of the automotive industry, with its dependence on gasoline. The oil industry has been one of the most highly organized in our time. Conditions peculiar to it have made it unavoidably speculative. The difficulties of locating and recovering oil from the ground, the uncertainties of the results for drilling, and the possibility of rich rewards have been incentives to the venturesome who are willing to take the chances involved.

Today this is the second industry in the country. Its manufacturing methods have constantly improved and are generally efficient, although there are still admitted wastes. Its growth has been phenomenal, keeping step with the rapidly increasing demand of the ever-multiplying millions of motor vehicles. The number of petroleum products has been increased far beyond the realization of most people, and the processes by which these have been recovered from crude oil have been constantly improved. The cracking process for converting heavier elements into more volatile ones is the best known of the many of these improvements.

The most important modern product of the industry is gasoline, displacing kerosene, which in the earlier period represented the largest value in crude oil. Today gasoline can be bought almost anywhere on any busy highway in the world. The distributing system has been developed to an extent and with a rapidity that stand out as one of the astonishing achievements of modern business. It may even be doubted whether the distributing system has not overrun its legitimate possibilities. In the country's foreign trade petroleum products have come to rank among our foremost contributions to the commerce of the world.

The country's oil supply comes from something like 400,000 wells, the great majority of them producing from a fraction of a barrel to a few barrels daily. These are scattered through nearly half of the States of the Union. We hear little of most of these wells because they are not spectacular; we hear much of gushing wells

and flush fields. These latter are responsible for the trouble at the production end of the industry. Yet if new fields were not discovered and brought into production from time to time, the industry could not keep up with demands. The trouble is not with newly discovered fields but with uncontrolled production.

CYCLES OF PRODUCTION

From its beginning in 1857 the oil industry has been a series of cycles—excess of production from new fields followed by periods of threatened scarcity and serious concern about future supplies. Within a decade the industry has seen itself in one of these periods of seriously threatened shortage of supply. Today it is literally swamped by the excess of its liquid wealth. We may be quite sure that, as oil is a resource which does not reproduce itself, we shall again swing to the lower arc of the cycle. But for the present our problem is one of coping with an overproduction which is more serious than perhaps ever before since the beginning of the industry, when Colonel Drake first pioneered for oil in Pennsylvania.

Enormous quantities of excess production have gone into tank storage, which is both expensive and wasteful. It is said by experts that the wells now producing and being drilled in the east Texas fields alone could, if allowed to flow at their full capacity, supply the entire national demand for an indefinite period. A reasonable price for crude oil, as well as a reasonable price for its products, is manifestly necessary for the health and solvency of the industry and the prosperity and well-being of the country.

The natural, logical, and economic storage for oil is in the ground, where nature put it. If we could be sure that just enough would be found and brought up each year to meet requirements, conditions would be ideal. Experience has demonstrated that under a regime of unrestricted competition in production no such balance of supply and demand can be even approximated. Some effective measure of public control must be introduced for the sake of both the industry and the public interest.

In recent years the chief oil-producing States have made some progress toward rationalizing, conserving, and stabilizing production. In this they have had the cooperation of by far the greater part of the industry. Their experience, their failures, as well as their partial successes, have provided the way, I believe, for a possible cooperation between the interested States, the Nation, and industrial groups by which the industry may be well served and the community's concern for the future reassured.

FEDERAL LEGISLATION NEEDED

Federal legislation of some sort is necessary and, in my opinion, will sooner or later be enacted. It should be written in broad and liberal terms, trusting much to the discretion of administrators, but it stands to reason that the greater the necessity for the legislation the more drastic it will be. Real statesmanship calls for legislation now, and the oil industry would be serving its own best good by cooperating to obtain such legislation.

We must not impose conditions that would discourage the exploration of new fields, for only by discovering new sources can we be assured of an adequate domestic supply. But, on the other hand, we cannot afford to allow the industry to swamp itself. The results of any prolonged overproduction would be to destroy the value of hundreds of thousands of small producing wells which are the only source of income to thousands of royalty owners.

COMMITTEE RECOMMENDATIONS

Representatives of the governors of the principal oil-producing States met at Washington at my invitation on March 27. At the same time representatives of the industry itself, including independents as well as the major companies, came together. There resulted, after a series of conferences, recommendations submitted by a Committee of Fifteen representing all interests, together with a report by a group known as the Independent Petroleum Association Opposed to Monopoly.

The Committee of Fifteen made several recommendations which the Federal Government felt it could not wisely undertake, but which seemed rather to call for action by the oil-producing States, provided they could and would act. Therefore, the President, on April 3, transmitted the findings to the Governors of the oil-producing States and recommended that the States take necessary and appropriate action. At that time the President endorsed the suggestion of the Committee of Fifteen and the Independent Petroleum Association that Federal legislation be enacted barring from transportation in interstate and foreign commerce oil or its products produced in violation of the laws of the State of its origin.

More than 10 weeks have elapsed since this oil conference; and instead of action to correct the abuses complained of, the industry has gone from bad to worse. Oil has sold as low as 4 cents a barrel in Texas, and the posted price today is still so low that the producer can expect nothing but a heavy loss. Oil has been selling in Oklahoma and Texas at 25 cents a barrel, and it is fair to say that in every oil field in the country it is selling well below the cost of production.

THE HELPLESS STATES

As a result there is fear in the oil fields of an utter collapse of this basic, essential industry. The States have frankly confessed they cannot cope with the situation. "Gentlemen's agreements" have failed. State commissions have clashed with courts, courts have enjoined orders of State commissions, and legislatures have adopted resolutions on both sides of the question. Finally the Governors of the principal oil-producing States have thrown up their hands and asked the Federal Government to step in and save the industry.

If oil were not an irreplaceable natural resource essential to the very life and well-being of our country, we could sit by with folded hands and complacently watch the producers kill themselves off if they lacked the will or the enterprise to remedy their own situation. But we cannot. The Federal Government has a paramount interest in oil. We cannot permit men, even though they invoke the theory of the sanctity of private property, to allow to flow into the gutter what may prove to be the very lifeblood of the Nation.

DANGER IN UNCONTROLLED INDUSTRY

The situation is this: An industry unregulated, lacking self-control, and free of adequate State restraint can do irreparable damage to our economic situation. Collapse of the oil industry would mean a terrific strain on banks, the closing of wells, the shutting up of refineries, and the throwing out of employment of many thousands of men now at work. Such a collapse would not be felt alone in such States as Texas, Oklahoma, Kansas, and California, which are large producers of oil. It would have serious repercussions in every part of the country.

The Governors of the States of Pennsylvania, Kentucky, Kansas, Oklahoma, and Texas have pleaded for Federal assistance in helping the oil industry to right itself. President Roosevelt has definitely recommended legislation in line with the wishes of the Governors. That the Congress will pass sooner or later such legislation as is asked for there can be do doubt. Let us hope that such legislation will be enacted before further damage is done to the economic structure of the country.

[From the report of the Federal Oil Conservation report, Feb. 10 and 11, 1926]

APRIL 8, 1925.

Subject: Conservation of helium gas.

Dr. GEORGE OTIS SMITH,
United States Geological Survey,
Washington, D.C.

DEAR DR. SMITH: I do not know whether or not I have ever discussed with you anything more than the incidental conservation of gas under the plan I have recommended to you for the conservation of oil.

I have a partially developed program, but as you can imagine, I get but little time for work of this character after meeting the demands made upon my time in connection with my business. Up to date, most of my time and all of my research work have been devoted solely to oil conservation.

My attention has just been called to a bill introduced by Senator Wadsworth for the "Conservation of helium gas." This, of course, is a very important matter as a war measure, but as contrasted with the need of conserving our oil resources it is of minor importance, simply because oil conservation is primary and vital. However, possibly the conservation of helium gas would alone warrant the adoption of the plan I recommend.

I had planned to give special study to this problem and had expected to have had a communication in your hands on this subject prior to this time. Unfortunately, I am weeks behind my schedule. However, in view of the introduction of this bill, I thought it best to write you at this time on the problem of gas conservation, including helium gas.

I will touch on some facts in connection with oil production in this letter, which you and your experts know as much or more about than I do, because I am going to ask you to communicate with those interested in helium conservation, and to save your time I am trying to write this letter so you can use it if you wish, rather than to prepare a new communication.

Under our present system of oil production practically all the gas leaks into the upper sands or is wastefully blown to the air. The great bulk of this gas is never measured, and, in fact, it cannot be measured, and therefore no one knows accurately what it amounts to. It will undoubtedly be contended by some of the oil men who will appear before your Commission that this waste of gas amounts to no more or even less than 1,500 cubic feet per barrel of oil.

In my opinion, it amounts to far more than the biggest estimates heretofore placed on it. The underground waste alone is a large amount. Recently at Cromwell our men estimated the waste of gas at from 500,000,000 to 700,000,000 cubic feet a day, and other competent authorities estimated it to be as much as 1,200,000,000 cubic feet a day. The latter quantity in energy value would be equivalent to 48,000 tons of coal a day, or 200,000 barrels of oil a day.

I think up to date I have only discussed with you the incidental advantage of conserving this gas as a means of increasing oil production. Of course, I have in mind the conservation of this gas for its own value as well. I am not yet prepared to say what all can be done under a rational system of operation. Even if this loss is only 1,500 cubic feet per barrel of oil produced, it would amount to an energy value equal to 25 percent of the gross production of oil. The plan under which we now operate makes it impossible to save this gas. Under the plan I recommend it can practically all be saved.

Every gas and oil pool, if properly developed, becomes a gas-tight reservoir for the storage of gas. This is of vast importance from an economic standpoint. Gas or oil pools found near the cities supplied with natural gas, after once being emptied of their original contents, can be used to store natural gas during the summer months for use during the winter months. For instance, there are large areas of natural gas in the panhandle of Texas, also large areas in Louisiana. If I could create some gas-tight reservoirs in the neighborhood of Kansas City and the other

cities supplied by the Kansas Natural Gas Co. in Kansas and Missouri, then a pipe line to these distant fields could be operated at maximum capacity both in the summer and the winter, and the excess gas transported in the summer could be stored during the summer to take care of the excess demands in the winter.

These reservoirs are, of course, absolutely gas-tight before we drill into them, and if we do not have to drill in a frenzy of haste they can be drained of their oil and gas and remain absolutely gas-tight. In fact, one exhausted gas pool near Buffalo is so used and is said to be absolutely gas-tight.

Now, getting down to helium, our only supply, so far as I know, is in association with natural gas. While I know of no gas found in direct association with oil that contains recoverable amounts of helium, nevertheless there is no known reason why we should not find helium in the gas associated with oil. Even the dry gas in the upper sands containing the helium cannot be conserved under our present system, but can be conserved, no matter under what conditions it is found, under the system I recommend.

My present thought is to create some tight ground reservoirs for the storage of helium. To then set up plants in connection with one or all of our sources of helium-contained gases for concentrating the helium. We will then store this concentrated gas in our gas-tight reservoirs. When I say "concentrate" I mean to remove by refrigeration and condensation, or by other means, everything but the hydrogen and helium. There are no gases that do not condense way above the temperature of these two gases.

It would be uneconomical to attempt to produce a pure helium gas and to store it in exhausted oil and gas pools, for it would be contaminated by the oil vapors and gases remaining in the sands and it would have to be repurified before it could be used.

If my gas-tight reservoirs are near my gas pools which carry helium gas, then I will carry the helium gas to these reservoirs by pipe lines. If the distance is long I would propose carrying my gas by means of airships. The ship could carry the concentrated helium gas to the gas-tight reservoir with a heavy ballast, and after discharging a portion of its gas and all the excess ballast it could return and repeat the trip, or another plant could be installed at the gas-tight reservoir for the production of hydrogen, and the airship could return with pure hydrogen in place of the combination of hydrogen and helium. In this way huge quantities of helium could be accumulated against our war needs. I am assuring that gas carrying inflammable quantities of hydrogen can safely be transported in this way and under peace conditions, or that even straight hydrogen can be used. Hydrogen can easily be secured in the gas fields by cracking CH_4 down to lampblack and hydrogen. I have made a relatively pure hydrogen in this way, and by that I mean a gas of sufficient purity to have a greater buoyancy than helium.

Now, I am ashamed to send you this communication, knowing how little work I have been able to do on the problem. My plans may seem very amateurish to those who have given our helium problems much study. However, I felt that those interested in the conservation of our helium should be advised that conservation of helium can be practiced under the plan I recommend for the production of oil and gas and can, in my opinion, be practiced in no other way. I do not know whether those interested in the conservation of helium know what bearing the Oil Commission has on their problem. They should have time to study the problem and then to lay their recommendations before the Oil Conservation Commission. Should we discover natural gas associated with oil or overlying an oil deposit that contained a helium content beyond our present most optimistic dream, we could neither collect any considerable portion of it nor store what was collected under our present system of operation.

At the present time we are wasting or using for fuel purposes large deposits of natural gas containing helium, and while we all expect to find new deposits of natural gas containing helium, there is no certainty that we will do so.

In event you do not wish to prepare your own communication on this subject, I am enclosing you four additional copies of this letter, with the request that you send them to the four men most interested in our helium conservation, giving your endorsement to such portions of the representations as you can that I have made in the above letter.

Yours cordially,

(Signed) HENRY L. DOHERTY.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 5495) to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1513. An act to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land;

S. 1634. An act to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue;

H.R. 5495. An act to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge; and

H.R. 5645. An act to amend the National Defense Act of June 3, 1916, as amended.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that the committee presented to the President of the United States the following enrolled bills:

On June 10, 1933:

S. 804. An act to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co.;

S. 1536. An act giving credit for water charges paid on damaged land;

S. 1745. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg.;

S. 1746. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg.;

S. 1747. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Waldport, Lincoln County, Oreg.;

S. 1748. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg.;

S. 1749. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg.;

S. 1783. An act granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key; and

S. 1808. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century.

On June 12, 1933:

S. 1513. An act to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land; and

S. 1634. An act to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue.

RELIEF OF MUNICIPAL DEBTORS

Mr. VANDENBERG. Mr. President, I desire to ask the Senator from Arizona [Mr. ASHURST] a question, if I may, in his capacity as the Chairman of the Judiciary Committee.

There are a great many of the larger municipalities of the country which would deem it absolutely a calamity if the present session of Congress were to adjourn without the passage of House bill 5950, which is now in the Senate Judiciary Committee, and which authorizes a national formula for the composition of municipal debts. I wish to ask the Senator from Arizona whether there is any reasonable

prospect of a report from his committee today in respect to that bill? I am referring to the so-called "Sumners bill."

Mr. ASHURST. Which has passed the other House?

Mr. VANDENBERG. It has passed the other House, and deals with the composition of municipal debts, and now impends in the Senate Judiciary Committee over which the Senator from Arizona so ably presides as chairman.

Mr. ASHURST. Mr. President, in reply to the question of the able Senator from Michigan, I wish to say: That bill, which reached the Senate only 3 or 4 days ago, was immediately referred at my request to the Senate Committee on the Judiciary, as I realized its importance. Immediately after the reference to the committee had been made I appointed a subcommittee to examine the bill, as it bristled with legal questions. Our Judiciary Committee certainly would not report off-hand a bill of such enormous magnitude without some consideration. The subcommittee is composed of the following Senators: The Senator from Indiana [Mr. VAN NUYS], chairman, the Senator from Nevada [Mr. MCCARRAN], the Senator from West Virginia [Mr. NEELY], the Senator from Delaware [Mr. HASTINGS], and the Senator from Rhode Island [Mr. HEBERT].

I say here, Mr. President, that not within my experience as a Senator has any subcommittee labored more diligently on a bill. Indeed, the subcommittee met the very day the bill reached the committee. They sent for experts from the Treasury Department and have given this bill a close scrutiny, and I could not justly do less than to offer the subcommittee my tribute of respect for the diligence and assiduity with which they have addressed themselves to this bill. It is my opinion, and I much regret to say so, that it will not be within the domain of probability to secure a report on the bill during this day. I am not attempting to speak for the subcommittee; it would not be proper for me to attempt to do so.

I see here before me one of the members of the subcommittee. They are all able lawyers; they would not consider me presumptous in requesting an expression from them, and I should like, therefore, to hear from the Senator from Nevada [Mr. MCCARRAN], one of the members of the subcommittee.

Mr. VANDENBERG. I shall be very happy to yield to the Senator from Nevada.

Mr. MCCARRAN. Mr. President, the bill as to which the Senator from Michigan has made inquiry of the Senator from Arizona was referred to the subcommittee, as I recall, along about Thursday or Friday of last week. Immediately we held a meeting on it; and the next day another meeting was held, at which the Assistant Secretary of the Treasury came before us, and also a number of others who are interested in the passage of the measure. Correspondence has been received by the chairman of the subcommittee protesting against the passage of the bill. The correspondence, I would say, has not been voluminous, but is in the nature of a few telegrams.

We are trying to make a study of the bill, and we have earnestly tried to arrive at an agreement on it; but I say candidly, from my observation of the attitude of the members of the subcommittee—and I had rather speak for myself individually than for them—that the bill is of such magnitude and of such far-reaching significance that I cannot see a possibility of an intelligent report being made on it within the next 2 or 3 days, assuming that the subcommittee could consider it all the time for 2 days.

Mr. VANDENBERG. Of course, there is nothing in my inquiry which reflects in any degree, intentionally or otherwise, upon the members of the subcommittee. I fully realize that this measure, House bill 5950, did not reach the Senate until the last few days of the session, and that it did not pass the House until June 9, so that none of us are at fault for not sooner presenting the matter in the forum of the Senate.

The fact remains, however, Mr. President, that this bill addresses itself to a critical situation which, in my judgment, we dare not desert in the adjournment program of this session of Congress. Except as orderly municipal financing is provided as contemplated by this legislation, there are many of the large municipalities of this country which will not know where to turn or what to do in respect to their fundamental municipal services. I refer to such essential services as police protection, fire protection, and education. They will not know in what direction to turn in the maintenance of these and other services except as this measure shall become a law, and the insufferable burden of debt service shall be temporarily lightened.

I am speaking, Mr. President, in no mere parochial or localized sense. It is true that Mayor Frank Couzens, of Detroit, in my own home State, is one of the prime petitioners for action before we adjourn; it is equally true that Mayor Curley, of Boston, is a prime petitioner, and it is further true that there are more than 4,000 municipal debtors—I am referring to municipal corporations—in 41 States that are in default at the present time in respect to their municipal obligations, and they uniformly sustain this prayer.

In addition to these 4,000 municipal debtors in 41 cities that are already in default—and I may say that these are not minor municipalities in any sense of the word, for I am referring to such cities as Mobile, Ala., Miami, Fla., Flint, Mich., Pontiac, Mich., Detroit, Mich., Asheville, N.C., Greensboro, N.C., Akron, Ohio, Charleston, S.C., Toledo, Ohio, and so forth—the list will include very shortly such cities as Chicago, and many others.

Now, what is the condition in these cities? I want to read to the Senate a telegram which has just been handed me from Mayor Frank Couzens, of the city of Detroit. I read:

DETROIT, MICH., *June 12, 1933.*

Hon. ARTHUR H. VANDENBERG,
Senate Office Building:

I cannot too strongly urge Congress Senate to adopt before adjournment the Sumner bill, H.R. 5950. If this bill is not adopted the city of Detroit, with many other large cities of the United States, will be facing an unavoidable default which would only bring about financial litigation and chaos in the city government. The amount of taxes which it is possible to collect this year will not cover more than the operating expenses of the essential functions of government in our city. This is just as important to the bondholders as it is to the Government and the taxpayers, because without this bill the bondholders cannot, under any stretch of the imagination, receive any money from our Government. Thank you for your fine cooperation with us.

FRANK COUZENS,
Acting Mayor of Detroit.

That condition is now duplicated or will be duplicated between now and the next session of Congress many, many times in the key cities of the United States. That jeopardy will be duplicated in a desperate challenge except as orderly municipal financing is charted under some such rational composition as this bill anticipates.

Mr. ASHURST. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Arizona.

Mr. ASHURST. Mr. President, some of the members of the subcommittee have come into the Chamber since my reply to the question of the Senator from Michigan. I repeat, that not within my experience has any subcommittee labored more diligently or more faithfully, in view of the fact that the bill bristles with many legal questions.

I want the Senate and the country, and particularly my able friend from Michigan, to know that I stand on no technicalities. My feelings are not easily hurt, and I would not at all consider it a reflection upon the Committee on the Judiciary—and I do not think any other member thereof would consider it so—if the Senate should discharge that committee from the further consideration of the bill.

Many Senators, men of delicate feeling and excellent judgment, seem to consider it a reflection upon them or their committees when someone presses their committees for an early report. I do not view the matter in any such light. The committee is not master of the Senate; the committee is only an agent of the Senate; and whilst I am not trying to induce or solicit any Senator to move to discharge my committee, I want it distinctly understood that I am not so thin-skinned, so tender and so sensitive a hothouse plant as to consider it offensive in any degree if some Senator

should move that the committee be discharged from further consideration of the bill.

I wish again to say, in conclusion, that personally I am impressed with the vast importance of this bill. The telegrams that have come to our committee have been numerous. They have come from all parts of the United States urging the enactment of the proposed legislation. I have replied to the telegrams—sending my replies "collect", because I would decimate, in fact, probably exhaust, the contingent fund of the Senate if I were to reply at Government expense—saying that I had appointed an able subcommittee and that that subcommittee would give its undivided attention to this legislation. Whenever I go to my committee room I find this able subcommittee at work on these bankruptcy bills. That is all I care to say and all I need to say.

Mr. VANDENBERG. That is all the Senator need to say. I repeat, there is nothing in my observations, of course, which implies the slightest reflection upon the subcommittee.

Mr. ASHURST. The Senator certainly has a right to move to discharge the committee from the further consideration of the bill.

Mr. VANDENBERG. I wholly realize the difficulties under which this adventure has proceeded in the Senate. There was no time until almost within the last 48 hours when the issue could be effectually raised. I do intend to pursue the course which the Chairman of the Judiciary Committee is gracious enough to suggest, but I want first to conclude my brief statement so that the Senate will understand the nature of the paramount problems with which we are attempting to deal through this proposed legislation. Mr. President, we are not free agents——

Mr. JOHNSON. Mr. President, will the Senator from Michigan, because of the importance of the matter, yield to me to suggest the absence of a quorum?

Mr. VANDENBERG. Yes.

Mr. JOHNSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Russell
Ashurst	Cutting	King	Schall
Austin	Dale	La Follette	Sheppard
Bachman	Dickinson	Lewis	Shipstead
Bailey	Dieterich	Logan	Smith
Bankhead	Dill	Lonergan	Steiwer
Barbour	Duffy	Long	Stephens
Barkley	Erickson	McAdoo	Thomas, Okla.
Black	Fess	McCarran	Thomas, Utah
Bone	Fletcher	McGill	Thompson
Borah	Frazier	McKellar	Townsend
Bratton	George	McNary	Trammell
Brown	Glass	Metcalf	Tydings
Bulkley	Goldsborough	Murphy	Vandenberg
Bulow	Gore	Neely	Van Nuys
Byrd	Hale	Norris	Wagner
Byrnes	Harrison	Nye	Walcott
Capper	Hastings	Overton	Walsh
Caraway	Hatfield	Pope	Wheeler
Carey	Hayden	Reed	White
Clark	Hebert	Reynolds	
Connally	Johnson	Robinson, Ark.	
Copeland	Kean	Robinson, Ind.	

Mr. HEBERT. I desire to announce the unavoidable absence of the Senator from Missouri [Mr. PATTERSON], the Senator from New Hampshire [Mr. KEYES], and the Senator from South Dakota [Mr. NORBECK].

Mr. VANDENBERG. I desire to announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is necessarily absent from the Senate in attendance upon the London Economic Conference.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate by reason of his attendance as a delegate representing our Government at the London Economic Conference. I wish this announcement to stand for the day.

I desire further to announce that the Senator from Massachusetts [Mr. COOLIDGE] is necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. VANDENBERG. Mr. President, before a quorum was called I was submitting to the Senate the matter of needed action on the so-called "municipal moratorium bill." I shall detain the Senate but a moment before making a motion in connection with it.

We confront a condition and not a theory. There are 4,000 municipalities in default of their municipal obligations now. Many of them are among the largest municipalities in the country. If there is no intervening legislation between now and New Year's, I venture regretfully to prophesy that there will be at least 4,000 more municipalities in default in respect of their municipal obligations before the Congress shall reassemble.

We are not free agents to choose the particular course we may wish to pursue. We can only choose the lesser of evils. None of us would voluntarily embrace a moratorium formally, of any nature. But in the face of this condition, I repeat, as differentiated from a theory, there are only three things that can happen:

First, these municipal defaults can run the legalistic course of ordinary defaults with a threat not only to the credit and essential human services of the municipality, but also with a definite threat to the bondholders themselves in respect to recovery of values they have invested in these securities.

Or, second, these defaults can result in an impulse to turn entirely to the Federal Government and ask for sufficient funds out of the Federal Treasury to finance the municipal deficits of the country. There is a growing school of thought in the country which embraces this second alternative. It was submitted at the White House very recently. The President specifically stated that this second alternative cannot be embraced, and I agree.

That only leaves a third alternative, the alternative of voluntary composition with debtors, the precise theory upon which the Senate already has amended the bankruptcy act in respect to many other types of debtors. The pending bill is an emergency formula which permits 30 percent of the municipal debtors to initiate composition under the auspices of the United States court, and that composition becomes mandatory only when 75 percent of the debtors have acceded to the formula.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. VANDENBERG. I yield.

Mr. LONG. I do not know whether the Senator knows it or not, but I let him take the floor away from me, so I want to interrupt him just long enough to make a little statement.

Mr. VANDENBERG. I hope the Senator will not be long.

Mr. LONG. Only a minute. It is a matter of absolute practical impossibility to get the bill through the committee. I am a member of the committee.

I want to say further to the Senator that there is another suggestion here, I think in the form of an amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE], to finance municipalities through the Reconstruction Finance Corporation to the extent of $300,000,000 or $400,000,000. I think the President is making a mistake not to have acceded to that proposition. I think it is going to be disastrous to his administration, in large part, but I see no hope whatever to get the legislation through. I think we had better call it a day.

Mr. VANDENBERG. I decline to call it a day until I have made the final effort which I am to make as soon as I have concluded a brief statement.

Mr. ASHURST. Mr. President, I hope before the able Senator concludes he will yield to me for a moment, because the motion might not be debatable, and I owe it to candor to say a word on the subject.

Mr. VANDENBERG. I shall be very glad to yield before I make the motion, but I prefer to continue now myself.

In the face of this reality—and I repeat that it is a condition and not a theory—the problem for the Senate to determine is the best course in respect, first, to the public welfare; and, second, in respect to the inherent values of

these municipal securities in the hands of the bondholders themselves. What course is the best for both these interests and factors?

I submit that from the public viewpoint the pending so-called "Sumners bill", H.R. 5950, which has passed the House of Representatives and comes to us with a presumption of utility because of the fact that it has passed the House, should receive serious consideration.

Secondly, the bill has the unqualified approval of the Treasury Department and the Department of Justice, as I understand the situation. Therefore, in respect to public authority, the pending measure has all the credentials that anyone could hope to bring to the support of a proposition of this nature.

Furthermore, I may say parenthetically that a municipal moratorium bill far more controversial and objectionable in many of its features was introduced in the last session of the Congress and was reported out in 48 hours by the Senate Judiciary Committee, a bill which bore the name of the then chairman of the committee, the Senator from Nebraska [Mr. NORRIS].

So that we have behind this bill, first, the action of the House of Representatives; second, the approval of the Treasury Department; third, the approval of the Department of Justice; and, fourth, the fact that this same Judiciary Committee of the Senate did favorably report a less uniformly approved measure from the standpoint of its critics within the last 3 or 4 months.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. VANDENBERG. In just a moment. Let me continue my line of thought for a moment, and then I shall be glad to yield.

So much for the answer to the question as to what is best from a public-policy standpoint.

What is best, now, from the standpoint of the bondholders themselves? Is it best for the bondholders who find their municipal securities in default to be left at the general mercy of the usual chaotic default situation, with volunteer bondholders' committees, and infinite litigation of one sort and another? Is that the best thing for them; or is it best for them to have an emergency 2-year formula available under which all of their rights can be composed and protected in an orderly way and they can be sure that every bondholder has precisely the same common treatment?

I submit that the best proof of the fact that the pending measure can be answered affirmatively in behalf of the interest of the bondholder is the fact that the large insurance interests of the country—and certainly they represent the largest possible municipal-bond-holding class in the country—have signified their willingness to accept House bill 5950.

So we confront the proposition that simply through lack of time for the Senate subcommittee to complete investigations, which I earnestly wish they could have had time to pursue, simply because of the pressure of time, we are threatened with an adjournment without conclusive Senate action upon this measure, which has all of these moving, affirmative, compelling impulses behind it.

Mr. FLETCHER and Mr. McCARRAN addressed the Chair.

The VICE PRESIDENT. Does the Senator yield; and if so, to whom?

Mr. VANDENBERG. I yield first to the Senator from Florida.

Mr. FLETCHER. Mr. President, may I say to the Senator that this is no new proposition, either.

Mr. VANDENBERG. That is correct.

Mr. FLETCHER. It has been pending before. I offered an amendment to the bankruptcy bill in the last session of the Congress. The Senator from Delaware [Mr. HASTINGS] was chairman of the subcommittee. I endeavored to arrange for a hearing; but such pressure was brought to bear to get through the bankruptcy bill that the committee felt it wise to lay this amendment to one side, and so they did not report upon it. It has been pending, however. It has been discussed. It is important.

At the beginning of this session I introduced a similar bill. My associate and colleague in a way, Mr. WILCOX, of Florida, introduced a similar bill in the House. The bill has been pending before the Judiciary Committee ever since the beginning of this extra session, and has been pending in the House. I advised that they go on with the hearings before the House committee, because no matter what we did here it might not be approved in the House, and I felt that they ought to go on with the investigation. Extensive hearings on this subject were conducted in the House. The Department of Justice was consulted, and all the other departments, as the Senator has said. Finally the House committee reported out this bill, which passed the House, and has the approval of the various agencies and forces which the Senator has so well mentioned.

I am in favor of the Senator's motion to discharge the committee and act on the House bill. I think we ought to take up the House bill and act on it now. I believe we can pass the House bill, and that, if we do, a great thing will be accomplished for the benefit of the municipalities throughout the country.

Mr. VANDENBERG. I thank the Senator for his statement.

I yield now to the Senator from Nevada [Mr. MCCARRAN], who is a member of the subcommittee.

Mr. McCARRAN. Mr. President, I desire to address a question or two to the Senator from Michigan.

Under the Senator's understanding, is there anything in law or necessity right now that requires an immediate adjournment of this body?

Mr. VANDENBERG. There is not that I know anything about, and I am opposed to any such surrender until we have done the things we think we ought to do.

Mr. McCARRAN. Very well. Then why should a regular committee of this body, one of its standing committees, be forced to rubber-stamp a bill on which there is a divided opinion, simply because somebody wants to adjourn this body now?

Mr. VANDENBERG. Mr. President, I am proceeding on the well-known theory that it is the majority intention, if possible, to adjourn the body very shortly, tonight or tomorrow night. In the face of that well-known purpose, because of my belief that it will be an absolutely fundamental calamity if we adjourn without attending to these municipal debts, I have no alternative except to use such means as I can find and embrace to precipitate the issue.

Mr. TRAMMELL. Mr. President——

Mr. VANDENBERG. I yield to the junior Senator from Florida.

Mr. TRAMMELL. Mr. President, I desire to ask the Senator if it does not seem that the interests generally that would be concerned in regard to a law of this character seem rather uniformly to favor legislation on it at this time.

Mr. VANDENBERG. I think that is entirely true.

Mr. TRAMMELL. That is my observation from the correspondence which I have had. I fully agree with the Senator. I spoke last Friday night on behalf of this legislation being very essential, and that was one of the reasons why I urged that we should not adjourn on Saturday night.

Mr. McCARRAN. Mr. President——

Mr. TRAMMELL. I want to add this statement:

I have the pleasure of being situated here close to the Chairman of the Judiciary Committee, for whom I have a very high regard. I know that he has been pushing this matter with every possible expedition, and I am sure the subcommittee has. In view of the fact that there is going to be an effort to adjourn, probably tomorrow or the next day, with the possibility of a majority favoring that, no one now, in calling up this bill, means any reflection whatever upon the esteemed and able Chairman of the Judiciary Committee, nor on the members of the subcommittee. When I vote along the line suggested by the Senator's motion, I want it understood as being no reflection whatever upon

the committee or the subcommittee, but merely a matter of meeting an emergency.

Mr. VANDENBERG. Mr. President, I desire to reclaim the floor again just long enough to say that I entirely concur in the observations just submitted, and further to testify that so far as I am concerned I could not have had more complete cooperation in the effort to consider this bill in the Judiciary Committee than I have had, not only from the able Senator from Arizona [Mr. ASHURST], the chairman of the committee, but also the able Senator from Indiana [Mr. VAN NUYS], the chairman of the subcommittee, and all the members of the subcommittee. We simply confront the cold fact that there is not time to pursue the normal routine.

Mr. ASHURST. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Arizona.

Mr. ASHURST. Will the Senator yield to me, not only for a question, but for a short statement?

Mr. VANDENBERG. If I do not lose the floor; because I must keep the floor for the purpose of making my motion.

Mr. ASHURST. Just for a short statement.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield? I do not wish to make the point of order, but there is nothing before the Senate, and I think the Senate should proceed in order.

Mr. VANDENBERG. Then, Mr. President, I move that the Judiciary Committee be discharged from the consideration of House bill 5950; and, if it is in order, I make the parliamentary inquiry whether in the same motion I may ask that the Senate proceed to the consideration of the bill?

The VICE PRESIDENT.. It is not in order.

Mr. VANDENBERG. Then I move that the Senate Judiciary Committee be discharged from the consideration of the bill.

Mr. ASHURST. Just a moment on that motion, Mr. President.

Mr. ROBINSON of Arkansas. Mr. President, there is no question about the importance of the measure to which the Senator from Michigan has referred. It is apparent, however, that some of those who have been complaining about the administration railroading legislation through the Senate are now resorting to efforts to force premature action on this measure, of which the Senate knows very little.

I have had perhaps 15 long-distance telephone calls this morning asking if this measure cannot be passed immediately, stating that no one desires to delay the adjournment of the Congress. It is apparent, further, that some of the ablest Members of the Senate have been devoting all of their time to a study of the bill ever since it was received by this body.

Usually, when a motion is made to discharge a committee, it reflects the attitude of the mover and of those who support it as in opposition to the committee. If the subcommittee has been diligent, if in the conscientious performance of its duty it has been studying the measure almost constantly since it was received, then the Senate ought not to discharge the committee; and, if it does so, we shall be compelled to undertake to write the legislation on the floor of the Senate.

We have been in the habit of imposing on the Reconstruction Finance Corporation the obligation to finance many things—almost everything—but we have not entered very far into the sphere of financing State governments and their local subdivisions. This is one of the biggest movements ever undertaken permitting the Federal Government to finance the local governments.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. VANDENBERG. I think the Senator mistakes the nature of the legislation. Nothing of that sort is involved in the legislation. Its purpose is precisely opposite—to permit a composition of municipal debts without any reference to the Federal Treasury.

Mr. ROBINSON of Arkansas. Very well. I think perhaps I did overstate the terms of the legislation; but here is the proposal that addresses itself with force to my mind:

If the Federal Government is going to undertake the supervision of the financial condition of the States and of the municipalities, if it does so, will it not inevitably result that we shall be asked to put behind these local governments the power and resources of the Federal Government to finance them?

I think we have gone a long way in this direction already. It may be necessary, some time in the future, to enact legislation on this subject; but everyone should agree that it should be studied by a committee and that it ought to be worked out carefully. It does not seem to me to be a measure that should be passed hastily, whether it be regarded as primarily a financing measure or merely as supervision of the financing of the local governments.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. BARKLEY. It seems to me the question of propriety is involved here, whether Congress ought to pass a law permitting cities to take the bankrupt law, for that is what it amounts to; and if we are going to start out by doing it for cities, whether we ought not to offer the inducement for the States to take the bankrupt law; and then, if that is to be done, why cannot the Federal Government itself take the bankrupt law and discharge all debts?

Mr. ROBINSON of Arkansas. The Senator is right. Now, I go back to my original proposition. It was not so far wrong at first. If we put the Federal Government behind a system of bankruptcy for the local divisions of the State governments, will it not inevitably follow that whatever compositions are made and are regarded as beneficial to the local governments, that cannot be financed by them, will be brought back for the assistance of the Federal Government? Uncle Sam cannot go on financing everybody, with nobody financing Uncle Sam!

Mr. BARKLEY. Mr. President, will the Senator yield there further?

Mr. ROBINSON of Arkansas. Yes; I yield.

Mr. BARKLEY. Of course the suggestion as to the result, the ultimate goal, it seems to me is inevitable. Those who hold obligations against cities are not going to be willing to compose them unless they are able to receive a cash sum. Those cities have not the money, and they will be coming to Washington and asking the Government of the United States to loan it to them.

Mr. ROBINSON of Arkansas. Or to guarantee the loan.

Mr. BARKLEY. Or to guarantee their obligations, which means that the Government of the United States is to step in and take charge of municipalities all over this country.

Mr. REED. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Yes; I yield.

Mr. REED. If I may volunteer a suggestion, all of the debate I have heard on this matter has considered only the outstanding and existing municipal debts. It seems to me that the strongest reason against the passage of this bill, and against the motion of the Senator from Michigan [Mr. VANDENBERG] lies in the destructive effect upon the credit of these municipalities in all that they have to do in the future. If we desire completely to destroy the credit and borrowing power of the municipalities of America, this is the way to do it, because no man would lend to them with the understanding that on a plea of embarrassment they could come in and in effect repudiate part or all of the obligation.

Mr. ROBINSON of Arkansas. While the Senator is speaking of the credit of the municipalities, may I ask him what effect he thinks it would have on the credit of the Government itself——

Mr. REED. A very bad effect.

Mr. ROBINSON of Arkansas. To provide a system of bankruptcy for Government agencies and divisions which are in no wise related to the Federal Government?

I think this subject is a very large one, and I request Senators not to embark upon so broad an enterprise in the closing hours of this session.

Mr. ASHURST. Mr. President, some opportunity should be extended to the chairman of the subcommittee [Mr. VAN NUYS] to say a word before the vote is taken.

It will be remembered that this proposed legislation came to the Senate late last week. Within half an hour after the bill reached the Senate I asked that the bill be referred to the Committee on the Judiciary. And within another half an hour I, as the chairman of that committee, appointed a subcommittee to consider the bill. That subcommittee is composed of the Senator from Indiana [Mr. VAN NUYS], chairman; the Senator from Nevada [Mr. MCCARRAN]; the Senator from West Virginia [Mr. NEELY]; the Senator from Delaware [Mr. HASTINGS]; and the Senator from Rhode Island [Mr. HEBERT]. Not heretofore within my experience here has any subcommittee addressed a subject with more assiduity and more diligence than has this subcommittee performed its task. Telegrams from all over the country have come to the committee urging the passage of this bill, and some telegrams and letters in opposition to the bill have arrived.

I am sure that no member of the Judiciary Committee would feel himself aggrieved, affronted, or insulted if the Senate, as it has the right to do, should reclaim its original jurisdiction on this bill. We of the Judiciary Committee are not so thin-skinned and tender as to see any reflection upon us in the motion to discharge the committee and thus return the bill to the Senate for consideration.

If the Senate should recall this bill from the committee, neither the Senate nor the country should construe such action to mean that the subcommittee has been lacking in diligence, because I am here to pay my tribute to the members of that subcommittee for their diligence and for the assiduity with which they addressed themselves to this task.

I call upon the chairman of the subcommittee, the Senator from Indiana [Mr. VAN NUYS], to bear me out as to the diligence of the subcommittee in the consideration of this subject. That is all I have to say.

Mr. VAN NUYS. Mr. President, I want to add but a word to what the Senator from Arizona [Mr. ASHURST] has said.

I think I speak the sentiments of the subcommittee in saying that we have no disposition in the world to obstruct or delay this important legislation. We have spent hours and days in the consideration of the different bills relating to the subject. Just to show that there is a controversial subject here, I will say to the Senator from Michigan that I received two telegrams this morning from two of the largest insurance companies in the State of Indiana, one of them investing 70 percent of its assets in municipal bonds, and they say that, in their opinion, the enactment of the proposed legislation would be suicidal, and they ask for an opportunity to be heard.

I also have a similar telegram from the National Insurance Co. of the Knights of Pythias Order, extending throughout the length and breadth of the Union, who say their funds, trust funds for widows and orphans, are invested in municipal bonds, and they object strenuously to the enactment of the proposed legislation. I say this only for the purpose of proving that this is a highly controversial subject.

As far as I am concerned personally—and I think I speak the sentiment of every member of the subcommittee—if the Senate wants to take the responsibility of rubber-stamping these bills, we will be very glad that they assume jurisdiction and proceed. I shall not vote on this pending motion, because I am wholly disinterested, but I hope the subject will be given that consideration which it deserves.

Mr. BYRNES. I move to lay the motion of the Senator from Michigan [Mr. VANDENBERG] on the table.

Mr. REED. Mr. President, will not the Senator withhold his motion a moment? I want to ask him a question.

Mr. BYRNES. I withhold the motion.

Mr. REED. As things now stand, I expect to vote as emphatically as I can against the motion of the Senator from Michigan; but there has been no disposition to filibuster, and I do not like motions to table, because they are practically gag motions. I shall be compelled to vote against the motion to table, although I am not at all in sympathy with the motion to discharge the committee.

Mr. BYRNES. Mr. President, I withdraw the motion to lay on the table the motion of the Senator from Michigan.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Michigan [Mr. VANDENBERG].

The motion was rejected.

INDEPENDENT OFFICES APPROPRIATIONS—FURTHER CONFERENCE

Mr. BYRNES. Mr. President, I move that the Senate insist upon its amendments numbered 1 to 46, inclusive, and numbered 48, to the bill H.R. 5389, the independent offices appropriation bill, agree to the conference asked by the House of Representatives, that the Senate disagree to the amendments of the House to the amendment of the Senate numbered 47, ask for a conference with the House thereon, and that the Chair appoint the conferees on all amendments in disagreement.

Mr. STEIWER. Mr. Presiden, I should like to ask a question of the Senator from South Carolina. There was some confusion in the Chamber, but as I heard the motion the Senator just made, it was that we agree to the request for a conference with respect to all questions save amendment numbered 47 as the bill passed the Senate. Am I right in that?

Mr. BYRNES. The motion was, in addition, that the Senate disagree to the amendments of the House to the amendment of the Senate numbered 47, in which the Senator was interested, and that we ask for a conference with the House on that amendment. As no conference was asked of the Senate in the preliminary stage, it is necessary for us to ask for a conference. That is the only reason for the difference in the language.

Mr. STEIWER. The result would then be——

Mr. BYRNES. To put the whole matter in conference.

Mr. STEIWER. If the Senator's motion is agreed to, and if the House agrees to the request for a conference, the whole proposition will be thrown into conference?

Mr. BYRNES. Exactly.

Mr. STEIWER. And that it would then come back to the Senate finally in a conference report?

Mr. BYRNES. Absolutely.

Mr. STEIWER. I thank the Senator.

Mr. CUTTING. Mr. President, I have no objection to the motion made by the Senator from South Carolina [Mr. BYRNES]. I intend at this time, however, to discuss the compromise amendment entered into by the House.

When the proper time comes, the Senator from Oregon [Mr. STEIWER] and I intend to make a motion instructing the Senate conferees to insist on an amendment in the nature of a substitute for the amendment adopted by the House. I desire at this time to explain the very material differences between the amendment adopted by the House and the amendment proposed by the Senator from Oregon and myself.

Let me remind the Senate, first, that there are three classes of cases with which we are dealing. There are, first, the Spanish-American War veterans. As to them, there is no question that they are entirely left out of the House compromise. The only guaranty concerning the Spanish-American War veterans is contained in a letter from the President to the chairman of the special Democratic Caucus Veterans' Committee of the House of Representatives in which the President says:

> If the Congress sees fit to substitute the language attached hereto in lieu of the Connally amendment, I will issue a regulation which will give some assistance to those Spanish-American War veterans who are 55 years of age or more who are substantially disabled and who are in need.

I think it requires little argument to show that that means little or nothing.

When the Economy Act was originally passed, we were assured that justice and sympathy would be meted out to all who served their country. Several times during the last few weeks we have been assured that the Spanish-American War veterans who were unable, for obvious reasons, to prove service connection of their disabilities, would be treated in a

generous spirit. Nothing is now promised except that a regulation will be issued which will give "some assistance." That is what Congress is asked to accept as a guaranty in behalf of the veterans of the Spanish-American War over 55 years of age—"some assistance."

There is a second class of veterans, called "combat-connected cases." As to those veterans, we have had a number of assurances on the floor of the Senate. In March, the Senator from Massachusetts [Mr. WALSH] offered an amendment to the original Economy Act which he guaranteed would take care of all these cases, so that not one of them could be stricken off the rolls. Unfortunately, the amendment of the Senator from Massachusetts contained the provision "except as to rates", and on account of the inclusion of those words the law has been construed by the Veterans' Administration and by the Director of the Budget as giving authority to cut down those veterans to less than 10 percent. When they are cut to less than 10 percent, they get no compensation at all, and therefore are actually stricken off the rolls.

On May 30 I offered an amendment to the independent offices bill which would take care of that small class of combat-connected cases by guaranteeing that no man who came in that class, and no dependent or widow of any man in that class who had died, should be cut more than 25 percent in the compensation being paid. The language of that amendment was clear. The amendment was accepted by the leaders of the majority in this Chamber. The Senate, however, voted to take up a stronger amendment which was proposed by the Senator from Florida [Mr. TRAMMELL]. That amendment limited the cut to 15 percent, and included presumption cases.

After a good deal of discussion, and after practical assurance on this floor that the President of the United States would veto a 15-percent limitation, but would not veto a 25-percent limitation, the Senate adopted the so-called "Connally amendment", which provided a 25-percent limitation, and included the veterans of the Spanish-American War as well as the veterans of the World War. The Connally amendment was likewise clear in its language. It limited the authority which the President would have to reduce compensation to 25 percent in the case of this class of veterans.

The assurance was given us by the Senator from South Carolina [Mr. BYRNES] that within a few days regulations would be issued by the Executive which would take care of combat-connected cases, whether or not Congress passed a law of that kind. Last week we were furnished with a regulation, and, as I think I demonstrated to this Chamber, it did nothing of the sort. It did not guarantee that any man now on the rolls should remain on the rolls. That Executive regulation contained the word "properly"; it contained the words "on a permanent basis" and it contained references to other sections of the law which completely took away any protection from the veterans whom the President's regulation pretended to protect.

Mr. President, after all that history, we are presented with a compromise in these cases which contains language infinitely less liberal than the language which was contained in the Executive order sent down here last week. The "joker" here, I am sorry to say, is a little less obvious than the "joker" contained in the Executive order issued last week. Instead of providing that the payments being made to any individual service-connected case shall not be cut more than 25 percent, it uses this language:

> In no event shall the rates of compensation payable for directly service-connected disabilities—
>
> And so on—
>
> be reduced more than 25 percent.

As anyone who has had any dealings with the Veterans' Administration knows, "the rates of compensation payable" are something altogether different from the compensation being paid. The phrase "rates of compensation payable" refers to a schedule stating that for a certain percentage of disability a certain amount of money shall be paid. Those are "the rates of compensation payable." All that we get in this so-called "compromise" is that those rates shall not be cut down more than 25 percent below the rates "payable" at the present time. An individual veteran may be rated down just as deep as it may be desired to rate him or just as deep as Mr. Douglas wants to rate him or just as deep as the employees of the Veterans' Administration want to rate him. He can be rated down to 10 percent, and then it is provided by this amendment that "the rates of compensation payable" shall not be cut down more than another 25 percent; so that the individual veteran may get 7½ percent instead of 10 percent of what he was getting under the old law.

While I am on this point, I wish to say that that "joker" escaped my attention until late Saturday night, although I had been studying the compromise all day. The amendment offered by the Senator from Oregon [Mr. STEIWER] and myself was prepared before we had discovered that "joker" and still contains the same "joker." Therefore, at the time when my motion shall be in order, I shall ask to perfect my amendment in order that it may actually take care of the compensation being paid to individual veterans and have no reference to the rates of compensation whatever.

Mr. COPELAND. Mr. President, will the Senator from New Mexico yield to me?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from New York?

Mr. CUTTING. I yield.

Mr. COPELAND. The Senator from New Mexico has no doubt that the Veterans' Administration would interpret the language exactly as he has stated? Experience in the past has indicated that the Bureau always takes the side of the Bureau instead of the side of the veteran?

Mr. CUTTING. That has been my experience, Mr. President.

Mr. COPELAND. The Senator's conviction is that the interpretation of the Bureau of the language would be exactly as the Senator has interpreted it here?

Mr. CUTTING. That has been my experience; and I think the Senator from New York has had as much experience as I have had of the manner in which the Bureau interprets language of that kind. If they had not meant to interpret it in that way, why should that language have been put in? Why not use the perfectly direct and clear phrase "compensation being paid"?

Mr. COPELAND. Mr. President, I have no doubt that the Senator is entirely correct.

Mr. CUTTING. So, Mr. President, the Spanish-American War veterans get nothing out of this compromise. Furthermore, the directly service-connected cases get nothing out of this compromise; the men who were wounded in action are left to the mercy of the Veterans' Administration just as much as they were 2 weeks ago when we began discussing the whole question of veterans' disability compensation. The only ones who, in my judgment, will obtain some benefit from this compromise are the widows and dependents of deceased World War veterans. The language in their case is pretty clear. It reads:

> And in no event shall death compensation * * * being paid to widows, children, and dependent parents of deceased World War veterans—
>
> And so forth—
>
> be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service.

That uses clear language in which I can find no flaw. It would have been perfectly easy to use the same language in regard to the cases of combat-connected disabilities themselves. The fact that that language was used in one case and not in the other demonstrates pretty conclusively that it is not intended through this amendment to give any protection at all to the combat-connected cases.

Now, Mr. President, I come to the third class of disabled veterans with whom we have been dealing, the so-called "presumptive cases"; that is, of men who are now suffer-

ing from tuberculosis and other diseases as to which it is impossible for anyone to prove that they came from a particular experience in the service. It is difficult for those who have had no direct experience to realize the misery and anguish which men in this class are undergoing as a direct result, in an enormous majority of cases, of the experiences which they went through at the time of the war. I shall discuss the justice of their cases at greater length later on. At present I merely wish to expound the compromise which the House entered into and which, in my judgment, gives these presumptive cases no protection whatever.

The President is authorized, under the House compromise, "to establish such number of special boards * * * as he may deem necessary to review all claims * * * in which presumptive service-connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service-connected under the regulations issued pursuant to" the Economy Act.

These boards are to have the full power of review up to October 31, 1933. If a board finds that a man is improperly on the rolls, it can remove him from the rolls. If it does not so find, the man remains on the rolls and draws 75 percent of what he drew under the old law until October 31, 1933. On October 31, 1933, not only do the cases which the board has had no time to review go off the rolls but in addition there is no guaranty that the men whom the board found to be properly on the rolls shall not also go off at that date. There is not one particle of protection to a single presumptive case after October 31, 1933, a date at which I wish to point out the Congress will not be in session.

Now, Mr. President, let me go into a little further detail about this extraordinary provision. In the first place, as an apparent concession to the feeling of the country concerning the brutality with which the Veterans' Administration have been construing the Economy Act, it is provided that the majority of the members of such board shall not have been in the employ of the Veterans' Bureau at the date of the enactment of this act. In other words, the majority of these boards may not be present Veterans' Bureau employees. That, it might be thought, would liberalize their decisions; but, Mr. President, if you give the matter any thought, you will realize that the boards established all over the country—and they will have to be established in enormous number, if they expect to complete their labors before October 31, 1933—will not act merely on whim or caprice; that a board in New Mexico will not be able to keep on the rolls men whom a board in Massachusetts would take off.

It is perfectly apparent that even though these men were not employees of the Veterans' Bureau at the date of the passage of the act, they will be in the employ of the Veterans' Bureau during the administration of the act. The compromise itself quite naturally states that "the President shall prescribe such rules governing reviews and hearings as may be deemed advisable." The boards, of course, will follow the instructions laid down by the President, which, in effect, means instructions laid down by the Director of the Budget, Lewis Douglas, whose degree of sympathy for the disabled veterans we can judge by what he has done for them in the past. The fact that a majority of the members of these boards have not been in the past regular employees of the Veterans' Bureau gives us no protection at all.

Now we find an amazing and extraordinary sentence, and I ask any lawyer in this body if he can explain it—

> Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulation issued pursuant to Public Law No. 2, Seventy-third Congress—

Then we have in parentheses the following—

> (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical finding within the terms of or period prescribed by regulations 1, part 1, subparagraph (c), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, 73d Cong.).

In other words, the boards shall determine the question of service connection "under the provisions" of the Economy Act, but not "within the terms" of the Economy Act. What explanation can be made of this strange sentence I cannot conceive. This compromise proposes to get away from the Economy Act with regard to this class of cases and so provides, within the parentheses; but outside of the parentheses it says the service connection "shall be granted under the provisions of the Economy Act." In other words, the boards shall act under the Economy Act but not within the terms of the Economy Act.

Mr. STEIWER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Oregon?

Mr. CUTTING. I yield.

Mr. STEIWER. With respect to the language included within parentheses, can the Senator state whether the provision is predicated upon the regulations that have been issued under the Economy Act? Is the language within the parentheses consistent with the regulations made under the Economy Act?

Mr. CUTTING. Yes; the language in parentheses refers to regulation 1, part 1, subparagraph (c) or instruction no. 2, regulation no. 1, issued under Public Law No. 2, Seventy-third Congress.

Mr. STEIWER. It refers to that, but does it not then further provide that, regardless of that fact, certain concessions may be made? I have not the language before me and that is why I am asking the Senator the question.

Mr. JOHNSON. Mr. President, will the Senator from New Mexico read again that particular sentence?

Mr. CUTTING. Certainly:

> Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulations issued pursuant to Public Law No. 2, Seventy-third Congress (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical findings within the terms of or period described by regulations 1, part 1, subparagraph (c), or in instruction no. 2, regulation no. 1, issued under Public Law No. 2, 73d Cong.).

They refer to regulations issued by Executive order under the provisions of the Economy Act, and they first say that the board shall act under the provisions of the regulations and then they say it is not to act within the terms of the regulations.

Mr. STEIWER. That answers my question. It seems to me from the reading of the language that the first requirement is to be made under the terms of the regulations, and then we have language included in parentheses by which it is provided that they shall be made in a way contrary to the terms of the regulations. I am wondering if the Senator is able to advise the Senate, in the face of that equivocal reference, whether the action will be in accordance with the regulations or contrary to the regulations?

Mr. CUTTING. Mr. President, I have had no legal training, and I prefer to leave that question to the eminent constitutional lawyers who adorn this Chamber, but as a mere matter of lay experience, I should say that the Veterans' Administration will always construe any doubt against the individual veteran. I know that, because I have found it out in the course of a great many years.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. CUTTING. I yield.

Mr. HATFIELD. And that notwithstanding the law includes a provision giving the veterans the benefit of any doubt.

Mr. CUTTING. Yes; that is true. The law does in the next clause say that in their decisions they shall "resolve all reasonable doubts in favor of the veteran, the burden of proof in such cases being on the Government." That sounds very liberal until we remember that every veterans' law we have ever enacted contained exactly such a clause. In spite of the fact that every veterans' law, beginning with the act of 1924, contains that porvision—and I think, perhaps, some prior to that—the veteran has never, as a matter of practice, been given the benefit of the doubt where the doubt could be resolved against him. So I say the boards are going to be helpless. No matter how kindhearted and able may be the men who are placed on them,

the boards will be helpless in view of the regulations under which they will act and which will be drawn up for them by the central office in Washington.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Idaho?

Mr. CUTTING. I yield.

Mr. BORAH. The Senator is making a heroic effort to construe this compromise. Was there any representative of the Senate who took part in arranging the terms so that we might have the benefit of construction, possibly, from those who had a part in it on behalf of the Senate?

Mr. CUTTING. So far as I know, there was not.

Let me continue reading briefly from the compromise:

Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe—

We do not know that there will be any appellate procedure, and if there is none the decision of the special boards shall be final—

and, except for fraud, mistake, or misrepresentations, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date.

May I say for the benefit of those Senators who are interested in my remarks that the House compromise is contained on page 5656 of the CONGRESSIONAL RECORD of Saturday last:

Except for fraud, mistake, or misrepresentation.

Of course, if a man is on the rolls by fraud or misrepresentation, I am sure we should all agree that he ought to be taken off. But what about "mistake"? How will the Veterans' Bureau construe the word "mistake"? Is it not possible under that word that every veteran drawing compensation for a presumptive case may be called up for review? I ask the Senator from New York [Mr. COPELAND] whether the mere fact of constant reviews is not in itself sufficient to jeopardize the chances of recovery on the part of a man suffering from severe tuberculosis?

Mr. COPELAND. Mr. President, I had no doubt of that at all. The first thing we say to a patient of that kind is "Do not worry." Certainly he is bound to worry if he has these repeated examinations and reviews. I entirely agree with the Senator.

Mr. VANDENBERG. Mr. President, if the Senator will permit me?

Mr. CUTTING. I yield.

Mr. VANDENBERG. If we tell the patient, "Do not worry, leave it to Lewis Douglas", I imagine the net result would be scarcely reassuring.

Mr. CUTTING. The Senator from New York and the Senator from Michigan confirm the belief I have in this matter. The word "mistake" ought to be clarified. In an amendment which the Senator from Oregon [Mr. STEIWER] and I are going to offer, it reads "unmistakable error", which has been previously construed by the Veterans' Administration in such way as to leave no doubt as to the construction to be placed upon it.

To continue quoting from the compromise:

Except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933.

In other words, by legislative action 25 percent are going to be cut off, although perhaps if we had left it to the administration under the old law, there is a conceivable, theoretical possibility that some of these men might have been kept on at 100 percent of what they are getting. There are plenty of them that ought to be drawing 100 percent. I submit the bill should read "not less than 75 percent", so that if the Veterans' Bureau wishes to reduce to 75 percent, they should take the responsibility and not have Congress take the responsibility for forcing the Veterans' Administration to strike off 25 percent of the compensation in those cases.

After going into the cases or reviewing them, the special boards may strike from the rolls those who may be found unworthy. That goes on until October 31, 1933. At that date everybody whose case has not been reviewed automatically goes off the rolls. There is no provision in the House compromise as to what is going to happen to the veterans whom the boards shall decide to leave on the rolls. They, too, so far as this legislation is concerned, may also be stricken from the rolls or their compensation may be reduced, not 25 percent as is provided for the period previous to October 31, not 50 percent or 75 percent, but perhaps 90 or 95 percent, perhaps sufficiently as to prevent them from drawing compensation at all.

Mr. President, I cannot conceive how language could be used more clearly taking away from the presumtive veteran the rights which he enjoyed under the old law and which he believed he was enjoying under contract with the Government of the United States.

That is the compromise which we are offered; and we are told that if we do not take this we cannot get anything better.

All I can say to that is that if we cannot get anything better than this, we had better take nothing, and go down fighting, at least, for what we think is right.

But why must we take this or nothing?

Let me call to the attention of the Senate the fact that they have already taken action in all the matters with which we are now concerned, and that they have taken action by a very decided vote.

On June 2 the Senate voted to suspend the rules and take up the amendment offered by the Senator from Florida [Mr. TRAMMELL] taking away from the President the authority to reduce more than 15 percent the compensation received by veterans whose disability had been traced to service connection; and that amendment included the presumptive cases as well as what are called the combat-connected cases. Fifty-nine Senators voted to suspend the rules. Twenty-one Senators voted not to suspend the rules. That is a vote of practically 3 to 1; and among the 21 who voted not to suspend the rules there were many who undoubtedly would have voted for a 25-percent limitation, although they did not vote for the 15-percent limitation.

For instance, the minority of 21 on that vote included the Senator from Missouri [Mr. CLARK], who cooperated with me in drawing up the amendment providing for a 25-percent cut. It included Senators like my own colleague [Mr. BRATTON] and the Senator from Arizona [Mr. HAYDEN], who are intensely interested in the presumptive cases, and whom no one could accuse of being unfair or hostile to the veterans. So when we say the vote was 59 to 21, the sentiment in this Chamber in favor of doing justice to the disabled veterans was far greater than can be expressed in any such figures.

A little later on the Senator from Arkansas [Mr. ROBINSON] offered an amendment to the Trammell amendment which would have allowed the President the leeway of 25 percent rather than 15 percent in the reductions which he was allowed to make in these cases. That amendment was defeated by a vote of 51 to 25—more than two thirds of the Senate. It was impossible to vote in the negative in that case unless one were willing to go ahead and see that justice be done to these disabled service men, because it was simply a question whether the President might reduce them 25 percent or 15 percent; and the Senate by a 2-to-1 vote said that he might reduce them by only 15 percent. That included the presumptive cases.

The other vote which was had on that day is not so clear. It was a vote on the amendment of the Senator from Texas [Mr. CONNALLY] restoring the 25 percent limitation, but including the Spanish-American veterans. The vote was 42 to 42, and was broken by the Vice President in favor of the Connally suggestion.

If we look at that vote, we shall see that everyone who voted against the Connally amendment was voting for a greater measure of justice to the veterans than was provided by that amendment, because, although the Connally amendment included the Spanish-American War veterans,

the Senator from Oregon [Mr. STEIWER] had already served notice on the Senate that if that amendment were defeated he would move to amend the Trammell amendment so as to include the Spanish-American War veterans on a 15-percent reduction. So the 42 who voted against that amendment were all in favor of more liberal measures in favor of the veterans. The list of those who voted for the Connally amendment contained perhaps a few names of Senators who did not want to change the Economy Act; but if we compare that list of names with those who previously had voted on the same day, we will see that it also included a great number of genuine friends of justice for the disabled veterans. Some of them were Senators who believed that 25 percent was a better figure than 15 percent; but a great many of them were influenced by the speech which the Senator from Texas [Mr. CONNALLY] made on this floor, in which he implied that a 25-percent reduction would be favored by the President, and that a 15-percent reduction would be vetoed.

Mr. CONNALLY. Mr. President, will the Senator yield just there?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Texas?

Mr. CUTTING. I yield to the Senator.

Mr. CONNALLY. In justification of what the Senator is imputing to me, I desire to advise him that the Senator from Texas entertained the view he expressed there, that a 15-percent cut would not receive the approval of the White House and would be vetoed, but that a 25-percent limitation on cuts probably would be favorably received; and the Senator from Texas was acting on what he thought were assurances that could be relied upon.

Mr. CUTTING. I am perfectly certain of that, and I thank the Senator from Texas for having made it clear. No one on this floor, least of all myself, would impute to the Senator from Texas anything except the best of faith in any statement he makes on this floor; and that just emphasizes the point I am making, that repeatedly, since this veterans' matter has been under consideration, we have been given assurances by men acting in the best of faith, like the Senator from Texas [Mr. CONNALLY], like the Senator from Massachusetts [Mr. WALSH], like the Senator from South Carolina [Mr. BYRNES], and the Senator from Arkansas [Mr. ROBINSON] as to what was going to be done; and each time something different has been done. Those Senators, of course, were acting in good faith, but they were not able to carry out the things that they guaranteed.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Texas?

Mr. CUTTING. I do.

Mr. CONNALLY. With regard to the Senator's comment a moment ago as to those who voted for the amendment I offered, is it not also true that a perusal of the list shows that those who were most zealously supporting the administration, at least on the Democratic side, all voted in favor of the amendment which I offered?

Mr. CUTTING. Yes; that is quite true, Mr. President—every one of them.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. CUTTING. I yield to the Senator from New York.

Mr. COPELAND. I should not want the statement of the Senator from Texas [Mr. CONNALLY] to pass unchallenged.

I voted against the Connally amendment because I was in favor of the Trammell amendment. I have supported the administration from start to finish, and expect to continue to do so. When it comes to protection of the veterans of my State and of the rest of this country, however, it is my purpose to vote according to the dictates of my conscience; and I think I best serve the administration by seeking to have justice done to the veterans.

That was the reason why I voted against the Connally amendment.

Mr. CUTTING. The Senator's sentiments do him high honor. What I am trying to say is that the vote on the Connally amendment does not show the sentiment of the Senate, because on both sides we can find Senators who desired to do everything that they felt was in their power for these cases which we are considering. The sentiment of the Senate is much more accurately shown in the vote on the suspension of the rules and on the vote on the amendment submitted by the Senator from Arkansas [Mr. ROBINSON]. In one case the motion was carried by 3 to 1, and in the other case defeated by 2 to 1.

Mr. President, I do not know just how much more I ought to add. I should like to hear some analysis of the House compromise which would give me any hope that it might be interpreted in a fair way. I have given it what study I can. I think there is nothing in it. I think that if that is all we can get, we had better let it alone. I think that if that is all we can get, we had better go home and tell the veterans in our States that we would not stultify ourselves by voting for something which was patently fraudulent and patently a sham.

If that is the best we can get, Mr. President, tens of thousands and hundreds of thousands of disabled veterans will be dead before we come back here in January. Perhaps we can do nothing about it; but we can at least vote for our convictions, and allow the responsibility for the death of these men to rest elsewhere than on our shoulders.

It is difficult for anyone who for 10 years or more has been engaged in trying to obtain justice for these helpless veterans of the war to realize that in most cases we simply cannot get the people of the United States to understand the questions involved. Propaganda has gone throughout this Nation to the effect that these men on the rolls are grafters; that it is all a veterans' racket, or a pension racket; that the fight for justice for these men has been waged by something that is called a veterans' lobby. If I have any criticism to make of the men who have been sent here by veterans' organizations to keep Congress in touch with the realities of the situation, it would be that they have not fought hard enough; that after the Economy Act was passed they trusted too long in the promises of decent and fair administration which were made at the time the Economy Act was passed.

Mr. REED. Mr. President, will the Senator yield?

Mr. CUTTING. I yield to the Senator from Pennsylvania.

Mr. REED. How can we blame them for that? We trusted those promises ourselves.

Mr. BORAH. Some of us.

Mr. REED. Yes; some of us, just as a great many Americans trusted the promise about sound money, and about observing sacred covenants, and a number of other things.

Mr. CUTTING. Mr. President, I do not blame them very much. I am not attempting to allocate the blame which should be distributed in the history of the Veterans' Act from the day it was proposed to the present time. I think there might be a doubt in anyone's mind as to just how far we ought to assume bad faith at the start. I think there was every reason why Senators might have thought in March that the promises which were made were going to be kept. But there is no reason in the world why any Senator should believe the promises which are being made in June.

Mr. President, when we discuss an amendment like this so-called "House compromise" we have to deal in technicalities, in subtleties of language. We have to split hairs in order to discuss it at all. The subject is dull, and it is hard for most people to realize that the difference between one adverb and another adverb may mean the difference between life and death.

A few days ago a veteran came here from my own State, from the great tubercular hospital located at Fort Bayard, N.Mex., in the southwestern part of my State. He is a presumptive case. He cannot prove that his disability was due to any particular incident in the war, although he served in five major engagements, was decorated for gallantry, and was gassed at the Battle of the Marne. The men at Fort Bayard sent him on here, because, being unfamiliar with the rules of the Senate, they hoped I could introduce him to this floor so that Senators could look with their own eyes on a living example of what the Economy Act is doing.

Of course, that was impossible. I did the next-best thing I knew of; I asked the Senator from West Virginia [Mr. HATFIELD] and the Senator from New York [Mr. COPELAND] to examine the veteran, and those distinguished medical men made a report, which I think the Senator from West Virginia has in his desk at the present time. I am sorry he is not on the floor. The report made by the Senator from West Virginia, however, very clearly shows that the tuberculosis from which this man is suffering, the tuberculosis which caused the ghastly wound which he is enduring, was due to the service. I had a photograph made of the man's back [exhibiting it]. If Senators care to examine it, they will have opportunity to do so. One can put his fingers into the wound in this man's back and feel his heart beating less than one eighth of an inch away.

Mr. President, this man received a medal for gallantry in action the first week in May, and the very next week it was cut down from $100 a month to $20 a month. He has a wife, and his wife has to dress that wound three times a day. They can live simply on $100 a month in my State. They cannot live on $20 a month.

Mr. COPELAND. Mr. President, by the invitation of the Senator from New Mexico I saw this veteran, and I have no doubt that the statement made by the Senator is entirely correct. The Senator from West Virginia [Mr. HATFIELD] and I went over the case very carefully, and we were both satisfied that the man's disability was fully traceable to his war service.

As the photograph exhibited by the Senator from New Mexico shows, the veteran is suffering from the effects of a deep wound in his back, and as a result of the removal of his rib there is a furrow into which my forearm would go. The man is a wreck; there is no hope of recovery; and to my mind it is only one of many examples which have come to my personal attention of the failure of the Veterans' Administration to recognize and deal generously with a case clearly of service origin.

Mr. CUTTING. Mr. President, the last statement made by the Senator from New York is a most important part of this whole subject. I am not referring to this veteran because his is an exceptional case. His comrades from Fort Bayard who sent him on here to Washington did not send him on because he was an exceptional case. They sent him on because he is almost a typical case, because there are hundreds of thousands of men whose lungs are in equally bad shape who are being treated just as this man is being treated, although in most of those cases the suffering and the wounds are not so visible to a layman. It is because this is exactly typical of what is being done to the veterans of this country that I have ventured to exhibit this very painful photograph to the Senate of the United States.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. CUTTING. I yield.

Mr. HATFIELD. Is this the case of Peter J. Reno?

Mr. CUTTING. That is the case.

Mr. HATFIELD. If the Senator will permit, I have the case record here. I was so much impressed with the soldier's condition that, as a physician, I felt that I should check up on the case, get his history, and so on, which I did, and, with the permission of the distinguished Senator from New Mexico, I will give a little bit of a historical sketch of this soldier.

Mr. CUTTING. I should very much like to have the Senator do so.

Mr. HATFIELD. This soldier, as I understand, is connected by presumption; or is he directly connected?

Mr. CUTTING. He was connected by presumption before the enactment of the economy law. He now comes under the class which is called "peace-time service-connection."

Mr. HATFIELD. Mr. President, if I may observe, I do not think there is any question but that this soldier should be directly connected. His history is that he is 36 years of age. His father died at the age of 62, his mother at the age of 55. The cause of the deaths of his father and mother—that is, the direct cause—is unknown to him, but he does know that they did not die from tuberculosis. He has one brother living, in good health. He has two sisters living, both in good health. There was no record of tuberculosis in the family to the veteran's knowledge. His father lived in Passaic, N.J., and the veteran was born there.

In childhood the veteran had the usual diseases of childhood, but no scarlet fever, no typhoid fever, none of the many diseases which he might have contracted. He escaped them all.

He enlisted January 30, 1915, in the Sixth Field Artillery, which was split up in 1917, when he was transferred to the Tenth Field Artillery, and went overseas with that outfit in April 1918.

The veteran was in five major operations in the war. He was cited by division headquarters for gallantry in action in October 1918 for establishing communication between regiment and battalion commanders near Montfaucon, France, Meuse-Argonne sector, under heavy shell fire. He was gassed in the second battle of the Marne, after volunteering his service to carry the wounded back to first-aid stations. He, himself, lay in a first-aid station for 2 or 3 days in a semiconscious state, vomiting and spitting blood. He had loss of appetite. He states that his chest felt tight, and he had the sensation of suffocation during the period following his having been gassed. That was in July 1918.

The last battle in which the veteran participated was on November 11, 1918, the day the armistice was signed. He then hiked with the Army of Occupation into Germany. He returned to the United States in August 1919. He was not then in good health, in his judgment. He lost weight—about 8 or 10 pounds—and had loss of appetite. He reported sick and was given pills. He believed his condition was due to his gas experience. He was discharged from the service September 19, 1919, without examination.

The veteran reenlisted immediately, September 20, 1919, also without examination, and served again with the Tenth Field Artillery, and was sent to Detroit, Mich., on recruiting service, where he remained about 6 months. He contracted influenza in the epidemic of 1920 and was taken to the hospital on a stretcher. He was taken to Fort Wayne, Mich., and remained there about 2 weeks, with high temperature, coughing a great deal, and raising blood. He evidently had an involvement of the lungs. His chest felt swollen and he experienced difficulty in breathing.

After discharge from the hospital he was sent back to Camp Pike, Ark., with his regular organization, the Tenth Field Artillery, Third Division. The veteran states that he felt "dragging" after his recovery from influenza, developed a cough which continued, and was eventually told he had fluid in his chest. In the early part of 1921 he was discharged from the Army without examination.

The veteran then went to Passaic, N.J., and stayed out of service for 9 months. In that interim he stayed with his brother, and states he felt sick and did not feel he was physically able to work. He was running a temperature and spitting blood, and had heavy night sweats. He had no knowledge that the Government would take care of him, and reenlisted in 1922, without examination, notwithstanding that he had a cough, was raising blood, had night sweats, and had lost weight. He was sent to Panama from Fort Slocum, N.Y., on the first available transport.

In Panama, in August 1924, he grew worse. He had grown worse steadily from the time he entered the tropics. He ran a temperature continually, was spitting blood all the time, had many night sweats, and vomiting after breakfast. He reported to the sergeant in charge and asked for some pills or salts, stating that he had a cold. The colonel of the Medical Corps then examined him and said he had tuberculosis, far advanced, in both lungs, outlined an area on the left side of the chest, and told him he had an involvement of that entire side. He was put into Ancon Hospital, Panama, and kept there about a month, awaiting a transport to bring him back to the United States.

He returned to the United States in September 1924, where he was taken to the Letterman General Hospital, San Francisco, Calif., remaining there about 1 week, when he was sent to Fitzsimons General Hospital, Denver, Colo., where

he remained from September 1924 to November 1928. During this time was given pneumothorax, that is, pumping artificial air into the lungs, after which he experienced a spontaneous collapse. Then developed fluid and was tapped and the fluid drained from his lungs. The veteran states that he experienced a great deal of pain in his chest and lungs.

Then Colonel Bruns, Chief of Medical Service, and Major Thearle, Chief of Surgical Service, with Major Pollock as assistant, recommended the rib operation, and Major Thearle operated in June 1925 for an empyema of the left chest, beginning at the posterior angle of the ribs, involving a complete resection of all ribs beginning with the last and ending with the first, removing the ribs, 12 in number, to their articulation with the vertebral column, permitting a complete collapse of the left lung. Upon inspection posteriorly, when the cavity is pulled apart, the pulsations of the thoracic aorta can be seen, and overlying this pulsation can be felt the pulsations of the heart against this scar overlying the heart, which represents the collapse or folding in of the skin and the tissue underlying the skin, overlying the heart, and the remainder of the lung.

Upon auscultation no breath sound is found, indicating that there is complete collapse of the left lung.

The surgeon arrived at the conclusion that the lung could not possibly repair itself unless it was put to rest, and that the only way it could be put to rest, Mr. President, was to perform this operation, collapsing the lung, and consequently doing away with the lung on the left side entirely.

In the right chest, pressing the right lung upon auscultation there is a harsh, rough breathing heard in every part of the lung, indicating an involvement of the lung, due no doubt to the invasion of the gas upon the normal texture of the lung tissue, resulting in a roughened breathing wherever the lung tissue is to be found, with numerous fine, dry, and hissing râles.

The soldier presents a bulging mass on the left side at the free boundary of the ribs, which were joined together by cartilage, when he undertakes to extend his diaphragm, which is the muscle which separates the abdomen from the thoracic cavity. This is due to the fact that there is no anchorage, it having been separated from the spinal column.

The only way this could have been obviated by the surgeon would have been to remove the ribs surrounding the costal margin. The reason the surgeon did not do this was the weakened condition of the soldier, feeling that the collapse of the one lung was as far as he could go and that to undertake additional surgery in all probability would mean the loss of this patient.

There was an abscessed cavity which had been draining from the early part of 1921 because of the accumulation of fluid which became infected, and which, no doubt, was primarily of tubercular origin. The only way to get rid of that abscessed cavity was the collapsing of the lung. So this operation was performed, bringing the posterior and the anterior wall of the chest cavity together, and by so doing obliterating this abscessed cavity, as well as collapsing the lung. The surgical operation was entirely successful; the soldier was cured, so far as his left lung was concerned, by obliterating the lung altogether, leaving him only an impaired right lung, which had been primarily involved by the gas, resulting in more or less of a pathology of the entire lung structure on the right side.

The veteran is 5 feet 7 inches tall; girth measure is 28 inches.

Has complete collapse of left lung; general impairment of right lung, with active tuberculosis bacilli in the sputum.

Veteran is emaciated, although he has a moderate amount of nutrition and resistance.

In this condition, Mr. President, he is living today; but what is the picture in this case? He was out of the service for a period of 9 months in 10 years of service. He developed a cough; was raising blood soon after he was gassed in France, and he continued to raise blood and continued to exemplify lung involvement. After his attack of influenza he was sent to his old camp in Arkansas, and there he was discharged. He remained out of the service for 9 months. Notwithstanding this out-of-the-service period, he continued to raise blood; he continued to cough; he continued to have night sweats. Yet we are told that this soldier's disability is connected by only a presumption in the law.

This soldier unquestionably, Mr. President, developed tuberculosis after he suffered the gas attack in France. Then his resistance was greatly lowered by the influenza attack in 1920 at Detroit while he was in the service there. Reenlisting in 1922 he was sent to Panama and remained there for a period of 2 years, continuing to have night sweats, continuing to run a temperature, continuing to lose flesh. It was finally discovered by the physician that he had a tubercular condition involving both lungs. He was then sent back to the United States and finally fell into the hands of a good surgeon who knew what to do. He was operated on, and because of the medical attention given this soldier he is living today. I may say, however, that this soldier is suffering at the present time from a chronic tubercular condition of his right lung.

Yet, Mr. President, notwithstanding all this experience, and notwithstanding all the service rendered by this patriot, though he was allowed, upon a presumptive conclusion, $100 a month, he was notified that the amount of compensation that he was to receive would be reduced to $20 a month, beginning July 1. He has a second notice informing him that his compensation has been increased to $30 a month—this soldier with one crippled lung left. You can place your finger on the large blood vessel which carries all the blood to the upper extremity, known as the "thoracic aorta", and you can see it pulsate through this gaping wound, and, resting anteriorly, or on top, of this large blood vessel, you can see the heart pulsate, with only a very small amount of tissue overlaying the heart, possibly less than one sixteenth of an inch, where the blood vessel enters the right auricle of his heart.

Mr. President, this is the picture, the horrible picture, of the treatment accorded this World War veteran. This is the treatment which he will receive by the rules and regulations adopted by and put into operation by the Veterans' Administration, to be administered through the direction of the President. I submit that this case is one that is worthy of the consideration and the sympathy and the support of every Member of this body, as it is likewise entitled to fair consideration by the other House of Congress.

When I first met this soldier I felt that I should make this investigation. I made the suggestion to the distinguished Senator from New Mexico, and the investigation was made in conjunction with Senator COPELAND. I am quite sure that the accuracy of the picture which I have portrayed here will be vouched for by my good friend the Senator from New York [Mr. COPELAND], who is a distinguished physician and who has demonstrated his ability in his profession by the service he has rendered to the people of the city of New York. I thank the Senator from New Mexico.

Mr. CUTTING. Mr. President, it is for me to thank the distinguished Senator from West Virginia for the care and trouble he has taken in examining the case of this constituent of mine and in rendering such a thorough report. Of course, no matter what laws we may pass we are going to confront the question of interpretation. The care and competence with which these men are examined is the important thing, after all. We have in the Veterans' Bureau doctors not all of whom, but most of whom, give a mere cursory examination to a case like that. They are under orders to cut expenses whenever they can, and those orders have got to be carried out, or the doctor leaves the service of the Veterans' Administration.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from New Mexico yield to the Senator from California?

Mr. CUTTING. I yield.

Mr. JOHNSON. May I ask a question of the Senator?

Mr. CUTTING. Certainly.

Mr. JOHNSON. I gathered from what the Senator from West Virginia has said that this man was first reduced to $20 a month, and then was increased to $30. Is that correct?

Mr. CUTTING. I believe so; I believe that, after having his compensation cut to $20 a month, later on he was munificently rewarded by an extra $10 a month.

Mr. JOHNSON. I wanted to call the Senator's attention to that extraordinary generosity by a grateful Republic first, but next to demonstrate that this very case has been reviewed during this period of discussion by those who are administering the veterans' law. That is so, is it not?

Mr. CUTTING. Yes.

Mr. JOHNSON. So that we have a case here of a man just barely living, married, who under the law was getting $100 a month——

Mr. HATFIELD. Mr. President, will the Senator yield at that point?

Mr. JOHNSON. Yes.

Mr. HATFIELD. And a man with a hundred percent disability.

Mr. JOHNSON. Yes; a man with a hundred percent disability, getting a hundred dollars a month and reduced by this grateful country of his to $20, for him and his wife to live upon. This case, thus presented, leaves him nothing else to do but die. Shades of generosity; shades of gratitude; shades of Morgan & Co., for the love of God, are we not strong enough and big enough in the Congress of the United States to prevent that sort of wrong and that kind of injustice?

Mr. CUTTING. For 10 years this soldier served his country, Mr. President, and at the end of that time we give him a bit of ribbon with a few bars on it and a citation for gallantry in action, a medal——

Mr. JOHNSON. Has this man had citations for gallantry in action?

Mr. CUTTING. After getting these medals and the ribbon, which I hold in my hand [exhibiting], his Government decided that he was thereafter to get a pittance on which he could not possibly live.

Mr. JOHNSON. O Economy, what crimes are committed in thy name!

Mr. CUTTING. These doctors decided one day that his $100 a month should be cut down to $20 a month, and on another day they decided that the $20 a month should be increased to $30 a month, and based their decision on no evidence which they had not had in their possession right along. They did not examine this man in between. They sent him a letter—I do not know whether the Senator from West Virginia has the letter, but it matters not. It is the regular form of letter which the Bureau sends out. It states nothing except the fact that his compensation has been cut down.

Mr. President, I have the letter now, and I think I will read it to the Senate, because it is exactly the kind of letter sent to every veteran who is being cut; and I want the Senate to realize that when a man gets a letter like this there is nothing he can do about it.

Mr. JOHNSON. It is, I have no doubt, couched in the most kindly and generous terms, and I shall be glad to hear the letter read.

Mr. CUTTING. The letter reads:

DEAR SIR: A review of all claims in which payments of benefits were being made on March 20, 1933, was undertaken for the purpose of determining entitlement to benefits provided by Public, No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States."

I call to the attention of the Senator from California the words "benefits"—"entitlement to benefits." I have indicated the "benefits" which this particular veteran is going to receive in return for having served in four major operations in the war: Champagne-Marne, Aisne-Marne, St. Mihiel, and Meuse-Argonne.

He was cited by division headquarters for "gallantry in action" near Montfaucon, Meuse-Argonne sector, France, October 1918, "for establishing communication between the regimental and battalion commander near Montfaucon, France, Meuse-Argonne sector, under heavy shell fire."

I continue the reading of the letter:

Your claim has been carefully reviewed and, in accordance with the provisions of the above-entitled act, and on the evidence of record in your case, it has been determined that you are entitled to, and there is being approved in your favor, effective July 1, 1933, an award of pension in the amount of $20 monthly, on account of your permanent and total disability not incurred in service.

"Permanent and total disability", Mr. President!

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from West Virginia?

Mr. CUTTING. I yield.

Mr. HATFIELD. Mr. President, this young man entered the Army in 1915, at 18 years of age, at which time he states he was in perfect health. He remained in the service of the Government for 10 long years. He developed no manifestations in the way of a disease until after he was gassed in one of the major battles during the World War. He did not think at that time that he was permanently disabled; he thought that the lung condition from which he suffered after the gas attack would clear away; but he continued to cough and to raise blood from and after that attack until 1920, when he suffered a severe attack of influenza in that 1920 period, when influenza was rife throughout this land. He was in an unconscious state for a period of 2 weeks in the hospital in Detroit, Mich. He continued to raise blood after his convalescence there; then he finally was discharged from the Army. He was out of the Army for a period of 9 months, suffering all the while from night sweats, the raising of blood from his lungs, the loss of flesh, and the loss of appetite. Reentering the Army 9 months after his discharge, he was sent to the Tropics. He remained there for 2 years, and then was sent to a hospital in San Francisco, Calif., where he was transferred in a short period of time to Fitzsimons Hospital in Denver, Colo., where he was surgically treated, where his life was saved, where his left lung was sacrificed.

That is the history of the soldier, and yet the record discloses the fact that he is connected in the way of disability by presumption. Why, Mr. President, there is not one peg upon which any diagnostician can hang his hat that would enable him to arrive at a conclusion that this soldier did not contract tubercular involvement that lost for him his left lung while he was directly in the service of the United States Army.

Mr. CUTTING. Mr. President, I thank the Senator. I want to say that if the Veterans' Bureau were in charge of the Senator from West Virginia we could all of us go home without enacting any legislation at all and realize that justice would be done. It is because the Veterans' Bureau is in charge of men with other ideals and other methods of diagnosis that we have to stand here on the floor of the Senate and make the fight we are making.

Mr. JOHNSON and Mr. FESS addressed the Chair.

The PRESIDING OFFICER (Mr. MCGILL in the chair). Does the Senator from New Mexico yield; and if so, to whom?

Mr. CUTTING. I hope Senators will allow me to finish this very interesting letter from the Veterans' Bureau.

Mr. JOHNSON. May I make just one brief observation?

Mr. CUTTING. Very well.

Mr. JOHNSON. I understood from what the Senator from West Virginia said and from what the Senator from New Mexico said in the matter of the history of this man that one could see his heart beat really from the gaping wound that exists in him now. Is that correct?

Mr. CUTTING. Yes.

Mr. HATFIELD. Not only is that true, but one can see the heart pulsate.

Mr. JOHNSON. Let us take this veteran down to the Veterans' Bureau so that those in charge of it may see a human heart! [Laughter.]

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Ohio?

Mr. CUTTING. I yield.

Mr. FESS. The recital of the Senator in reference to this soldier leads me to ask this question. He would be eligible for compensation under the War Risk Insurance Act of October 6, 1917. What compensation was he receiving? I assume this was an injury.

Mr. CUTTING. He was receiving $100 a month disability compensation. As to the insurance, I am not informed, but I should like to read the rest of the letter.

Mr. FESS. Does the Senator mean the whole compensation has been cut to $30?

Mr. CUTTING. Yes; first to $20, then to $30.

Mr. FESS. I was wondering whether it is not possible that we are under a misapprehension and whether the soldier was not receiving something adequate under the Compensation Act, and this is an increase?

Mr. CUTTING. That is all he is receiving.

Mr. FESS. I cannot imagine how that is possible.

Mr. CUTTING. The Senator will find that it is happening in tens of thousands of cases, and they are all getting this identical letter, and that is why I ask permission to finish reading the letter now. There is just one more paragraph to the letter and I want to read it:

> Regulations promulgated pursuant to the provisions of Public, No. 2, Seventy-third Congress, provide that, except as to degree of disability, an application for review on appeal may be filed within 6 months from the date of this notice, or July 1, 1933, whichever is the later date. In the event you contemplate filing such an application, it is suggested that it be deferred until after July 1, 1933, when the condition of the work incident to the review of claims will permit of expedited action on applications of this character.

What would an ordinary man do if he received such a letter as that? He is told he has the right of appeal, but no right of appeal as to the degree of disability. The decision is final as to degree of disability. He can appeal as to something else, but there is doubt in the letter as to what he can appeal from. He is merely told that owing to the Economy Act he is going to get some benefit and that the benefit in his case is $20 a month. He is told that a very careful review was made before they came to the conclusion.

They sent that letter on May 6. On May 18 they wrote him another, stating again that his claim had been carefully reviewed. In fact, the letter of May 18 is an exact duplicate of the letter of May 6 except for one word. The letter of May 18 contains the word "$30" monthly instead of "$20." It also says that "this letter supersedes the letter dated May 6." First they gave his case careful review and said he was to have $20 a month, and then in the next 12 days they gave another careful review and decided he was to get $30 a month. He can appeal from those decisions, but how in the world is that man or any other man to know what course he is to pursue in filing an appeal? I do not believe any Member of the Senate would know how to reply to a letter of that sort. How these unfortunate suffering veterans can know the facts in a case like that I leave for the Senate to try to figure out.

Let me call to the attention of the Senate the third statement of the letter, that although previously these cases had been dealt with with great care and careful review has been given to them, after July 1 the review of cases is going to be expedited. We are going to have rapid action from that time on. It will not take 4 or 5 days to knock a man out and give him $20 instead of $100. After July 3 that is going to be done in 5 minutes.

So much for this case, which I did not mean to discuss at such length; I make no apologies for having done so, because it is an entirely typical case. I may add that the man is here in the building and any Senator who desires to see him can do so.

The point in this case and the point which this man makes is not that his case deserves particular attention. He is just one of the victims of which every State in the Union can furnish thousands of examples. Then we are asked to accept an assurance that from now on some degree of generosity is going to be shown to such cases. We are appointing boards and we are allowing them to act under rules and regulations laid down by the bureau. If these boards are going to act in the way in which we want them to act, we have got to write the regulations into the law on the floor of the Senate and the House and not leave Mr. Lewis Douglas to do it in the Bureau of the Budget.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from New Mexico yield to the Senator from West Virginia?

Mr. CUTTING. I am always glad to yield to the Senator from West Virginia.

Mr. HATFIELD. The mistreatment of the veteran, the lack of understanding of his case, in my candid judgment, goes back to the lack of understanding on the part of the men who are operating the Veterans' Bureau. I do not wish to cast any opprobrium upon any of them. I have no feeling in this matter whatever. Soon after I came to the Senate of the United States I appeared before a committee and made certain declarations there respecting the presumptive period that was then in operation. I pointed out and proved the statement that I made, by eminent authorities in this and other lands, that the presumptive period then in operation, 5 years, was not a sufficient time within which certain diseases might well develop that had been picked up by the veteran during his service in the Army.

We had the attitude of the then President of the United States upon that subject and referring to the then President, I have no feeling in the matter other than to observe that he has no right to a medical opinion, as is the case with the present Chief Executive of this Nation. When we survey the organization of the Army, with the surgical service and the Surgeon General in the Army, when we make a survey of the surgeon in charge of the Navy, when we make a survey of the Health Department of the Government, and compare the efficiency of those departments with the efficiency of the medical division of the Veterans' Bureau, we find they are not to be compared, notwithstanding the Veterans' Bureau is many times greater in the way of service and in the way of responsibility and has larger problems to deal with than any of the other departments to which I have referred.

In my opinion, the Chief Executive who passed into history on March 4 and the Chief Executive who is now in control of the destinies of this country which include the veterans, overlooked the fact that the inefficiency from which the veteran suffers, the mistreatment which he receives is due to the fact of the lack of understanding of the veterans' diseases, the conditions which develop respecting the veterans. In my candid judgment, if there was a complete and efficient medical organization in charge of the Veterans' Bureau we would not have experiences brought here to the floor of the Senate such as are exemplified by the distinguished Senator from New Mexico in the last case to which he has referred.

Mr. CUTTING. Mr. President, I am glad to have the statement of the Senator from West Virginia, and I again remind the Senate that he himself is an eminent physician.

Mr. President, we are told in the press of the country that it is better to let the Executive pass on these cases, that Congress is incompetent to decide which man shall obtain benefits on account of disability, and which man shall not.

It may be of interest to remember that almost immediately after the Revolutionary War the duty of selecting the men entitled to compensation for disability incurred in the Revolution was taken away from the President and given to the Federal courts. After the courts had passed on a particular claim it was then submitted to Congress, which was to determine whether or not the veteran in question was entitled to be placed on the pay roll. The Chief Executive was left out of the picture entirely; and the reason given for the passage of that act was that the power to place men on the pay roll might put the President "in a position to de-

stroy the fundamental principles of democracy." It was not until many years after that that the executive branch of the Government was given any discretion at all.

Now we have divested ourselves of all authority in this matter. We have left it all to the Executive. We have been attempting in the past few days to recover some slight part of the authority with which we then parted. So far, we have been unsuccessful.

The compromise into which it is proposed that we enter takes away all rights from the Spanish-American War veterans. If I read it rightly, it takes away all rights from the direct service-connected cases. In the case of the presumptives the language is so involved and so obscure that no man can guarantee that any presumptively connected case will remain on the rolls.

The case of Peter Reno, as I said, is a presumptive case.

Many people have not thought out the question of what actually constitutes a war casualty.

The other day I received a letter from an eminent physician, himself a war casualty, from which I should like to quote:

At Camp Cody we received thousands of men from civil life. We could not supply them with proper clothing for winter—light summer uniforms only. They slept 12 in a tent, spoon fashion, to keep from freezing. We did not have blankets enough to cover them. Pneumonia ran riot. They died 3 to 5 a day all winter. Were they war casualties or were they not? I buried at sea, with grate bars tied to them, 57 men dead of pneumonia, until we ran out of grate bars. I piled the rest of the dead, one on top of another, in an unused room on the ship. Were these dead war casualties, or were they not?

A fat old doctor was made to walk 3 miles uphill from Cherbourg to Tourleville. He dropped dead at the top. Was he a war casualty, or was he not?

Another distinguished medical man, my own dear friend, examined thousands of cases of ear disease by candlelight. His right eye has never been any good since. Was he a war casualty, or was he not?

Another friend of mine got flu at Camp Dix, followed by pneumonia, then a series of operations, with removal of ribs on one side. He has been a total wreck ever since. Was he a war casualty, or was he not?

An old doctor of Detroit got flu at Coblentz after November 11, then was hospitalized for tuberculosis. Is now a far-advanced and very feeble consumptive. He will be totally without funds when August 1 rolls around.

In view of the new compromise, we shall have to change that date to October 31—

Was he a war casualty, or was he not?

I am so outraged at what is being done to others that my own troubles are forgotten.

This man himself, Mr. President, was one of the most eminent tubercular specialists in the Southwest. He is not now a constituent of mine. He enlisted in the war when over age, left a very lucrative sanitarium which he was conducting, and went into the service. I shall read a few sentences from another letter which he wrote me:

It is against my instinct to ask anyone to help me, but now, in my 63d year, with my race about run, I am in dire need of it. The Veterans' Administration has taken from me my retired pay. I am sick and old and no longer able to earn enough to support my family, consisting of my wife and two minor children, a very old father-in-law, and for 2 years past I have had to support two adult children out of work and still out of work. I have been able to survive the depression and do these things by means of my retired pay. I have also helped a daughter with a consumptive husband and her two children.

I will quote a portion of a communication I received from the Veterans' Administration.

And here again we note the generosity with which the Veterans' Bureau conducts its correspondence:

The above-named former officer has been granted retirement pay on account of tuberculosis, pulmonary, chronic, active, moderately advanced; emphysema, severe, chronic myocarditis with hypertrophy and extra systole.

I assume that is rather a serious condition; is it not? I address my inquiry to the Senator from New York [Mr. COPELAND].

Mr. COPELAND. I should say it is.

Mr. CUTTING (reading):

The evidence shows that the above-named former officer is not entitled to continue to receive retirement pay, as the disability for which he was retired with pay is not shown to have been caused by a factor arising directly out of the performance of actual military or naval duty during the World War.

I now quote further from this doctor's letter:

When the war broke I had been in the Reserve Corps since 1907, and just before had been promoted from first lieutenant to captain, and examined for promotion at Fort Bliss, Tex. So I must have been in good health then. The day before Colonel Buswell went to Washington in April 1917 he examined me for active service at Fort Bayard, N.Mex., and ordered me to duty shortly after he got to Washington (by telegraph).

Again, at Camp Dix, I was examined by the Overseas Medical Board, and the fact that I was sent to France as surgeon of the One hundred and thirty-third Infantry shows that they found me in good health. When I went over I was 47 years old, 2 years over military age.

When I was discharged from service at Fort Bayard in the spring of 1919 the major who examined me told me I had active pulmonary tuberculosis, and I was discharged with that diagnosis. I never applied for compensation; it came to me automatically as a result of my discharge with tuberculosis. In fact, the then Veterans' Bureau wished to hospitalize me for the same.

The first two or three checks I received I returned with the statement that I had not served for money and did not wish help as long as I could earn my way. The Veterans' Bureau official who got my letter wrote me and returned the check, and advised me to take them, so as not to prejudice my case in the future. From then on I took the checks. Ever so often the Veterans' Bureau ordered me up for examination, and each time my compensation was increased. In March 1925 I was ordered to go to Albuquerque for examination, and there given permanent total disability. When the retirement bill was passed I was placed on the retired list.

That I have survived the depression, as I stated before—that is, so far—has been due to this retirement pay.

* * * * * * *

On the ship going over I cared for, alone, 500 cases of flu—87 pneumonia, and had 57 deaths on the cold, unheated old English freighter. I never had my clothes off for 17 days going over. I landed at Liverpool with a fever of 101, and it did not come to normal for 3 months. My old cured trouble broke out. I never went off duty a day—worked all the time, slept in the mud, on cold marble floors, on barn floors, on cots (wire) with no mattress. From Cherbourg to Tourleville I carried my clothing roll 3 miles uphill, and never got my breath back from that day to this.

At Base A, Evacuation Hospital No. 2, I had 2,500 men under my care as chief of medical service.

On top of all this, after granting me compensation on the basis of what they found on discharge, they arbitrarily claim that my disability does not arise out of the war.

If your conscience says help me, please do it, for God knows I need it.

This letter is written in an almost illegible handwriting on account of the disability from which this very eminent doctor is suffering. He was cut down, if I remember the case, to $40 a month. That statement of "benefit" was conveyed in a subsequent letter. When he received from the Bureau the particular letter to which I am referring he was informed that his retired pay had been cut off entirely, and nothing was substituted therefor.

Mr. COPELAND. Mr. President, will the Senator permit me to cite one case very briefly?

Mr. CUTTING. Surely.

Mr. COPELAND. It happened last year. A man came to see me out at my farm. I had leisure and I gave time to him. He had been engaged a few months before to shovel the snow off the roof of his mother's house up in Watertown, N.Y. He became heated and immediately had a paralysis which paralyzed one side of his face and one side of his body. The question was, Could that in any way whatever be a war-connected case?

I inquired from the man if he had had any paralysis during the war, and he said he had. He was in the army of occupation, and on a forced march had a paralysis from his waist down. He had no hospital record; but they put him in an ambulance and carried him along, and in 2 or 3 days he recovered from it.

Of course, it is easy to state that there could be no possible war connection. I inquired if he had had any injury in the war. He said he had a shrapnel wound, and as a result of it had an infection of the tear sac and of the angle of the eye, and had serious blood poisoning, which continued for several months. In the absence of specific disease it is perfectly apparent to me that this man had an inflammation of the lining of the heart, what is called

an endocarditis, as a result of the blood poisoning, and following this there were vegetations upon the valves of the heart. One of these broke loose when he was on his way up to Coblenz. Fortunately, it was disposed of. In the second case the vegetation went to the brain, and as a result of it he had a paralysis. He is permanently disabled, unable to work.

To my mind, that man is just as much a casualty of the war as if he had been shot and wounded in battle in such a manner as to have produced the paralysis of which I have spoken. It is directly traceable to an injury the effects of which are dated back to the shrapnel wound, with the subsequent infection.

Mr. CUTTING. I entirely agree with the Senator. I have known terrible cases that were directly connected with the service by positive proof, and I have endeavored to secure justice for such cases. I agree with what the Director of the Budget said in March, that men who have lost 2 legs and 2 arms or 2 eyes should be drawing $275 a month, although the Director of the Budget himself has issued no administrative orders and has allowed his subordinates to issue no administrative orders which would give any such compensation. But, Mr. President, I have known men who have lost two legs, I have known men who have lost two arms, and are able to carry on business and make a small income for themselves. They are not quite so helpless, not quite so miserable, not quite so wretched as men I know who are lying on their backs in hospitals as the result of military service, men who can do nothing except breathe. It is a question of how long they can continue to breathe.

These are the presumtive cases. These are the cases as to which the Economy League has issued a pronunciamiento in which they say that we must establish the principle that they fought for their country, and not for a pension. This man whose picture I hold in my hand fought for his country and not for a pension, and therefore he is cut down to $20 or $30 a month.

Mr. President, I want to give the records of just a few cases which were called to my attention the other day.

The first case is as follows:

Pre-war occupation, barber. Age at enlistment, 39 years. Wounded in action Meuse-Argonne. He received a severe gunshot wound of the right thigh with marked loss of muscle, causing a tumor of the bone. This has caused the knee joint to stiffen badly. He was also wounded by gunfire in the right hand, which has caused a palsied condition, or marked shaking of his right hand as a result of this injury. This disabled veteran was drawing $58 a month with which he was supporting two aged aunts, one of whom is totally blind. Under the Economy Act regulations his pension has been set at $20 a month, a reduction of 65 percent. His present age is 55. He is now unable to work as a result of his injuries and has no means of support.

Mr. HATFIELD. Mr. President, under the regulations established by industry respecting employment after a certain age, this man having arrived at the age of 55 years, it would be almost impossible for him to get employment of any kind. Is not that true?

Mr. CUTTING. That is absolutely correct.

The second case to which I want to refer is that of a farmer, wounded in action, Meuse-Argonne, October 5, 1918. He received two severe shrapnel wounds in the neck, shoulders, and back. The scars are still so large that you can put your fist in them. These injuries have resulted in a useless right shoulder and right arm, in addition to two very painful wounds. He has been drawing $46 a month for many years. Due to inadequate description of wounds and their effect, he was recently reduced to $10 a month and unless this description can be corrected he will be further reduced to $8 a month, or a pension denied him altogether.

Third case:

Gunshot wound, Meuse-Argonne, October 15, 1918. This disabled veteran was in a shell hole when German shell exploded killing six of his comrades and severely wounding him. He has very extensive and unsightly wounds and scars with muscle destruction of left arm, shoulder, and back, which has rendered the left arm and shoulder useless for purposes of work. He was drawing $67 a month for this disability. The Economy Act and its regulations have set his pension at $8 a month, a reduction of 88 percent.

Fourth case:

An aviator who made fifty-odd flights over the German lines. On November 8, 1918, while cranking his airplane propeller preparing for another flight over the enemy lines the propeller cut off the major portion of his left hand, leaving only his thumb, and cut off the thumb of his right hand and severely injured this hand also. In addition, his right arm was broken so severely that he cannot raise this arm to his shoulder and is consequently useless for work. Having only a thumb on his left hand, this hand also is useless for work, and he has not been able to work since injury. He has no means of support other than his pension. He had received $125 a month for many years on account of his injuries. The Economy Act regulations has set his pension at $40 a month, a reduction of 68 percent.

Mr. HATFIELD. Mr. President, there is no consistency in the proportion the two soldiers are receiving based upon the injuries they sustained, and that is the experience which will be found in connection with the ratings of these soldiers who are disabled; that no consistency is maintained based upon the disabilities which the soldiers have suffered.

Mr. CUTTING. The Senator is entirely correct. Just one other case, that of a veteran with the service-connected disabilities of deafness and severe sinus trouble, heart and lung trouble, rheumatism, and mental disability, who has been cut from $102 a month to $20 a month under the new regulations. He has had 18 operations by the Government since the war for service-connected disabilities. He was severely gassed at the Battle of St. Mihiel, but refused to be evacuated. He served in the Battle of the Argonne, where he was again gassed, this time so severely that he had to be carried off the battlefield. He has a wife and five children, and the Government is from now on to pay him the princely sum of $20 a month.

Mr. HATFIELD. The soldier is 100 percent disabled?

Mr. CUTTING. Of course.

Mr. HATFIELD. And he must be cared for by his family?

Mr. CUTTING. Yes.

Mr. HATFIELD. He is to receive $20 a month from the Government which he served to take care of him and to provide for him, and because of the paltry contribution made by the Government of the United States the family must go out and support the breadwinner of the family, the soldier?

Mr. CUTTING. Exactly. We could multiply these cases by the thousands and the tens of thousands, of course, but we have not the time to do so, and I will leave those cases before the Senate as samples of what is being done over all the country.

The other day I read from the RECORD a statement given by the adjutant of the Disabled American Veterans of the World War of Fort Bayard, N.Mex., showing the degree of cuts which had been made in the compensation of those in that hospital.

I have here a statement sent to me by someone in Detroit as to the first cases which they looked into at random in the Veterans' Bureau in that city. I shall not read the statement, but I should like to have it go in the RECORD at this portion of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Below is list of claims picked at random that have been rated under the new veterans' legislation, which have been brought to my attention by individual veterans showing claim number, nature of disability, old rating, new rating, and whether in combat, or not in combat

Claim No.	Nature of disability	Old rating	New rating	Remarks
607816	Rhinitis and encephalitis	$150	0	Not in combat.
273202	TB	50	0	Do.
198446	Gunshot wound	17	$8	In combat.
196429	Gunshot wound and hearing	49	20	Do.

Below is list of claims picked at random that have been rated under the new veterans' legislation, etc.—Continued

Claim No.	Nature of disability	Old rating	New rating	Remarks
207475	Pleurisy, gunshot wound, chest	$27	$8	Do.
203997	Arthritis, heart, severe	70	40	Not in combat.
162961	Gunshot wound, paralysis from discharge	100	20	In combat.
240861	TB	50	0	Not in combat.
243110	do	50	0	Do.
291766	TB, N.P., from 1920	45	0	Do.
178566	Gunshot wound	32	8	In combat.
109008	do	55	8	Do.
186431	do	16	0	Do.
167678	Bronchitis	12	0	Not in combat.
172036	Pes planus	12	0	Do.
72754	Amputation right leg and left foot, frozen feet, front line.	125	60	In combat.
131113	Amputation left leg, gunshot wound	89	40	Do.
148247	Gunshot wound, amputation left leg	111	60	Do.
183629	Gunshot wound	45	20	Do.
202432	Blind eye, gunshot wound	57	40	Do.
191660	Deafness	39	18	Do.
195612	Gunshot wound	71	20	Do.
191145	Deafness	27	8	Not in combat.
134074	do	71	8	Do.
205078	TB, bronchitis	50	8	Do.
203667	Arthritis	45	20	Do.
183443	Gunshot wound	27	8	In combat.
263149	N.P.	26	0	Not in combat.
170737	Pes planus	30	0	Do.
178042	Gunshot wound	20	0	In combat.
182817	Amputation right arm, gunshot wound	108	80	Do.
181092	Arthritis	18	0	Not in combat.
184328	3 gunshot wounds	76	20	In combat.
172172	Gunshot wound	19	8	Do.
196775	Bronchitis and TB	36	8	Not in combat.
1143440	TB from discharge	50	0	Do.
565873	Gunshot wound	20	8	In combat.
259042	TB from discharge	50	0	Not in combat.
290118	do	50	0	Do.
193680	Gunshot wound	17	0	In combat.
193384	3 gunshot wounds	40	20	Do.
197555	Gunshot wound	38	8	Do.
222010	do	20	8	Do.
219481	do	25	8	Do.
765756	Encephalitis	100	8	Not in combat.
1143138	Deafness	84	8	
72706	Amputation, right leg	80	40	In combat.
133307	Shrapnel wound in head and high explosive.	77	20	Do
157922	Gunshot wounds, right forearm through and through left side neck, gunshot wound left wrist, gunshot wound groin and center chest, all from high explosive.	59	20	Do.
207371	7 gunshot wounds, several bullets still in body, practically blind from gunshot wound.	150	40	Do.
293104	Fracture right leg, multiple arthritis	95	8	Not in combat.

Mr. CUTTING. Mr. President, there is the situation which has been confronting us since the 31st of March, when the regulations under the Economy Act were issued.

The Senate has acted. The Senate has decided by several overwhelming votes that it wants to do justice to these men. How can it possibly reverse its stand now because a so-called "compromise" has been adopted by one House of the Congress, although that compromise is a complete surrender of every principle for which we fought on this floor?

Mr. President, we have been treated in bad faith, and when I say bad faith I am not criticizing the Senators who have stood on the floor of this Chamber and assured us as to what was going to be done if we passed such and such an act or adopted such and such an amendment. Those Senators were acting in good faith, but the people for whom they spoke did not back them up.

I am not charging bad faith to the President of the United States. We know perfectly well that he is too busy with other matters to give to this matter the detailed attention which is required if justice is to be done. But the people who wrote the regulations, the people who wrote the Executive order which came down on June 6, the people who have written this infamous amendment knew exactly what they were doing, and those are the people who have deceived Members of this body, who have induced them to stand up on this floor and promise things when the promises were not going to be kept.

Are Senators going to trust them again? Whatever benefit may be done for these unfortunate cases is going to be done by Congress and anything we do not write into the law might as well not be considered at all, because it will not be granted by the Veterans' Administration or the Bureau of the Budget. We know that, because we have had the experience.

This is not a partisan fight, and everyone knows it. In the list of Members who voted to take up the Trammell amendment, and who voted to reject the substitute amendment of the Senator from Arkansas, will be found in about equal numbers Senators from both sides of this Chamber. The Members of the House who accepted this compromise accepted it, undoubtedly, in good faith, believing it was the best they could get, but I do not think they had given it the study or the analysis which has been possible since Saturday night.

I am confident that the compromise contains nothing which will benefit anybody, except possibly the widows and dependents of the service-connected cases. The language in that respect seems to be positive, yet my experience of the last few months is such that I would hesitate to stand on the floor of the Senate and guarantee even that sentence, because there may be some hitch in it, some catch in it, which I have overlooked.

There are no men in the Congress of the United States to whom the veterans should be more grateful than the three ranking majority members of the Veterans' Committee of the House of Representatives, Mr. RANKIN, of Mississippi; Mr. JEFFERS, of Alabama; and Mr. CONNERY, of Massachusetts. Those men, rejecting every consideration of partisanship, stood up on the floor of the House of Representatives and made a fight for a decent compromise, a compromise which would have meaning, a compromise which would be clear in its language, a compromise which the man on the street could interpret and construe, a compromise under which the veteran himself would know exactly what rights he had and what rights he did not have. I think that if the House had had more time to consider the matter, it would have followed these distinguished Democratic gentlemen whose names I delight to honor.

Why is it that we cannot get a compromise which in its language will bear out the promises previously made in its behalf? The Senator from Massachusetts stood here in March and promised that his amendment would do a certain thing. When the amendment was interpreted, we discovered it did nothing of the kind.

The Senator from South Carolina stood here 10 days ago and promised that a certain kind of regulation was going to be written into the Executive administrative orders. When the regulation came down it was something totally different. The Senator from Arkansas introduced into the RECORD a statement of the purport of those very regulations, a day before they came in; and when the regulations came before the Senate, it was found that they did not correspond at all with the statement which the Senator from Arkansas had previously introduced into the RECORD.

The Senator from Texas, while he made no direct promise, certainly implied in his language, and he has been brave enough to stand up and say so this morning, that there would be no Executive objection to a 25-percent limitation, but that there would be Executive objection to a 15-percent limitation, and, relying on that statement, many Senators voted for the 25-percent rather than the 15-percent limitation. Now, we find that that statement, while made in the best of faith by the Senator from Texas, has not been backed up by the people for whom the Senator was supposed to speak, and for whom we hoped the Senator spoke.

Now, here they are again at the same old game. This compromise is represented to us through the newspapers and through preliminary statements, as though it guaranteed a 25-percent limitation in service-connected cases, but it does nothing of the sort. It is represented to us as providing a method by which presumptive cases may be kept on the rolls; but it does nothing of the sort. Nobody even claims that it does anything for the veterans of the Spanish-American War.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Louisiana.

Mr. CUTTING. I yield.

Mr. LONG. I am not anything like so familiar with this legislation as is the Senator from New Mexico. I read over a couple of times the agreement that is contained in the conference report. Does the Senator think he understands it? I am merely asking for my own information.

Mr. CUTTING. I know that I do not understand one sentence in it. I think I understand the other sentences, and if I do understand them, they are the most illiberal, the most fraudulent, and the most perfidious provisions which have ever been written into a statute.

Mr. LONG. I was trying to give it some other interpretation than that. I was giving it a more charitable interpretation, that it was written so that we were not expected to understand it, to be honest with the Senate.

Mr. CUTTING. Mr. President, I think the Senator from Louisiana is quite correct in saying that we are not meant to understand it; but I think if we give it sufficient study to understand it, we will find that everything in it is against the disabled veteran and everything in it is in favor of the methods by which the Veterans' Administration has heretofore cut deserving cases from the rolls.

Mr. LONG. I notice one thing that has been put into the regulations which the Senator from Texas, with almost unanimous support in the Senate, himself struck out. The Senator from Georgia suggested that he put in the word "directly." I notice they have inserted the words "directly service-connected disabilities."

Mr. CUTTING. That is true; but, as I explained a little while ago, they not only put in those words, but they made the limitation on the reduction of the "rates of compensation", not of the compensation itself, so that even the directly service-connected cases might be thrown off the rolls by a manipulation of the individual rating, under the rating schedule.

Mr. President, it is easy for any Senator on this floor to talk for hours or days on individual cases which may come to his notice. I just want to conclude by saying a word about the principle involved.

The newspapers have been full of statements to the effect that the Director of the Budget thinks this is a matter of principle. Now, what is the principle? Just after we adopted the Connally amendment, as Senators will remember, the statement was made that if the Connally amendment remained in the law we should have to add $200,000,000 of taxation to the bill in order to take care of it. Mr. Howe, the President's Secretary, speaking on the following evening over the radio, made the principle to be the fact that if taxation were raised it would cost every human being in the country $1.25. So, obviously, the principle at that time was one of finance; it was the principle that we did not want to be taxed any more, or it was the principle that we could not have the legislation for which the Senate had voted unless we were taxed some more. In other words, the only principle involved was one connected with balancing the Budget.

However, since then we have had another principle held before us—a principle unconnected with money at all. We are now told that there is some fundamental moral injustice in taking care of these men who were connected with service by statutory presumption.

I submit that both those things cannot be questions of principle. If the principle is that we must take off the rolls the presumptive cases, then, Mr. President, why were such shocking cuts made in cases directly connected with combat? Why in this very compromise which we are offered are the combat-connected cases left in the air, without the slightest guaranty that they will be taken care of in the future?

The principle which cuts out presumptive cases cannot be used as an argument to justify the cuts which have been made and which will continue to be made. So I can only believe that the other principle is the one which really concerns Mr. Douglas. It is the principle of balancing the Budget. Yet in no other measure which has been before the Senate have we been urged to consider the impossibility of passing it on account of the taxation involved. That argument is used merely when it comes to human flesh and blood. Now is the time when we hear that these men who fought for their country did not fight for a pension, and as a result we must establish the "principle" that they are to die as expeditiously as possible.

At the proper time, Mr. President, the Senator from Oregon [Mr. STEIWER] and I will submit a substitute for the House amendment to the Senate amendment. It will not be so liberal as the Connally amendment which the Senate adopted 10 days ago. It will accept the President's plan for reviewing boards, but it will write into the law the duty of such reviewing boards. It will write into the law the principles under which they are to act. It will write into the law such provisions as may make it of benefit to the presumptive cases. It will, furthermore, take out of the compromise the weasel words which were put in with regard to directly service-connected disabilities. In the third place it will include the Spanish-American War veterans on the same terms on which we included them in the Connally amendment last week.

I hope, Mr. President, that the Senate will "stand to its guns" and will insist that whatever we are going to do for the veterans be written into the statute and not left to Executive order and administrative regulation.

Mr. VANDENBERG obtained the floor.

Mr. BYRNES. Mr. President, will the Senator from Michigan yield to me to make a suggestion?

Mr. VANDENBERG. Yes.

Mr. BYRNES. The motion now pending before the Senate is simply to accede to the request of the House for a conference. I wonder if the Senator would not, in the interest of facilitating the consideration of the bill, agree to that? If the Senator from New Mexico or the Senator from Oregon desires to present a motion to instruct the conferees, it would then be in order.

Mr. VANDENBERG. I should be very happy to proceed on that theory. I am only going to take a moment of time.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Michigan yield to the Senator from California?

Mr. VANDENBERG. I yield.

Mr. JOHNSON. I should like merely to make an inquiry. As I understand, the amendment or the instruction may be submitted before the conferees shall be appointed, and that particular instruction might be voted upon by the body?

Mr. BYRNES. That is a correct statement of the parliamentary situation.

BONDS UNDER HOME LOAN MORTGAGE ACT

Mr. VANDENBERG. Mr. President, Col. Louis M. Howe, the President's secretary, made the second of his $1,500 weekly radiobroadcasts last evening. Of course, information from the White House radiospokesman, and particularly information put out at the rate of $1,500 a broadcast, should be accurate. In the present instance, lest the country should be misled respecting a very important proposition, I feel that it is quite necessary to straighten out the record and the White House secretariat at the same time.

Colonel Howe undertook to instruct and inform the country last evening about the operations of the new Home Loan Mortgage Act. Of course, he spoke with high authority. I read one sentence from his definition of the bill, as reported on page 5 of the New York Times of June 12. Quoting Colonel Howe regarding the securities which are to be issued to implement the new home-mortgage bill:

> The Government gets out a special issue of its own bonds which are just as good as any other Government bonds.

Mr. President, for Colonel Howe's information, in case he wants to revert to this same subject in his third $1,500 broadcast next Sunday, I call his attention to subsection 3 of section 4 of the Home Loan Mortgage Act, which clearly demonstrates, in the first place, that the $2,000,000,000 worth of bonds involved in this transaction are not to be issued by the Government at all, but are to be issued by the so-called

"Home Owners Loan Corporation"; and, in the second place, I call his attention specifically to the language, which says that—

These bonds—

Quoting from the law—

shall be fully and unconditionally guaranteed as to interest only by the United States.

In other words, Mr. President, these bonds are in no sense an issue of Government bonds, as Colonel Howe unfortunately indicated to the country; they are not "just as good as any other Government bonds." They have a Federal guaranty as to interest only. Their principal is only as good as their own inherent value. We all hope they will be good bonds; their interest is guaranteed, but they are in no sense the equivalent of Government bonds, and we have taken sufficient care in the passage of the act to make it sure that the investors of the country should not misunderstand and that the credit of the Government should not be mistakenly involved in this connection.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Ohio?

Mr. VANDENBERG. I yield.

Mr. FESS. That same question arose in reference to the joint-stock land-bank bonds and in connection with the farm-land-bank bonds. It was represented to purchasers through the salesmen that those bonds were instrumentalities of the Government, and, therefore, purchasers were left under the impression that they were Government-guaranteed bonds. In the home loan central bank system measure, which we passed at the close of the last session, in order to avoid such a misunderstanding, it was written in the law that the bonds should state that they were not Government guaranteed.

I am amazed if someone who can be construed as speaking for the administration would lead the public to believe that the bonds now issued are on a par with Government bonds, and lead the purchaser to believe that they are Government guaranteed. That is a dishonest thing to do, to say the least. I am amazed to hear that that was stated by the Secretary to the President, for when he speaks, no matter how often he says that he does not speak for the administration, the public will interpret it that he is speaking for the administration.

Mr. VANDENBERG. I thank the Senator for his observations. His analogy is perfectly justified. I was coming to that point.

I do not mean to be petty about this thing, but it seems to me one of the most unfortunate things that heretofore has happened in respect to the securities of these so-called "instrumentalities of the Government" has been that investors have been misled into believing that the securities issued by these instrumentalities were in fact issued upon the faith and credit of the Government of the United States. That is just as much a fraud upon investors as any other fraud is or can be. We do not want to encourage or repeat these misunderstandings. So I have taken the liberty of quoting this erroneous statement from Colonel Howe's speech of last evening. My authority for the quotation is the New York Times. Apparently the quotation is literal. The speech misstates the facts. If this section of the Colonel's address last evening used up 1 minute of his radio time, since the secretary to the President and his troupe are paid $1,500 for 15 minutes on the radio, this is $100 worth of misinformation so far as he is concerned, but it might be many millions of dollars' worth of misinformation so far as the investors of the country are concerned.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bankhead	Borah	Byrd
Ashurst	Barbour	Bratton	Byrnes
Austin	Barkley	Brown	Capper
Bachman	Black	Bulkley	Caraway
Bailey	Bone	Bulow	Carey
Clark	Hale	McKellar	Steiwer
Connally	Harrison	McNary	Stephens
Copeland	Hastings	Metcalf	Thomas, Okla.
Costigan	Hatfield	Murphy	Thomas, Utah
Cutting	Hayden	Neely	Thompson
Dale	Hebert	Norris	Townsend
Dickinson	Johnson	Nye	Trammell
Dieterich	Kean	Overton	Tydings
Dill	Kendrick	Pope	Vandenberg
Duffy	King	Reed	Van Nuys
Erickson	La Follette	Reynolds	Wagner
Fess	Lewis	Robinson, Ark.	Walcott
Fletcher	Logan	Robinson, Ind.	Walsh
Frazier	Lonergan	Russell	Wheeler
George	Long	Schall	White
Glass	McAdoo	Sheppard	
Goldborough	McCarran	Shipstead	
Gore	McGill	Smith	

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present. The question is on agreeing to the motion of the Senator from South Carolina.

INDEPENDENT OFFICES APPROPRIATIONS—FURTHER CONFERENCE

The Senate resumed consideration of the motion of the Senator from South Carolina [Mr. BYRNES] to insist on the amendments of the Senate to the independent offices appropriation bill (H.R. 5389) and to ask for a further conference with the House.

Mr. STEIWER obtained the floor.

Mr. BYRNES. Mr. President, will not the Senator from Oregon let the Senate vote on my motion to agree to the conference requested by the House, and then the Senator may submit his motion with reference to instructing the conferees?

Mr. STEIWER. Very well.

The VICE PRESIDENT. The understanding of the Chair is, in case the motion of the Senator from South Carolina is agreed to, the Chair will then recognize the Senator from Oregon to move to instruct the conferees. The question is on agreeing to the motion of the Senator from South Carolina to insist on certain amendments of the Senate and to agree to the conference asked by the House.

The motion was agreed to.

The VICE PRESIDENT. The Chair recognizes the Senator from Oregon.

Mr. STEIWER. Mr. President, I move that the Senate conferees be instructed to insist upon the following amendment as a substitute for the House amendment which was adopted as a substitute for the Senate amendment no. 47. I send the amendment to the desk and ask that it be read.

The VICE PRESIDENT. The amendment proposed by the Senator from Oregon as a substitute for the House amendment will be reported for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Oregon proposes, in lieu of the matter inserted by the House amendment, to insert the following:

The President is hereby authorized under the provisions of Public Law No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act), as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are heretofore or hereafter held not service connected under the regulations issued pursuant to Public Law No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations, and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, whether service connection shall be found in such cases, and shall in their decisions resolve all reasonable doubts in favor of the veteran. For the purposes of this section the granting of service connection in such cases shall not be based upon the requirements of regulation no. 1, part I, subparagraph (a), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, Seventy-third Congress, it being the intent of this section to preserve service connections as granted by section 200, World War Veterans' Act of 1924, as amended, title 38 of the Code (other than disability resulting from the claimant's own misconduct), unless affirmative evidence clearly discloses that the disease or disability had its inception before or after the period of military or naval service, and not aggravated thereby.

Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except in those cases where the special boards shall find that the award was based upon fraud, misrepresentation of a material fact, or unmistakable error not less than 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration. In all cases where service connection shall be preserved under the review herein provided, not less than 75 percent of the payments being made on March 20, 1933, shall continue, and the determination of service connection in such review shall be final in all cases: *Provided, however*, That in the event of a change in the degree of disability of any such veteran the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced by more than 25 percent.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error, in receipt of compensation on March 20, 1933, be reduced more than 25 percent: *Provided,, however*, That in the event of a change in the degree of disability of any such veteran the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans 'Act, 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced by more than 25 percent; and in no event shall death compensation, except by fraud, misrepresentation of a material fact, or unmistakable error, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service, except that the provisions of this paragraph shall not apply with respect to veterans residing outside the limits of the continental United States or its territorial possessions, or with respect to any veteran who is being furnished hospital treatment, institutional, or domiciliary care by the United States or any political subdivision thereof, if such veteran has neither wife, child, nor dependent mother or father.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, the pension paid to veterans of any war prior to the World War, or to any widow and/or dependent of such veterans, shall not be reduced more than 25 percent of the amount being paid prior to March 20, 1933.

The VICE PRESIDENT. The Chair understands that the proposed instructions of the Senator from Oregon take the place of what is known as the "Connally amendment" and the substitute adopted by the House of Representatives. The Senator from Oregon is recognized.

Mr. STEIWER. Mr. President, I shall attempt as briefly as possible to make some explanation of the differences between these several proposals.

The matters which are before us, either directly or indirectly, are the Connally amendment, the substitute agreed to upon Saturday afternoon by the House of Representatives, and the proposal which I have offered upon behalf of the Senator from New Mexico [Mr. CUTTING] and myself, which, as the Chair has just stated, is in the nature of a substitute for the House action.

All three of these proposals have certain elements in common and certain differences.

Senators will remember that the Connally amendment placed a limitation of 25 percent upon the cuts to be made by the Veterans' Administration. That limitation was placed upon all pensions and compensations payable to World War veterans whose disabilities were connected either by direct proof or by presumption, and also upon all cuts made upon pensions of Spanish-American War veterans.

In the Connally amendment, no exceptions of any kind were made. In the proposal which emanated from the House, and in the substitute which the Senator from New Mexico and I are now presenting to the Senate, there are numerous exceptions in which there are no restrictions against the amount of the cut. If time permits I shall refer to those in detail as I proceed, but I will say now that they are chiefly these:

The exception that the misconduct cases will not be protected against a cut of more than 25 percent.

The exception that the post-armistice enlistment will not be protected against the cut.

The exception that cases finding their way upon the pension rolls through fraud or misrepresentation of material facts or unmistakable error shall not be protected against the administrative cut.

Still, besides that, protection is afforded in two classes of cases which heretofore have been covered by regulations, and in which reductions exceeding 25 percent are permitted. Exceptions are made so that those regulations may stand. They relate to veterans who are eligible for pension but who are presently outside of the United States, and to others without dependents who are presently hospitalized at the expense of the Government.

These exceptions, Mr. President, all appear in the House proposition, and they appear in the substitute which has just been read at the desk. In these respects, both of these new proposals differ from the Connally amendment; and both enable the United States to make certain savings which could not have been made under the Connally amendment.

I am not prepared to tell the Senate the exact amount which may thus be saved. It depends upon administrative action yet to be taken, and also upon the construction which the Veterans' Administration may place upon the language of the amendment. That is especially true of the language adopted by the House upon Saturday afternoon, because portions thereof are most equivocal and subject to differences of opinion as to meaning. I should say, however, that the allowance of the various exceptions which I have summarized, giving to the Government the right to make cuts in the cases named, or to sever them from the rolls entirely, will result in saving many millions of dollars.

I have an estimate from the Veterans' Administration as to the savings in the cases of those veterans who are outside of the United States, and those other veterans who have no dependents and who are presently enjoying hospitalization at Government expense. The estimate is that if those two small groups are subjected to the reductions already ordered there will result a saving to the United States of something like $4,000,000.

Now I desire to invite the very critical attention of Senators to the language in which the House proposal is framed; and before I discuss that language I wish to say that it is chiefly on account of certain provisions contained in the House proposal that I am presenting this argument.

I had been told, before the House proposal was reduced to writing, that it would accomplish certain results. I made up my mind that I was in accord with it or at least that I was content to accept the proposition which I thought was to be presented to the Congress in that proposal. I was told that an agreement had been made between Members of the House of Representatives and the President of the United States, and that the resolution would proceed along a certain line which I had made up my mind would be a proper one; but examination of the language employed by the House of Representatives in its effort to effectuate this compromise agreement, and to bring about a proper solution with respect to the cuts in veterans' pensions, has led me to the conclusion that the Senate cannot possibly consent to the language employed in the House proposal.

I think, moreover, that the House itself acted with but little understanding of the meaning of some of the language which has been adopted. The fact is that during a part of Saturday the House was in recess. A further fact is that the proposal was amended, and then amended again. It was reduced to writing in one form, and then reduced to writing in another form, and, finally, in its present form was presented to the House late upon Saturday evening. Senators know that from the time the House started voting until the time they concluded was something like an hour and a

half or 2 hours; and the RECORD discloses that in that time very little opportunity was afforded the Members of the House of Representatives to arrive at the exact meaning of the proposal which they were considering.

Thus they sent it to us—sent it to us with requirements that I now wish to explain to the Senate. I hope Senators will not think, because I am assuming this responsibility to my colleagues, that I arrogate to myself any special knowledge of this subject. It merely happens that I have endeavored to the best of my ability to study the subject, and I hope that I may be of some little service with respect to it.

There is a number of differences between the House language and the language proposed by the Senator from New Mexico and myself that are merely for the purpose of clarification. I shall not discuss those now. They need not be discussed at all unless some Senator may desire, as the debate proceeds, to call attention to them.

The differences between the two proposals that are vital in their nature are three, and it is these differences that I desire to point out.

The first is on page 3 of the proposal which I am now offering; commencing on line 19, Senators will find this language:

> In all cases where service connection shall be preserved under the review herein provided, not less than 75 percent of the payments being made on March 20, 1933, shall continue, and the determination of service connection in such review shall be final in all cases.

Mr. President, this language is in the Senate proposal, but not in the House proposal. The House proposal dealing with the presumptive cases does extend certain benefits to the veterans. It is provided in the House proposal on page 3, commencing in line 12, as follows:

> Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date.

Then follows certain language providing that the President may extend the time for review by the boards, providing that the President shall prescribe the rules for the review, and providing for the payment of salaries of those engaged in making the review. The essential point involved is that although the House resolution protects the presumptive cases against any cut greater than 25 percent until the 31st of October 1933, no protection is extended in such cases subsequent to that date, or in cases where service connection is granted by the boards.

Now let us come back for a moment to the Connally amendment.

The Connally amendment included the presumptive cases as well as those directly service-connected, and provided that pensions or compensation received on March 15, 1933, should not be cut more than 25 percent not only between now and October 31 but, so far as the permanent relationship of those veterans to their Government was concerned, their pension should not be cut more than 25 percent at any time.

In the House action we have, as a substitute, the provision for the appointment of the boards of review; the provision that from now until the 31st of October, or until such time as the review is completed, or until the further action of the President, the cut shall not be more than 25 percent; and after that date, or those dates—whichever one may apply—we find nothing except an eloquent silence. Therefore we may know that if the House language is agreed to by the Senate, the presumptively connected cases will be subject to whatever cut in compensation the Veterans' Administration may want to make, to any subsequent review they may undertake; and the action we so bravely took with respect to the Connally amendment, so far as these veterans are concerned, will be absolutely annulled and set aside. The position of the Senate will be completely reversed with respect to those veterans who heretofore have been granted compensation under the presumptive provisions of the World War Veterans Act of 1924.

Mr. President, I shall not detain the Senate in order to discuss the justice or the wisdom of the legislative policy which permits pensions to be paid to veterans whose disabilities are connected with their service by statutory presumption. I have heretofore expressed my views upon that question, and many other Senators have likewise done so. Still others are in disagreement and disapprove the granting of pension to any veteran where it is necessary to resort to statutory presumption.

Mr. President, I think the whole argument in behalf of granting pensions for disabilities presumptively connected with service may be summarized in the statement of one fact, namely, that with some five or six types of diseases from which veterans may suffer there is no way known to the medical world whereby the beginning of the infection can be definitely established. The veteran cannot produce the proof. The United States, through its doctors, cannot establish facts in such cases. The medical world everywhere agrees that the exact time cannot be established.

There is, therefore, no way to know whether a case developing in 1922 or 1923 or 1924 resulted from an infection taken into the system during the time of service, or possibly just before the time of service, or just after the time of service. In order to meet this undisputed medical fact, the various Acts of Congress, including the World War Veterans' Act of 1924, provided that in those cases where the facts could not be established one way or the other, statutory presumption should result in the service connection of the case.

The presumption results in giving the veteran the benefit of the doubt, and in the establishment of service connection, where otherwise a disability, in fact, the result of military service would not be compensated.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Oregon yield to the Senator from West Virginia?

Mr. STEIWER. I yield.

Mr. HATFIELD. There is no doubt in the Senator's mind but that 1 year is certainly too short a time, as I understand the limitation to be adopted in the regulations?

Mr. STEIWER. Yes, it is too short a time. I took the trouble to read the hearings before the special veterans' committee, to read the testimony taken at other hearings, during the time the policy was being formulated, and to read much of the testimony taken with respect to the World War Veterans' Act of 1924, and I find that medical authority everywhere holds that these infections may continue dormant in the human system for a very long time. I find much authority with which the Senator from West Virginia is familiar, which indicates that the date fixed in the World War Veterans Act, 1924, namely January 1, 1925, does not provide a presumptive period of sufficient length.

Mr. HATFIELD. Mr. President, there is no question in the world about that. There is no difference of opinion among medical authorities upon the subject of meningitis, and Parkinson's disease, that the period of incubation, that is, from the time the involvement enters the brain until the manifestation takes place, in the way of a tremor of the hand, and finally a lack of control of coordination, of the ability of the individual to walk, of the ability of the individual to feed himself, is over a period of anywhere from 10 to 15 years.

Mr. HASTINGS. Mr. President, I should like to inquire whether or not the provision that the burden of proof shall be upon the Government in those cases does not answer the argument made by the Senator?

Mr. STEIWER. No; it does not. The provision that the burden of proof shall be upon the Government is a very helpful provision in a doubtful case. In disposing of a marginal controversy undoubtedly it would bestow benefits upon the veteran, but in certain other cases there cannot be any decision made upon proof, because no proof exists on either side of the case. Therefore, giving the benefit of the doubt as to burden of proof, when there is no proof either way, except that the disease became manifest within a certain

period of time, does not solve the difficulty, except in a very limited number of cases where the manifestation becomes apparent 2 or 3 years after the war and after the separation of the soldier from the service. It may be, of course, that his disability is not the result of his service, or it may be that it is the result of his service. If we are going to exclude the veteran whose disability is the result of service in order to exclude the veteran whose disability is not the result of service, we are going to do a serious injury to tens of thousands of veterans, and it is for that reason that I am interested in these presumptive cases.

Mr. REED. Mr. President, it happened that I was chairman of the committee which wrote the World War veterans' law of 1924.

Mr. STEIWER. The record which I examined disclosed that fact.

Mr. REED. I myself have the responsibility or credit, whichever it may be, of having written the presumptive clauses into that law. I mean that I was the author of the text which the committee recommended, and which was adopted. That was only done after long hearings of medical men, who testified as to which of these diseases might in reason and common sense be believed to be ascribable to the rigors of war service. It was not a reckless hand-out to the veterans, as so many people have pretended it to be. It was done studiously. It may have been mistaken, but it was done carefully and studiously, and we believed it to be just, and no more than just. I thank the Senator for permitting me to interrupt him.

Mr. STEIWER. I want to think the Senator from Pennsylvania for his contribution, and I may say that the examination which I have made of the record abundantly supports the Senator's statement, and discloses, moreover, that the consideration of that important subject started even before 1924. In 1922 a provision, not nearly so inclusive as that which was later agreed to, and not so broad in policy but yet a presumption, was considered and enacted. Over the years 1921, 1922, and 1924 the subject received almost continuous study at the hands of members of the committee, and various Members of the House and Senate, and I am sure the Senator is exactly right when he says that finally, when the result was arrived at, it was the deliberate and thoughtful judgment of those who had made a rather profound examination.

Mr. HEBERT. Mr. President, as I understand the purport of the amendment of the Senator from Oregon, all presumptive cases will be subject to review, and doubts will be resolved in favor of the veteran. If the board which is to be constituted in accordance with the provisions of the Senator's amendment shall find that a veteran is not entitled to compensation, notwithstanding that finding, the compensation will continue automatically until October 31, 1933?

Mr. STEIWER. If the board makes its finding, and such finding is to the effect that the veteran is not entitled to compensation, the veteran is removed from the roll at that time.

Mr. HEBERT. I was in doubt about the language of the amendment on page 3.

Mr. STEIWER. Of the pending amendment?

Mr. HEBERT. Of the Senator's amendment to House bill 5389, as to whether in those cases where there had been misrepresentation or fraud in securing compensation, they would go off immediately the finding was had, but in other cases they would continue until October 31, 1933, if they were found not to be entitled to compensation, though there was no fraud.

Mr. STEIWER. If for any reason at all a case is held not to be deserving as a service-connected case, the veteran will be removed from the roll at the time the finding is made by the board.

Mr. HEBERT. I am glad to be advised of that. Those cases which are found to be deserving, and are continued on the roll, may nevertheless be subject to a reduction to the extent of as much as 25 percent?

Mr. STEIWER. Under the pending proposal that is correct.

Mr. HEBERT. Exactly, under the Senator's proposal.

Mr. STEIWER. But under the language agreed to by the House there is no restriction on the amount of reduction in cases kept on the roll after review. This is one of the objectionable features of the action taken by the House.

Mr. HEBERT. So that if the board which is provided by the amendment of the Senator, and which I understand is provided by the amendment adopted in the House, were to find that presumptive cases were entitled to compensation, and they decided to continue those cases on the rolls, notwithstanding all that, there could be a reduction of any amount in the compensation, and there is no limitation placed upon the amount of the reduction?

Mr. STEIWER. Not in the House language; but in the pending amendment the limit of reduction is 25 percent.

Mr. HEBERT. I wanted that made clear. I thank the Senator.

Mr. STEIWER. The Senator's questions are rather revealing, and very well illustrate the differences between the two proposals, so far as this particular point is concerned.

Mr. HASTINGS. Mr. President, if the Senator will yield further, I do not want the Senator to get away from what seems to me to be a very important point, namely, that in the presumptive cases it shall become necessary for the Government to prove that they are nonservice connected. I cannot quite get out of my mind the injustice of that. If it be true that under the law of 1924 there be a presumption in favor of the soldier, and he is now on the roll, and we place the burden upon the Government to show that he is not properly on the roll because it can be shown definitely that his disability is not service connected, I do not see that there is any great hardship in that, and I am anxious for the Senator to make that clear.

Mr. STEIWER. Within the limits of the Senator's question, there is no hardship, and there is no difference between the House proposal and the one which I am now offering. The chief difference is that in those cases where the board of review finds that the veteran is entitled to service connection by presumption, he may, under the pending proposal, be cut only 25 percent, whereas under the House proposal he can be cut any amount whatever.

Mr. HASTINGS. I understand that clearly.

Mr. STEIWER. I am trying to correct that. I am trying to bring some measure of safety to those men whose disabilities are found to be service connected after review shall have been had.

Now I want to take up another vital difference between these two propositions. In the House proposal, page 4, line 5, we find language which deals with the pensions paid "for directly service-connected disabilities." This is one of the most important phases of the House proposal and deserves our most careful scrutiny. The paragraph commences with this statement on line 3:

> Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent.

I have no quarrel with the main provisions of that language. It would appear on its face to be a restatement of the Connally amendment, so far as the service-connected cases are concerned. However, I want to call attention to the precise meaning of the language which has been employed. I read it again, "in no event shall the rates of compensation payable for" certain disabilities be cut.

The question is, what is meant by the phrase "rates of compensation payable" for these disabilities? It would be very easy to employ language which would make this proposal entirely clear and leave it without ambiguity. If it was stated that in no event shall the compensation being paid on March 20, 1933, be cut more than 25 percent, we

would have a definite statement of the proposition for which the Senate voted at the time it agreed to the Connally amendment. It would state a definite and perfectly unequivocal matter of fact, binding upon everyone, known to everyone, and not subject to any speculation whatsoever as to its meaning.

In lieu of a definite statement, the House proposal is that in no event shall the rates of compensation payable for these disabilities be cut. It happens that in the Veterans' Administration the phrase "rates of compensation" has a technical meaning. It happens that in the Office of the Comptroller General practically the same or very similar language has been construed, and by the construction which has been placed upon it the phrase "rates of pay" has been distinguished from the word "pay" and in this particular instance "rates of compensation" may very well mean something different from "compensation." I submit to Senators who are interested in arriving at the meaning of this language that if the words "rates of" were removed from the sentence entirely and the words "being paid" were inserted in lieu of the word "payable", we would then have a definite statement, because it would then provide that in no event shall the compensation being paid be reduced more than 25 percent.

It happens, as the Senator from New Mexico stated, that in arriving at the compensation payable under the World War Veterans' Act there were involved two primary factors: One of those factors was the rate of compensation; the other the disability evaluation, which is arrived at by a disability table. Under the language as agreed to by the House of Representatives, although the rate of compensation would not be reduced more than 25 percent, the disability evaluation might be reduced to any degree whatsoever, and, because one factor of the equation is changed, this language leaves the proposition open, so that no protection at all is afforded a veteran suffering from disabilities directly connected with service. The Connally amendment, which provided that such compensation should not be reduced more than 25 percent, is completely abrogated, and there is nothing in the way of guaranty against prospective cuts in the cases of all battle-scarred veterans.

On the day the Senate agreed to the Connally amendment much was said by Senators in denunciation of drastic cuts—50-percent cuts, 60-percent cuts, 70-percent cuts, and 80-percent cuts, in cases of battle-maimed American boys who had lost arms or legs, as the case might be; men who had been wounded in action; men who had been reduced from rather generous amounts down to nominal amounts such as $8 or $16 per month. The administration of the law was generally attacked and apparently it was almost the unanimous desire of this body that some degree of protection be afforded those veterans and that there be a restriction placed upon the wholesale reductions, so that it would not be possible for the Veterans' Administration, in the name of balancing the Budget, to reduce these men from $80 a month down to $16 or from $70 down to $8, thus dishonoring the obligation of the United States to the disabled veterans who had made their contribution to their country in time of war. I say that was almost the unanimous expression of this body. Therefore we agreed to the Connally amendment.

By one vote only did the Senate reject the Trammell limitation of 15 percent. In agreeing to the Connally amendment the Senate gave expression to almost a unanimous desire; and we said, so far as we were able to say, that the Veterans' Administration would not be permitted to humiliate the whole Nation by repudiating the obligation to men who had made their sacrifice for their country; that we would not starve those men; that we would not make them beggars; that we would not send them out on the highways with a cup and some pencils to sell, or something of that kind. We expressed ourselves here in plain, unequivocal language. We restricted the cuts which could be made.

Now it comes back to us, Mr. President, with the language emasculated and so framed that there is no restriction left save the restriction which the Veterans' Administration may voluntarily want to apply in behalf of these veterans. It is because I am against that kind of a surrender that I have joined with the Senator from New Mexico [Mr. CUTTING] in offering the substitute amendment.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Louisiana?

Mr. STEIWER. I yield to the Senator from Louisiana.

Mr. LONG. I should like to ask the Senator a question. As I recollect, those of us who were fighting for the Trammell amendment were informed by the Senator from Texas, who offered the Connally amendment, that his amendment would mean certain compensation, would mean something that was going through; and it was evidently in that belief that such a man even as our distinguished Presiding Officer broke the tie. In other words, it seemed like on the Republican side of the Chamber as well as on the Democratic side of the Chamber the more or less recalcitrant element, insofar as we were concerned, since we wanted to go even farther, rather acquiesced in that, because none made statements to the contrary. It seemed to be the view that we were sacrificing something to get a certainty. That was the impression that I got at the time, and I did not hear anyone dispute it.

Mr. STEIWER. I think the Senator is quite right, and yet I hope he will not insist upon a discussion of this matter. I do not want here to characterize my colleagues. I should like to accord good faith to everyone, and I now want their support. I should like to have this debate so conducted, if it may be so done, that we may all agree upon language which will carry out the manifest purpose of the Senate at the time they adopted the Connally amendment. We can do it better without criticism of our colleagues.

Mr. LONG. If the Senator will let me add a word further, I meant by that that I think it was the belief of those gentlemen, as well as our belief—I think they all felt that way, those who voted for the Connally amendment—that it would mean certainty instead of uncertainty.

Mr. STEIWER. I hope that is true.

Mr. HASTINGS. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Delaware?

Mr. STEIWER. I yield to the Senator from Delaware.

Mr. HASTINGS. I listened with much interest to the criticism of the Senator from New Mexico and also the criticism of the Senator from Oregon with respect to that provision which reads:

> In no event shall the rates of compensation payable for directly connected-service disabilities—

And so on. As I understand, and as was pointed out this morning by the Senator from New Mexico, it is perfectly possible for a man who is rated 20 percent to be reduced to 10 percent, or for a man who is rated 50 percent to be reduced to 30 percent. Is that the criticism?

Mr. STEIWER. No; not entirely.

Mr. HASTINGS. If it were—and that is what I understood it to mean—I was going to inquire whether under the law as originally written it was not entirely within the discretion of the Administrator to determine what particular class a veteran came under.

Mr. STEIWER. Not entirely, Mr. President. There was discretion, of course, in the Veterans' Administration in making proper evaluations of disabilities, in providing a table of such evaluations, and that was done, and under it the veterans who had suffered disabilities were rated by the rating boards and certain disabilities were fixed in each particular case. I said a little while ago, and I now repeat, there are two factors in arriving at the amount of compensation which a veteran receives: One is the rate of compensation and the other is the evaluation of his disability. To say that one of those can be cut down not more than 25 percent and to say nothing at all about the other of those factors leaves the matter entirely in the hands of the Veterans' Administration and takes away from the law the restriction which the Senate sought to put upon the action

of the Veterans' Administration at the time the Connally amendment was agreed to.

I now wish to call attention to further language in the same paragraph, because it makes perfectly clear the construction for which I am contending. The last part of this paragraph, Mr. President, deals with compensation to be paid to widows and children and dependent parents. The language commences in line 11 and it is there provided—I quote:

In no event shall death compensation—

I omit some language—

be reduced or discontinued.

It does not say "the rate of compensation"; it does not refer to a part of the formula or to one factor of the equation; but it says in so many plain words that the "compensation shall not be reduced or discontinued."

So we find in one paragraph a distinction made by the technicians who formulated the language; we find with respect to widows and dependents that the compensation shall not be cut and that with respect to veterans themselves their "rates of compensation" shall not be cut. That distinction speaks eloquently to us and warns every Member of Congress that the reductions will be drastic beyond all justification unless a definite limit is provided by law.

We know where this language came from. The report is that one draft was made and then a disagreement was had, and afterward a new draft was drawn. I will not attempt to relate the incidents leading up to that, because I do not know what they were. We know that the Bureau of the Budget wants to balance the Budget at the expense of the veteran; we know that this proposal was called back and corrected, and when it comes back to the Congress we find a distinction in treatment between the restrictions upon compensation of the veterans and the restrictions upon the compensation of widows and other dependents.

Moreover, Mr. President, the language in line 3 does not say "the rates of compensation now being paid" shall not be cut or "rates of compensation being paid on March 20" shall not be cut, but it says "the rates of compensation payable" shall not be cut. That is a departure from the language which normally would be used in order to express the meaning that was implied in the Connally amendment, that compensation or pensions shall not be reduced below the amount paid at a certain time.

I may add, Mr. President, that two members of the legislative counsel to whom this matter was submitted agree with me in my construction of the language and tell me that if it is left in this way it will destroy the protection to this class of veterans.

I referred awhile ago to the fact that the Comptroller General had already construed similar language. It will be remembered that at one time the Comptroller General passed upon awards allowed by the Veterans' Administration. By the act of 1930, I think it was, we took away from the Comptroller General the right and duty to pass upon such awards and made the decisions of the Veterans' Administration final both upon questions of law and fact; but during the period when the Comptroller General was passing upon those awards a great body of law was written; decisions were handed down; they are in the Comptroller General's office and in the office of the Administrator of Veterans' Affairs now, and they are the decisions that guide the attorneys of the Veterans' Administration in reaching conclusions upon questions of construction and interpretation of language. We know that by that body of decisions and rulings already made by the Attorney General the phrase "rates of compensation" is a different thing from "amount of compensation."

In the face of that warning I want to declare to the Senate that if we agree to the House substitute we do so with the knowledge that we are giving the veterans nothing; that we are yielding everything we stood for at the time we agreed to the Connally amendment, are permitting the Bureau of the Budget and the Veterans' Administration to deal with crippled and sick veterans exactly as they please.

Mr. CUTTING. Mr. President——

Mr. STEIWER. I yield to the Senator from New Mexico.

Mr. CUTTING. I regret that I was called out of the Chamber and have not heard all the Senator's remarks. Has he called attention to the fact that those words which he criticizes are contained in the printed copy of the amendment which he and I are submitting and that they have since then been changed?

Mr. STEIWER. I thank the Senator for calling that to my attention. I have not spoken expressly of it.

Mr. CUTTING. I think that should be called to the attention of Senators that the amendment as printed and on their desks has been modified in that respect.

Mr. STEIWER. I have, however, pursuant to my understanding with the Senator from New Mexico, modified the language of the present proposal. I modified it before it was sent to the desk to be read. As it was read, referring to the Senator's own proposal, we avoided the use of the word "payable" and it now reads:

In no event shall the compensation being paid for directly service-connected disabilities.

And so forth. That appears on page 4, in line 7.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Arkansas?

Mr. STEIWER. I yield.

Mr. ROBINSON of Arkansas. The amendment known as the "Steiwer-Cutting amendment" as originally printed has been modified. The criticism which the Senator made of the Connally amendment in that particular applied with equal force to the Steiwer-Cutting amendment as first presented.

Mr. STEIWER. Not as first presented but as sent to the desk Saturday night. The clerk who copied it did not understand exactly what our purpose was and adopted the House language. When I discovered it, of course I modified it, and as the amendment was read at the desk the modified language was employed.

A third difference between the proposal which we are offering and the one agreed to by the House is with respect to the pensions of veterans of the Spanish-American War. It will be remembered that in the Connally amendment protection was given to those veterans, and it was provided that their pensions should not be reduced by more than 25 percent. In the proposal carried in the House resolution there is no reference to the Spanish-American War pensions at all. I am not going to argue this feature of the matter. I presume every Senator knows what his view is with respect to it. The plain fact is that the Connally amendment extended this protection, the House amendment strikes it out, and the amendment offered by the Senator from New Mexico and myself restores it. It is restored by the language at the end of the paragraph on page 5, the language being incorporated in one sentence, which reads as follows:

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, the pension paid to veterans of any war prior to the World War, or to any widow and/or dependent of such veterans shall not be reduced more than 25 per centum of the amount being paid prior to March 20, 1933.

Each Senator may determine for himself, therefore, whether he wants to accept the House proposal or whether he wants to support the substitute being offered here in order that protection may be granted to Spanish-American War veterans.

I shall not detain the Senate to argue the question. So far as I am concerned, and speaking for myself and the Senator from New Mexico, we favor extending the protection to those veterans. We favor it for many reasons, but chiefly by reason of the fact that the average age of these veterans is nearly 60 years, that they were separated from the service nearly 35 years ago, that the records are gone in many cases and in other cases are insufficient or inadequate, that so many have died that proof cannot be offered, and for other reasons all of which this great group of

American veterans are under unusual handicap, and we therefore feel they are entitled to the protection proposed.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Michigan?

Mr. STEIWER. I yield.

Mr. VANDENBERG. Am I correctly informed that the House formula represents an expenditure of about $100,000,000?

Mr. STEIWER. I cannot answer the question. If the House formula gives protection to the service-connected disability to the effect that they cannot be cut more than 25 percent, that is one thing; but if, as I am assured is the case, it gives the service-connected veteran no protection at all in the matter of percentage of cut, that is another. Therefore, I do not see how anyone who wants to make an honest evaluation of the situation can assert any definite amount. I have viewed with amazement expressions that have appeared, which seemingly emanated from the Veterans' Administration, that the language would result in some certain saving. Whether it does will depend on what the language means.

Mr. VANDENBERG. For the purpose of salesmanship we are told that the House provision involves $100,000,000. My understanding is that the substitute proposed by the Senator from Oregon and the Senator from New Mexico would not involve in excess of $120,000,000. Is that correct?

Mr. STEIWER. That is possibly correct, but I would not want to guarantee those figures.

Mr. VANDENBERG. I would not ask the Senator to guarantee them.

Mr. STEIWER. I am perfectly certain that the amendment offered here by the Senator from New Mexico and myself will cost a good many millions more than the House provision. It will cost a great many millions less than the Connally provision. That is true, because the Connally provision was absolutely conclusive upon the governmental agencies and admitted no exceptions at all, whereas our proposition will enable the Veterans' Administration to protect adequately the interests of the Government.

We have included in it language that saves the Government from paying pensions in a large number of cases, including post-armistice enlistment cases, misconduct cases, cases of veterans presently out of this country, the cases of veterans who are being hospitalized at Government expense and who have no dependents, and that great class of cases where the award is based upon fraud or misrepresentation of material facts, or has resulted from unmistakable error. The accumulated forces of all these exceptions will make the amendment which we are now proposing much less in cost than the Connally amendment. It has been estimated by a clerk in my office who made an independent inquiry that it will be less by possibly $40,000,000 or $50,000,000 than the Connally amendment, but I do not like to underwrite that figure.

Mr. VANDENBERG. The thought I wanted to submit to the Senator was that if it is a perfectly orthodox thing in the view of the administration for us to accept the House proposition involving $100,000,000 without any supporting taxation to pay for it, we have not committed any very heinous crime against the Budget if we extend it to $120,000,000 without taxation, and knowing what we are doing when we do it.

Mr. STEIWER. Of course that is true. The essential difference between this proposal and the proposal of the House is not to be translated into dollars and cents. The chief distinction is that the House provision does not contain protective language which the Senate provision makes a part of the law.

Mr. President, I have concluded the discussion I want to offer with respect to the difference between the several proposals. For just a moment, however, I want to deal with another phase of the subject.

Some days ago, at the time this matter became the subject for controversy here and elsewhere, a communication was sent to the President by the chairman of the managing committee of the National Economy League. As published in the newspapers in quotation marks, that communication told the President to "stand for principle" and "that this is the time to clinch this principle." There apparently is a great principle involved in the attempt of these gentlemen to separate from the pension rolls neuropsychiatric cases and tubercular cases and other chronic cases of former soldiers of the United States, because they do not happen to be, under existing law, directly service connected. I say that the principle is not merely to make a certain cut. A Budget-balancing policy that has no object save to reduce expenditure to a certain figure cannot be based upon a principle that is worthy of that name.

The principle involved here relates to the duty of the Government to care for those who fought for the Government in time of war and who, on account of their service, were actually, or presumptively may have been, injured and who yet suffer from their injuries and will carry them through all their lives. I cannot see any principle in taking compensation from veterans for whom the war is not yet over, men for whom the war will never be over until they go to their graves, in order to effect a certain amount of cut in a Budget-balancing operation.

It seems to me that after all, even though we agree to the proposal which the Senator from New Mexico and I have made here, we are not extending very generous treatment to those who have worn the uniform. Let it be realized that when we compensate a veteran for disability, the most we give to him is restoration of his economic situation. We do not provide anything else in the world. That is not the basis upon which a generous Government ordinarily deals. When we settled up with the railroads we did it in terms of revenue and profit. When we made our contract with those who furnished money for the war, we did it by the issuance of bonds upon a basis of interest resulting in profit to them. When we settled with the war contractors, we settled upon the basis of profit in cases, and in most cases upon cost-plus, and we let them evaluate the amount of the cost. We let them administer the contract and we let them run the bills up which the Government had to pay. That was done by us on the basis of cost-plus, and the plus was profit and the cost was augmented so that the plus was augmented, and anyone who had a contract during the war drew some profit and the Government granted all that. But when we come to deal with human beings who took part in the war, the Government says to them, "We will give you merely economic restoration. If your hand is gone we will try to make you whole in a money sense by paying you compensation." We say, "We are going to cut that compensation 25 percent", and by the House resolution we propose to cut it any other amount, but we are certainly going to cut that 25 percent and say to the veterans, "Though all the pain and all the suffering that has been yours will still be yours, though the humiliation you suffer and the mortification you feel for the mutilation of your bodies, the humiliation that comes from sickness, from lacking courage and vigor of manhood, from suffering you have had and which you are going to endure, still continues, your compensation shall be reduced, perhaps discontinued entirely."

If a man runs his automobile over somebody he pays him for the injuries he causes; he pays him for the pain and suffering resulting from his action, and for the humiliation and the mutilation of the victim. All these things are considered and compensated for. But when a man offers himself in time of war, when the Government takes him from his home and puts him in the trenches, the most we can say to him is that we are going to compensate him for his economic loss, and all his pain and mortification and humiliation he must contribute to this glorious Government of his.

It seems to me that in such cases it is enough to ask of these boys that their compensation be reduced 25 percent. It is enough that we permit this thing to be done under that restriction. It would be an intolerable thing for the Congress of the United States to permit some bureau, in a Budget-balancing operation, to come here with legalistic and technical language prepared by the technicians there and

make these boys the prey of the Budget-balancers, and permit them to be cut in any amount whatever.

Mr. CUTTING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from New Mexico?

Mr. STEIWER. I do.

Mr. CUTTING. The Senator has been referring to the limitation of 25 percent on the cut. I heard the Senator say that additional flexibility was being given to the Bureau by the permission granted to remove from the rolls cases which were on there by fraud, misrepresentation of material fact, or unmistakable error. Did the Senator also call to the attention of the Senate the provision beginning on line 14 of page 4?—

That in the event of a change in the degree of disability of any such veteran the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced by more than 25 percent.

It seems to me that provision is an important one, because it also gives the Bureau an additional chance to adjust the compensation if that necessity arises. That is something that was not in the Connally amendment, and I should like to hear the Senator comment on that.

Mr. STEIWER. I believe I have not referred to that provision, and I thank the Senator for calling my attention to it.

One objection to the Connally amendment is that it was conclusive upon the governmental agencies, and it fixed the compensation at a certain percentage of the amount being paid. It did not permit any adjustments to be made in case the veteran should grow better or grow worse. That, of course, is not fair to the veteran. It is not fair to the United States. There ought to be adjustments in accordance with the disability; and for that reason, in preparing this substitute language, we wrote into it the provision to which the Senator from New Mexico has just called attention.

Mr. President, I have said all that I desire to say with respect to this subject for the present, and I desire to thank Senators for the attention with which they have listened to me.

EXECUTIVE ORDER—NATIONAL PARKS, BUILDINGS, AND RESERVATIONS

During the delivery of Mr. STEIWER's speech,

Mr. REED. Mr. President, the Senator was so good as to allow me to interrupt him. I wonder whether he would permit me to interrupt to introduce a joint resolution and ask that it lie on the table. It is an emergency matter, or I would not make the request.

Mr. STEIWER. I yield.

Mr. REED. I desire to introduce a joint resolution which I send to the desk.

Mr. FLETCHER. Mr. President, I want to inquire of the Senator from Oregon whether the presumption mentioned by the Senator from Pennsylvania is not carried in this amendment.

Mr. ROBINSON of Arkansas. Mr. President, a point of order. The Senator from Pennsylvania interrupted the Senator from Oregon to say that he wished to introduce a joint resolution. Of course, that is contrary to the rules of the Senate and can only be done by unanimous consent. While a Senator has the floor, he cannot be interrupted for that purpose except by unanimous consent; in fact, the rules prescribe that it cannot be done at all. I think the Senator from Pennsylvania should obtain consent to introduce his joint resolution, and that the Senate should be permitted to know what the joint resolution is.

Mr. REED. Mr. President, will the Senator from Oregon yield?

Mr. STEIWER. I yield, if it will not take me off the floor.

Mr. REED. Of course the Senator from Arkansas is right. If there had been any objection, it could not have been introduced.

Mr. ROBINSON of Arkansas. Let the joint resolution be reported. Then any Senator who desires may object.

The PRESIDING OFFICER. The clerk will read the joint resolution by title.

The joint resolution was read by title, as follows:

A joint resolution disapproving sections 1 and 2 of the Executive order of June 10, 1933, relating to procurement and to national parks, buildings, and reservations.

Mr. ROBINSON of Arkansas. Mr. President, I have no objection to the introduction of the joint resolution.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the resolution will be received and lie on the table.

After Mr. STEIWER's speech,

NOTIFICATION OF THE PRESIDENT

As in executive session,

Mr. ROBINSON of Arkansas. Mr. President, members of the graduating class at West Point this year expect to receive their diplomas tonight. Their nominations as lieutenants in the Army have been confirmed at a previous session of the Senate, but the President has not been notified of that action. If the President be notified now, they may, in accordance with the custom that has prevailed for many years, receive their commissions at the time they receive their diplomas. If he be not notified, it will result in inconvenience not only to the students themselves but to the War Department. In view of these circumstances, and as in executive session, I ask unanimous consent that the President be notified of the several confirmations.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection? The Chair hears none, and it is so ordered.

INDEPENDENT OFFICES APPROPRIATIONS—FURTHER CONFERENCE

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon [Mr. STEIWER].

Mr. TRAMMELL. Mr. President, I shall not detain the Senate very long.

I wish again to declare my allegiance and esteem for and my fidelity to the American soldier; not only those who were the patriots of old, when America gained her independence and liberty, but those who have followed since those trying days when our forefathers gained independence and liberty for this wonderful land of ours. I have always honored the patriots of the early days of this Nation; but with equal honor and with equal tribute I appreciate and esteem the men of the great World War and those of the Spanish-American War and the men of the Union and the Confederacy of the sixties.

As the situation presents itself in my mind, there is here being waged a war between patriotism, loyalty, and devotion to country, on the one hand, and the dollar of the tax dodger upon the other hand. It looks as if thus far those who would place the dollar above manhood and patriotism and loyalty to country have won. My purpose is that, if possible, we shall check the victory they have attained through the amendment which was passed in the House and convert it into a victory for the veterans of our country. Those who wish may follow the Economy League, fostered by Morgan, the big bankers, the big corporations, and those who have no code of ethics except the furthering of their own selfish interests. For 2 or 3 years these men have carried on a war to drive many of the veterans into want and despair.

Up to this good moment the triumph seems to have gone to those who would worship the golden image before they would pay tribute and honor to the brave and gallant soldiers of the Republic. As for my purpose and my intention, I shall support the amendment proposed by the Senator from New Mexico [Mr. CUTTING] and the Senator from Oregon [Mr. STEIWER]. I think it is far better for the interest of the soldiers and that it will at least rescue them to some extent from the harsh treatment and the abuses which already have been perpetrated against them in the name of economy in this country. But for these brave men we would now have no nation to preserve.

It is useless to review or go over all the ruthless cases which have been brought to the attention of the Senate. They are numerous. There are hundreds of thousands of

them. I have heard some persons say, when a certain case was mentioned of a totally blind person whose compensation had been cut from $100 to $20 a month, that that was an exceptional case; but if Senators will review with me my files they will find that it is not an exceptional case; that there are many other cases that will compare with it. I shall mention only one.

A poor man came here to see me at the Senate door a few days ago. He had formerly lived in Maryland, but now lives in Florida. He first called for the senior Senator from Maryland [Mr. TYDINGS], as he knew him very well. At Senator TYDING'S request I went out to interview the man. Both of his lower limbs were gone; one of his hands had been cut off, with all four fingers gone, and about two fingers had been cut off the other hand. He told me that he had lost his compensation of $200 a month for himself and $50 for an attendant, and that his total compensation had been reduced to $20 a month. It was a very pathetic case—a case where the man ought to be taken care of whether his disability is service connected or is not service connected.

Of course, we—that is a large majority of the Senators—have fought here for the policy of preserving the rights of the service-connected case. I told this poor man I would do all I could for him, but, of course, I did not have very much hope. He said, "The Veterans' Administration tell me that I can go to the hospital at St. Petersburg, Fla., and they will take care of me at that hospital; but the trouble is, I have a wife and three children. What am I to do with them on $20 per month?"

That is not an exceptional case, either. Senators could recite a great many others. These cases came to my attention before I proposed here in the Senate, some 10 days ago, an amendment to the independent offices bill providing that there should be no cut exceeding 15 percent in the compensation or pension of service-connected cases. I tried in that fight, however, to preserve the rights of those who had presumptive service connection. I tried to protect the Spanish-American War soldiers against excessive reductions.

Those of us who favored a policy of that kind had a victory won in the Senate for not exceeding a 15-percent reduction, and it was thoroughly realized on the part of those who were against it that we had won the victory. Then came the compromise proposition by Senator CONNALLY, which caught 10 or 15 votes, for a 25-percent limitation in preference to my proposal of not exceeding a 15-percent reduction. Upon this was a tie vote which was settled by the Vice President casting the deciding vote. It was thus that the veterans lost on my amendment of a 15-percent limitation.

I have no criticism to make of that. If a Senator who already had won a victory to the point of making the opposition seek a compromise was willing to withdraw and go with the other side, that was his privilege. That, however, is not the question which is confronting us now. That is water that has passed the mill. The question that is confronting us at this time is whether we will accept the House provision or the amendment as proposed here upon this floor.

I have read over the House provision. The question of setting up the board of review is, as I see it, about the only concession whatever that has been made; and that is nothing more than a gesture with no assurance of help for the veterans. I think it is all right to set up a board of review, but it is in no wise an answer for a remedy of the conditions we abhor and complain about. The board works under the direction of the Veterans' Administration. Unless there has been a change of heart on the part of those of this agent, their attitude is unsympathetic toward the veterans.

Mr. CUTTING. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield to the Senator from New Mexico.

Mr. CUTTING. The amendment which the Senator from Oregon and I have suggested retains the boards, but it does write into the law the principles which are to govern the boards in deciding individual cases.

Mr. TRAMMELL. That makes the boards that much more effective. As the provision is written into the House amendment, though, it contains no guaranty of protection of these patriots who have service disabilities against a continuation of the ruthlessness which has existed previously.

Mr. CUTTING. None whatever.

Mr. TRAMMELL. I am glad the Senator covered that feature in his amendment. I will concede, however, that as the House provision is worded it might bring some little benefit. It is a question of doubt, however, whether these boards would bring any substantial benefits to our veterans.

Mr. COPELAND. Mr. President——

Mr. TRAMMELL. What other provision is there in the bill passed and accepted by the House—many of whose Members were good friends of the soldiers, of course—that gives them any guaranty of protection? I challenge any Senator to state before the Senate any provision of the House proposal that will protect a soldier against any reduction that the administration may see fit to make in his compensation. It does say that while the board is carrying on its investigation, until October 31, or, if the investigation is concluded sooner, until the date of conclusion, the compensation shall be continued at a rate not exceeding 25 percent less than that formerly paid.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. COPELAND. The Senator from Florida has made a splendid presentation of the rights of the veteran. As he knows, I was glad to support him before and I am glad to do so now. I do have this feeling, that we have votes enough to instruct the conferees, and I wish that we might take the vote, because after we have taken action here it will be necessary for our conferees to convert the House conferees. I feel that the record made here is so substantial that the House can hardly fail to recognize its merits. I hope that we may speedily put the House to the test to see what the result may be.

Mr. TRAMMELL. I thank the Senator. I will accommodate him and stop speaking in a very few moments. I want to explain, however, that I do not see where there are any worth-while benefits whatever for the veteran in the House proposal. The pretended guaranty of no reduction to exceed 25 percent of the rate of compensation, as far as its effectiveness is concerned—and it is a legal construction when it gets to that point—is nothing more nor less than a catch gesture, which will not be binding upon anyone, and will leave ample latitude for the administration, if it sees proper, to reduce the compensation or pension even of service-connected cases by a far larger amount than 25 percent. There is not a word in the House provision that forbids a reduction of more than 25 percent in a veteran's compensation or pension.

They have been reducing service-connected cases heretofore all the way from 30 to 70 percent, according to my files. And with the House provision still allowing the same authority, what are we to expect in the future? What a triumph and victory those wishing to have unlimited authority to reduce the allowance to the veterans won in the House! The friends of the veterans in the House seem to have been put to sleep.

Do those in the Senate who are the friends of the soldiers desire to leave the bars down so that the already inaugurated policy can be continued if the administration sees proper to continue it? As for me, I do not want to have that opportunity continue, because I feel that whoever directed and controlled the dealing with the veteran under the Economy Act forgot all about them serving their country, forgot all about it being the duty of the Nation to pay tribute to those who defended our land in a crucial hour. They thought of nothing but dollars, dollars—economy. They apparently did not consider the rights of the soldiers, the rights of mankind.

What I plead for is that a touch of humanity might be put into the administration of the law, that a little recogni-

tion of patriotism and loyalty on the part of these men might be accorded. I have never seen the time yet in this country when the people generally have not honored their soldiers and their veterans. Some may think that they are appeasing a sentiment and a desire on the part of the people of the country when they regard slightly and condone maltreatment of the veteran, but if I am to gain my opinion upon that subject from those among whom I have lived, the person who has any thought of that character is very sadly mistaken and fools himself.

In spite of the effort to create public sentiment against those of us who have favored doing something to relieve the unhappy and distressing status of our veterans, in spite of the effort to bring us into disrepute throughout the Nation by broadcasting, I will say that I have not received one letter or one telegram of condemnation on account of my position in the Senate on these questions.

It happened that I was the one who made the motion to suspend the rule some days ago to attempt to help our veterans, and I was very active in the fight here that we might offer an amendment to this bill, as the RECORD will disclose. I prescribed a 15-percent maximum, and not one person has complained to me about my attitude. On the other hand, I have received letters and telegrams of commendation from thousands of the people of the country, and at least 25 percent of them have been from those other than veterans. There is no sentiment in this country to the effect that we should come down on the soldier and make him bear the brunt of the economy.

We all favor economy. I favor economy, and in many instances have brought about substantial reductions in expenditures. I have proposed economy a number of times in the form of amendments when we were asked to create new offices carrying salaries of ten or twelve or fifteen or twenty thousand dollars a year, but I have not had the assistance of many of those who now want to drive unrelentingly a campaign of economy against the soldiers.

I have offered an amendment in this body as many as two or three times to provide that salaries of officers should be decreased on a graduated basis, a bracket basis, starting with, say, $4,000 a year, beginning to increase by 20 percent, then 25 percent, and by the time we are up to $10,000 probably around 30 percent—I cannot remember the exact details—and when we reach the sum of $15,000 I know the suggested deduction was one third. I found on this floor but few to aid me in such efforts.

Mr. President, I have favored that character of reducing Government expenses. I favor the economy which would take 30 percent away from a $15,000 salary and still leave the recipient of that salary about $11,000 annually to live upon, instead of a policy which will take from a soldier, stricken, perhaps, by blindness or by lameness from the loss of a leg or an arm, or otherwise helpless, 30 percent to 70 percent of his compensation or pension in service-connected cases.

I believe in the character of economy which would go over this bill to which we now have this amendment attached—the independent offices appropriation bill—and sweep a hundred or two hundred million dollars out of the bill proposed to be appropriated from any unessential things. I heard a man well acquainted with Government affairs say a few days ago that he could take this independent offices bill and go through it carefully and cut out over $200,000,000 of unnecessary items, an amount sufficient to take care of all justice demanded by some of us for veterans. But that is not done.

These matters are a little foreign, yet they have some bearing upon the subject, especially upon the question of economy, when, as I see the picture, the principal effort has been to make the soldiers bear the brunt of the economy. I believe that is contrary to the wishes and sentiments of the American people, except of those who unthoughtfully have been led and dominated by the Economy League. That league has been composed mostly of people of wealth and affluence, of people drawing good salaries and retirement compensation, one drawing a Government salary and retirement pay in a total sum of about $20,000 annually. Yet they have gone all over the country and said, "You have to have a certain amount of reduction in the compensation of the soldiers." They fixed a certain amount to which they thought the compensation ought to be reduced. Some others have tried to follow their suggestions as to the amount of reduction asked. A great many innocent people have fallen into the clamor, because they really did not know the situation. But now they are becoming awakened.

I think the veterans' roll needed revision. There were a great many on the roll who should not have been there. I think there were others, not service-connected, getting more than they should have received, so that there should have been a general revision a hundred times over. However, these veterans were honestly upon the rolls. But whatever was done with the veterans' roll should not have been done in an indiscriminate and a disorderly manner. It should have been carried out sympathetically.

Mr. President, I believe that under the amendment proposed by the two Senators, with instructions to the conferees, we will get better results, that there will be no injury to the Government, and that there will be no danger to plans of economy. For that reason and others I plead for the adoption of the Steiwer and Cutting amendment.

I take this position because I see absolutely nothing except an empty vessel in the House provision. Some may take refuge behind the House provision and vainly retreat behind it as an alibi, but because it means so very little for the veterans when they are entitled to more, I anticipate the alibi will not be accepted by the veterans or those who honor and esteem them. The House has totally ignored the Spanish-American War veterans and their widows. We know what has happened to the Spanish-American War veterans before. The Veterans' Administration cut their allowances down to $6 a month and cut the widows off the roll entirely.

The House would leave it as an open question for the future as to whether or not an old Spanish-American War veteran 67 years old—and I am citing a case which came to my personal attention—with a wife and 3 or 4 children, who claims he has a service-connection disability, shall be totally ignored, and that his compensation shall be reduced, as it has been reduced, to $6 a month. The poor old fellow to whom I have referred wrote to me, "I do not know what to do. If I seek to get employment in commercial channels, or seek a Government position, everybody says I am too old. I am enfeebled. The Government refuses to give me more than $6 a month. The Government says I am too old to take a position."

Yet the House provision does not protect him against any kind of reduction. It does not provide the widows of Spanish-American War veterans any security whatever. I do not know why it was that they should have ignored them and made of them the forgotten men and women. I know a great many Spanish-American War veterans. During that war I had a very close association with thousands of them. I was quite a lad during the Spanish-American War, but I know that those with whom I was associated in camps and at ports of embarkation were all patriotic men, men who loved their country, and their services were volunteered to the country. I do not like the idea of turning the stony heart upon them. Most of them are over 60, and thousands of them are enfeebled and in distress and want.

Mr. President, the scene is quite different now from what it was 15 years ago. Fifteen years ago throughout this country, at the call of our great President at that time, hundreds, thousands, and not only thousands, but millions, of the stalwart, brave, and loyal young men of this country rallied to its call. Those men went into training, they went forth across the seas, and sustained America's traditions for patriotic men, brave and loyal men. They acquitted themselves with honor and credit to the Nation.

At that time throughout the Nation, in all parts of the country which I happened to visit, there was nothing but

praise for these devoted men, and when they returned to their homeland we witnessed a great people thrilled with sentiments of honor and praise for them. What a tragedy it seems that in the passing of only 15 years it appears that at least to an extent among many of our people and a good many of our officials the heart has become cold and stony, and they no longer honor and give credit to those men who honored their country and served it creditably. As for me, I still honor these men, I still want the Nation to pay to them a fitting tribute, and that is why I shall vote for the most liberal legislation before me which I can support at this time on the question of compensation. Just one word, I believe, in all this upheaval, the veterans should be paid cash for their compensation certificates.

Mr. HATFIELD. Mr. President, it is not my purpose to detain the Senate long upon this subject. I favor the motion made by the distinguished Senator from Oregon. I favor the amendment which has been offered jointly by the distinguished Senator from New Mexico and the distinguished Senator from Oregon.

I favor this amendment, Mr. President, because it is right. It is not all that we should do for the World War veterans. But if we can accomplish this, it is about all that we can do under the policy of the present administration, and it is about all a veteran can expect under the present regime. We are doing little, indeed, through this amendment for the Spanish-American War veteran; but if this instruction is not given to the conferees, and the amendment which goes with it is not adopted, it will mean that practically the entire Spanish-American War group of soldiers will be left out, without any protection whatever given to them except the 12½ percent of this group who can easily prove service connection for their disabilities.

Speaking as a man of the medical profession, there is no question about the presumptive period of 5 years being too short as to many of the diseases which find lodgment in the human body and which develop after a much longer period of incubation than the 1-year period which has been ordained by the President through the Veterans' Administration. In fact, many of the germs remain dormant and do not develop into some secondary manifestation until a period of sometimes 15 or more years has elapsed after the germs have entered the human body.

When we take into consideration the character of the diseases which the Spanish-American War veterans were stricken with, such as the different forms of dysentery, typhoid, and paratyphoid, and when at that time neither sanitary nor immunization practices or methods were used or even known, I submit a great injustice has been done to these veterans by the regulations adopted, the changes made in the Senate amendment by the House, especially when the War Department medical records at that time had been acknowledged to be very inaccurate and incomplete. The Senate amendment had for its purpose the correction of an injustice which was inflicted on the veterans by the President's orders as provided in the so-called "economy bill."

I feel, however, Mr. President, that in the beginning of the debate upon this bill, which involves the veterans, when it was first considered by this body, a sufficient amount of positive proof was presented in justification for the adoption of the Senate amendment.

Now we find that the Connally amendment has been practically destroyed in the protection it would afford to the World War veterans and in the protection it would afford to the Spanish-American War veterans; and, in view of that fact, I feel that there is nothing left to do upon the part of those who stand for relief and protection of the veterans than to vote for the motion which has been made by the distinguished Senator from Oregon. Therefore, when my name shall be called, Mr. President, it will afford me much pleasure to vote for the adoption of the amendment presented by him and the Senator from New Mexico.

Mr. BYRNES obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from South Carolina yield to me?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. BYRNES. I yield.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Robinson, Ark.
Ashurst	Costigan	Kendrick	Robinson, Ind.
Austin	Cutting	King	Russell
Bachman	Dickinson	La Follette	Schall
Bailey	Dieterich	Lewis	Sheppard
Bankhead	Dill	Logan	Shipstead
Barbour	Duffy	Lonergan	Smith
Barkley	Erickson	Long	Steiwer
Black	Fess	McAdoo	Stephens
Bone	Fletcher	McCarran	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Bratton	George	McKellar	Thompson
Brown	Glass	McNary	Townsend
Bulkley	Goldsborough	Metcalf	Trammell
Bulow	Gore	Murphy	Tydings
Byrd	Hale	Neely	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Pope	Walsh
Clark	Hebert	Reed	Wheeler
Connally	Johnson	Reynolds	White

The VICE PRESIDENT. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. BORAH. Mr. President, I have a telegram bearing upon the subject which we are now discussing, and ask that it may be printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

OTEEN, N.C., *June 12, 1933.*

United States Senator W. E. BORAH,
Senate Chamber:

One hundred beds have been ordered available for workers in reforestation camps at Oteen Hospital. Some patients already here, with transportation paid by Government to and from hospital. Men are not ex-service. Veterans of wars to get in hospital must be totally disabled, destitute, and can get in hospital only when legion or friends pay their transportation. Please use your influence to defeat Presidential compromise passed by House.

D. D. SILVERMAN,
Commander American Legion, Oteen, N.C.

Mr. BYRNES. Mr. President, I desire to consume but a few minutes in advising the Senate of the situation now existing.

When the independent offices appropriation bill was before the Senate the Senate added what is known as the "Connally amendment," an amendment under which the appropriations for the veterans' benefits would amount to $170,000,000 in excess of the amount reported by the Appropriations Committee. The bill went to the other House. That body disagreed to the Connally amendment, and adopted in lieu thereof an amendment which was, according to the information I have, framed by the steering committee. The House, on Saturday evening, after the adoption of that amendment, messaged the papers over to the Senate. This morning the Senate concurred in a motion to disagree to the House amendment and send the bill to conference. After the adoption of that motion the Senator from Oregon [Mr. STEIWER] moved to instruct the conferees to insist upon the amendment which that Senator has been discussing for the last 30 minutes or so.

Now, Mr. President, we may as well understand the situation as it exists. There is no subject embraced in the Steiwer amendment which is not covered by the Connally amendment. The Senate has already adopted a motion to disagree to the House amendment and insisting upon the Senate amendment; and the amendment that is insisted upon is the Connally amendment.

Mr. CUTTING. Mr. President, surely the Senator from South Carolina does not mean to say that there is nothing in the amendment submitted by the Senator from Oregon and myself which is not covered in the Connally amendment?

Mr. BYRNES. I mean that all the subjects covered are also in the Connally amendment, and when the conferees on the part of the Senate enter into conference with the

conferees on the part of the House the whole subject will be open for the consideration of the conferees. If, however, the pending motion shall be agreed to, the Senate conferees will be instructed to adhere to the Steiwer amendment. Certainly, if I am to serve as one of the conferees, I would consider that I would be in honor bound to come back to the Senate unless the House agreed to the Steiwer amendment as it is written. That being true, how many Members of the Senate have had the opportunity to examine the Steiwer amendment? We adopted the Connally amendment after 2 days' debate. I admit that I have not been able to follow the Steiwer amendment today to determine the exact differences between the Steiwer amendment and the House amendment.

Mr. McCARRAN. Mr. President, will the Senator from South Carolina yield to me?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Nevada?

Mr. BYRNES. I do.

Mr. McCARRAN. Am I not right in saying that the Connally amendment was drafted here on the floor and was first sent up to the desk in the handwriting of the drafter and had to be redrafted from time to time? There was no 2 days' debate on it; there was not an hour's debate on it.

Mr. BYRNES. I said the amendment was presented and agreed to after 2 days' debate on the subject. If the Senator from Nevada understood me to say that there was 2 days' debate on the Connally amendment, I certainly did not intend to make any such statement, as the Senate is familiar with what then occurred.

Mr. STEIWER. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. BYRNES. Yes; I yield to the Senator.

Mr. STEIWER. The proposal that was sent to the desk which was offered by the Senator from New Mexico and myself was sent to the desk Saturday night. It was printed this morning and it has been available to Senators all day in its present form, except that upon the last page we changed two or three words in the way of a modification.

Mr. BYRNES. I have had the amendment on my desk since morning, but I say again that I have not been able during the discussion to determine the exact difference between the Steiwer amendment and the House amendment. But, nevertheless, Mr. President, if the Steiwer motion to instruct the conferees is adopted, the Senate will understand that its conferees are tied hand and foot and must go to conference to meet conferees on the part of the House who are not instructed. Some Members of the Senate seem to believe that the House conferees are instructed. The RECORD shows that they are not; that the usual motion to disagree to the Senate amendment and ask for a conference was made. Therefore, I submit that the wise and sane thing to do is to send the matter to conference. Should the conferees report back to the Senate a provision which does not receive the approval of the majority of the Senate, this body can reject the conference report. However, in advance of the consideration by the conferees to instruct the conferees to adhere to a certain proposal will not hasten the consideration of the independent offices appropriation bill and may make it impossible for us to have any bill.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Texas?

Mr. BYRNES. I yield.

Mr. CONNALLY. I understand the Senator from South Carolina to take the position, then, that if the matter goes to conference the conferees will have before them the Senate amendment which we have adopted, and also the House amendment, and it can work out something in between?

Mr. BYRNES. The Senator from Texas is exactly right. If the pending motion should be defeated the Connally amendment and the House amendment then would be in conference for the conferees to consider and reach an agreement upon.

Mr. ROBINSON of Arkansas. Mr. President, just a word.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas.

Mr. BLACK. Mr. President, will the Senator from Arkansas yield in order that I may ask the Senator from South Carolina a question?

Mr. ROBINSON of Arkansas. I yield.

Mr. BLACK. There may be some here—I am sure there are—who are not in favor of the House proposal. I am sure that many of them, just as I, would not want to vote against the Steiwer proposal with the idea that a vote against that proposal would be accepted as a vote in favor of the House proposal. Let me ask the Senator to state what will be his attitude as a conferee on that subject?

Mr. BYRNES. I will say this: The motion that has been adopted is a motion made by me to have the Senate insist upon the Senate amendment which is the Connally amendment.

Mr. ROBINSON of Arkansas. Mr. President, I have no thought of delaying a vote on this motion. Let me state, however, that the adoption of the amendment will tend to produce a deadlock between the two Houses. Senators had unlimited opportunity to offer amendments when the independent offices appropriation bill was before this body. The subject matter of this amendment was debated at great length; a conclusion was reached by the Senate and incorporated in what has become known as "the Connally amendment." The House adopted what is in the nature of a substitute for the Connally amendment. Now it is proposed that we accept what is in fact a substitute for the House amendment. If this process shall go on, there will be no end to the controversy. I ask, therefore, that Senators give grave consideration to bringing about a condition under which the conferees of the two Houses may work out their differences.

Always in measures that are seriously contested there is a necessity for freedom of conference between the two bodies if conclusions are to be reached. The adoption of this proposal will make it necessary for the conferees to stand upon this amendment; they cannot in honor recede from it, if the vote be in the affirmative, without bringing the matter back to the Senate and thrashing over the whole subject again.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. BARKLEY. The Senate conferees, therefore, would not be able to negotiate with the conferees on the part of the House.

Mr. ROBINSON of Arkansas. The Senate conferees would have no power. The situation would be substantially the same as if the Senate adopted an amendment and then said to the House, "Unless you take our view of this subject, the legislation shall fail."

Mr. President, those who are interested in securing the enactment of legislation on this subject, ought to take these thoughts into consideration.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Texas?

Mr. ROBINSON of Arkansas. I yield.

Mr. CONNALLY. It is the Senator's view that the best way to handle this is to vote down the Steiwer amendment and let the Senate amendment and the House amendment go to conference?

Mr. ROBINSON of Arkansas. We cannot pass the legislation unless the Senate approves the conference report. For that reason I suggest, as has been stated by the Senator from Texas, that the most effective way to reach a conclusion is to let the matter go to conference.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. TRAMMELL. Much that the Senator has said is true, but the House has already considered the Connally amendment and by its own action and in an open expression of its view the House itself voted to settle the question of the Connally amendment. Therefore would not the

House conferees have their hands absolutely tied, too, as between the Connally amendment and the amendment which the House itself has already placed in the bill?

Mr. ROBINSON of Arkansas. Oh, no, Mr. President. I will reply to the Senator from Florida by saying emphatically no. If the request of the House for a conference be granted by the Senate, as has been done under the motion of the Senator from South Carolina, there will be a free conference within the limits of the bill which has been passed by the two bodies.

Mr. RUSSELL. Mr. President, may I ask the Senator a question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. RUSSELL. I understood the Senator from Arkansas to say that under the pending motion of the Senator from Oregon the Senate conferees would be bound hand and foot to the amendment offered by the Senators from Oregon and New Mexico and would not be able to compromise.

Mr. ROBINSON of Arkansas. Yes; they could not honorably compromise at all. They could not negotiate. All they could do would be to pass the Steiwer amendment into the hands of the House conferees and say, "Unless you agree to that nothing can be done." That is the moral effect of it.

Mr. TRAMMELL. Mr. President, I want to say that the logic by which that conclusion is arrived at in regard to the Senate conferees applies with equal force to the House conferees if we do not adopt this amendment.

Mr. STEIWER obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator from Oregon yield?

Mr. STEIWER. I yield.

Mr. BARKLEY. The effect of the amendment of the House has been to agree to the Senate amendment with an amendment. They have not instructed their conferees and have not tied their hands. It is just as if the House proposal had been in the original bill and the bill had gone to conference with that language and with the Senate amendment known as the Connally amendment. They have not in any way limited their conferees. Their conferees and ours can negotiate a settlement within the realm of the difference between the Connally amendment and the amendment agreed to by the House.

Mr. STEIWER. Before I come to that, let me discuss the matter which I had in mind when I rose.

In the first place I point out that those who are now objecting to an agreement to the Cutting-Steiwer amendment are the same who objected to the Trammell amendment providing a 15-percent limitation. They are the same Senators who made eloquent appeals for the Connally amendment. Now, when we seek to present to this body a statement which results in greater economy than the Connally proposal they find fault with it.

There is, of course, considerable weight to any argument made against the instructing of conferees. I realize full well the force of the thoughts expressed by the Senator from Arkansas. But here is our situation: We found to our great consternation that the Administrator of Veterans' Affairs was making cuts in veterans' compensation that shocked the conscience and the sensibilities of Members of Congress. After full consideration of that matter we concluded something ought to be done.

Exactly one half of the Members of this body were in favor of putting a limitation of 15 percent upon any cut which might be made in compensation for the veterans. The other half took the view that a 25-percent cut might well be directed, but that no cut beyond that should be allowed. Thereupon, without any dissent, we agreed to the Connally amendment and it was written into the independent offices appropriation bill.

After that it developed that in spite of certain assurances made here upon the floor by Senators acting in utter good faith that the proposal probably would be satisfactory to the President of the United States, in spite of the fact that many Senators voted for the Connally amendment merely because they feared that the amendment offered by the Senator from Florida [Mr. TRAMMELL] would bring a veto in spite of all the assurance, it commenced to develop that in reality there was objection from the Veterans' Administration and there was objection from the Bureau of the Budget. Certain influences were being brought to bear upon the President of the United States, and pretty soon it became known to the press and through stories that circulated about the Capitol that the White House itself had objection to the Connally amendment. We know these things to be true. We know that the action taken in the House was the result of White House influence. I make no criticism of that. I concede the right of the President to do the things which he has done in respect of this matter, and I make no censure of anyone.

But I bear in mind, and submit that every Senator should bear in mind, that throughout this discussion and in connection with all these negotiations word has been coming over and over again that if we do not accede to the views of the White House the President will veto the bill and go to the country. That is the prospect—that the President will carry his appeal to the country; that by radio or by other means he is going to make an appeal to the American people in the name of economy and in support of these cuts being made by the Veterans' Administration.

Do Senators know what is going to happen then? The President will hold up the Connally amendment to ridicule. He is going to say the amendment prevents cuts in fraud cases, as indeed it does. He is going to say the Connally amendment prevents cuts in misconduct cases and that men can contract venereal diseases and claim pension under an act of Congress. He is going to say that the Connally amendment prohibits changes where there has been improvement or change in disability in individual cases. He is going to say it prevents cutting down 50 percent the compensation of those veterans outside of the United States. He will say it prevents making any cut with respect to pensions paid to veterans who have no dependents and are being hospitalized at the expense of the Government of the United States. He is going to say the postarmistice enlistment cases are protected by action of the Senate and the Congress. He is going to say that the thing presented to him is an intolerable thing and that he is obliged to correct it in the interest of the American taxpayer by the exercise of his power of veto.

I want to get away from that situation, and in utter good faith and with full respect for everyone, joining with the Senator from New Mexico [Mr. CUTTING], I am offering a proposal which obviates all of these criticisms. It still provides for the 25-percent limitation of cuts as carried in the Connally amendment, but it provides also the exceptions, and by those exceptions enables the Congress to agree to a rational and fair proposition by which the Government can still protect itself, but the Veterans' Administration cannot carry those cuts below 75 percent of the amounts being paid upon March 20, 1933.

The question now is whether the Senate is going to permit the issue to be made between the Connally amendment and the House substitute. Are our conferees going to stand for a rational and proper proposition, or are they going to stand at all?

I am impressed with the fact that if there are no instructions the conferees may come back to us finally with the statement that the House conferees will not agree to the Connally amendment, and we will be in the position of either having to stand for the Connally amendment or else making an abject surrender. The House amendment not only does not provide for the presumptive cases, but it does not give protection to the cases directly connected. It does not give protection to the men whose bodies are full of shell and shrapnel.

The question is, are we going to surrender and betray these men who were called into the service by the Government of the United States, called by the draft, and conscripted by force of law. Are we going to betray them now and turn them back to the Budget balancers to be operated on and permit them to live in misery the rest of their days? I should rather meet all the difficulties implied in the re-

marks made by the Senator from Arkansas [Mr. ROBINSON] in full realization that instructing conferees does, in fact, work some handicap in the performance of their duties and send this issue back to conference with proper instructions so that the House of Representatives and the whole country may know what the attitude of the Senate is upon this important subject.

Mr. WALSH. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Massachusetts?

Mr. STEIWER. I yield.

Mr. WALSH. What is the difference in the estimated expense upon the Federal Treasury between the Connally amendment and the amendment proposed by the Senator from Oregon and the Senator from New Mexico?

Mr. STEIWER. That is a most difficult question. I would answer it if I could. There is a difference of many millions of dollars. I cannot know how much. I had one of my clerks take up the matter with the Veterans' Administration. We discussed it with the chief solicitor and others. We attempted on our own behalf to make certain estimates. The result depends on the action of the reviewing boards. It depends on the extent to which the board offers protection to the presumptively connected cases.

Mr. WALSH. I assume the Senator's amendment has more elasticity than the Connally amendment and certainly eliminates many cases which everybody agrees should be eliminated.

Mr. STEIWER. I think it would eliminate every one of them if the boards do their duty. I can say to the Senator from Massachusetts that every case of fraud, of unmistakable error, of misconduct, of post-armistice enlistment, and all that kind of cases would be eliminated from the rolls.

Mr. WALSH. And the fact that the Connally amendment includes such cases is to the disadvantage of the Connally amendment?

Mr. STEIWER. Greatly so, of course.

Mr. BYRNES. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. STEIWER. I yield.

Mr. BYRNES. The Connally amendment, according to the Veterans' Administration, would cost $170,000,000 additional. Because of that fact $170,000,000 was added to the bill. The best estimate the Veterans' Administration can make of the amendment now offered by the Senator from Oregon is $135,000,000 or $140,000,000, due to inability to make a very accurate estimate. Would not the Senator agree that going to conference with the Connally amendment and the House amendment——

Mr. STEIWER. We would come out with nothing.

Mr. BYRNES. There is not a single thing to which the Senator has referred that could not be agreed to in conference.

Mr. STEIWER. I believe that statement is true.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. CONNALLY. Some question has been made about the amount of saving. The Senator from South Carolina [Mr. BYRNES] said the amendment which was agreed to by the Senate, if adopted, would add $170,000,000. What he should have said was that if we go back to the beginning with all these cases as they originally were, there might be that difference; but the President has several times revised these matters since that time, and there would not be that much additional.

Mr. BYRNES. I think the Senator is right, since the last revision.

Mr. CONNALLY. I am glad to have the Senator's correction.

Mr. BYRNES. The statement I made was based upon information received when the bill was under consideration before.

Mr. CONNALLY. There has been a great amount of misinformation scattered over the country about how the Senate amendment would add to the expenditures of the Government. These statements are predicated on the theory that all these boys were cut off, or cut down to $20, and so forth. That never has taken place at all; but in the meantime several revisions have been made, so that the amendment of the Senate would not add that much.

If Senators want economy only, and if this matter is going to be settled purely on the question of dollars and cents, cut off all these veterans; leave none of them on the roll; and if that were done we would save a great deal more money than we are going to save in this way.

I hold in my hand a statement from the Veterans' Bureau, which I ask leave to have printed in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The statement is as follows:

JUNE 12, 1933.

Hon. TOM CONNALLY,
United States Senate, Washington, D.C.

MY DEAR SENATOR CONNALLY: In accordance with your request there is transmitted herewith a statement of the effects of amendment to Public, No. 2, Seventy-third Congress, introduced by you and adopted by the United States Senate.

This statement reveals (1) the estimated total expenditures for veterans' relief for the fiscal year 1934 under laws in effect prior to March 20, 1933; (2) the estimated appropriation for the fiscal year 1934, including your amendment and those amendments introduced by Hon. HUGO L. BLACK and Hon. WILLIAM H. DIETERICH and approved by the United States Senate; (3) estimated savings if the amendments under (2) are adopted; and (4) estimated savings if your amendment alone is adopted, and excluding the amount added by the House of Representatives for regional offices.

Very truly yours,

J. O'C. ROBERTS, *Solicitor.*

Estimates concerning the effects of the amendment to Public, No. 2, Seventy-third Congress, introduced by Senator Connally and adopted by the United States Senate

1. Total appropriation required for fiscal year 1934 under laws in effect prior to Mar. 20, 1933	$966,838,634
2. Total appropriation required for fiscal year 1934 under Connally amendment (include $9,000,000 for Black and Dieterich amendment and $8,000,000 added by House for regional offices)	677,513,634
3. Savings if above amendments are adopted	289,325,000
4. Savings if Connally amendment alone is adopted and excluding the amount added by the House for regional offices	306,325,000

Mr. WALSH. Mr. President, will the Senator yield?

Mr. CONNALLY. Just a moment, then I will yield.

This statement says that the appropriation which would have been required for this year if there had been no Economy Act would have been $966,838,634. Under my amendment, if it were put into operation, there would be a saving of the amount of $306,325,000. Therefore, under the amendment adopted by the Senate there would be an annual saving of $306,000,000 under what we would have had to spend but for the Economy Act.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. CONNALLY. The Senator from Oregon has the floor. I have not.

The VICE PRESIDENT. The Senator from Oregon has the floor.

Mr. STEIWER. I will yield the floor; but before doing so I want to make an observation:

The statement made by the Senator from Texas is borne out by the information which has been furnished to me. We may also conclude that if the Connally amendment would still permit a saving of $306,000,000, the amendment offered by the Senator from New Mexico and myself would save a substantial additional amount which has not been exactly determined but which would probably bring the saving up to the neighborhood of $350,000,000.

There is significance in that statement, because when the economy bill was before the Senate the saving that its proponents were striving for, the saving they said they wanted to make in order to balance the Budget, was $383,000,000. So the Senate can agree to the amendment offered here by the Senator from New Mexico and me and the result

will be within some $30,000,000 of the goal which the administration started out to attain in the first place.

Mr. BLACK. Mr. President, I desire to say just one or two words before we vote. I do not want my vote against instructing the conferees to be misunderstood.

I voted for the Trammell amendment. After it was defeated, I voted for the Connally amendment. I am interested in taking care of the soldiers. The motion to instruct the conferees proposes not an increase, but a decrease.

It is my judgment that the Senate has a better trading position on the Connally amendment than it has on the proposed instructions. If that were not the case, I should vote for the instructions. I want it distinctly understood, however, insofar as my own vote is concerned, that it is not to be construed as a vote in favor of the House proposal. If that is brought back to the Senate by the conferees, I shall vote against the conference report. I believe that viewpoint is representative of the ideas of a great many Senators on this proposal.

While agreeing entirely with the objective of the Senator from Oregon and the Senator from New Mexico and having originally intended, before carefully studying the proposal, to vote for their instructions, I have reached the conclusion that those who really want to bring about the best possible settlement in the interest of the veteran can better do so by leaving the Senate conferees free to act upon the basis of the Connally amendment.

I recognize fully the idea which the Senator from Oregon [Mr. STEIWER] has so ably expressed, in that he has removed some of the features of the Connally amendment which some Senators may consider objectionable.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from Texas.

Mr. CONNALLY. Does the Senator realize, though, that there is a feeling among some Senators that if we send the matter to conference without instructions the conferees may just agree to the House amendment and let the matter go?

Mr. BLACK. The Senator is correct. That is the only reason why I took the floor. I took the floor because of the fact that I wanted it distinctly understood that at least insofar as one vote in the Senate is concerned I do not expect or anticipate that the conferees will accept this vote, whatever it may be, as an expression on the part of the Senate that it will yield to the proposal of the House. In my judgment it is inadequate. In my judgment it is unjust. In my judgment the regulations upon which the Bureau has been operating are indefensible.

Frankly, I am of the opinion that if there had been some changes in the Veterans' Bureau prior to this time and men had been placed in charge who are in sympathy with the present administration the regulations might not have been so harsh. Whatever may be the cause, however, the fact remains that insofar as a great many of us are concerned who believe in adequate compensation to the disabled ex-service man the regulations that have heretofore been issued cannot be defended.

With that viewpoint, and agreeing thoroughly with the objective intended to be attained by the Senator from Oregon and the Senator from New Mexico, and approving the very excellent fight they have made here in defense of the veteran, I am compelled, reluctantly as it may be, to take the position that from my viewpoint I can best serve the interests of those veterans who, in my judgment, have been cut in many instances far below that which justice and fairness would require by voting to let the conferees proceed on the Connally amendment.

I do that assuming as one of the facts the statement that the Connally amendment would provide for a larger expenditure than the amendment provided in this measure; and frankly, that does not disturb me as much as I am disturbed by unfair and unjust regulations which may have been imposed or may be imposed. So far as I am concerned, I shall vote against instructing the conferees; and I want it clearly put in the RECORD, so that my vote may not be misunderstood, that in doing so I believe I am voting in the interest of the veteran, and to the end that the best possible agreement may be reached which will tend to rectify the injustices which have heretofore been caused by the regulations.

Mr. SMITH. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BLACK. I yield to the Senator.

Mr. SMITH. We are all anxious to adjourn. If the conferees take the Connally amendment, and have due regard to the specifications in the Steiwer-Cutting amendment, and come back with practically the House provision, the Senate still will have an opportunity to reject that.

The only reason why I shall vote to reject this motion is because I have enough faith in the Senate conferees to know that they now understand the general sentiment of this body. The overwhelming majority of the Senate believes that injustices have been done; and, if I properly understand the House amendment, it practically eliminates the Spanish-American War veterans.

I desire, here and now, to pay tribute to that element of our war veterans. They were 100 percent volunteers. They suffered as no other body of soldiers in America ever suffered by virtue of the incompetency of our War Department to meet the sanitary conditions that a body of men brought together in that way ought to have had. We all remember the "embalmed-beef" episode, and the terrible scourges of disease. Whether the disabilities of those soldiers were service connected or not, they have a right to be recognized by our people.

Therefore, Mr. President, I join the Senator from Alabama in saying that if the conferees do not do justice to the men who have served our country in the final test of a man's loyalty to his Government, I, for one, shall resist any compromise that approximates what the House has sent here.

Mr. BLACK. Mr. President, in reply to the first statement of the Senator with reference to the instructions that have been offered, I desire to state that the conferees have certainly heard that amendment discussed. They will have it with them in conference. I think a very excellent service has been performed by the Senator from Oregon and the Senator from New Mexico in the matter of the discussion of the House proposal and their own amendment. I am very hopeful that the conferences can take the proposed instructions suggested by the Senator from New Mexico and the Senator from Oregon and work out an agreement between the two Houses which will approximate justice, and which will be approved by the President, so that it may become a law, and the veterans may thereby benefit.

Mr. CLARK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Missouri?

Mr. BLACK. I yield to the Senator.

Mr. CLARK. If I could agree with the premise of the Senator from Alabama as to the attitude of the conferees resulting from this debate, I should vote as he intends to vote. There has recently grown up in the Senate of the United States, however, as we all know, a custom on the part of conferees to disregard flagrantly the will of the Senate. That has extended to the point where, even after the Senate has expressed its will by record votes on important amendments, conferees in some instances have refused even to take the amendments into conference and have receded even before there has been a conference.

We all know that when this matter comes back from the conferees, if they agree upon a report, we shall have to vote the conference report up or vote it down. We shall have to take it as a whole. Therefore, in view of the practice on the part of conferees of this body of disregarding the expressed will of the body on important matters, whenever I have an opportunity to vote to instruct conferees I am going to do it as long as that practice persists in this body.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from South Carolina.

Mr. BYRNES. I desire to ask the Senator from Missouri whether he is referring to any action on my part.

Mr. CLARK. I am not, I will say to the Senator.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BLACK. I yield the floor.

Mr. CONNALLY. Let me ask the Senator from South Carolina a question:

In the event the conferees should get into a deadlock over this matter, and the Senate conferees should feel that they could not do anything except agree to the House amendment, would not the Senator from South Carolina feel disposed, before making that sort of a final agreement, to come back to the Senate and give the Senate an opportunity to instruct the conferees?

Mr. BYRNES. Mr. President, if that situation arose, I do not know of how much value instructions on the part of the Senate would be, if the House took the position that they were going to stand on their amendment without any change.

Mr. CONNALLY. There are two Houses, as the Senator knows.

Mr. BYRNES. I was about to say that, of course, the action of the two Houses would be required. I do not know what would happen if the House should take the position of refusing to modify in any way the amendment it has adopted.

Mr. CONNALLY. The reason why I ask the Senator the question is that there are many Senators here who are inclined to go along with the Senator from South Carolina and send the matter to conference, but they do not want to be tied and have the feeling that that is the last chance they are going to have to vote on the matter. They want a chance, if necessary, before the question is finally settled, to instruct their conferees or advise with their conferees about any compromise that may be reached.

Mr. BYRNES. Of course, the Senate knows that the Senate conferees have not reached that position. They will have to come back with a report; and the Senate will have an opportunity to reject the report or to do with it what they please. So far as I am concerned, while I cannot speak for the conferees, I have no objection to saying that I know I certainly should want to consult with Members of the Senate if the situation described by the Senator from Texas should ever arise; certainly with those who have been most interested in this legislation and have expressed their views on the floor today.

Mr. LONG. Mr. President, may I say just one word before we vote? We are not voting on the differences between the House and the Senate. The President of the United States and the House membership committee have been in conference. This bill originated in the House, came over to the Senate, and we amended it. Now, it has gone back to the House, and they have expressed themselves on our amendment, and have voted on it, I understand, as many as three times.

The President of the United States and the House, after considerable negotiations, have agreed on what they will do. This is more than just a matter between the House and the Senate. The President of the United States and the House membership have had considerable trouble in reaching an understanding. They have at last agreed and have submitted their agreement, and it has been published in the RECORD. Now, we have before us this situation: Whether or not we are going into conference on the final details worked out by the President and by the House, and not have our conferees instructed that we disapprove of it, and stand more or less by a more certain amendment in a different form.

We might as well understand now that we are going to have to say who is on the Lord's side. Those who are in favor of specific instructions will have to take a stand against what is in the recommendations of the President and of the House, and if our conferees come back with a report supporting the agreement reached, it is going to mean that the two Houses will again be at loggerheads. Congress is likely to be here a long time agreeing with the views expressed by the Senator from South Carolina and those expressed by the Senator from Alabama. Therefore, it seems to me that if we send these gentlemen into conference instructed, if they cannot reach an agreement, they then can come back to the Senate and ask for instructions. Time after time conferees are instructed, and when unable to reach an agreement, they come back to the Senate or to the House for their final instructions. If the conferees reach such an impasse that they cannot agree, it will take only a few moments for the Senator from South Carolina to come back and ask for instructions.

In view of the expressions of Senators this afternoon, I think, in order to save time, it will be better for us all to try to expedite the matter and give these instructions to the conferees.

Mr. GEORGE. Mr. President, I have no desire to prolong the discussion, and shall not do so. I had concluded that I should vote for the Cutting-Steiwer amendment, but in the interest of a free conference, and believing that it is quite possible for the conferees, if they are left free, to reach a satisfactory agreement between the Senate amendment and the amendment made by the House, I shall vote against instructing the conferees. Inasmuch as I had concluded to vote for this amendment, however, I want to take the occasion to make a statement very much along the line of that of the Senator from Alabama.

I think there is nothing to be gained by a lack of candor. The Senate, in my judgment, will not accept the House amendment as the House has submitted it to the conference, and unless there is some effort to reach an agreement which will deal more liberally with the veterans, particularly the Spanish-American War veterans, who are left wholly to Executive order, when the conferees report here the report would be rejected, notwithstanding the fact that we are anxious to adjourn finally and go to our respective homes. I wished to make this statement before voting on the matter.

Mr. CUTTING. Mr. President, this is a very unusual situation. For 4 hours this morning Senators have stood on this floor criticizing and picking holes in the amendment adopted by the House in the form of a substitute for the Connally amendment. It is amazing to me that no Senator has yet risen to defend one single word in that amendment. Not an argument has been presented to the Senate in favor of this proposition, which, as we understand it, was agreed to by a conference between Members of the House and the Executive.

Mr. President, it is not my intention to prolong the debate. I think, however, the time has come for some pretty plain speaking.

I am not interested in whether the vote in favor of the veterans is taken now or whether it is taken after the conferees come before us with their report, but it is perfectly obvious to me that we have more leisure and more chance to vote intelligently now than we shall ever have at any other time in this present session.

Mr. CLARK. Mr. President, the Senator realizes, of course, that if the conferees come back with a complete agreement, this proposed amendment will be in with a lot of other propositions, and it will be wholly impossible to obtain a separate vote on this particular matter, because we will have to vote the conference report up or down.

Mr. CUTTING. Exactly; and, furthermore, this matter may come before the Senate at 11:30 at night, when the Senate has already made up its mind to adjourn before midnight. It would be impossible, under those circumstances, to get any intelligent discussion of the issues involved.

The statement has been made that this amendment of the Senator from Oregon and myself has been placed before the Senate hastily, without any chance for Members to study it and find out what it contains. This is the only proposition which has been laid before the Senate which Senators have had a chance to study. We had it printed on Saturday night, and it has been on the desks of Senators all day today. The Connally amendment was never printed. The Connally amendment was suggested and drawn up hastily. It was adopted by the Senate within 2 hours after it had been originally proposed.

And what about this compromise amendment in the House? How long was it before the House? How much debate was there on it? Just a few pages in the CONGRESSIONAL RECORD cover the entire extent of that debate. A few questions—very pertinent questions, I am bound to say—were asked, and the answers to those questions revealed unmistakably that the compromise entered into was meaningless and without value.

Now we are told that we can accomplish the same result by leaving this matter to the conferees, allowing them a free and untrammeled hand, and having them come back at some time in the future with something which, again, we will not have time to study and analyze, something which probably will not be printed. We will have every opportunity to make a mistake. Now we have something definite to act on, and it may well be that this is the last time in this session when we shall have an opportunity to vote intelligently on something concerning the veterans.

Senators heard what the Senator from Missouri [Mr. CLARK] just said. We are getting tired of having conferees go from this body who are unsympathetic with the action of the body which they represent. I think I am violating no confidence in telling the Senate that I was informed on Saturday that the conference committee from the Senate was to consist of five members. By the rules of seniority, the five members of the conference committee would have included the junior Senator from Oregon [Mr. STEIWER]. Later in the day, after that fact had been ascertained, the decision was made to cut the conference committee down to three. That decision may not have been made in order to cut out the Senator from Oregon from the conference committee, but in view of the arguments which have been made on the floor of the Senate this afternoon, in view of the arguments which have been made to leave our conferees unhampered, I submit that it would have been of the utmost importance to have on the conference committee a man who had studied this law, who knew what he was talking about, who had proposed the most intelligent and most sensible and fairest compromise which had been offered by anyone, namely, the Senator from Oregon [Mr. STEIWER].

If we are going to leave the whole question to the conferees—because that is what we will be doing if we vote down the pending motion—then let us be sure that our conferees are going to fight for the wishes of the Senate.

It is said that we would be tying their hands. That, to my mind, is utterly ridiculous. If the conferees are unable to come to an agreement, they can always come back to this body and to the body at the other end of the Capitol, and so report; and then both bodies can, if they desire, instruct their conferees in some other way.

Mr. President, I hope Senators will pause before they fall for any such argument as that. I hope that Senators will pause before, by their votes this afternoon, they cancel the votes which they cast last week.

Why should not the Senate instruct its conferees that this proposal is the minimum, that we will yield on the Connally amendment as it was written, but that we will not yield one inch beyond this? Then, if the conferees from the House refuse to agree to that arrangement, they can always go back to their body, and get a vote from their Membership.

I submit, Mr. President, in view of the parliamentary situation, that that is the only fair, the only just, the only honorable, and the only courageous course to pursue.

Mr. GEORGE. Mr. President, I desire to say to the Senator from New Mexico that, in view of the extraordinary parliamentary situation, and in view of what we know has gone on with respect to this matter, it would be, in my judgment, a perfectly fair request to make of the conferees that, before they agree to the House amendment, they report that fact to the Senate, so as to give the Senate an opportunity, if it desires to do so, to vote to instruct the conferees.

Mr. BYRNES. Mr. President, I want to say that, so far as I am concerned, it would be my view, in the light of the sentiments expressed by Senators this afternoon, that I would want to come back to the Senate and let the Senate vote before agreeing to the House proposal as written.

Mr. JOHNSON. And give to the Senate, before there is any agreement, an opportunity to determine what shall be done?

Mr. BYRNES. I do not know that I would want to say that it should be before there is any agreement. My view would reflect what has just been stated by the Senator from Georgia, that before the Senate conferees would agree to the House amendment and submit a conference report we would come back and let the Senate vote directly on the adoption or rejection of that amendment of the House.

Mr. JOHNSON. The amendment of the House?

Mr. BYRNES. Yes.

Mr. JOHNSON. Upon any other amendment?

Mr. BYRNES. If the House had the good judgment to agree with the Senate conferees on our amendment——

Mr. JOHNSON. No; that is not what I mean. The conferees would come back here; would we then be permitted to vote on the amendment of the Senator from Oregon [Mr. STEIWER] and the Senator from New Mexico [Mr. CUTTING]?

Mr. BYRNES. The Steiwer amendment, I will say to the Senator from California, according to the view I have of this matter, is included within the differences between the two Houses.

Mr. JOHNSON. The conferees on the part of the Senate will take it to conference?

Mr. BYRNES. We are going to take it to conference. At least toward some part of the amendment suggested by the Senator from Oregon I feel very friendly myself.

Mr. GEORGE. I think it is fair to say that I understand the Senator from South Carolina to mean that before the House amendment shall be agreed to, the conferees will return to the Senate, that is, as far as he is concerned, and give the Senate an opportunity to instruct the conferees as the Senate may see fit.

Mr. BYRNES. When we report to the Senate, the Senate can take such action as it sees fit to take—either adopt the amendment or instruct the conferees.

Mr. JOHNSON. Would the Senator have any objection to one of the authors of the amendment being upon the conference committee?

Mr. BYRNES. I am glad the Senator asked that question, and, in view of the statement just made, I think there can be no objection, so far as the other side of the Chamber is concerned, to the appointment of the Senator from Oregon on the conference committee; we would be delighted to have him; I certainly would be.

Mr. CUTTING. Would the Senator have any objection to increasing the conference committee from three to five, in order that the Senator from Oregon might serve as a Republican member without displacing the Senator from Maine?

Mr. BYRNES. I thought it was suggested that as to this amendment the Senator from Oregon should serve instead of the Senator from Maine.

Mr. STEIWER. Mr. President, I would decline to be placed upon the committee in place of the senior Senator from Maine. I do not want to do that. If the Senator from South Carolina wants to offer to enlarge the committee, that would be satisfactory.

Mr. BYRNES. Then I move to increase the number of conferees on the part of the Senate to five.

The VICE PRESIDENT. The question is on the motion of the Senator from South Carolina.

Mr. LONG. Mr. President, in view of the agreement which seems to have been reached, it seems now that we ought not to vote on the Steiwer amendment at all. Inasmuch as the gentlemen have agreed to put the Senator from Oregon on the conference committee, and to come back here and report to us as to any agreement, it seems to me that we ought not now to have a vote on it, but that the amendment ought to be withdrawn at this time.

Mr. CUTTING. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from New Mexico?

Mr. LONG. Yes, sir.

Mr. CUTTING. The Senator's point of view, as I understand it, is that we should let this matter now go to conference?

Mr. LONG. I understood we had reached a pretty good agreement, that we were going to have the Senator from Oregon appointed on the conference committee, and the Senator from South Carolina says he is not going to consent to have this provision emasculated without coming back to the Senate for instructions. Having reached such an agreement on both sides, I do not think we ought to vote; we have compromised ourselves out of getting any votes now.

Mr. BORAH. Mr. President——

Mr. LONG. I yield.

Mr. BORAH. Do I understand before this matter shall have been disposed of finally, in case we are not able to agree to accept the conference report, that we will have an opportunity to vote on this question singly or shall we have to vote upon the entire conference report as a whole?

Mr. BYRNES. What I stated to the Senator from Georgia in response to his question, was that before the conferees on the part of the Senate would yield and agree to accept the House amendment they would come back and make that report to the Senate and let the Senate take such action as they saw fit, either agreeing to the House amendment or instructing the Senate conferees what position they should take on this one question.

Mr. BORAH. The Senator's intention really is to give us an opportunity to vote at some time on what is proposed now in case the conferees cannot agree?

Mr. BYRNES. Yes, sir.

Mr. LA FOLLETTE. Mr. President, did I understand the Senator from South Carolina to say that he would agree to enlarge the membership of the conference committee on the part of the Senate to five?

Mr. BYRNES. I made that motion.

Mr. LA FOLLETTE. I am glad the Senator has done so.

Mr. BYRNES. I have already moved that that be done.

Mr. LA FOLLETTE. Because it had been my purpose, in case the motion was defeated, to move the appointment of an additional conferee.

Mr. LONG. Mr. President, I have the floor, and I should like to inquire of the Senator from New Mexico and the Senator from Oregon if they will withdraw their amendment so that we will not be in a confused situation, and take the Senator from South Carolina at his word in this matter? I think that would be much better.

Mr. CUTTING. I should want to be very clear in my own mind as to just what we were agreeing to.

The VICE PRESIDENT. The Chair has upon his desk the names of the five ranking members of the committee who would be appointed conferees on the part of the Senate. He might name them, if that is the desire of the Senate. They are the Senator from Virginia [Mr. GLASS], the Senator from South Carolina [Mr. BYRNES], the Senator from Georgia [Mr. RUSSELL], the Senator from Maine [Mr. HALE], and the Senator from Oregon [Mr. STEIWER]. They would be the conferees in case the motion of the Senator from South Carolina should be agreed to.

Mr. FESS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. FESS. Mr. President, I have fully decided to vote for the amendment of the Senator from New Mexico and the Senator from Oregon, on the ground that it was better than the House proposal. We have already voted for the Connally amendment which is like the Cutting-Steiwer amendment, but, in view of the suggestion which has been made that we might get the Connally amendment and that the conferees on the part of the Senate will not yield until they come back here, I am inclined to join those who would favor withdrawing the pending amendment and let it go as it is.

Mr. LONG. That is what we ought to do.

Mr. TRAMMELL. Mr. President——

Mr. LONG. I yield to the Senator from Florida.

Mr. TRAMMELL. I realize that most of the Senators are working to save time, but just as a prognosticator and forecaster, without knowing what I am forecasting, I forecast that this action is going to result to the detriment of the veterans of this country; and I would rather have had the motion with specific instructions adopted.

Mr. LONG. Mr. President, if the Senator will pardon me, we have agreed in such manner that we can hardly adopt it now. However, I do not want it to be thought that we are getting a black eye, because everybody has expressed himself that the veterans shall not be allowed to be betrayed, and with those assurances we cannot do better now, having agreed on all this, than to have the motion withdrawn at this time. I hope the Senator from New Mexico will take that course.

Mr. CUTTING. May I say to the Senator from Louisiana, without any intention of taking him from the floor, that I would want to be very clear in my mind as to just what the agreement is; and I should like to ask the Senator from South Carolina a question. As I understand, the conferees are agreed that they will not accept the House amendment without previously reporting back to the Senate. Is that correct?

Mr. BYRNES. That is exactly what I said. I can only speak for myself, but that is my position.

Mr. CUTTING. I am sure that what the Senator from South Carolina says will represent the majority opinion of the Senate conferees.

Mr. BYRNES. That is exactly what I said.

Mr. CUTTING. And now, Mr. President, will the Senator from South Carolina give us some assurance that the Senate will have some time to consider this proposition when it shall be presented?

Mr. BYRNES. Oh, yes, Mr. President; so far as I am concerned I would not want the Senate not to have adequate time to consider it.

Mr. CUTTING. I know the Senator is always conspicuously fair in his action on the floor.

Mr. BYRNES. I say, while I cannot control the time of the Senate, that so far as I am concerned I shall endeavor to see that that is done.

Mr. CUTTING. What I want is to make sure that at the last moment, under the threat of impending adjournment, we shall not be forced to vote on something which we have not got in black and white, and which many of us will be completely unable to understand.

Mr. BYRNES. I have no idea that such a situation could ever arise, and I certainly will do my best to avoid it ever arising.

Mr. REED. Mr. President, may I interpose a question?

Mr. CUTTING. Yes.

Mr. REED. The Senator from South Carolina agrees for himself that the Senate conferees will not accept the House compromise?

Mr. BYRNES. That is right.

Mr. REED. It would be a literal fulfillment of that promise if they accepted the House compromise with some very slight changes, but, of course, the Senator does not mean to make——

Mr. ROBINSON of Arkansas. Mr. President, I think——

Mr. REED. Will not the Senator let me finish? Of course the Senator does not mean to make such an evasive promise as that. I assume that he will not come to any agreement unless——

Mr. ROBINSON of Arkansas. Will the Senator from South Carolina yield to me?

Mr. LONG. Mr. President, I think I have the floor.

The VICE PRESIDENT. The Senator from Louisiana has the floor. Does he yield, and, if so, to whom?

Mr. LONG. I yield first to the Senator from Pennsylvania, then to the Senator from Arkansas.

Mr. BYRNES. I want to say to the Senator from Louisiana that if the Senator from Pennsylvania continues as he started out I hope the Senator from Louisiana will yield to me.

Mr. LONG. I yield to the Senator from Pennsylvania and then to the Senator from South Carolina and then to the Senator from Arkansas.

Mr. REED. I think I understand the Senator's thought.

Mr. BYRNES. I have the Senator's thought: That, after making the statement I have made the conferees could go back to conference and then seek to evade it by making some slight change, and then come back to the Senate and report it.

Mr. LONG. Mr. President, it seems to me we understand the situation amply, and I hope the amendment will be withdrawn, although I will have to vote for it if it stays here, but, because of the assurance we have gotten, we ought not to force a vote. We are not going to vote now; we have gotten too much without that to try to win now; we cannot do it, and I am only holding the floor, hoping to save time and to get a better feeling, so as to get the Congress to adjourn. Mr. President, I inquire if the suggestion has been accepted or not?

The VICE PRESIDENT. No one has made any request up to this time.

Mr. LONG. I will ask the Senator from New Mexico if the suggestion has been made, or not? Where do we stand?

Mr. CUTTING. Mr. President——

The VICE PRESIDENT. The Senator from New Mexico does not control the situation. The Senator from Oregon offered a motion to instruct the conferees, and the Chair looks to the Senator from Oregon to control the situation so far as he desires to do so.

Mr. STEIWER. Mr. President, will the Senator yield to me?

Mr. LONG. Yes.

Mr. STEIWER. May I, speaking for both the Senator from New Mexico and myself, state that I have just consulted with him, and we are agreed that the consideration which has been given this matter this afternoon has not changed our views with respect to the House amendment; indeed, as the debate has progressed, we feel that we are more than ever justified in insistence upon the proposal which we have submitted to the Senate. At the same time, we recognize the force of certain suggestions made here, and we are both pleased with the assurance given by the Senator from South Carolina [Mr. BYRNES].

We are disposed, therefore, to yield our point at this moment with the thought, however, that if a satisfactory agreement is not reached in conference, this or some like proposal will subsequently be offered in the Senate. We should like to have it understood, in withdrawing the motion made this morning for the substitution of the pending language for the House provision, that it is done without prejudice to the cause to which we attach so much importance; and it is done, not in a spirit of conceding the justice of the House proposal, but merely in the interest of an orderly procedure in the conduct of the business of the Senate. With that understanding we now ask unanimous consent to withdraw the motion, reserving our right to take further action at such time as the conferees may report the matter back to the Senate.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the motion of the Senators from Oregon and New Mexico is withdrawn.

Mr. BYRNES. Mr. President, in view of the statement made by the Senator from Pennsylvania, which I must admit I did not follow very closely, I do not want to have any misunderstanding. I have made the only statement to the Senate that I intend to make about the understanding. I have responded clearly to the Senator from New Mexico as to what I intended to do, so far as I am concerned. The Senate can either vote on it or not, as they see fit.

Mr. ROBINSON of Arkansas. Mr. President, in view of the multiplicity of requests for understandings and the probability that someone will feel hereafter that good faith has been violated, I feel that the best thing the Senate can do is to vote on the proposition of the Senator from Oregon.

Mr. LONG. Mr. President, the Senator from Oregon——

SEVERAL SENATORS. Vote!

The VICE PRESIDENT. The Senator from Arkansas has the floor. The Senator from Louisiana has not the floor now.

Mr. ROBINSON of Arkansas. Mr. President, I yield to the Senator from Louisiana if he wishes to interrupt me.

Mr. LONG. I thought the Senator had taken his seat. I beg pardon.

Mr. ROBINSON of Arkansas. No. I feel from the statements that have been made, and particularly from the inquiry made by the Senator from Pennsylvania of the Senator from South Carolina, that now is the time to vote on this question, rather than to have it said some time later that the conferees have not kept faith with the "gentleman's agreement" that was made in the Senate.

If the matter were so simple that one could say just what has been agreed to here, I would not take that position, but I really do not know just what is expected of the conferees, except that the Senator from South Carolina has said that before the conferees will agree to the House amendment the Senate will be given an opportunity to register its opinion on the subject.

Mr. BORAH. That is the full agreement, and that is all that ought to be asked for.

Mr. ROBINSON of Arkansas. I understand that; but the Senator from Pennsylvania has asked the Senator from South Carolina whether, if the Steiwer amendment is not adopted or if the House amendment is not agreed to, the conferees will evade their responsibility and agree to the House amendment with some slight amendments.

Mr. President, let us not get ourselves in this attitude; let us either vote on this amendment and deadlock this proposition, as I have already stated I think will be the result, or let us treat the agents of the Senate with respect and consideration. It would be regrettable, indeed, if the conferees should go out and in good faith reach an agreement with the House and upon coming back here have it said that in a conversation on the floor of the Senate some arrangement had been entered into which they had violated. I believe the best interests of the Senate can be conserved by taking a vote. I do not know what the result of the vote will be, but I really do not see that it is good policy——

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. COPELAND. Regardless of what the result might be of the vote on the Steiwer amendment, the fact remains, in my judgment, that the great majority of the Senate is opposed to the House amendment.

Mr. ROBINSON of Arkansas. Mr. President, the attitude of the Senate in disagreeing to the House amendment and in asking for a conference, as we have actually done on this particular amendment, is to array the Senate against the House provision. That is the attitude of the Senate, both legally and actually. The prospective chairman of the conferees has said that, insofar as he is concerned, before the Senate conferees agree to the House amendment the Senate will have an opportunity to vote upon it. That is a pledge, and one that I am sure will be redeemed. However, I do not think we should put the conferees under the suspicion that is implied in the effort to pledge them not to evade their responsibilities, as is done, I believe, by the Senator from Pennsylvania [Mr. REED].

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from New York?

Mr. ROBINSON of Arkansas. Certainly.

Mr. COPELAND. I believe it is the feeling of the Senate that the House amendment is entirely unsatisfactory. I have no doubt now, after what we have said, that if the Steiwer motion were to be put to the Senate we would vote it down. But that would not indicate the temper of the Senate. The Senate is in opposition to the position of the House. If the conferees come back with a proposal which is identical with or similar to the proposal of the House, it will be defeated in this body.

Mr. ROBINSON of Arkansas. I would not assume the right to say how the Senate would vote on this or any other proposition upon which there has been no direct expression.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. Has my colleague's motion to withdraw his instructions been granted by unanimous consent?

The VICE PRESIDENT. The Senator's colleague asked unanimous consent to withdraw his motion, and there was no objection. The Senate having already agreed to the motion of the Senator from South Carolina [Mr. BYRNES], the only thing remaining is for the Chair to appoint conferees. If there is no objection——

Mr. BLACK. Mr. President, in view of what the Senator from Arkansas suggested, I should like to get his idea with reference to a motion. If the Senator believes that the Senate should cast some kind of a vote on the question, we might at least express our attitude. Would he be in favor of a vote to instruct the conferees not to accept the House amendment?

Mr. ROBINSON of Arkansas. Mr. President, I would not. I think we really have consumed about all the time we should on this matter.

Mr. BLACK. I am perfectly satisfied myself to go along as it is, but that is the only way I can see that we could get at the issue.

Mr. ROBINSON of Arkansas. I think we have in a sense impliedly instructed our conferees by our disagreement to the House amendment and by asking for a conference on it. I think that is the parliamentary way in which to proceed. I believe we are wasting time.

Mr. BLACK. I agree with the Senator fully; but I merely suggested it.

Mr. CONNALLY. Mr. President, I think the Senate could and should rely upon the good faith of its conferees.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. The Senator from Idaho is recognized.

Mr. BORAH. Is the Chair about to appoint conferees?

The VICE PRESIDENT. The Chair is about to appoint the conferees.

Mr. BORAH. Then I have nothing further to say.

The VICE PRESIDENT. The Chair appoints as conferees on the part of the Senate Mr. GLASS, Mr. BYRNES, Mr. RUSSELL, Mr. HALE, and Mr. STEIWER.

AMENDMENT OF EMERGENCY BANKING ACT

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1425) to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, which was, on page 3, to strike out lines 7 to 12, inclusive.

Mr. FLETCHER. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

LOANS TO CLOSED BUILDING AND LOAN ASSOCIATIONS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1648) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building and loan associations, which was, on page 2, line 15, after "same", to strike out all down to and including "purposes", in line 20.

Mr. BULKLEY. Mr. President, I move that the Senate concur in the amendment of the House.

Mr. BORAH. Mr. President, I am desirous of asking the Senator from Ohio a question. Is this the home loan bank bill?

Mr. BULKLEY. This is the bill to amend the Reconstruction Finance Corporation Act so as to permit loans to closed building and loan associations. The amendment of the House would have the effect of removing the specific limitations on loans that may be made to all closed institutions. I have before me the figures which seem to justify the amendment of the House. It is agreeable to the chairman of our committee. I did not think it necessary to take the time of the Senate to explain it further.

Mr. BORAH. I was at a loss to know what we were considering. I thought perhaps it was another measure.

The VICE PRESIDENT. The question is on the motion of the Senator from Ohio that the Senate concur in the amendment of the House.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House had concurred in the concurrent resolution (S.Con.Res. 5) requesting the President to return to the Senate the enrolled bill (S. 1580), the Emergency Railroad Transportation Act, 1933, and authorizing its reenrollment with an amendment.

COMMUNICATION FROM SECRETARY OF AGRICULTURE

Mr. SMITH. Mr. President, I have a matter that has been sent to me from the Secretary of Agriculture. There seems to be some misunderstanding with reference to a joint resolution which was passed and some criticism made of the Secretary of Agriculture. He has requested me to have placed in the RECORD the resolution (S.J.Res. 54) that was passed, and a letter from him explanatory of his position.

There being no objection, the joint resolution and the letter were ordered to be printed in the RECORD, as follows:

Resolved, etc., That nothing in sections 109 and 113 of the Criminal Code (U.S.C., title 18, secs. 198 and 203) or any other act of Congress forbidding any person in the employ of the United States from acting as attorney or agent for another before any department (other than the Department of Agriculture) or branch of the Government, or from receiving pay for so acting, shall be deemed to apply to any counsel or other officer of the Department of Agriculture if designated by the Secretary of Agriculture at the time of appointment as entitled to the benefits of this resolution: *Provided*, That not more than one such officer shall hold such exemptions at the same time.

THE SECRETARY OF AGRICULTURE,
Washington, June 12, 1933.

Hon. ELLISON D. SMITH,
United States Senate.

MY DEAR SENATOR: I have recently read the statement in the CONGRESSIONAL RECORD of May 29, 1933, in connection with Senate Joint Resolution 54, purporting to state my intentions with regard thereto.

In order to avoid possible misunderstanding the following statement should also at once be placed in the RECORD. It is, of course, not my intention that Mr. Lee should deal with all the legal problems arising under the Agricultural Adjustment Act, approved May 12, 1933, which would be impossible, but that as special counsel he should, in such manner as I may designate, aid the necessary legal staff appointed by me for the administration of that act.

Sincerely,

H. A. WALLACE.

INVESTIGATION OF RECEIVERSHIP AND BANKRUPTCY PROCEEDINGS

Mr. TYDINGS. Mr. President, I have in my hand Senate Resolution 78, which was favorably reported from the Committee to Audit and Control the Contingent Expenses of the Senate. It provides for an investigation into receiverships in United States courts, and appropriates $10,000 for that purpose. I ask unanimous consent for its immediate consideration.

Mr. REED. Mr. President, does it apply to any particular district?

Mr. TYDINGS. I do not believe it does. There is no limit in the resolution.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. WALSH. Let it be read.

The VICE PRESIDENT. The clerk will read the resolution for the information of the Senate.

The Chief Clerk read the resolution (S.Res. 78), as follows:

Resolved, That a special committee of the Senate consisting of 5 Senators, to be appointed by the President of the Senate, 3 from the majority political party and 2 from the minority political party, is authorized and directed to make an investigation of the administration of receivership and bankruptcy proceedings in the courts of the United States, with particular reference to the appointment of receivers and trustees in bankruptcy in such proceedings, and the fees received in the course of such administration, and generally of all matters concerning which information would be desirable in order to correct by legislation such abuses as may be found. The committee shall report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee or member thereof, is authorized to hold such hearings, to sit and act at such times and places during the

sessions and recesses of the Senate in the Seventy-third Congress, and such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. McNARY. Mr. President, a day or two ago I investigated the legislative history of this resolution. I find that the resolution has never been referred to the committee having general jurisdiction of the subject matter. It has been referred merely to the Committee to Audit and Control the Contingent Expenses of the Senate. It never has been referred to the Committee on the Judiciary, which would be necessary under the rule. Instead of that, it was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, and comes here now in imperfect shape. Therefore, I object to its present consideration.

The VICE PRESIDENT. Objection is heard.

NATIONAL INDUSTRIAL RECOVERY—CONFERENCE REPORT

Mr. HARRISON. Mr. President, I move that the Senate proceed to the consideration of the conference report on House bill 5755, the national industrial recovery bill.

The VICE PRESIDENT. The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works.

(For the conference report see p. 5620, CONGRESSIONAL RECORD.)

Mr. HARRISON obtained the floor.

Mr. BORAH and Mr. CLARK addressed the Chair.

The VICE PRESIDENT. Does the Senator from Mississippi yield; and if so, to whom?

Mr. HARRISON. I think the Senator from Idaho was on his feet first.

Mr. BORAH. Mr. President, I was simply going to ask if the Senator intends to make any explanation of the conference report, or whether he is simply going to call for a vote.

Mr. HARRISON. Does the Senator from Missouri desire to ask me a question?

Mr. CLARK. No. I thought the Vice President started to put the question, and in that event I desired to be recognized in my own right.

The VICE PRESIDENT. The Chair will see that Senators get recognition before the question is put on agreeing to the report.

Mr. HARRISON. Mr. President, I shall be very glad to try to answer any questions that may be propounded to me with reference to this report; but before doing so I should like to make one statement.

An amendment was adopted in the Committee on Finance with reference to giving the President power to declare an embargo against the importation of goods into this country where they were seriously affecting or injuring commodities produced in this country under the code agreement. We had prepared a substitute for that amendment, and it was offered on the floor by the Senator from Massachusetts [Mr. WALSH]. That substitute was prepared with a good deal of care, and by at least one expert representing the Tariff Commission.

There has been some confusion with reference to that amendment. As we all know, the Economic Conference is meeting today in London; and an impression went out—not only in this country but abroad—that the President did not have discretionary power with reference to the imposition of certain conditions and terms and fees when there were importations coming into this country.

I desire to say with reference to that amendment, Mr. President, that about all it does is this——

Mr. LA FOLLETTE. Mr. President, will the Senator give us the number and page of the amendment?

Mr. HARRISON. It is amendment numbered 11, on page 6.

Mr. President, that amendment says:

On his own motion, or if any labor organization, or any trade or industrial organization, association, or group, which has complied with the provisions of this title, shall make complaint to the President that any article or articles are being imported into the United States in substantial quantities or increasing ratio to domestic production of any competitive article or articles and on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of any code or agreement under this title, the President may cause an immediate investigation to be made by the United States Tariff Commission—

When this complaint is made and presented to the President, we do not make it mandatory that he shall act, but he may act; and he may act by causing an immediate investigation to be made by the United States Tariff Commission—

which shall give precedence to investigations under this subsection, and if, after such investigation and such public notice and hearing as he shall specify, the President shall find the existence of such facts, he may, in order to effectuate the policy of this title, direct that the article or articles concerned shall be permitted entry into the United States only upon such terms and conditions and subject to the payment of such fees and to such limitations in the total quantity which may be imported (in the course of any specified period or periods) as he shall find it necessary to prescribe in order that the entry thereof shall not render or tend to render ineffective any code or agreement made under this title—

And so forth.

In other words, when the complaint is made the President has the discretionary power of acting or of submitting the matter to the Tariff Commission, and, if he does so, they shall give it precedence, and so forth; and when the report of the Commission is made, if the President shall find these facts to exist—namely, that there are substantial quantities of importations coming in, or an increasing ratio, and that they are seriously affecting these codes—then he shall act, after he has found those facts.

The impression was received in England or somewhere that it was necessary for the President to act immediately and that discretionary power was not lodged in him; when, on the other hand, under this amendment the sole power is given to the President. He may act or he may not act.

Enough for that.

Mr. WALSH. There is no objection to that.

Mr. HARRISON. There cannot possibly be any objection to it, but there was some confusion and misrepresentation with reference to the matter.

Mr. WALSH. I think changing the word "and" to "or" was a decided improvement in the language of the amendment.

Mr. HARRISON. That perhaps was an improvement, may I say; but in the committee, when we changed the first "shall" to "may" it was absolutely necessary, because if we had not changed it, and if it had not appeared as it does appear in the conference report, "may" instead of "shall", the President would not have had the discretionary power.

Mr. WALSH. I think it is a decided improvement.

Mr. HARRISON. Now I shall be very glad to answer any questions that I may be able to answer with reference to this report.

Mr. WALSH. I should like to ask the Senator some questions.

Mr. HARRISON. We had a very difficult time in the committee. We went into conference early on Saturday, as soon as we could get the conferees together, and we had high expectations that if we got out of conference that afternoon, we might be able to present this matter to the Congress and gratify the wishes of all that we might adjourn Saturday night. So the conference committee worked all

day in their shirt sleeves and finally brought out this conference report.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Massachusetts?

Mr. HARRISON. I yield to the Senator.

Mr. WALSH. I should like to call attention to amendment numbered 50. That amendment originally read as follows:

Aircraft, aircraft equipment, and technical construction for the Army Air Corps and—

It was one of the amendments offered to the provision of the bill which permitted the President to prepare a comprehensive program of public works. Of course, in the case of all these large numbers of public works it is optional with the President as to whether or not any money shall be appropriated for that purpose; but the original language was as I have read it—

Including * * * aircraft, aircraft equipment, and technical construction for the Army Air Corps and—

The conferees have eliminated that language and inserted the following:

Heavier-than-air craft and technical construction for the Army Air Corps and—

The net result of that change is that no money can be spent and no plans made by the President to permit the building of lighter-than-air craft.

I do not care to discuss the pros and cons of lighter-than-air and heavier-than-air craft, but a committee of the Senate has been for weeks discussing that very question, and all members of the committee, with the exception of one—the distinguished and able Senator from Utah [Mr. KING]—have agreed that the time has not yet come for the abandonment of lighter-than-air craft as an instrument of defense in the Navy. The distinguished and able Senator from Utah entertains very strongly the opposite view.

I think the conferees ought to have kept the original language and leave the matter to the discretion of the President. Now, even if the Navy thinks it is important that we should have lighter-than-air craft, the President is debarred, as I am informed, from spending any money for that purpose.

Mr. REED. Mr. President, if the Senator will permit an interruption, this does not relate to Navy aircraft at all. I think it is generally agreed, both in the House and in the Senate, that the Army shall not engage in lighter-than-air craft building. This phrase relates only to Army building. We do not want to build any more blimps for the Army, but this amendment does not declare any policy with regard to Navy aircraft building.

Mr. WALSH. Does the Senator from Utah agree to that statement?

Mr. KING. Yes.

Mr. WALSH. Then I withdraw what I have said. A Member of the House who was on the special committee called on the Senator from New Jersey [Mr. KEAN] and myself and called our attention to this matter, and claimed that this language had that effect. So the elimination of the word "aircraft", and inserting the words "heavier-than-air craft", does not eliminate lighter-than-air craft for the Navy?

Mr. REED. It is a restriction only on the Army. It does restrict the Army from having them.

Mr. WALSH. I hope the Senator is right.

Mr. REED. I am sure I am right.

Mr. KING. Mr. President, in my opinion, the interpretation placed upon that section by the Senator from Pennsylvania is entirely warranted. While not pertinent to the discussion, I take the liberty of stating that if the bill had contained a provision authorizing the Government to expend large amounts for lighter-than-air craft, for dirigibles, I should have objected to the same.

Mr. WALSH. I know the Senator feels very strongly about that.

Mr. KING. The bill before us is not a military measure. It is a recovery measure. It is designed to furnish work for the unemployed and to contribute to the starting of industries. Recently Congress appropriated more than $600,000,000 for the Army and the Navy. This huge sum was to meet our military expenses for 1 year only. A part of this amount will be expended for naval craft and for the improvement of our Navy. Our Government has spent for military purposes more than any nation on earth during each and every year since the World War. An international conference is now in progress dealing with the question of disarmament. Our Government has taken a prominent part in this conference and is urging all nations to cooperate in reducing the military burdens of the world. Efforts are being made to limit the use of aircraft for military purposes. The bombing of cities and defenseless territory excited indignation during the World War, and nations are now endeavoring to reach an agreement concerning the uses to which aircraft, whether lighter or heavier than air, may be put.

I submit that it would be unwise for our Government to now appropriate large sums for aircraft or for naval craft. We should aid in every proper way to bring success to the conference referred to, as well as to the economic conference which so auspiciously began its labors but a few hours ago. If all efforts for world peace fail, if governments are to add to the military burden of the world, then we may be forced to join the melancholy and tragic procession that leads to sanguinary battlefields. It seems an ironic paradox that in a bill appropriating billions to feed the hungry and furnish employment to starving millions that we should make provisions for war and provide millions for military machines for use on land and sea.

May I add that when this bill was prepared, the committee referred to by the Senator had not completed its hearings. The committee had not discussed the questions involved or made any report. Only on Saturday last did the attorney for the committee submit what I understood was a tentative draft of what he prepared for the committee's consideration.

The able Senator from Massachusetts may have conferred with his colleague and studied the testimony, but in my opinion the voluminous record in the matter required considerable time to fully digest. I had no opportunity of hearing the attorney's report discussed as a member of the conference committee charged with the consideration of the measure before us. I was prevented from meeting with the committee, though its chairman. I understand the tentative suggestions or report of the attorney was accepted by the other members of the committee without change.

Mr. KEAN. Mr. President, I can assure the Senator from Utah that the Senator from Massachusetts was present and went over that report in detail before he assented to it.

Mr. WALSH. While I could not attend all the hearings, I made many suggestions and corrections to the report. I will say to the Senator from Utah that the committee did not accept the report finally. It was conditioned upon hearing the argument and views of the Senator from Utah at a later date. The committee was aware of the very strong views which the Senator entertained upon the subject, and we felt that he ought to have an opportunity to present them; but I will say that the committee was not in favor of the elimination from the Navy of lighter-than-air craft.

Mr. KING. Let me say to my friend from Massachusetts that the dirigible *Akron* has just been destroyed. All the other dirigibles except two that have been built since the war have been destroyed. The sister ship *Macon* is still an experiment; it is being tested prior to acceptance by the Government. Whether or not it will be successful no one knows. The *Akron*, which was claimed to have incorporated every device that skill and science could evolve to make it safe and of utility, encountered a storm and went down into the deep, carrying 74 of our brave men with it.

It should not be forgotten that no government on earth except the United States is now building dirigibles for military purposes. Great Britain, France, Italy, Japan all have abandoned them, but efforts are being made to compel our Government to expend millions for the construction of dirigibles. Let us wait and see the results of the *Macon* trials and also what other nations plan with respect to

lighter-than-air craft. It is obvious if we enter upon the building of a fleet of dirigibles for war purposes there will be unfavorable reactions upon the part of this Government.

We will meet in January. If the *Macon* succeeds, and if the conference over in Europe which is to deal with naval aircraft, as well as with military material, and so on——

Mr. WALSH. Mr. President, if the Senator will pardon me, it does not seem to me we should discuss this subject at this time, because there are other things that must be taken up. I have the utmost respect for the Senator's views, and I know how conscientiously and how long and faithfully he has studied this subject, and I respect him for his opinions; but it is a subject which is highly controversial, and one on which other Members of this body have decided thoughts.

May I ask why the word "aircraft" was taken out and the expression "heavier-than-air craft" was inserted? The Senator from Pennsylvania seems to know a great deal about this subject, having an interest from the Army standpoint. Will he explain why "aircraft" was taken out and "heavier-than-air craft" substituted? What was the object of that?

Mr. REED. Mr. President, there were two reasons. First, we have been fighting for years to get the Army out of the business of building dirigibles. It seemed wiser to limit that activity to the Navy, just from the standpoint of saving money. That was the first reason. This clause dealt only with Army aircraft. I think it was I who offered the amendment on the Senate floor to insert those words.

Next, as far as the Navy is concerned, it will have power, if the President so directs, under the language which the Senator will find on page 19, lines 2 to 6, to build lighter-than-air craft.

Mr. WALSH. The reason for removing the word "aircraft" and inserting "heavier-than-air craft" was to emphasize the fact that any aircraft to be built for the Army shall not be lighter-than-air craft?

Mr. REED. That is the first reason. If the Senator will let me give the second one for the RECORD, on page 19, beginning at line 2, the Senator will see that the President is empowered to establish a system which will include the construction of any publicly owned instrumentalities and facilities. Under that I think the President could direct the building of a dirigible. The expression "public instrumentalities and facilities" includes everything from a jew's-harp to a ferryboat, and it is all in the discretion of the President as to what he will direct to be built.

Mr. WALSH. I thank the Senator.

Mr. CLARK obtained the floor.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER (Mr. MURPHY in the chair). Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. CLARK. I yield.

Mr. LA FOLLETTE. May I inquire of the Senator from Mississippi whether or not it is not possible to work out some unanimous-consent agreement to fix a time at not later than which the Senate should no longer debate this conference report, with the understanding that we would not have a night session tonight?

Mr. HARRISON. The Senator appreciates the fact that the senior Senator from Arkansas [Mr. ROBINSON] is temporarily out of the Chamber. I have sent for him. I do not want to take any action until I have conferred with him. I think we can get some kind of an agreement along the line suggested.

Mr. LA FOLLETTE. Mr. President, will the Senator from Missouri yield so that I may suggest the absence of a quorum?

Mr. CLARK. I yield.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Black	Brown
Ashurst	Bankhead	Bone	Bulkley
Austin	Barbour	Borah	Bulow
Bachman	Barkley	Bratton	Byrd
Byrnes	Glass	McCarran	Smith
Capper	Goldsborough	McGill	Steiwer
Caraway	Gore	McKellar	Stephens
Carey	Hale	McNary	Thomas, Okla.
Clark	Harrison	Metcalf	Thomas, Utah
Connally	Hastings	Murphy	Thompson
Copeland	Hatfield	Neely	Townsend
Costigan	Hayden	Norris	Trammell
Cutting	Hebert	Nye	Tydings
Dale	Johnson	Overton	Vandenberg
Dickinson	Kean	Pope	Van Nuys
Dieterich	Kendrick	Reed	Wagner
Dill	King	Reynolds	Walcott
Duffy	La Follette	Robinson, Ark.	Walsh
Erickson	Lewis	Robinson, Ind.	Wheeler
Fess	Logan	Russell	White
Fletcher	Lonergan	Schall	
Frazier	Long	Sheppard	
George	McAdoo	Shipstead	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present. The question is on agreeing to the conference report on the industrial recovery bill.

Mr. LONG. Mr. President, that is being delayed, as I understand it, pending the consummation of a unanimous-consent agreement.

The PRESIDING OFFICER. It is the pending question before the Senate, nevertheless.

Mr. LONG. I want to be heard on it, then. I want to speak a little while.

The proponents of certain amendments to the industrial recovery bill are undertaking to reach an agreement for unanimous consent as to just when we will vote on the report. The Senator from Mississippi has at this time retired in order to consult with the Senator from Arkansas as to whether or not we may reach a unanimous-consent agreement.

The chief bones of contention are the three points I mentioned here on last Saturday evening. The first point is the Borah amendment. The conferees have eliminated that part of the Borah amendment which would prevent price fixing.

Mr. WAGNER. Mr. President, I do not think that is quite accurate. We sought to prohibit price fixing when it would result in monopolies or monopolistic practices, which is the only kind of price fixing to which any objection has been raised on this floor. The words are very plain.

Mr. LONG. I shall be glad to have the Senator explain what that is.

Mr. WAGNER. The amendment is that no code shall permit monopoly or monopolistic practices, so that if price fixing results in a monopoly or monopolistic practice it is prohibited by the provisions of the measure.

Mr. LONG. I thank the Senator. Then, if the Senator from Idaho feels that his amendment is all right, I want to assure the Senator that I will feel that way.

Mr. KING. Mr. President——

Mr. LONG. I yield to the Senator from Utah.

Mr. KING. I do not think the Senator from Idaho is satisfied with the conference report on that point, and I will say frankly that, speaking individually, I am not satisfied with it; but, as the Senator knows, we cannot always have our own way; we have to yield; and while I do not want to betray any of the secrets of the conference, at any rate, after a very prolonged discussion, in which arguments on both sides were presented, the amendment was agreed upon as suggested by the Senator from New York. It does not suit me, and I am sure that it does not suit the able Senator from Idaho, but it was the very best that could be obtained from the conferees.

Mr. LONG. I now yield to the Senator from Montana.

Mr. WHEELER. I do not want to be yielded to now.

Mr. LONG. Very well. That, Mr. President, brings us down to the other two amendments, if I may refer to them for a moment. One is the amendment of the junior Senator from Missouri [Mr. CLARK]. He is yet urging that amendment?

Mr. CLARK. It is my intention to do so as soon as I can get the floor.

Mr. LONG. I did not know. The Senator had voted against it once, but I assumed he had explained that, as I had undertaken to explain one of my votes.

Mr. CLARK. I will say to the Senator, in response to that suggestion, that I have never turned a flipflop at any time. I never voted against a bill and then changed and voted for it.

Mr. LONG. In this case I understood the Senator had voted for the bill and then to have voted against it.

Mr. CLARK. I will say, for the Senator's information, that I did not vote on both sides, but I did introduce some amendments that I thought improved the measure very much. I thought they were meritorious amendments, but they were not sufficient to make the bill palatable to me. I will say further—and I may as well say it—that my efforts were not very successful, because some of them were dropped out even before the bill was taken to conference.

Mr. LONG. I so understood. One of my friends this morning showed me the RECORD of the proceedings of the House, where they were debating as to why they did not leave the La Follette and Clark amendments in the bill—both Senate amendments—and the chief conferee of the majority was asked on the floor of the House why they had not done it, and he said, "We put up the best fight we could." Then he was asked if the Senate conferees would not stand for their own Senate amendments, or something like that, and the reply was, "Well, that is for the Senate to take up with them and not with us." I do not know any other implication that could have been given except that, as the Senator from Missouri said, the House conferees were explaining that they tried to get the Senate amendments in the bill, but the Senate conferees would not put them in the bill.

Mr. NYE. Mr. President, will the Senator yield?

Mr. LONG. Yes; I yield.

Mr. NYE. In connection with that debate in the House to which the Senator referred, I should like to call his attention to a little exchange between Mr. CONNERY and Mr. TREADWAY. Mr. CONNERY said:

> It has been brought to my attention that a liaison officer was provided by a Senate amendment, who was supposed to represent the Federal employees and act as a sort of advocate for employees who might be discharged without cause, or something of that sort. I understand that that was stricken out by the conferees. What was the purpose of that?
>
> Mr. TREADWAY. Mr. Speaker, I cannot tell the gentleman the purpose of striking it out. It was an amendment from which the Senate receded. The House conferees were not asked to adopt that Senate amendment.

Mr. LONG. That was rather kind of them, not to ask that it be adopted. According to another version, they told them not to adopt the Clark and the La Follette amendments. That being so, Mr. President, it appears to me that we have never had a conference on the measure. Until the Senate conferees have presented the matter to the House conferees, there has not been a conference. If the Senate conferees tell the House, "We do not want this amendment", or "We are not even asking for it", then we have not had any conference. We are entitled to a presentation of the amendments that go out of the Senate. That is the provision of the rules, as I read them.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Montana.

Mr. WHEELER. I was going to say to the Senator from Missouri that I find myself in about the same position, because I offered an amendment, which was adopted, with reference to the Civil Service Commission after having been debated by the Senate. My information is that the House Members were in favor of it but that, as a matter of fact, the Senate conferees receded on that amendment which was adopted by the Senate.

Mr. LONG. The House wanted it, and the Senate conferees receded.

Mr. WHEELER. That is my information, but I may be wrong about that. It does seem to me, however, that when the Senate adopts an amendment it is the duty of the Senate conferees at least to go over there and make an honest effort to get that amendment in the bill, and not do what the RECORD of the House proceedings shows was done with reference to some of the Senate amendments in this case, as to which, as a matter of fact, the Senate receded before the House ever had a chance to adopt them.

Let me ask the Senator from Utah, who, I think, was a member of the conference committee, a question. I understand, for instance, from reading the RECORD—the portion which was read a moment ago of the House proceedings—that, as a matter of fact, the Senate conferees receded from some of these amendments before they were ever put up to the House conferees, and a vote was not sought on them.

Mr. KING. I do not agree with that.

Mr. WHEELER. Does the Senator disagree with the statement made by the Representative on the floor of the House?

Mr. KING. If the Senator refers to the statement read by the Senator from North Dakota, I will say "yes."

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

The PRESIDING OFFICER. The Senator from Louisiana has the floor. Does he yield?

Mr. LONG. I yield.

Mr. CLARK. I will say to the Senator from Montana that I intend to demonstrate, when I take the floor in my own right, that it was announced through the newspapers that the Senate conferees did not take into conference the amendment which had been voted on the night before by a record vote of the Senate.

Mr. LONG. It is plain there has not been a conference, then.

Mr. KING. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. KING. May I say to my able friend from Missouri that the amendment to which he refers, and which he argued with so much ability and fervor, was the subject of serious consideration by members of the conference committee.

Mr. LONG. I am glad to have that statement from the Senator. I had seen the statement to which the Senator from Missouri refers. I believe I read it in the New York Herald Tribune; and I ask the Senator from Missouri if I did not hand him a copy of that newspaper this morning with that statement in it?

Mr. CLARK. I will say that it was in the Washington Star on Saturday afternoon, and it has been in almost every newspaper in the United States since that time.

Mr. LONG. That being the case, perhaps the Senator from Utah had one idea and the Finance Committee had another. But, where does that leave the Clark amendment, which we adopted, to tax municipal securities that heretofore have been tax-exempt? The term "municipal" which I use is a rather broad term; it includes municipal, State, and Government bonds, according to my understanding, and I intend it in that sense.

The next amendment was the La Follette amendment, providing that income-tax returns should be public records. That amendment seems to have been disagreed to. I do not purport to say how, because I was not in the conference, and all I know is what I read in the CONGRESSIONAL RECORD as to statements made by various members of the conference commitee and what I read in the public press. My understanding is, however, that the Senate conferees were not very strong for it. I call attention, Mr. President, to this: Notwithstanding the fact that the Republican leader on this side of the Chamber, the distinguished Senator from Oregon [Mr. MCNARY], and our Democratic leader, the Senator from Arkansas [Mr. ROBINSON], and the Senator from Mississippi [Mr. HARRISON], the Chairman of the Finance Committee, the two party organizations through their leaders, more or less, went on record against the publication of income-tax returns, but it was none the less adopted here in the Senate by a vote of 2 to 1. That having been done, the three points which I was hoping we might settle at an early hour, namely, the Borah amendment, the Clark amendment, and the La Follette amendment, remain unsettled. May I inquire, Mr. President, from the Senator from Mississippi, who has returned to the Chamber, were there

some negotiations for unanimous consent as to a time when we would vote on the conference report?

Mr. ROBINSON of Arkansas. Mr. President, I should like to submit a request for unanimous consent, if the Senator from Louisiana has concluded.

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Arkansas?

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that at not later than 4 o'clock tomorrow the Senate take a vote on agreeing to the pending conference report and that after the vote on the conference report the Senate proceed to the consideration of the deficiency appropriation bill.

If this request shall be agreed to, I shall then, at the convenience of Senators, move a recess until 10 o'clock tomorrow morning.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. LONG. Mr. President, reserving the right to object, may I inquire what is the status of the deficiency appropriation bill? It cannot be taken up except by unanimous consent, can it?

Mr. ROBINSON of Arkansas. Oh, yes.

Mr. LA FOLLETTE. Not unless there be an adjournment.

Mr. LONG. That is what I understood.

Mr. ROBINSON of Arkansas. A technical question can be raised as to the right of the Senate to proceed with the consideration of the deficiency appropriation bill on this legislative day, if Senators wish to force it over.

Mr. LONG. I am not going to object.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. LA FOLLETTE. Mr. President, may we have the agreement read at the desk?

Mr. ROBINSON of Arkansas. I will state it again, Mr. President.

The VICE PRESIDENT. The Senator from Arkansas will repeat his request.

Mr. ROBINSON of Arkansas. Mr. President, a suggestion has been made by the Senator from Idaho [Mr. BORAH] for a slight modification of the request, and I will now state the request again, making the modification which he suggested, and, if there is no objection, I should like to have it agreed to:

I ask unanimous consent that the Senate proceed not later than 4 o'clock tomorrow, the calendar day of Tuesday, June 13, to vote on the motion of the Senator from Mississippi to agree to the conference report on the so-called "national industrial recovery bill"; and that following the vote on that motion the Senate shall proceed to the consideration of the deficiency appropriation; and that the Senate take a recess today until 11 o'clock tomorrow.

My first suggestion was until 10, but the request has since been made that I modify it, and I see no reason for declining to do so.

The VICE PRESIDENT. Is there objection?

Mr. CUTTING. Mr. President, reserving the right to object, I wonder whether the Senator from Arkansas would not modify his request for unanimous consent by striking out the latter part of it? I have no objection whatever to setting a time to vote on the conference report on the industrial-recovery bill, but I think when that time comes there might be some objection to taking up immediately the deficiency appropriation bill. It occurs to me that perhaps we might by that time have some report from the conference committee on the independent offices appropriation bill.

Mr. ROBINSON of Arkansas. Under the practice that prevails in the Senate, all bills are laid aside for the consideration of conference reports, and I should be glad to incorporate in the request an understanding to that effect: that after the hour of 4 o'clock tomorrow any motion or measure that may be under consideration may be temporarily laid aside for the consideration of conference reports. I think that meets the suggestion of the Senator from New Mexico.

Mr. CUTTING. In that case, I have no objection to the request.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the agreement is entered into.

FARMERS' COOPERATIVE OIL POOLS

Mr. GORE. Mr. President, with reference to a conference report that was under consideration a few moments ago, I wish to state that one amendment went out in conference that I had submitted in the Committee on Finance. I regretted its departure from the bill. It related to farmers' cooperative oil pools, and provided that they might borrow money from the Reconstruction Finance Corporation for organization purposes upon giving adequate security. The authority was permissive and not mandatory. The amendment had the approval of the Department of Agriculture, and, as I am informed, of the Department of the Interior. It had particularly the approval of Dr. Tugwell. It had the approval of the farm organizations. Indeed, the Farmers' Union organized one of the farmers' pools. They have been organized in Texas, Kansas, Oklahoma, and New Mexico.

I have here a short statement with reference to the matter which I wish to have printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

In striking out section 303, title III, of the industrial recovery act, the conferees, for no apparent reason which I can discover, struck a hasty and unwarranted blow at a provision which had the united backing of the Interior Department, the Bureau of Agricultural Economics, the National Grange, the Farmers' Union, the American Farm Bureau Federation, and the Senate Finance Committee.

This amendment was inserted at the close of a 3-year study and investigation instigated by the Senate itself when it passed a resolution authorizing the Department of Agriculture to investigate and report on the extent and value of minerals as a farm asset and the best means whereby farmers, through cooperation, can preserve that asset as a backlog of agricultural security.

This investigation brought to light that farmers of the five Southwestern States have been doing for themselves in a limited way what the United States Government did for the Osage Indians in one of the most progressive pieces of legislation ever enacted. At the time of the Osage legislation this principle of cooperative pooling to give landowners greater collective bargaining power in disposing of their mineral rights was the cherished project of a leading Republican, Charles Curtis, who, prior to his retirement as Vice President, showed his interest in extending the privilege he had obtained for Indian wards of the Government to individual and independent farmers.

This amendment enlisted the interested support of Dr. Rex G. Tugwell, Assistant Secretary of Agriculture, who wrote a letter commending the pooling principle, which letter went to the Chairmen of the House and Senate Committees on Banking and Currency, then considering a bill to which the amendment here discussed was proposed as an amendment. Extended hearings were held in both committees, and Senator WAGNER stated that the amendment was acceptable to him as part of the public-works bill, which he originally sponsored, and which was later dropped in favor of the present Industrial Recovery Act. Hearings were then held on this amendment before the Senate Finance Committee and before the House Ways and Means Committee, after it had passed this bill (in connection with the oil amendments offered by Congressman MARLAND).

The loan here sought by these farm groups is purely permissive and truly self-liquidating. By comparison with anything else in the bill the total amount sought is extremely small and not one twentieth of the value of the security now yielding more than enough income to pay the interest requirements. The total amount sought will not at this time exceed a million dollars, all of which will go to the employment of farm organizers, and incidental small overhead.

The Interior Department is interested in the pooling principle because it makes a fair apportionment among thousands of farmers of minerals income, thus avoiding the incentive to waste and overproduction in the oil industry which is stimulated by every individual farmer seeking to get an oil well on his own farm regardless of market conditions. With this movement under way on the great scale contemplated by the farm organizations these cooperatives become the allies of orderly and progressive conservation and stabilization in the oil industry.

I plead with the Senate to refuse to concur in this conference report without inclusion of this amendment. In making available $3,300,000,000 surely it is not too much to include practically the only farm relief provision ever offered here which has had the united support of all the farm organizations, the support of the Federal agencies and the approval of all factions of the oil industry itself.

You are some day going to recognize this land-use policy. Some day the Government is going to recognize the farmer's

subsurface minerals as a crop and apply to its orderly marketing the helpful guidance it has accorded through the Capper-Volstead Act to the orderly cooperative marketing of the farmer's cotton, wheat, livestock and other farm products.

I beg the Senate to instruct its conferees to persuade the House conferees to reconsider the action whereby they hastily and, I am sure unthoughtedly, struck down this important amendment approved unanimously by the Senate in its action on this bill.

PRINTING OF CONFERENCE REPORT ON BANK BILL

Mr. BULKLEY. Mr. President, in behalf of the senior Senator from Virginia [Mr. GLASS], I ask unanimous consent to file at any time before midnight tonight the conference report on the Glass banking bill for printing in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The conference report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5661) to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert:

"That the short title of this act shall be the 'Banking Act of 1933.'

"SEC. 2. As used in this act and in any provision of law amended by this act—

"(a) The terms 'banks', 'national bank', 'national banking association', 'member bank', 'board', 'district', and 'reserve bank' shall have the meanings assigned to them in section 1 of the Federal Reserve Act, as amended.

"(b) Except where otherwise specifically provided, the term 'affiliate' shall include any corporation, business trust, association, or other similar organization—

"(1) Of which a member bank, directly or indirectly, owns or controls either a majority of the voting shares or more than 50 percent of the number of shares voted for the election of its directors, trustees, or other persons exercising similar functions at the preceding election, or controls in any manner the election of a majority of its directors, trustees, or other persons exercising similar functions; or

"(2) Of which control is held, directly or indirectly, through stock ownership or in any other manner, by the shareholders of a member bank who own or control either a majority of the shares of such bank or more than 50 percent of the number of shares voted for the election of directors of such bank at the preceding election, or by trustees for the benefit of the shareholders of any such bank; or

"(3) Of which a majority of its directors, trustees, or other persons exercising similar functions are directors of any one member bank.

"(c) The term 'holding company affiliate' shall include any corporation, business trust, association, or other similar organization—

"(1) Which owns or controls, directly or indirectly, either a majority of the shares of capital stock of a member bank or more than 50 percent of the number of shares voted for the election of directors of any one bank at the preceding election, or controls in any manner the election of a majority of the directors of any one bank; or

"(2) For the benefit of whose shareholders or members all or substantially all the capital stock of a member bank is held by trustees.

"SEC. 3. (a) The fourth paragraph after paragraph 'Eighth' of section 4 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 301), is amended to read as follows:

"'Said board of directors shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and may, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks, the maintenance of sound credit conditions, and the accommodation of commerce, industry, and agriculture. The Federal Reserve Board may prescribe regulations further defining within the limitations of this act the conditions under which discounts, advancements, and the accommodations may be extended to member banks. Each Federal Reserve bank shall keep itself informed of the general character and amount of the loans and investments of its member banks with a view to ascertaining whether undue use is being made of bank credit for the speculative carrying of or trading in securities, real estate, or commodities, or for any other purpose inconsistent with the maintenance of sound credit conditions; and, in determining whether to grant or refuse advances, rediscounts, or other credit accommodations, the Federal Reserve bank shall give consideration to such information. The chairman of the Federal Reserve bank shall report to the Federal Reserve Board any such undue use of bank credit by any member bank, together with his recommendation. Whenever, in the judgment of the Federal Reserve Board, any member bank is making such undue use of bank credit, the Board may, in its discretion, after reasonable notice and an opportunity for a hearing, suspend such bank from the use of the credit facilities of the Federal Reserve System and may terminate such suspension or may renew it from time to time.'"

"(b) The paragraph of section 4 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 304), which commences with the words 'The Federal Reserve Board shall classify' is amended by inserting before the period at the end thereof a colon and the following: '*Provided*, That whenever any two or more member banks within the same Federal Reserve district are affiliated with the same holding company affiliate, participation by such member banks in any such nomination or election shall be confined to one of such banks, which may be designated for the purpose by such holding company affiliate.'

"SEC. 4. The first paragraph of section 7 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 289), is amended, effective July 1, 1932, to read as follows:

"'After all necessary expenses of a Federal Reserve bank shall have been paid or provided for the stockholders shall be entitled to receive an annual dividend of 6 percent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met the net earnings shall be paid into the surplus fund of the Federal Reserve bank.'

"SEC. 5. (a) The first paragraph of section 9 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 321; supp. VI, title 12, sec. 321), is amended by inserting immediately after the words 'United States', a comma and the following: 'including Morris Plan banks and other incorporated banking institutions engaged in similar business.'

"(b) The second paragraph of section 9 of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following: '*Provided, however*, That nothing herein contained shall prevent any State member bank from establishing and operating branches in the United States or any dependency or insular possession thereof or in any foreign country, on the same terms and conditions and subject to the same limitations and restrictions as are applicable to the establishment of branches by national banks.'

"(c) Section 9 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 321–331; supp. VI, title 12, secs. 321–332), is further amended by adding at the end thereof the following new paragraphs:

"'Any mutual savings bank having no capital stock (including any other banking institution the capital of which consists of weekly or other time deposits which are segregated from all other deposits and are regarded as capital stock for the purposes of taxation and the declaration of

dividends), but having surplus and undivided profits not less than the amount of capital required for the organization of a national bank in the same place, may apply for and be admitted to membership in the Federal Reserve System in the same manner and subject to the same provisions of law as State banks and trust companies, except that any such saving bank shall subscribe for capital stock of the Federal Reserve bank in an amount equal to six tenths of 1 percent of its total deposit liabilities as shown by the most recent report of examination of such savings bank preceding its admission to membership. Thereafter such subscription shall be adjusted semiannually on the same percentage basis in accordance with rules and regulations prescribed by the Federal Reserve Board. If any such mutual savings bank applying for membership is not permitted by the laws under which it was organized to purchase stock in a Federal Reserve bank, it shall, upon admission to the system, deposit with the Federal Reserve bank an amount equal to the amount which it would have been required to pay in on account of a subscription to capital stock. Thereafter such deposit shall be adjusted semiannually in the same manner as subscriptions for stock. Such deposit shall be subject to the same conditions with respect to repayment as amounts paid upon subscriptions to capital stock by other member banks and the Federal Reserve bank shall pay interest thereon at the same rate as dividends are actually paid on outstanding shares of stock of such Federal Reserve bank. If the laws under which any such savings bank was organized be amended so as to authorize mutual savings banks to subscribe for Federal Reserve bank stock, such savings banks shall thereupon subscribe for the appropriate amount of stock in the Federal Reserve bank, and the deposit hereinbefore provided for in lieu of payment upon capital stock shall be applied upon such subscription. If the laws under which any such savings bank was organized be not amended at the next session of the legislature following the admission of such savings bank to membership so as to authorize mutual savings banks to purchase Federal Reserve bank stock, or if such laws be so amended and such bank fail within 6 months thereafter to purchase such stock, all of its rights and privileges as a member bank shall be forfeited and its membership in the Federal Reserve System shall be terminated in the manner prescribed elsewhere in this section with respect to State member banks and trust companies. Each such mutual savings bank shall comply with all the provisions of law applicable to State member banks and trust companies, with the regulations of the Federal Reserve Board and with the conditions of membership prescribed for such savings bank at the time of admission to membership, except as otherwise hereinbefore provided with respect to capital stock.

"'Each bank admitted to membership under this section shall obtain from each of its affiliates other than member banks and furnish to the Federal Reserve bank of its district and to the Federal Reserve Board not less than three reports during each year. Such reports shall be in such form as the Federal Reserve Board may prescribe, shall be verified by the oath or affirmation of the president or such other officer as may be designated by the board of directors of such affiliate to verify such reports, and shall disclose the information hereinafter provided for as of dates identical with those fixed by the Federal Reserve Board for reports of the condition of the affiliated member bank. Each such report of an affiliate shall be transmitted as herein provided at the same time as the corresponding report of the affiliated member bank, except that the Federal Reserve Board may, in its discretion, extend such time for good cause shown. Each such report shall contain such information as in the judgment of the Federal Reserve Board shall be necessary to disclose fully the relations between such affiliate and such bank and to enable the Board to inform itself as to the effect of such relations upon the affairs of such bank. The reports of such affiliates shall be published by the bank under the same conditions as govern its own condition reports.

"'Any such affiliated member bank may be required to obtain from any such affiliate such additional reports as in the opinion of its Federal Reserve bank or the Federal Reserve Board may be necessary in order to obtain a full and complete knowledge of the condition of the affiliated member bank. Such additional reports shall be transmitted to the Federal Reserve bank and the Federal Reserve Board and shall be in such form as the Federal Reserve Board may prescribe.

"'Any such affiliated member bank which fails to obtain from any of its affiliates and furnish any report provided for by the two preceding paragraphs of this section shall be subject to a penalty of $100 for each day during which such failure continues, which, by direction of the Federal Reserve Board, may be collected, by suit or otherwise, by the Federal Reserve bank of the district in which such member bank is located. For the purposes of this paragraph and the two preceding paragraphs of this section, the term "affiliate" shall include holding company affiliates as well as other affiliates.

"'State member banks shall be subject to the same limitations and conditions with respect to the purchasing, selling, underwriting, and holding of investment securities and stock as are applicable in the case of national banks under paragraph "Seventh" of section 5136 of the Revised Statutes, as amended.

"'After 1 year from the date of the enactment of the Banking Act of 1933, no certificate representing the stock of any State member bank shall represent the stock of any other corporation, except a member bank or a corporation existing on the date this paragraph takes effect engaged solely in holding the bank premises of such State member bank, nor shall the ownership, sale, or transfer of any certificate representing the stock of any such bank be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank.

"'Each State member bank affiliated with a holding-company affiliate shall obtain from such holding-company affiliate, within such time as the Federal Reserve Board shall prescribe, an agreement that such holding-company affiliate shall be subject to the same conditions and limitations as are applicable under section 5144 of the Revised Statutes, as amended, in the case of holding-company affiliates of national banks. A copy of each such agreement shall be filed with the Federal Reserve Board. Upon the failure of a State member bank affiliated with a holding-company affiliate to obtain such an agreement within the time so prescribed, the Federal Reserve Board shall require such bank to surrender its stock in the Federal Reserve bank and to forfeit all rights and privileges of membership in the Federal Reserve System as provided in this section. Whenever the Federal Reserve Board shall have revoked the voting permit of any such holding-company affiliate, the Federal Reserve Board may, in its discretion, require any or all State member banks affiliated with such holding-company affiliate to surrender their stock in the Federal Reserve bank and to forfeit all rights and privileges of membership in the Federal Reserve System as provided in this section.

"'In connection with examinations of State member banks, examiners selected or approved by the Federal Reserve Board shall make such examinations of the affairs of all affiliates of such banks as shall be necessary to disclose fully the relations between such banks and their affiliates and the effect of such relations upon the affairs of such banks. The expense of examination of affiliates of any State member bank may, in the discretion of the Federal Reserve Board, be assessed against such bank and, when so assessed, shall be paid by such bank. In the event of the refusal to give any information requested in the course of the examination of any such affiliate, or in the event of the refusal to permit such examination, or in the event of the refusal to pay any expense so assessed, the Federal Reserve Board may, in its discretion, require any or all State member banks affiliated with such affiliate to surrender their stock in the Federal Reserve bank and to forfeit all rights

and privileges of membership in the Federal Reserve System, as provided in this section.'

"SEC. 6. (a) The second paragraph of section 10 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 242), is amended to read as follows:

"'The Secretary of the Treasury and the Comptroller of the Currency shall be ineligible during the time they are in office and for 2 years thereafter to hold any office, position, or employment in any member bank. The appointive members of the Federal Reserve Board shall be ineligible during the time they are in office and for 2 years thereafter to hold any office, position, or employment in any member bank, except that this restriction shall not apply to a member who has served the full term for which he was appointed. Upon the expiration of the term of any appointive member of the Federal Reserve Board in office when this paragraph as amended takes effect, the President shall fix the term of the successor to such member at not to exceed 12 years, as designated by the President at the time of nomination, but in such manner as to provide for the expiration of the term of not more than one appointive member in any 2-year period, and thereafter each appointive member shall hold office for a term of 12 years from the expiration of the term of his predecessor. Of the 6 persons thus appointed, 1 shall be designated by the President as governor and 1 as vice governor of the Federal Reserve Board. The governor of the Federal Reserve Board, subject to its supervision, shall be its active executive officer. Each member of the Federal Reserve Board shall within 15 days after notice of appointment make and subscribe to the oath of office.'

"(b) The fourth paragraph of section 10 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 244), is amended to read as follows:

"'The principal offices of the Board shall be in the District of Columbia. At meetings of the Board the Secretary of the Treasury shall preside as chairman, and, in his absence, the governor shall preside. In the absence of both the Secretary of the Treasury and the Governor the Vice Governor shall preside. In the absence of the Secretary of the Treasury, the Governor, and the Vice Governor, the Board shall elect a member to act as chairman pro tempore. The Board shall determine and prescribe the manner in which its obligations shall be incurred and its disbursements and expenses allowed and paid, and may leave on deposit in the Federal Reserve banks the proceeds of assessments levied upon them to defray its estimated expenses and the salaries of its members and employees, whose employment, compensation, leave, and expenses shall be governed solely by the provisions of this act, specific amendments thereof, and rules and regulations of the Board not inconsistent therewith; and funds derived from such assessments shall not be construed to be Government funds or appropriated moneys. No member of the Federal Reserve Board shall be an officer or director of any bank, banking institution, trust company, or Federal Reserve bank or hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath that he has complied with this requirement, and such certification shall be filed with the secretary of the Board. Whenever a vacancy shall occur, other than by expiration of term, among the six members of the Federal Reserve Board appointed by the President as above provided, a successor shall be appointed by the President, by and with the advice and consent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of his predecessor.'

"SEC. 7. Paragraph (m) of section 11 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 248), is amended to read as follows:

"'(m) Upon the affirmative vote of not less than six of its members the Federal Reserve Board shall have power to fix from time to time for each Federal Reserve district the percentage of individual bank capital and surplus which may be represented by loans secured by stock or bond collateral made by member banks within such district, but no such loan shall be made by any such bank to any person in an amount in excess of 10 percent of the unimpaired capital and surplus of such bank. Any percentage so fixed by the Federal Reserve Board shall be subject to change from time to time upon 10 days' notice, and it shall be the duty of the Board to establish such percentages with a view to preventing the undue use of bank loans for the speculative carrying of securities. The Federal Reserve Board shall have power to direct any member bank to refrain from further increase of its loans secured by stock or bond collateral for any period up to 1 year under penalty of suspension of all rediscount privileges at Federal Reserve banks.'

"SEC. 8. The Federal Reserve Act, as amended, is amended by inserting between sections 12 and 13 (U.S.C., title 12, secs. 261, 262, and 342) thereof the following new sections:

"'SEC. 12A. (a) There is hereby created a Federal Open Market Committee (hereinafter referred to as the "committee"), which shall consist of as many members as there are Federal Reserve districts. Each Federal Reserve bank, by its board of directors, shall annually select one member of said committee. The meetings of said committee shall be held at Washington, D.C., at least four times each year, upon the call of the Governor of the Federal Reserve Board or at the request of any three members of the committee, and, in the discretion of the Board, may be attended by the members of the Board.

"'(b) No Federal Reserve bank shall engage in open-market operations under section 14 of this act except in accordance with regulations adopted by the Federal Reserve Board. The Board shall consider, adopt, and transmit to the committee and to the several Reserve banks regulations relating to the open-market transactions of such banks and the relations of the Federal Reserve System with foreign central or other foreign banks.

"'(c) The time, character, and volume of all purchases and sales of paper described in section 14 of this act as eligible for open-market operations shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country.

"'(d) If any Federal Reserve bank shall decide not to participate in open-market operations recommended and approved as provided in paragraph (b) hereof, it shall file with the chairman of the committee within 30 days a notice of its decision, and transmit a copy thereof to the Federal Reserve Board.

"'SEC. 12B. (a) There is hereby created a Federal Deposit Insurance Corporation (hereinafter referred to as the "Corporation"), whose duty it shall be to purchase, hold, and liquidate, as hereinafter provided, the assets of national banks which have been closed by action of the Comptroller of the Currency, or by vote of their directors, and the assets of State member banks which have been closed by action of the appropriate State authorities, or by vote of their directors; and to insure, as hereinafter provided, the deposits of all banks which are entitled to the benefits of insurance under this section.

"'(b) The management of the Corporation shall be vested in a board of directors consisting of three members, one of whom shall be the Comptroller of the Currency, and two of whom shall be citizens of the United States to be appointed by the President, by and with the advice and consent of the Senate. One of the appointive members shall be the chairman of the board of directors of the Corporation and not more than two of the members of such board of directors shall be members of the same political party. Each such appointive member shall hold office for a term of 6 years and shall receive compensation at the rate of $10,000 per annum, payable monthly out of the funds of the Corporation, but the Comptroller of the Currency shall not receive additional compensation for his services as such member.

"'(c) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $150,000,000, which shall be available for payment by the Secretary of the Treasury for capital stock of the Corporation in an equal amount, which shall be subscribed for by him on behalf of the United States. Pay-

ments upon such subscription shall be subject to call in whole or in part by the board of directors of the Corporation. Such stock shall be in addition to the amount of capital stock required to be subscribed for by Federal Reserve banks and member and nonmember banks as hereinafter provided, and the United States shall be entitled to the payment of dividends on such stock to the same extent as member and nonmember banks are entitled to such payment on the class A stock of the Corporation held by them. Receipts for payments by the United States for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States.

"'(d) The capital stock of the Corporation shall be divided into shares of $100 each. Certificates of stock of the Corporation shall be of two classes—class A and class B. Class A stock shall be held by member and nonmember banks as hereinafter provided and they shall be entitled to payment of dividends out of net earnings at the rate of 6 percent per annum on the capital stock paid in by them, which dividends shall be cumulative, or to the extent of 30 percent of such net earnings in any one year, whichever amount shall be the greater, but such stock shall have no vote at meetings of stockholders. Class B stock shall be held by Federal Reserve banks only and shall not be entitled to the payment of dividends. Every Federal Reserve bank shall subscribe to shares of class B stock in the Corporation to an amount equal to one half of the surplus of such bank on January 1, 1933, and its subscriptions shall be accompanied by a certified check payable to the Corporation in an amount equal to one half of such subscription. The remainder of such subscription shall be subject to call from time to time by the board of directors upon 90 days' notice.

"'(e) Every bank which is or which becomes a member of the Federal Reserve System on or before July 1, 1934, shall take all steps necessary to enable it to become a class A stockholder of the Corporation on or before July 1, 1934; and thereafter no State bank or trust company or mutual savings bank shall be admitted to membership in the Federal Reserve System until it becomes a class A stockholder of the Corporation, no national bank in the continental United States shall be granted a certificate by the Comptroller of the Currency authorizing it to commence the business of banking until it becomes a member of the Federal Reserve System and a class A stockholder of the Corporation, and no national bank in the continental United States for which a receiver or conservator has been appointed shall be permitted to resume the transaction of its banking business until it becomes a class A stockholder of the Corporation. Every member bank shall apply to the Corporation for class A stock of the Corporation in an amount equal to one half of 1 per centum of its total deposit liabilities as computed in accordance with regulations prescribed by the Federal Reserve Board; except that in the case of a member bank organized after the date this section takes effect, the amount of such class A stock applied for by such member bank during the first 12 months after its organization shall equal 5 per centum of its paid-up capital and surplus, and beginning after the expiration of such 12 months' period the amount of such class A stock of such member bank shall be adjusted annually in the same manner as in the case of other member banks. Upon receipt of such application the Corporation shall request the Federal Reserve Board, in the case of a State member bank, or the Comptroller of the Currency, in the case of a national bank, to certify upon the basis of a thorough examination of such bank whether or not the assets of the applying bank are adequate to enable it to meet all of its liabilities to depositors and other creditors as shown by the books of the bank; and the Federal Reserve Board or the Comptroller of the Currency shall make such certification as soon as practicable. If such certification be in the affirmative, the Corporation shall grant such application and the applying bank shall pay one half of its subscription in full and shall thereupon become a class A stockholder of the Corporation: *Provided,* That no member bank shall be required to make such payment or become a class A stockholder of the Corporation before July 1, 1934. The remainder of such subscription shall be subject to call from time to time by the board of directors of the Corporation. If such certification be in the negative, the Corporation shall deny such application. If any national bank shall not have become a class A stockholder of the Corporation on or before July 1, 1934, the Comptroller of the Currency shall appoint a receiver or conservator therefor in accordance with the provisions of existing law. Except as provided in subsection (g) of this section, if any State member bank shall not have become a class A stockholder of the Corporation on or before July 1, 1934, the Federal Reserve Board shall terminate its membership in the Federal Reserve System in accordance with the provisions of section 9 of this act.

"'(f) Any State bank or trust company or mutual savings bank which applies for membership in the Federal Reserve System or for conversion into a national banking association on or after July 1, 1936, may, with the consent of the Corporation, obtain the benefits of this section, pending action on such application, by subscribing and paying for the same amount of stock of the Corporation as it would be required to subscribe and pay for upon becoming a member bank. Thereupon the provisions of this section applicable to member banks shall be applicable to such State bank or trust company or mutual savings bank to the same extent as if it were already a member bank: *Provided,* That if the application of such State bank or trust company or mutual savings bank for membership in the Federal Reserve System or for conversion into a national banking association be approved and it shall not complete its membership in the Federal Reserve System or its conversion into a national banking association within a reasonable time, or if such application shall be disapproved, then the amount paid by such State bank or trust company or mutual savings bank on account of its subscription to the capital stock of the Corporation shall be repaid to it and it shall no longer be subject to the provisions or entitled to the privileges of this section.

"'(g) If any State bank or trust company or mutual savings bank (referred to in this subsection as "State bank") which is or which becomes a member of the Federal Reserve System is not permitted by the laws under which it was organized to purchase stock in the Corporation, it shall apply to the Corporation for admission to the benefits of this section and, if such application be granted after appropriate certification in accordance with this section, it shall deposit with the Corporation an amount equal to the amount which it would have been required to pay in on account of a subscription to capital stock of the Corporation. Thereafter such deposit shall be adjusted in the same manner as subscriptions for stock by class A stockholders. Such deposit shall be subject to the same conditions with respect to repayment as amounts paid on subscriptions to class A stock by other member banks and the Corporation shall pay interest thereon at the same rate as dividends are actually paid on outstanding shares of class A stock. As long as such deposit is maintained with the Corporation, such State bank shall, for the purposes of this section, be deemed to be a class A stockholder of the Corporation. If the laws under which such State bank was organized be amended so as to authorize State banks to subscribe for class A stock of the Corporation, such State bank shall within 6 months thereafter subscribe for an appropriate amount of such class A stock and the deposit hereinafter provided for in lieu of payment upon class A stock shall be applied upon such subscription. If the law under which such State bank was organized be not amended at the next session of the State legislature following the admission of such State bank to the benefits of this section so as to authorize State banks to purchase such class A stock, or, if the law be so amended and such State bank shall fail within 6 months thereafter to purchase such class A stock, the deposit previously made with the Corporation shall be returned to such State bank and it shall no longer be entitled to the benefits of this section, unless it shall have been closed in the meantime on account of inability to meet the demands of its depositors.

"'(h) The amount of the outstanding class A stock of the Corporation held by member banks shall be annually adjusted as hereinafter provided as of the last preceding call date as member banks increase their time and demand deposits or as additional banks become members or subscribe to the stock of the Corporation, and such stock may be decreased in amount as member banks reduce their time and demand deposits or cease to be members. Shares of the capital stock of the Corporation owned by member banks shall not be transferred or hypothecated. When a member bank increases its time and demand deposits it shall, at the beginning of each calendar year, subscribe for an additional amount of capital stock of the Corporation equal to one half of 1 percent of such increase in deposits. One half of the amount of such additional stock shall be paid for at the time of the subscription therefor, and the balance shall be subject to call by the board of directors of the Corporation. A bank organized on or before the date this section takes effect and admitted to membership in the Federal Reserve System at any time after the organization of the Corporation shall be required to subscribe for an amount of class A capital stock equal to one half of 1 percent of the time and demand deposits of the applicant bank as of the date of such admission, paying therefor its par value plus one half of 1 percent a month from the period of the last dividend on the class A stock of the Corporation. When a member bank reduces its time and demand deposits it shall surrender, not later than the 1st day of January thereafter, a proportionate amount of its holdings in the capital stock of the Corporation, and when a member bank voluntarily liquidates it shall surrender all its holdings of the capital stock of the Corporation and be released from its stock subscription not previously called. The shares so surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Corporation, a sum equal to its cash-paid subscriptions on the shares surrendered and its proportionate share of dividends not to exceed one half of 1 percent a month, from the period of the last dividend on such stock, less any liability of such member bank to the Corporation.

"'(i) If any member or nonmember bank shall be declared insolvent, or shall cease to be a member bank (or in the case of a nonmember bank, shall cease to be entitled to the benefits of insurance under this section), the stock held by it in the Corporation shall be canceled, without impairment of the liability of such bank, and all cash-paid subscriptions on such stock, with its proportionate share of dividends not to exceed one half of 1 percent per month from the period of last dividend on such stock shall be first applied to all debts of the insolvent bank or the receiver thereof to the Corporation, and the balance, if any, shall be paid to the receiver of the insolvent bank.

"'(j) Upon the date of enactment of the Banking Act of 1933, the corporation shall become a body corporate and as such shall have power—

"'First. To adopt and use a corporate seal.

"'Second. To have succession until dissolved by an act of Congress.

"'Third. To make contracts.

"'Fourth. To sue and be sued, complain and defend, in any court of law or equity, State or Federal.

"'Fifth. To appoint by its board of directors such officers and employees as are not otherwise provided for in this section, to define their duties, fix their compensation, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees. Nothing in this or any other act shall be construed to prevent the appointment and compensation as an officer or employee of the Corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof.

"'Sixth. To prescribe by its board of directors, bylaws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

"'Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this section and such incidental powers as shall be necessary to carry out the powers so granted.

"'(k) The board of directors shall administer the affairs of the corporation fairly and impartially and without discrimination. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation with the consent of any Federal Reserve bank or of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this section.

"'(l) Effective on and after July 1, 1934 (thus affording ample time for examination and preparation), unless the President shall by proclamation fix an earlier date, the Corporation shall insure, as hereinafter provided, the deposits of all member banks, and on and after such date and until July 1, 1936, of all nonmember banks, which are class A stockholders of the Corporation. Notwithstanding any other provision of law, whenever any national bank which is a class A stockholder of the Corporation shall have been closed by action of its board of directors or by the Comptroller of the Currency, as the case may be, or account of inability to meet the demands of its depositors, the Comptroller of the Currency shall appoint the Corporation receiver for such bank. As soon as possible thereafter the Corporation shall organize a new national bank to assume the insured deposit liabilities of such closed bank, to receive new deposits and otherwise to perform temporarily the functions provided for it in this paragraph. For the purposes of this subsection, the term "insured deposit liability" shall mean with respect to the owner of any claim arising out of a deposit liability of such closed bank the following percentages of the net amount due to such owner by such closed bank on account of deposit liabilities: 100 percent of such net amount not exceeding $10,000; and 75 percent of the amount, if any, by which such net amount exceeds $10,000 but does not exceed $50,000; and 50 percent of the amount, if any, by which such net amount exceeds $50,000: *Provided*, That, in determining the amount due to such owner for the purpose of fixing such percentage, there shall be added together all net amounts due to such owner in the same capacity or the same right, on account of deposits, regardless of whether such deposits be maintained in his name or in the names of others for his benefit. For the purposes of this subsection, the term "insured deposit liabilities" shall mean the aggregate amount of all such insured deposit liabilities of such closed bank. The Corporation shall determine as expeditiously as possible the net amounts due to depositors of the closed bank and shall make available to the new bank an amount equal to the insured deposit liabilities of such closed bank, whereupon such new bank shall assume the insured deposit liability of such closed bank to each of its depositors, and the corporation shall be subrogated to all rights against the closed bank of the owners of such deposits and shall be entitled to receive the same dividends from the proceeds of the assets of such closed bank as would have been payable to each such depositor until such dividends shall equal the insured deposit liability to such depositor assumed by the new bank, whereupon all further dividends shall be payable to such depositor. Of the amount thus made available by the Corporation to the new bank, such portion shall be paid to it in cash as may be necessary to enable it to meet immediate cash demands and the remainder shall be credited to it on the books of the Corporation subject to withdrawal on demand and shall bear interest at the rate of 3 percent per annum until withdrawn. The new bank may, with the approval of the Corporation, accept new deposits, which, together with all

amounts made available to the new bank by the Corporation, shall be kept on hand in cash, invested in direct obligations of the United States, or deposited with the Corporation or with a Federal Reserve bank. Such new bank shall maintain on deposit with the Federal Reserve bank of its district the reserves required by law of member banks but shall not be required to subscribe for stock of the Federal Reserve bank until its own capital stock has been subscribed and paid for in the manner hereinafter provided. The articles of association and organization certificate of such new bank may be executed by such representatives of the Corporation as it may designate; the new bank shall not be required to have any directors at the time of its organization, but shall be managed by an executive officer to be designated by the Corporation; and no capital stock need be paid in by the Corporation; but in other respects such bank shall be organized in accordance with the existing provisions of law relating to the organization of national banks; and, until the requisite amount of capital stock for such bank has been subscribed and paid for in the manner hereinafter provided, such bank shall transact no business except that authorized by this subsection and such business as may be incidental to its organization. When in the judgment of the Corporation it is desirable to do so, the Corporation shall offer capital stock of the new bank for sale on such terms and conditions as the Corporation shall deem advisable, in an amount sufficient in the opinion of the Corporation to make possible the conduct of the business of the new bank on a sound basis, but in no event less than that required by section 5138 of the Revised Statutes, as amended (U.S.C., title 12, sec. 51), for the organization of a national bank in the place where such new bank is located, giving the stockholders of the closed bank the first opportunity to purchase such stock. Upon proof that an adequate amount of capital stock of the new bank has been subscribed and paid for in cash by subscribers satisfactory to the Comptroller of the Currency, he shall issue to such bank a certificate of authority to commence business and thereafter it shall be managed by directors elected by its own shareholders and may exercise all of the powers granted by law to national banking associations. If an adequate amount of capital for such new bank is not subscribed and paid in, the Corporation may offer to transfer its business to any other banking institution in the same place which will take over its assets, assume its liabilities, and pay to the Corporation for such business such amount as the Corporation may deem adequate. Unless the capital stock of the new bank is sold or its assets acquired and its liabilities assumed by another banking institution, in the manner herein prescribed, within 2 years from the date of its organization, the Corporation shall place the new bank in voluntary liquidation and wind up its affairs. The Corporation shall open on its books a deposit insurance account, and as soon as possible after taking possession of any closed national bank, the Corporation shall make an estimate of the amount which will be available from all sources for application in satisfaction of the portion of the claims of depositors to which it has been subrogated and shall debit to such deposit insurance account the excess, if any, of the amount made available by the Corporation to the new bank for depositors over and above the amount of such estimate. It shall be the duty of the Corporation to realize upon the assets of such closed bank, having due regard to the condition of credit in the district in which such closed bank is located; to enforce the individual liability of the stockholders and directors thereof; and to wind up the affairs of such closed bank in conformity with the provisions of law relating to the liquidation of closed national banks, except as herein otherwise provided, retaining for its own account such portion of the amount realized from such liquidation as it shall be entitled to receive on account of its subrogation to the claims of depositors and paying to depositors and other creditors the amount available for distribution to them, after deducting therefrom their share of the costs of the liquidation of the closed bank. If the total amount realized by the Corporation on account of its subrogation to the claims of depositors be less than the amount of the estimate hereinabove provided for, the deposit insurance account shall be charged with the deficiency and, if the total amount so realized shall exceed the amount of such estimate, such account shall be credited with such excess. With respect to such closed national banks, the Corporation shall have all the rights, powers, and privileges now possessed by or hereafter given receivers of insolvent national banks and shall be subject to the obligations and penalties not inconsistent with the provisions of this paragraph to which such receivers are now or may hereafter become subject.

"'Whenever any State member bank which is a class A stockholder of the Corporation shall have been closed by action of its board of directors or by the appropriate State authority, as the case may be, on account of inability to meet the demands of its depositors, the Corporation shall accept appointment as receiver thereof, if such appointment be tendered by the appropriate State authority and be authorized or permitted by State law. Thereupon the Corporation shall organize a new national bank, in accordance with the provisions of this subsection, to assume the insured deposit liabilities of such closed State member bank, to receive new deposits and otherwise to perform temporarily the functions provided for in this subsection. Upon satisfactory recognition of the right of the Corporation to receive dividends on the same basis as in the case of a closed national bank under this subsection, such recognition being accorded by State law, by allowance of claims by the appropriate State authority, by assignment of claims by depositors, or by any other effective method, the Corporation shall make available to such new national bank, in the manner prescribed by this subsection, an amount equal to the insured deposit liabilities of such closed State member bank; and the Corporation and such new national bank shall perform all of the functions and duties and shall have all the rights and privileges with respect to such State member bank and the depositors thereof which are prescribed by this subsection with respect to closed national banks holding class A stock in the Corporation: *Provided*, That the rights of depositors and other creditors of such State member bank shall be determined in accordance with the applicable provisions of State law: *And provided further*, That, with respect to such State member bank, the Corporation shall possess the powers and privileges provided by State law with respect to a receiver of such State member bank, except insofar as the same are in conflict with the provisions of this subsection.

"'Whenever any State member bank which is a class A stockholder of the Corporation shall have been closed by action of its board of directors or by the appropriate State authority, as the case may be, on account of inability to meet the demands of its depositors, and the applicable State law does not permit the appointment of the Corporation as receiver of such bank, the Corporation shall organize a new national bank, in accordance with the provisions of this subsection, to assume the insured deposit liabilities of such closed State member bank, to receive new deposits, and otherwise to perform temporarily the functions provided for in this subsection. Upon satisfactory recognition of the right of the Corporation to receive dividends on the same basis as in the case of a closed national bank under this subsection, such recognition being accorded by State law, by allowance of claims by the appropriate State authority, by assignment of claims by depositors, or by any other effective method, the Corporation shall make available to such new bank, in accordance with the provisions of this subsection, the amount of insured deposit liabilities as to which such recognition has been accorded; and such new bank shall assume such insured deposit liabilities and shall in other respects comply with the provisions of this subsection respecting new banks organized to assume insured deposit liabilities of closed national banks. Insofar as possible in view of the applicable provisions of State law, the Corporation shall proceed with respect to the receiver of such closed bank and with respect to the new bank organized to assume

its insured deposit liabilities in the manner prescribed by this subsection with respect to closed national banks and new banks organized to assume their insured deposit liabilities; except that the Corporation shall have none of the powers, duties, or responsibilities of a receiver with respect to the winding up of the affairs of such closed State member bank. The Corporation, in its discretion, however, may purchase and liquidate any or all of the assets of such bank.

"'Whenever the net debit balance of the deposit insurance account of the Corporation shall equal or exceed one fourth of 1 percent of the total deposit liabilities of all class A stockholders as of the date of the last preceding call report, the Corporation shall levy upon such stockholders an assessment equal to one fourth of 1 percent of their total deposit liabilities and shall credit the amount collected from such assessment to such deposit insurance account. No bank which is a holder of class A stock shall pay any dividends until all assessments levied upon it by the Corporation shall have been paid in full; and any director or officer of any such bank who participates in the declaration or payment of any such dividend may, upon conviction, be fined not more than $1,000, or imprisoned for not more than 1 year, or both.

"'The term "receiver" as used in this section shall mean a receiver, liquidating agent, or conservator of a national bank, and a receiver, liquidating agent, conservator, commission, person, or other agency charged by State law with the responsibility and the duty of winding up the affairs of an insolvent State member bank.

"'For the purposes of this section only, the term "national bank" shall include all national banking associations and all banks, banking associations, trust companies, savings banks, and other banking institutions located in the District of Columbia which are members of the Federal Reserve System; and the term "State member bank" shall include all State banks, banking associations, trust companies, savings banks, and other banking institutions organized under the laws of any State, which are members of the Federal Reserve System.

"'In any determination of the insured deposit liabilities of any closed bank or of the total deposit liabilities of any bank which is a holder of class A stock of the Corporation, for the purposes of this section, there shall be excluded the amounts of all deposits of such bank which are payable only at an office thereof located in a foreign country.

"'The Corporation may make such rules, regulations, and contracts as it may deem necessary in order to carry out the provisions of this section.

"'Money of the Corporation not otherwise employed shall be invested in securities of the Government of the United States, except that for temporary periods, in the discretion of the board of directors, funds of the Corporation may be deposited in any Federal Reserve bank or with the Treasurer of the United States. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depositary of public moneys, except receipts from customs, under such regulations as may be prescribed by the said Secretary, and may also be employed as a financial agent of the Government. It shall perform all such reasonable duties as depositary of public moneys and financial agent of the Government as may be required of it.

"'(m) Nothing herein contained shall be construed to prevent the Corporation from making loans to national banks closed by action of the Comptroller of the Currency, or by vote of their directors, or to State member banks closed by action of the appropriate State authorities, or by vote of their directors, or from entering into negotiations to secure the reopening of such banks.

"'(n) Receivers or liquidators of member banks which are now or may hereafter become insolvent or suspended shall be entitled to offer the assets of such banks for sale to the Corporation or as security for loans from the Corporation, upon receiving permission from the appropriate State authority in accordance with express provisions of State law in the case of State member banks, or from the Comptroller of the Currency in the case of national banks. The proceeds of every such sale or loan shall be utilized for the same purposes and in the same manner as other funds realized from the liquidation of the assets of such banks. The Comptroller of the Currency may, in his discretion, pay dividends on proved claims at any time after the expiration of the period of advertisement made pursuant to section 5235 of the Revised States (U.S.C., title 12, sec. 193), and no liability shall attach to the Comptroller of the Currency or to the receiver of any national bank by reason of any such payment for failure to pay dividends to a claimant whose claim is not proved at the time of any such payment.

"'(o) The Corporation is authorized and empowered to issue and to have outstanding at any one time in an amount aggregating not more than three times the amount of its capital, its notes, debentures, bonds, or other such obligations, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest, and to mature at such time or times as may be determined by the Corporation: *Provided*, That the Corporation may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other such obligations of the Corporation may be secured by assets of the Corporation in such manner as shall be prescribed by its board of directors. Such obligations may be offered for sale at such price or prices as the Corporation may determine.

"'(p) All notes, debentures, bonds, or other such obligations issued by the Corporation shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

"'(q) In order that the Corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation, to be held in the Treasury subject to delivery, upon order of the Corporation. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other such obligations.

"'(r) The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

"'(s) Whoever, for the purpose of obtaining any loan from the Corporation, or any extension or renewal thereof, or the acceptance, release, or substitution of security therefor, or for the purpose of inducing the Corporation to purchase any assets, or for the purpose of influencing in any way the action of the Corporation under this section, makes any statement, knowing it to be false, or willfully overvalues any security, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

"'(t) Whoever (1) falsely makes, forges, or counterfeits any obligation or coupon, in imitation of or purporting to be an obligation or coupon issued by the Corporation, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited obligation or coupon purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any obligation or coupon issued or purport-

ing to have been issued by the Corporation, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered or spurious obligation or coupon, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

"'(u) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged, or otherwise intrusted to it, or (2) with intent to defraud the Corporation or any other body, politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other such obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

"'(v) No individual, association, partnership, or corporation shall use the words "Federal Deposit Insurance Corporation", or a combination of any 3 of these 4 words, as the name or a part thereof under which he or it shall do business. No individual, association, partnership, or corporation shall advertise or otherwise represent falsely by any device whatsoever that his or its deposit liabilities are insured or in anywise guaranteed by the Federal Deposit Insurance Corporation, or by the Government of the United States, or by any instrumentality thereof; and no class A stockholder of the Federal Deposit Insurance Corporation shall advertise or otherwise represent falsely by any device whatsoever the extent to which or the manner in which its deposit liabilities are insured by the Federal Deposit Insurance Corporation. Every individual, partnership, association, or corporation violating this subsection shall be punished by a fine of not exceeding $1,000, or by imprisonment not exceeding 1 year, or both.

"'(w) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U.S.C., title 18, ch. 5, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this section, which for the purposes hereof shall be held to include loans, advances, extensions, and renewals thereof, and acceptances, releases, and substitutions of security therefor, purchases or sales of assets, and all contracts and agreements pertaining to the same.

"'(x) The Secret Service Division of the Treasury Department is authorized to detect, arrest, and deliver into the custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this section.

"'(y) The Corporation shall open on its books a Temporary Federal Deposit Insurance Fund (hereinafter referred to as the "Fund"), which shall become operative on January 1, 1934, unless the President shall, by proclamation, fix an earlier date, and it shall be the duty of the Corporation to insure deposits as hereinafter provided until July 1, 1934.

"'Each member bank licensed before January 1, 1934, by the Secretary of the Treasury pursuant to the authority vested in him by the Executive order of the President issued March 10, 1933, shall, on or before January 1, 1934, become a member of the fund; each member bank so licensed after such date, and each State bank, trust company or mutual savings bank (referred to in this subsection as "State bank") which becomes a member of the Federal Reserve System on or after such date, shall, upon being so licensed or so admitted to membership, become a member of the fund; and any State bank which is not a member of the Federal Reserve System, with the approval of the State authority having supervision of such State bank and certification to the Corporation by such authority that such State's bank is in solvent condition, shall, after examination by, and with the approval of, the Corporation, be entitled to become a member of the fund and to the privileges of this subsection upon agreeing to comply with the requirements thereof, and upon paying to the Corporation an amount equal to the amount that would be required of it under this subsection if it were a member bank. The Corporation is authorized to prescribe rules and regulations for the further examination of such State bank and to fix the compensation of examiners employed to make examinations of State banks.

"'Each member of the fund shall file with the Corporation on or before the date of its admission a certified statement under oath showing, as of the 15th day of the month preceding the month in which it was so admitted, the number of its depositors and the total amount of its deposits which are eligible for insurance under this subsection, and shall pay to the Corporation an amount equal to one half of 1 percent of the total amount of the deposits so certified. One half of such payment shall be paid in full at the time of the admission of such member to the fund, and the remainder of such payment shall be subject to call from time to time by the board of directors of the corporation. Within a reasonable time fixed by the Corporation each such member shall file a similar statement showing, as of June 15, 1934, the number of its depositors and the total amount of its deposits which are eligible for such insurance and shall pay to the Corporation in the same manner an amount equal to one half of 1 percent of the increase, if any, in the total amount of such deposits since the date covered by the statement filed upon its admission to membership in the fund.

"'If at any time prior to July 1, 1934, the Corporation requires additional funds with which to meet its obligations under this subsection, each member of the fund shall be subject to one additional assessment only in an amount not exceeding the total amount theretofore paid to the corporation by such member.

"'If any member of the fund shall be closed on or before June 30, 1934, on account of inability to meet its deposit liabilities, the Corporation shall proceed in accordance with the provisions of subsection (l) of this section to pay the insured deposit liabilities of such member; except that the Corporation shall pay not more than $2,500 on account of the net approved claim of the owner of any deposit. The provisions of such subsection (l) relating to State member banks shall be extended for the purposes of this subsection to members of the fund which are not members of the Federal Reserve System; and the provisions of this subsection shall apply only to deposits of members of the fund which have been made available since March 10, 1933, for withdrawal in the usual course of the banking business.

"'Before July 1, 1934, the Corporation shall make an estimate of the balance, if any, which will remain in the fund after providing for all liabilities of the fund, including expenses of operation thereof under this subsection and allowing for anticipated recoveries. The Corporation shall refund such estimated balance, on such basis as the Corporation shall find to be equitable, to the members of the fund other than those which have been closed prior to July 1, 1934.

"'Each State bank which is a member of the fund, in order to obtain the benefits of this section after July 1, 1934, shall, on or before such date, subscribe and pay for the same amount of class A stock of the Corporation as it would be required to subscribe and pay for upon becoming a member bank, or if such State bank is not permitted by the laws under which it was organized to purchase such stock, it shall deposit with the Corporation an amount equal to the amount it would have been required to pay in on account of a subscription to such stock; and thereafter such State bank shall be entitled to such bnefits until July 1, 1936.

"'It is not the purpose of this section to discriminate, in any manner, against State nonmember, and in favor of national or member banks; but the purpose is to provide all banks with the same opportunity to obtain and enjoy the benefits of this title. No bank shall be discriminated against because its capital stock is less than amount required for eligibility for admission into the Federal Reserve System.'

"SEC. 9. The eighth paragraph of section 13 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 347; supp. VI, title 12, sec. 347), is amended to read as follows:

"'Any Federal Reserve bank may make advances for periods not exceeding 15 days to its member banks on their promissory notes secured by the deposit or pledge of bonds, notes, certificates of indebtedness, or Treasury bills of the United States, or by the deposit or pledge of debentures or other such obligations of Federal intermediate credit banks which are eligible for purchase by Federal Reserve banks under section 13 (a) of this act; and any Federal Reserve bank may make advances for periods not exceeding 90 days to its member banks on their promissory notes secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal Reserve banks under the provisions of this act. All such advances shall be made at rates to be established by such Federal Reserve banks, such rates to be subject to the review and determination of the Federal Reserve Board. If any member bank to which any such advance has been made shall, during the life or continuance of such advance, and despite an official warning of the Reserve bank of the district or of the Federal Reserve Board to the contrary, increase its outstanding loans secured by collateral in the form of stocks, bonds, debentures, or other such obligations, or loans made to members of any organized stock exchange, investment house, or dealer in securities, upon any obligation, note, or bill, secured or unsecured, for the purpose of purchasing and/or carrying stocks, bonds, or other investment securities (except obligations of the United States) such advance shall be deemed immediately due and payable, and such member bank shall be ineligible as a borrower at the Reserve bank of the district under the provisions of this paragraph for such period as the Federal Reserve Board shall determine: *Provided,* That no temporary carrying or clearance loans made solely for the purpose of facilitating the purchase or delivery of securities offered for public subscription shall be included in the loans referred to in this paragraph.'

"SEC. 10. Section 14 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 353–358), is amended by adding at the end thereof the following new paragraph:

"'(g) The Federal Reserve Board shall exercise special supervision over all relationships and transactions of any kind entered into by any Federal Reserve bank with any foreign bank or banker, or with any group of foreign banks or bankers, and all such relationships and transactions shall be subject to such regulations, conditions, and limitations as the Board may prescribe. No officer or other representative of any Federal Reserve bank shall conduct negotiations of any kind with the officers or representatives of any foreign bank or banker without first obtaining the permission of the Federal Reserve Board. The Federal Reserve Board shall have the right, in its discretion, to be represented in any conference or negotiations by such representative or representatives as the Board may designate. A full report of all conferences or negotiations, and all understandings or agreements arrived at or transactions agreed upon, and all other material facts appertaining to such conferences or negotiations, shall be filed with the Federal Reserve Board in writing by a duly authorized officer of each Federal Reserve bank which shall have participated in such conferences or negotiations.'

"SEC. 11. (a) Section 19 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 142, 374, 461–466, supp. VI, title 12, sec. 462a), is amended by inserting after the sixth paragraph thereof the following new paragraph:

"'No member bank shall act as the medium or agent of any nonbanking corporation, partnership, association, business trust, or individual in making loans on the security of stocks, bonds, and other investment securities to brokers or dealers in stocks, bonds, and other investment securities. Every violation of this provision by any member bank shall be punishable by a fine of not more than $100 per day during the continuance of such violation; and such fine may be collected, by suit or otherwise, by the Federal Reserve bank of the district in which such member bank is located.'

"(b) Such section 19 of the Federal Reserve Act, as amended, is further amended by adding at the end thereof the following new paragraphs:

"'No member bank shall, directly or indirectly by any device whatsoever, pay any interest on any deposit which is payable on demand: *Provided,* That nothing herein contained shall be construed as prohibiting the payment of interest in accordance with the terms of any certificate of deposit or other contract heretofore entered into in good faith which is in force on the date of the enactment of this paragraph; but no such certificate of deposit or other contract shall be renewed or extended unless it shall be modified to conform to this paragraph, and every member bank shall take such action as may be necessary to conform to this paragraph as soon as possible consistently with its contractual obligations: *Provided, however,* That this paragraph shall not apply to any deposit of such bank which is payable only at an office thereof located in a foreign country, and shall not apply to any deposit made by a mutual savings bank, nor to any deposit of public funds made by or on behalf of any State, county, school district, or other subdivision or municipality, with respect to which payment of interest is required under State law.'

"'The Federal Reserve Board shall from time to time limit by regulation the rate of interest which may be paid by member banks on time deposits, and may prescribe different rates for such payment on time and savings deposits having different maturities or subject to different conditions respecting withdrawal or repayment or subject to different conditions by reason of different locations. No member bank shall pay any time deposit before its maturity, or waive any requirement of notice before payment of any savings deposit except as to all savings deposits having the same requirement.'

"(c) Section 8 of the act entitled 'An act to establish postal savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes' approved June 25, 1910, as amended (U.S.C., title 39, sec. 758), is amended by striking out the first sentence thereof and inserting in lieu thereof the following: 'Any depositor may withdraw the whole or any part of the funds deposited to his or her credit with the accrued interest only on notice given 60 days in advance and under such regulations as the Postmaster General may prescribe; but withdrawal of any part of such funds may be made upon demand, but no interest shall be paid on any funds so withdrawn except interest accrued to the date of enactment of the Banking Act of 1933: *Provided,* That Postal Savings depositories may deposit funds in member banks on time under regulations to be prescribed by the Postmaster General.'

"(d) The second sentence of section 9 of the act entitled 'An act to establish Postal Savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes', approved June 25, 1910, as amended (U.S.C., title 39, sec. 759), is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided,* That no such security shall be required in case of such part of the deposits as are insured under section 12B of the Federal Reserve Act, as amended.'

"SEC. 12. Section 22 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 375, 376, 503, 593–595; supp. VI, title 12, sec. 593), is further amended by adding at the end thereof the following new paragraph:

"'(g) No executive officer of any member bank shall borrow from or otherwise become indebted to any member bank of which he is an executive officer, and no member bank shall make any loan or extend credit in any other manner to any of its own executive officers: *Provided,* That loans heretofore made to any such officer may be renewed or extended not more than 2 years from the date this paragraph takes effect, if in accord with sound banking practice. If any executive

officer of any member bank borrow from or if he be or become indebted to any bank other than a member bank of which he is an executive officer, he shall make a written report to the chairman of the board of directors of the member bank of which he is an executive officer, stating the date and amount of such loan or indebtedness, the security therefor, and the purpose for which the proceeds have been or are to be used. Any executive officer of any member bank violating the provisions of this paragraph shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding 1 year, or fined not more than $5,000, or both; and any member bank violating the provisions of this paragraph shall be fined not more than $10,000, and may be fined a further sum equal to the amount so loaned or credit so extended.'

"SEC. 13. The Federal Reserve Act, as amended, is amended by inserting between sections 23 and 24 thereof (U.S.C., title 12, secs. 64 and 371; supp. VI, title 12, sec. 371) the following new section:

"'SEC. 23A. No member bank shall (1) make any loan or any extension of credit to, or purchase securities under repurchase agreement from, any of its affiliates, or (2) invest any of its funds in the capital stock, bonds, debentures, or other such obligations of any such affiliate, or (3) accept the capital stock, bonds, debentures, or other such obligations of any such affiliate as collateral security for advances made to any person, partnership, association, or corporation, if, in the case of any such affiliate, the aggregate amount of such loans, extensions of credit, repurchase agreements, investments, and advances against such collateral security will exceed 10 percent of the capital stock and surplus of such member bank, or if, in the case of all such affiliates, the aggregate amount of such loans, extensions of credits, repurchase agreements, investments, and advances against such collateral security will exceed 20 percent of the capital stock and surplus of such member bank.

"'Within the foregoing limitations, each loan or extension of credit of any kind or character to an affiliate shall be secured by collateral in the form of stocks, bonds, debentures, or other such obligations having a market value at the time of making the loan or extension of credit of at least 20 percent more than the amount of the loan or extension of credit, or of at least 10 percent more than the amount of the loan or extension of credit if it is secured by obligations of any State, or of any political subdivision or agency thereof: *Provided,* That the provisions of this paragraph shall not apply to loans or extensions of credit secured by obligations of the United States Government, the Federal intermediate credit banks, the Federal land banks, the Federal home-loan banks, or the Home Owners' Loan Corporation, or by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal Reserve banks. A loan or extension of credit to a director officer, clerk, or other employee or any representative of any such affiliate shall be deemed a loan to the affiliate to the extent that the proceeds of such loan are used for the benefit of, or transferred to, the affiliate.

"'For the purposes of this section the term "affiliate" shall include holding company affiliates as well as other affiliates, and the provisions of this section shall not apply to any affiliate (1) engaged solely in holding the bank premises of the member bank with which it is affiliated, (2) engaged solely in conducting a safe-deposit business or the business of an agricultural credit corporation or livestock loan company, (3) in the capital stock of which a national banking association is authorized to invest pursuant to section 25 of the Federal Reserve Act, as amended, (4) organized under section 25 (a) of the Federal Reserve Act, as amended, or (5) engaged solely in holding obligations of the United States Government, the Federal intermediate credit banks, the Federal land banks, the Federal Home Loan banks, or the Home Owners' Loan Corporation; but as to any such affiliate, member banks shall continue to be subject to other provisions of law applicable to loans by such banks and investments by such banks in stocks, bonds, debentures, or other such obligations.'

"SEC. 14. The Federal Reserve Act, as amended, is amended by inserting between section 24 and section 25 thereof (U.S.C., title 12, secs. 371 and 601–605; supp. VI, title 12, sec. 371) the following new section:

"'SEC. 24A. Hereafter no national bank, without the approval of the Comptroller of the Currency, and no State member bank, without the approval of the Federal Reserve Board, shall (1) invest in bank premises, or in the stock, bonds, debentures, or other such obligations of any corporation holding the premises of such bank or (2) make loans to or upon the security of the stock of any such corporation, if the aggregate of all such investments and loans will exceed the amount of the capital stock of such bank.'

"SEC. 15. The Federal Reserve Act, as amended, is further amended by inserting after section 25 (a) thereof (U.S.C., title 12, sec. 611–631) the following new section:

"'SEC. 25. (b) Notwithstanding any other provision of law all suits of a civil nature at common law or in equity to which any corporation organized under the laws of the United States shall be a party, arising out of transactions involving international or foreign banking, or banking in a dependency or insular possession of the United States, or out of other international or foreign financial operations, either directly or through the agency, ownership, or control of branches or local institutions in dependencies or insular possessions of the United States or in foreign countries, shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such suits; and any defendant in any such suit may, at any time before the trial thereof, remove such suits from a State court into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law. Such removal shall not cause undue delay in the trial of such case and a case so removed shall have a place on the calendar of the United States court to which it is removed relative to that which it held on the State court from which it was removed.

"'Notwithstanding any other provision of law, all suits of a civil nature at common law or in equity to which any Federal Reserve bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such suits; and any Federal Reserve bank which is a defendant in any such suit may, at any time before the trial thereof, remove such suit from a State court into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law. No attachment or execution shall be issued against any Federal Reserve bank or its property before final judgment in any suit, action, or proceeding in any State, county, municipal, or United States court.'

"SEC. 16. Paragraph 'seventh' of section 5136 of the Revised Statutes, as amended (U.S.C., title 12, sec. 24; supp. VI, title 12, sec. 24), is amended to read as follows:

"'Seventh. To exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes according to the provisions of this title. The business of dealing in investment securities by the association shall be limited to purchasing and selling such securities without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities: *Provided,* That the association may purchase for its own account investment securities under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe, but in no event (1) shall the total amount of any issue of investment securities of any one obligor or maker purchased after this section as amended takes effect and held by the association for its own account exceed at any time 10 percent

of the total amount of such issue outstanding, but this limitation shall not apply to any such issue the total amount of which does not exceed $100,000 and does not exceed 50 percent of the capital of the association, nor (2) shall the total amount of the investment securities of any one obligor or maker purchased after this section as amended takes effect and held by the association for its own account exceed at any time 15 percent of the amount of the capital stock of the association actually paid in and unimpaired and 25 percent of its unimpaired surplus fund. As used in this section the term "investment securities" shall mean marketable obligations evidencing indebtedness of any person, copartnership, association, or corporation in the form of bonds, notes, and/or debentures commonly known as investment securities under such further definition of the term "investment securities" as may by regulation be prescribed by the Comptroller of the Currency. Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by the association of any shares of stock of any corporation. The limitations and restrictions herein contained as to dealing in, underwriting, and purchasing for its own account, investment securities shall not apply to obligations of the United States, or general obligations of any State or of any political subdivision thereof, or obligations issued under authority of the Federal Farm Loan Act, as amended, or issued by the Federal Home Loan Banks or the Home Owners' Loan Corporation: *Provided*, That in carrying on the business commonly known as the safe-deposit business the association shall not invest in the capital stock of a corporation organized under the law of any State to conduct a safe-deposit business in an amount in excess of 15 percent of the capital stock of the association actually paid in and unimpaired and 15 percent of its unimpaired surplus.'

"The restrictions of this section as to dealing in investment securities shall take effect 1 year after the date of the approval of this act.

"SEC. 17. (a) Section 5138 of the Revised Statutes, as amended (U.S.C., title 12, sec. 51; supp. VI, title 12, sec. 51), is amended to read as follows:

"'SEC. 5138. After this section as amended takes effect, no national banking association shall be organized with a less capital than $100,000, except that such associations with a capital of not less than $50,000 may be organized in any place the population of which does not exceed 6,000 inhabitants. No such association shall be organized in a city the population of which exceeds 50,000 persons with a capital of less than $200,000, except that in the outlying districts of such a city where the State laws permit the organization of State banks with a capital of $100,000 or less, national banking associations now organized or hereafter organized may, with the approval of the Comptroller of the Currency, have a capital of not less than $100,000.'

"(b) The tenth paragraph of section 9 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 329), is amended to read as follows:

"'No applying bank shall be admitted to membership in a Federal Reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the National Bank Act, as amended: *Provided*, That this paragraph shall not apply to State banks and trust companies organized prior to the date this paragraph as amended takes effect and situated in a place the population of which does not exceed 3,000 inhabitants and having a capital of not less than $25,000, nor to any State bank or trust company which is so situated and which, while it is entitled to the benefits of insurance under section 12B of this act, increases its capital to not less than $25,000.'

"SEC. 18. Section 5139 of the Revised Statutes, as amended (U.S.C., title 12, sec. 52; supp. VI, title 12, sec. 52), is amended by adding at the end thereof the following new paragraph:

"'After 1 year from the date of the enactment of the Banking Act of 1933, no certificate representing the stock of any such association shall represent the stock of any other corporation, except a member bank or a corporation existing on the date this paragraph takes effect engaged solely in holding the bank premises of such association, nor shall the ownership, sale, or transfer of any certificate representing the stock of any such association be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank.'

"SEC. 19. Section 5144 of the Revised Statutes, as amended (U.S.C., title 12, sec. 61), is amended to read as follows:

"'SEC. 5144. In all elections of directors, each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall think fit; and in deciding all other questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of stock held by him; except (1) that shares of its own stock held by a national bank as sole trustee shall not be voted, and shares of its own stock held by a national bank and one or more persons as trustees may be voted by such other person or persons, as trustees, in the same manner as if he or they were the sole trustee, and (2) shares controlled by any holding company affiliate of a national bank shall not be voted unless such holding company affiliate shall have first obtained a voting permit as hereinafter provided, which permit is in force at the time such shares are voted. Shareholders may vote by proxies duly authorized in writing; but no officer, clerk, teller, or bookkeeper of such bank shall act as proxy; and no shareholder whose liability is past due and unpaid shall be allowed to vote.

"'For the purposes of this section shares shall be deemed to be controlled by a holding company affiliate if they are owned or controlled directly or indirectly by such holding company affiliate, or held by any trustee for the benefit of the shareholders or members thereof.

"'Any such holding company affiliate may make application to the Federal Reserve Board for a voting permit entitling it to cast one vote at all elections of directors and in deciding all questions at meetings of shareholders of such bank on each share of stock controlled by it or authorizing the trustee or trustees holding the stock for its benefit or for the benefit of its shareholders so to vote the same. The Federal Reserve Board may, in its discretion, grant or withhold such permit as the public interest may require. In acting upon such application, the Board shall consider the financial condition of the applicant, the general character of its management, and the probable effect of the granting of such permit upon the affairs of such bank, but no such permit shall be granted except upon the following conditions:

"'(a) Every such holding company affiliate shall, in making the application for such permit, agree (1) to receive, on dates identical with those fixed for the examination of banks with which it is affiliated, examiners duly authorized to examine such banks, who shall make such examinations of such holding company affiliate as shall be necessary to disclose fully the relations between such banks and such holding company affiliate and the effect of such relations upon the affairs of such banks, such examinations to be at the expense of the holding company affiliate so examined; (2) that the reports of such examiners shall contain such information as shall be necessary to disclose fully the relations between such affiliate and such banks and the effect of such relations upon the affairs of such banks; (3) that such examiners may examine each bank owned or controlled by the holding company affiliate, both individually and in conjunction with other banks owned or controlled by such holding company affiliate; and (4) that publication of individual or consolidated statements of condition of such banks may be required;

"'(b) After 5 years after the enactment of the Banking Act of 1933, every such holding company affiliate (1) shall possess, and shall continue to possess during the life of such

permit, free and clear of any lien, pledge, or hypothecation of any nature, readily marketable assets other than bank stock in an amount not less than 12 percent of the aggregate par value of all bank stocks controlled by such holding-company affiliate, which amount shall be increased by not less than 2 percent per annum of such aggregate par value until such assets shall amount to 25 percent of the aggregate par value of such bank stocks; and (2) shall reinvest in readily marketable assets other than bank stock all net earnings over and above 6 percent per annum on the book value of its own shares outstanding until such assets shall amount to such 25 percent of the aggregate par value of all bank stocks controlled by it;

"'(c) Notwithstanding the foregoing provisions of this section, after 5 years after the enactment of the Banking Act of 1933, (1) any such holding-company affiliate the shareholders or members of which shall be individually and severally liable in proportion to the number of shares of such holding-company affiliate held by them, respectively, in addition to amounts invested therein, for all statutory liability imposed on such holding-company affiliate by reason of its control of shares of stock of banks, shall be required only to establish and maintain out of net earnings over and above 6 percent per annum on the book value of its own shares outstanding a reserve of readily marketable assets in an amount of not less than 12 percent of the aggregate par value of bank stocks controlled by it, and (2) the assets required by this section to be possessed by such holding-company affiliate may be used by it for replacement of capital in banks affiliated with it and for losses incurred in such banks, but any deficiency in such assets resulting from such use shall be made up within such period as the Federal Reserve Board may by regulation prescribe;

"'(d) Every officer, director, agent, and employee of every such holding company affiliate shall be subject to the same penalties for false entries in any book, report, or statement of such holding company affiliate as are applicable to officers, directors, agents, and employees of member banks under section 5209 of the Revised Statutes, as amended (U.S.C., title 12, sec. 592); and

"'(e) Every such holding company affiliate shall, in its application for such voting permit, (1) show that it does not own, control, or have any interest in, and is not participating in the management or direction of, any corporation, business trust, association, or other similar organization formed for the purpose of, or engaged principally in, the issue, flotation, underwriting, public sale, or distribution, at wholesale or retail or through syndicate participation, of stocks, bonds, debentures, notes, or other securities of any sort (hereinafter referred to as "securities company"); (2) agree that during the period that the permit remains in force it will not acquire any ownership, control, or interest in any such securities company or participate in the management or direction thereof; (3) agree that if, at the time of filing the application for such permit, it owns, controls, or has an interest in, or is participating in the management or direction of, any such securities company, it will, within 5 years after the filing of such application, divest itself of its ownership, control, and interest in such securities company and will cease participating in the management or direction thereof, and will not thereafter, during the period that the permit remains in force, acquire any further ownership, control, or interest in any such securities company or participate in the management or direction thereof; and (4) agree that thenceforth it will declare dividends only out of actual net earnings.

"'If at any time it shall appear to the Federal Reserve Board that any holding company affiliate has violated any of the provisions of the Banking Act of 1933 or of any agreement made pursuant to this section, the Federal Reserve Board may, in its discretion, revoke any such voting permit after giving 60 days' notice by registered mail of its intention to the holding company affiliate and affording it an opportunity to be heard. Whenever the Federal Reserve Board shall have revoked any such voting permit, no national bank whose stock is controlled by the holding company affiliate whose permit is so revoked shall receive deposits of public moneys of the United States, nor shall any such national bank pay any further dividend to such holding company affiliate upon any shares of such bank controlled by such holding company affiliate.

"'Whenever the Federal Reserve Board shall have revoked any voting permit as hereinbefore provided, the rights, privileges, and franchises of any or all national banks the stock of which is controlled by such holding company affiliate shall, in the discretion of the Federal Reserve Board, be subject to forfeiture in accordance with section 2 of the Federal Reserve Act, as amended.'

"SEC. 20. After 1 year from the date of the enactment of this act, no member bank shall be affiliated in any manner described in section 2 (b) hereof with any corporation, association, business trust, or other similar organization engaged principally in the issue, flotation, underwriting, public sale, or distribution at wholesale or retail or through syndicate participation of stocks, bonds, debentures, notes, or other securities.

"For every violation of this section the member bank involved shall be subject to a penalty not exceeding $1,000 per day for each day during which such violation continues. Such penalty may be assessed by the Federal Reserve Board, in its discretion, and, when so assessed, may be collected by the Federal Reserve bank by suit or otherwise.

"If any such violation shall continue for 6 calendar months after the member bank shall have been warned by the Federal Reserve Board to discontinue the same, (a) in the case of a national bank, all the rights, privileges, and franchises granted to it under the National Bank Act may be forfeited in the manner prescribed in section 2 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 141, 222–225, 281–286, 502), or, (b) in the case of a State member bank, all of its rights and privileges of membership in the Federal Reserve System may be forfeited in the manner prescribed in section 9 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 321–332).

"SEC. 21. (a) After the expiration of 1 year after the date of enactment of this act it shall be unlawful—

"(1) For any person, firm, corporation, association, business trust, or other similar organization, engaged in the business of issuing, underwriting, selling, or distributing, at wholesale or retail, or through syndicate participation, stocks, bonds, debentures, notes, or other securities, to engage at the same time to any extent whatever in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or other evidence of debt, or upon request of the depositor; or

"(2) For any person, firm, corporation, association, business trust, or other similar organization, other than a financial institution or private banker subject to examination and regulation under State or Federal law, to engage to any extent whatever in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or other evidence of debt, or upon request of the depositor, unless such person, firm, corporation, association, business trust, or other similar organization shall submit to periodic examination by the Comptroller of the Currency or by the Federal Reserve bank of the district and shall make and publish periodic reports of its condition, exhibiting in detail its resources and liabilities, such examination and reports to be made and published at the same times and in the same manner and with like effect and penalties as are now provided by law in respect of national banking associations transacting business in the same locality.

"(b) Whoever shall willfully violate any of the provisions of this section shall upon conviction be fined not more than $5,000 or imprisoned not more than 5 years, or both, and any officer, director, employee, or agent of any person, firm, corporation, association, business trust, or other similar organization who knowingly participates in any such violation shall be punished by a like fine or imprisonment, or both.

"SEC. 22. The additional liability imposed upon shareholders in national banking associations by the provisions of

section 5151 of the Revised Statutes, as amended, and section 23 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 63 and 64), shall not apply with respect to shares in any such association issued after the date of enactment of this act.

"SEC. 23. Paragraph (c) of section 5155 of the Revised Statutes, as amended (U.S.C., title 12, sec. 36), is amended to read as follows:

"'(c) A national banking association may, with the approval of the Comptroller of the Currency, establish and operate new branches (1) within the limits of the city, town, or village in which said association is situated, if such establishment and operation are at the time expressly authorized to State banks by the law of the State in question; and (2) at any point within the State in which said association is situated, if such establishment and operation are at the time authorized to State banks by the statute law of the State in question by language specifically granting such authority affirmatively and not merely by implication or recognition, and subject to the restrictions as to location imposed by the law of the State on State banks. No such association shall establish a branch outside of the city, town, or village in which it is situated unless it has a paid-in and unimpaired capital stock of not less than $500,000: *Provided,* That in States with a population of less than 1,000,000, and which have no cities located therein with a population exceeding 100,000, the capital shall be not less than $250,000: *Provided,* That in States with a population of less than one half million, and which have no cities located therein with a population exceeding 50,000, the capital shall not be less than $100,000.'

"Paragraph (d) of section 5155 of the Revised Statutes, as amended (U.S.C., title 12, sec. 36), is amended to read as follows:

"'(d) The aggregate capital of every national banking association and its branches shall at no time be less than the aggregate minimum capital required by law for the establishment of an equal number of national banking associations situated in the various places where such association and its branches are situated.'

"SEC. 24. (a) Sections 1 and 3 of the act entitled 'An Act to provide for the consolidation of national banking associations', approved November 7, 1918, as amended (U.S.C., title 12, secs. 33, 34, and 34a), are amended by striking out the words 'county, city, town, or village' wherever they occur in each such section, and inserting in lieu thereof the words 'State, county, city, town, or village.'

"(b) Section 3 of such act of November 7, 1918, as amended, is further amended by striking out the second sentence thereof and inserting in lieu thereof the following: 'The capital stock of such consolidated association shall not be less than that required under existing law for the organization of a national banking association in the place in which such consolidated association is located. Upon such a consolidation, or upon a consolidation of two or more national banking associations under section 1 of this act, the corporate existence of each of the constituent banks and national banking associations participating in such consolidation shall be merged into and continued in the consolidated national banking association and the consolidated association shall be deemed to be the same corporation as each of the constituent institutions. All the rights, franchises, and interests of each of such constituent banks and national banking associations in and to every species of property, real, personal, and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such consolidated national banking association without any deed or other transfer; and such consolidated national banking association, by virtue of such consolidation and without any order or other action on the part of any court or otherwise, shall hold and enjoy the same and all rights of property, franchises, and interests, including appointments, designations, and nominations and all other rights and interests as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics and in every other fiduciary capacity, in the same manner and to the same extent as such rights, franchises, and interests were held or enjoyed by any such constituent institution at the time of such consolidation: *Provided, however,* That where any such constituent institution at the time of such consolidation was acting under appointment of any court as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity, the consolidated national banking association shall be subject to removal by a court of competent jurisdiction in the same manner and to the same extent as was such constituent corporation prior to the consolidation, and nothing herein contained shall be construed to impair in any manner the right of any court to remove such a consolidated national banking association and to appoint in lieu thereof a substitute trustee, executor, or other fiduciary, except that such right shall not be exercised in such a manner as to discriminate against national banking associations, nor shall any such consolidated association be removed solely because of the fact that it is a national banking association.'

"SEC. 25. The first two sentences of section 5197 of the Revised Statutes (U.S.C., title 12, sec. 85) are amended to read as follows:

"'Any association may take, receive, reserve, and charge on any loan or discount made, or upon any notes, bills of exchange, or other evidences of debt, interest at the rate allowed by the laws of the State, Territory, or District where the bank is located, or at a rate of 1 percent in excess of the discount rate on 90-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located, whichever may be the greater, and no more, except that where by the laws of any State a different rate is limited for banks organized under State laws, the rate so limited shall be allowed for associations organized or existing in any such State under this title. When no rate is fixed by the laws of the State, or Territory, or District, the bank may take, receive, reserve, or charge a rate not exceeding 7 percent, or 1 percent in excess of the discount rate on 90-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located, whichever may be the greater, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run.'

"SEC. 26. (a) The second sentence of the first paragraph of section 5200 of the Revised Statutes, as amended (U.S.C., title 12, sec. 84; supp. VI, title 12, sec. 84), is amended by inserting before the period at the end thereof the following: 'and shall include in the case of obligations of a corporation all obligations of all subsidiaries thereof in which such corporation owns or controls a majority interest.'

"(b) The amendment made by this section shall not apply to such obligations of subsidiaries held by such association on the date this section takes effect.

"SEC. 27. Section 5211 of the Revised Statutes, as amended (U.S.C., title 12, sec. 161; supp. VI, title 12, sec. 161), is amended by adding at the end thereof the following new paragraph:

"'Each national banking association shall obtain from each of its affiliates other than member banks and furnish to the Comptroller of the Currency not less than three reports during each year, in such form as the Comptroller may prescribe, verified by the oath or affirmation of the president or such other officer as may be designated by the board of directors of such affiliate to verify such reports, disclosing the information hereinafter provided for as of dates identical with those for which the Comptroller shall during such year require the reports of the condition of the association. For the purpose of this section the term "affiliate" shall include holding company affiliates as well as other affiliates. Each such report of an affiliate shall be transmitted to the Comptroller at the same time as the corresponding report of the association, except that the Comptroller may, in his discretion, extend such time for good cause shown. Each such report shall contain such

information as in the judgment of the Comptroller of the Currency shall be necessary to disclose fully the relations between such affiliate and such bank and to enable the Comptroller to inform himself as to the effect of such relations upon the affairs of such bank. The reports of such affiliates shall be published by the association under the same conditions as govern its own condition reports. The Comptroller shall also have power to call for additional reports with respect to any such affiliate whenever in his judgment the same are necessary in order to obtain a full and complete knowledge of the conditions of the association with which it is affiliated. Such additional reports shall be transmitted to the Comptroller of the Currency in such form as he may prescribe. Any such affiliated bank which fails to obtain and furnish any report required under this section shall be subject to a penalty of $100 for each day during which such failure continues.'

"SEC. 28. (a) The first paragraph of section 5240 of the Revised Statutes, as amended (U.S.C., title 12, sec. 481), is amended by inserting before the period at the end thereof a colon and the following proviso: '*Provided*, That in making the examination of any national bank the examiners shall include such an examination of the affairs of all its affiliates other than member banks as shall be necessary to disclose fully the relations between such bank and such affiliates and the effect of such relations upon the affairs of such bank; and in the event of the refusal to give any information required in the course of the examination of any such affiliate, or in the event of the refusal to permit such examination, all the rights, privileges, and franchises of the bank shall be subject to forfeiture in accordance with section 2 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 141, 222–225, 281–286, and 502). The Comptroller of the Currency shall have power, and he is hereby authorized, to publish the report of his examination of any national banking association or affiliate which shall not within 120 days after notification of the recommendations or suggestions of the Comptroller, based on said examination, have complied with the same to his satisfaction. Ninety days' notice prior to such publicity shall be given to the bank or affiliate.'

"(b) Section 5240 of the Revised Statutes, as amended (U.S.C., title 12, sec. 481), is further amended by adding after the first paragraph thereof the following new paragraph:

"'The examiner making the examination of any affiliate of a national bank shall have power to make a thorough examination of all the affairs of the affiliate, and in doing so he shall have power to administer oaths and to examine any of the officers, directors, employees, and agents thereof under oath and to make a report of his findings to the Comptroller of the Currency. The expense of examinations of such affiliates may be assessed by the Comptroller of the Currency upon the affiliates examined in proportion to assets or resources held by the affiliates upon the dates of examination of the various affiliates. If any such affiliate shall refuse to pay such expenses or shall fail to do so within 60 days after the date of such assessment, then such expenses may be assessed against the affiliated national bank and, when so assessed, shall be paid by such national bank: *Provided, however*, That, if the affiliation is with two or more national banks, such expenses may be assessed against, and collected from, any or all of such national banks in such proportions as the Comptroller of the Currency may prescribe. The examiners and assistant examiners making the examinations of national banking associations and affiliates thereof herein provided for and the chief examiners, reviewing examiners, and other persons whose services may be required in connection with such examinations or the reports thereof, shall be employed by the Comptroller of the Currency with the approval of the Secretary of the Treasury; the employment and compensation of examiners, chief examiners, reviewing examiners, assistant examiners, and of the other employees of the office of the Comptroller of the Currency whose compensation is paid from assessments on banks or affiliates thereof shall be without regard to the provisions of other laws applicable to officers or employees of the United States. The funds derived from such assessments may be deposited by the Comptroller of the Currency in accordance with the provisions of section 5234 of the Revised Statutes (U.S.C., title 12, sec. 192) and shall not be construed to be Government funds or appropriated moneys; and the Comptroller of the Currency is authorized and empowered to prescribe regulations governing the computation and assessment of the expenses of examinations herein provided for and the collection of such assessments from the banks and/or affiliates examined. If any affiliate of a national bank shall refuse to permit an examiner to make an examination of the affiliate or shall refuse to give any information required in the course of any such examination, the national bank with which it is affiliated shall be subject to a penalty of not more than $100 for each day that any such refusal shall continue. Such penalty may be assessed by the Comptroller of the Currency and collected in the same manner as expenses of examination.'

"SEC. 29. In any case in which, in the opinion of the Comptroller of the Currency, it would be to the advantage of the depositors and unsecured creditors of any national banking association whose business has been closed, for such association to resume business upon the retention by the association, for a reasonable period to be prescribed by the Comptroller, of all or any part of its deposits, the Comptroller is authorized, in his discretion, to permit the association to resume business if depositors and unsecured creditors of the association representing at least 75 percent of its total deposit and unsecured credit liabilities consent in writing to such retention of deposits. Nothing in this section shall be construed to affect in any manner any powers of the Comptroller under the provisions of law in force on the date of enactment of this act with respect to the reorganization of national banking associations.

"SEC. 30. Whenever, in the opinion of the Comptroller of the Currency, any director or officer of a national bank, or of a bank or trust company doing business in the District of Columbia, or whenever, in the opinion of a Federal Reserve agent, any director or officer of a State member bank in his district shall have continued to violate any law relating to such bank or trust company or shall have continued unsafe or unsound practices in conducting the business of such bank or trust company, after having been warned by the Comptroller of the Currency or the Federal Reserve agent, as the case may be, to discontinue such violations of law or such unsafe or unsound practices, the Comptroller of the Currency or the Federal Reserve agent, as the case may be, may certify the facts to the Federal Reserve Board. In any such case the Federal Reserve Board may cause notice to be served upon such director or officer to appear before such Board to show cause why he should not be removed from office. A copy of such order shall be sent to each director of the bank affected, by registered mail. If after granting the accused director or officer a reasonable opportunity to be heard, the Federal Reserve Board finds that he has continued to violate any law relating to such bank or trust company or has continued unsafe or unsound practices in conducting the business of such bank or trust company after having been warned by the Comptroller of the Currency or the Federal Reserve agent to discontinue such violation of law or such unsafe or unsound practices, the Federal Reserve Board, in its discretion, may order that such director or officer be removed from office. A copy of such order shall be served upon such director or officer. A copy of such order shall also be served upon the bank of which he is a director or officer, whereupon such director or officer shall cease to be a director or officer of such bank: *Provided*, That such order and the findings of fact upon which it is based shall not be made public or disclosed to anyone except the director or officer involved and the directors of the bank involved, otherwise than in connection with proceedings for a violation of this section. Any such director or officer removed from office as herein provided who thereafter participates in any manner in the management of such bank shall be fined not more than $5,000, or imprisoned for not more than 5 years, or both, in the discretion of the court.

"SEC. 31. After 1 year from the date of enactment of this act, notwithstanding any other provision of law, the board of directors, board of trustees, or other similar governing body of every national banking association and of every State bank or trust company which is a member of the Federal Reserve System shall consist of not less than 5 nor more than 25 members; and every director, trustee, or other member of such governing body shall be the bona fide owner in his own right of shares of stock of such banking association, State bank, or trust company having a par value in the aggregate of not less than $2,500, unless the capital of the bank shall not exceed $50,000, in which case he must own in his own right shares having a par value in the aggregate of not less than $1,500, or unless the capital of the bank shall not exceed $25,000, in which case he must own in his own right shares having a par value in the aggregate of not less than $1,000. If any national banking association violates the provisions of this section and continues such violation after 30 days' notice from the Comptroller of the Currency, the said Comptroller may appoint a receiver or conservator therefor, in accordance with the provisions of existing law. If any State bank or trust company which is a member of the Federal Reserve System violates the provisions of this section and continues such violation after 30 days' notice from the Federal Reserve Board, it shall be subject to the forfeiture of its membership in the Federal Reserve System in accordance with the provisions of section 9 of the Federal Reserve Act, as amended.

"SEC. 32. From and after January 1, 1934, no officer or director of any member bank shall be an officer, director, or manager of any corporation, partnership, or unincorporated association engaged primarily in the business of purchasing, selling, or negotiating securities, and no member bank shall perform the functions of a correspondent bank on behalf of any such individual, partnership, corporation, or unincorporated association and no such individual, partnership, corporation, or unincorporated association shall perform the functions of a correspondent for any member bank or hold on deposit any funds on behalf of any member bank, unless in any such case there is a permit therefor issued by the Federal Reserve Board; and the Board is authorized to issue such permit if in its judgment it is not incompatible with the public interest, and to revoke any such permit whenever it finds after reasonable notice and opportunity to be heard, that the public interest requires such revocation.

"SEC. 33. The act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, as amended (U.S.C., title 15, sec. 19), is hereby amended by adding after section 8 thereof the following new section:

"'SEC. 8A. That from and after the 1st day of January 1934, no director, officer, or employee of any bank, banking association, or trust company, organized or operating under the laws of the United States shall be at the same time a director, officer, or employee of a corporation (other than a mutual-savings bank) or a member of a partnership organized for any purpose whatsoever which shall make loans secured by stock or bond collateral to any individual, association, partnership, or corporation other than its own subsidiaries.'

"SEC. 34. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

And the Senate agree to the same.

CARTER GLASS,
ROBERT J. BULKLEY,
W. G. MCADOO,
Managers on the part of the Senate.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ROBERT LUCE,
Managers on the part of the House.

CAPPER FAIR TRADE BILL

Mr. CAPPER. Mr. President, I have introduced a bill (S. 1592) which will afford sufficient and even drastic means of curbing untrue, deceptive, or misleading advertising. Based on the Printers' Ink model statute, which is now law in 25 States, it affords the most workable and effective weapon for making advertising honest and clean, and at the same time imposes neither hardship nor injustice upon the honest advertiser.

An advertisement is either truthful or untruthful; there can be no middle ground.

If an advertiser tells lies in a printed presentation to his trade, he ought to be made to suffer for it. On the other hand, the advertiser who does tell the truth should not be hampered, badgered, or harassed by bureaus or any other force.

Under the terms of my bill any advertiser who makes any untrue, deceptive, or misleading claims about his goods is guilty of a misdemeanor and is liable to fine or imprisonment or both.

The procedure is so natural and obvious that one wonders why anybody should think the best interests of business could be advanced by administration of this vital force by any bureau of the Government, no matter how high-minded that bureau might be.

The procedure is almost painfully obvious: Fine the dishonest advertiser or lock him up. Permit the honest advertiser to proceed with sufficient freedom.

One very strong argument in behalf of my bill, too, is that it will be preventive in its workings, as well as punitive. Any advertiser who would mislead or deceive is going to proceed with great care when he knows that in the strong hand of the Federal Government there is a weapon such as this.

I ask unanimous consent to have printed, in this connection, an editorial from the Portland (Oreg.) Oregonian.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Portland (Oreg.) Oregonian, May 26, 1933]

THE FALSE ADVERTISING BILL

Senator CAPPER's bill on false advertising, now before the United States Senate Committee on Interstate Commerce, should become law.

Briefly summarized, the bill provides that false advertising—whether in publications that use the mail, in direct-mail advertising, or in radio programs—shall be a Federal misdemeanor, punishable with a fine of not more than $1,000, or imprisonment for not more than 5 years, or both fine and imprisonment. Prosecutions, of course, would be the duty of the Attorney General of the United States.

The Federal bill is founded on the famous Printers' Ink statute, formulated some years ago by the magazine Printers' Ink, and now operative in 24 States out of the 48. It is argued, with reason, that leaving the advertising problem to the States has caused considerable confusion and general failure. Correction of the situation by concentration in the hands of the Federal Government is especially opportune at this time because of the foolish and dangerous suggestions that have been made in Congress in favor of a Federal bureau, under the Federal Trade Commission, to pass upon an advertisement before it is published. Such a board of censorship would slow down advertising tremendously, make it unweildy and cumbersome, and would deaden the whole business processes of the country. A Federal bureau large enough to pass rapidly upon all the advertisements submitted would likewise be large enough to swallow up the city of Washington. It would be another huge financial burden on the troubled taxpayers.

The Printer's Ink bill, on the other hand, is fair enough to all, and reasonably simple of operation. It would end the present chaos between the States, and offer needed protection for the purchasers.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEES

The VICE PRESIDENT. There being no messages from the President of the United States, reports of committees are in order.

Mr. FLETCHER, from the Committee on Banking and Currency, reported favorably the nomination of Fredric H.

Taber, of Massachusetts, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932.

Mr. TRAMMELL, from the Committee on Naval Affairs, reported favorably certain nominations for promotions in the Marine Corps.

The VICE PRESIDENT. The nominations will be placed on the Executive Calendar.

HERBERT J. DRANE

Mr. FLETCHER. Mr. President, I move that the Committee on Interstate Commerce be discharged from the further consideration of the nomination of Herbert J. Drane, of Florida, to be a member of the Federal Power Commission, and that the nomination be considered at this time.

Mr. LA FOLLETTE. Mr. President, is the Senator from Washington [Mr. DILL], Chairman of the Committee on Interstate Commerce, here?

Mr. DILL. Mr. President, I am here. I have been polling the committee. I have only one more Senator's signature to obtain, but have not been able to find him. The Senator from Florida asked that I poll the committee, and I said that when I had a majority of the committee polled I would submit the report; if not, I would take up the matter with the Senator again. There is one Senator's signature that I have not yet obtained, because I have not been able to find him.

Mr. FLETCHER. Who is the Senator?

Mr. DILL. The Senator from Kentucky [Mr. BARKLEY].

Mr. FLETCHER. I did not know that it was necessary to have the signature of every member of the committee. The Senator has the approval of 15 out of the 17 members, I take it. We do not need everybody's approval to report a nomination.

I desire to say that this nomination came to the Senate on the 19th of May, and there was difficulty about getting a meeting of the committee. The chairman of the committee told me, when I spoke to him about it, that he could not secure the presence of a quorum of his committee. After a while I told him to name a date, and asked the privilege of appearing before the committee in behalf of the nominee. The chairman did name a date, and I appeared before the committee. At that time there were 8 members present, 7 constituting a quorum, and 6 of them wanted to report the nomination.

Mr. DILL. Mr. President, I do not want to indulge in any argument, but the Senator from Florida is misrepresenting the situation—unintentionally, I am sure. Seven is not a quorum of the Committee on Interstate Commerce.

Mr. FLETCHER. I was told so by the chairman of the committee.

Mr. DILL. Then the Senator must have misunderstood me. I said seven constitute a working quorum, but do not constitute a quorum to act.

Mr. FLETCHER. What is a working quorum but an acting quorum? I accept the chairman's statement about that, if there is a distinction; but I do not understand the reason for the distinction.

Mr. DILL. I am perfectly willing to ask unanimous consent of the Senate to submit a report on the nomination, but I have been keeping my word with the Senator from Florida in every respect. I have polled the committee as diligently as I could.

Mr. FLETCHER. The Senator from Kentucky [Mr. BARKLEY] has been here today, and was here Saturday evening.

Mr. DILL. That is true; but he has not signed either way on the nomination.

Mr. FLETCHER. But the Senator has more than 12 members of the committee. Let the Senator go ahead and make his report.

Mr. DILL. The report I have here now is 9 in favor and 7 against. That is the vote of the committee. I am willing to ask unanimous consent to submit the report and have it go to the calendar.

The VICE PRESIDENT. The report will be read.

The LEGISLATIVE CLERK. Herbert J. Drane, of Florida, to be a member of the Federal Power Commission for the term expiring June 22, 1937, vice Marcel Garsaud.

Mr. FLETCHER. I ask unanimous consent to consider the nomination now. It comes within the rule which has heretofore been established.

The VICE PRESIDENT. Is there objection to the request of the Senator from Florida?

Mr. LA FOLLETTE. At this late hour, I must object.

Mr. LONG. May I prevail upon my friend from Wisconsin——

Mr. LA FOLLETTE. Mr. President, I do not know anything about this matter, but the statement that there are seven members of the committee opposed to the nomination would indicate there is some question about it. I do not think we ought to take it up at this late hour.

Mr. FLETCHER. The only objection is that the chairman of the committee does not like the nominee.

Mr. DILL. O Mr. Presiden, I object to that statement. I have no objection to the nominee. I think the Senator from Florida is hardly fair in that statement.

Mr. FLETCHER. Possibly the Senator has some other nominee whom he favors?

Mr. DILL. No, Mr. President; I have not.

Mr. LA FOLLETTE. Mr. President, I shall have to insist on my objection. I think tomorrow morning we will be in a better temper to consider it.

Mr. FLETCHER. May I say to the Senator from Wisconsin that it has been unanimously agreed heretofore that nominations of this kind that were not on the calendar might be called up in this way?

Mr. LA FOLLETTE. I looked into that matter very carefully. The Senator from Arkansas [Mr. ROBINSON] the other day asked unanimous consent that reports which had been made might be considered. I have no disposition, I will say to the Senator, to delay the matter unduly; but when the chairman of the committee makes the statement that there is a very close vote in the committee and when the nomination is reported to the Senate here at 25 minutes after 6 o'clock in the evening I think we ought to have a little time to find out what it is that caused the division in the committee. I think that is not an unreasonable request.

I am not a member of the committee; but the fact that seven members of the committee voted against the nomination would seem to indicate that they must have some reason for it besides a mere capricious reason. I hope the Senator will give me the opportunity overnight to inquire into it and find out what is involved. I assure him I have no disposition to delay the matter.

Mr. ROBINSON of Arkansas. Mr. President, may I interrupt both Senators? I do not believe there is anything unreasonable in the suggestion that the nomination go over until tomorrow.

Mr. FLETCHER. I am willing to have that done. I simply do not want this session of the Senate to adjourn without action on this nomination.

Mr. ROBINSON of Arkansas. I should like to say to the Senator from Wisconsin that I believe I am informed on the subject of this nominee. There is no objection whatever, so far as I am informed, to the character or general qualifications of the nominee. He is a man of the highest character, and a man of notable ability. He is advanced in years, and some Senators have felt that that circumstance might impair his activity as a member of the Commission; but I have some knowledge of him personally, and I believe that he is efficient, and would be diligent in the performance of his duties. However, it is not a matter consideration of which can be forced at this late hour.

Mr. FLETCHER. Only in accordance with the rule upon which we have heretofore agreed.

Mr. ROBINSON of Arkansas. I hope the Senator from Wisconsin will withdraw his objection.

Mr. LA FOLLETTE. Under the circumstances, I do not think I can withdraw my request. I will state to the Senator from Florida that I am not informed about the matter; but when a number of members of the committee have regis-

tered their votes against the nominee, I feel that I am put on notice to make some inquiry myself. If the Senator will be willing to let the matter go over until tomorrow, I shall not interpose any dilatory tactics.

Mr. FLETCHER. Both Senators from Florida have urged the nomination. They have known this man thirty-odd years. Every member of the Florida delegation in the House urges the confirmation of the nomination. Mr. Drane was nominated by the President. The only objection to him is that he is too old. He is 69 years of age. The finest work done by one of the justices of the Supreme Court was done after he was 90 years of age. It does not make any difference that a man is 69 years of age so far as his efficiency is concerned.

However, if the Senator from Wisconsin insists, I am willing to forego invoking the rule that has been adopted by the Senate. The rule was adopted, and I appeal to the Senator from Arkansas if that is not true. The other day we considered a number of nominations which were taken up as soon as they came to the Senate.

Mr. LONG. Mr. President, I hope my friend from Wisconsin will listen to me a moment.

I encouraged the chairman of the committee to try to persuade the President to withdraw this nomination on the ground of age. I had helped prevent the confirmation of Mr. Garsaud, and Mr. Drane has been named to the same office; but the two Senators from Florida persuaded me that this is a very fine old gentleman, very active for his age, a splendid type of citizen. I went to the chairman of the committee, the Senator from Washington [Mr. DILL], after I had probably been the aggressor in the matter, and begged him, on the representations and the convincing arguments of the two Senators from Florida, to allow me to change my vote, which I have been accused of doing before, from "nay" to "yea."

There is nothing against the nominee. I do not think anyone would urge anything against him. It is a question of whether or not we wanted a younger man. The Senator from Florida himself has shown such fine activity at his age, many times superior to that which I am able to show at my age, that I thought probably I was doing the wrong thing in encouraging the chairman of the committee.

Mr. FLETCHER. Mr. Manly's name came in one day recently. It was reported out the same day and confirmed. I did not object to the confirmation of his nomination. We have younger men on the Board, for that matter. Mr. Manly was appointed just two or three days ago and confirmed the same day his nomination was reported, by a poll of the committee. However, if the Senator from Wisconsin insists on his objection, I shall let it go over until tomorrow.

The VICE PRESIDENT. Is there objection to the request of the Senator from Florida?

Mr. LA FOLLETTE. Mr. President, it is very difficult for me to object to anything the Senator from Florida asks me to do; but I should like at least an opportunity to confer with some of the members of the committee who voted against this nominee in order to find out their grounds for their action, and whether or not I think they are reasonable. I do not think my request is an unreasonable one. It certainly does not imply anything derogatory to the nominee, for I do not know him, and I had never heard his name until it was read just now by the clerk.

Mr. SMITH. Mr. President, will the Senator from Wisconsin allow me to make just a short statement?

Mr. LA FOLLETTE. Certainly.

Mr. SMITH. I had never met this man until he came into my office and went over the situation with me. I was utterly astonished when I heard his age. In the committee I did not hear any member make a single objection except as to his age. That was all I heard. There was no comment as to his character or his fitness for the position, except that he had not had as much experience as some others have had; but it was stated that he had been a Member of the House and was a thoroughly trustworthy man.

I think we can go further and do infinitely worse than to confirm this nomination.

Mr. LA FOLLETTE. Mr. President, for the third time I feel constrained to object. I shall not interpose any objection to the consideration of this nomination tomorrow.

IMPORTATION OF CEMENT

Mr. WHEELER. Mr. President, I ask to have printed in the RECORD an article by H. E. Miles, chairman of the Fair Tariff League, relative to importations of cement, as follows:

AN ILLUSTRATION OF THE FAILURE OF THE TARIFF COMMISSION

THE CEMENT CASE

In reading the following think equally of the Tariff Commission and of cement.

The law requires the Commission to find "the difference in costs of production, including transportation and delivery to the principal markets in the United States" of the foreign and domestic product. The Commission considered only 14 seaboard points, consuming only 12 percent of our total. Its conclusions are, therefore, false. Had it considered "the principal markets", which consume 88 percent, the picture would have been entirely different, and one or more commissioners would have joined Commissioner Page in his dissenting declaration for free cement.

The Commission knew that the primary or naked cost of a barrel of cement in the Lehigh Valley (Pennsylvania, New Jersey, and Maryland), whence comes 25 percent of the Nation's output, averages 53 cents to 55 cents per barrel. It is 50 cents in efficient plants. This 55-cent average primary cost is discoverable from the Commission's report, but not without the help of an expert, the combination of many figures, and the use of one (7 cents), referred to but not stated. Why all this concealment?

The following table is in the form universally used by producers and distributors to show costs, selling prices, and profits. There is nothing of the sort in any Commission reports known to me in 10 years and nothing that in the slightest discloses hundreds of dozens of like situations:

Cement, Lehigh Valley—Cost, selling price, and profits, 1929

(Per barrel)

Primary or naked cost at mills, average	$0.53 to $0.55
Final cost on cars at mills, average	1.12
Cost delivered in New York City (freight, 42 cents)	1.54
Selling price in New York City, in bulk, carloads	2.30
Net, deduct cash discount 10 cents, dealer's commission 10 cents, freight 42 cents	1.63

Net profit on the Commission's exaggerated cost ($1.12) per barrel, 62 cents, or 50 percent.

This is double the profits to department stores on small hand packages. Cement is a bulk commodity, limestone or slag mixed with clay, fused by coal and delivered in carloads. This in 1929, the year reported on by the Commission when cement was on the free list and unbefriended by a Tariff Commission.

Only two of the above figures, the second and third, are in the report, and those in a table of 140 items assembled for so different a purpose that the writer failed to notice them in the above relationship until after 3 months an expert pointed them out. No disclosures of prices, though the law commands it, and they were thrust upon the Commission's attention by various authorities.

It was in the face of the above facts and others likewise convincing that the Commission approved of a tariff of 23 cents per barrel and gave a "robber trust" the legal right to add, in its sole discretion, $45,000,000 to consumers' prices. This in order that a few imports to a few seaports might be shut out. The above figures held substantially from 1922 to 1931, when the report was issued, during all which time the price of cement in New York and Philadelphia ranged from $2.30 to $2.40—some increase from a naked cost of 55 cents in mills close to these centers.

When the report was written the trust was exporting to Montreal, Canada, at an average price of $1.50 and as low as $1.15, and selling to the South Carolina Highway Commission at 92 cents a barrel. All this when the price in New York City was $2.30 and about this to 85 percent of American users.

CEMENT PRODUCTION AND IMPORTS

Production in 1929 was 170,000,000 barrels, valued at $252,000,000. Exports at world prices were 886,000 barrels, with imports only a little more, 975,000 barrels. Imports were due to our excessively high trust prices, and at that imported cement could be used only at 14 seaports and within trucking distance thereof. It was too expensive to stand rail transportation for the slightest distance. The ports using it bought 25 barrels of domestic cement for each barrel imported. It was to better this condition that we were taxed, at the trust's discretion, $45,000,000.

Why didn't the Commission disclose under its "efficiency" mandate that the excessive costs in Washington and Oregon of $1.64 to $1.70 per barrel are because these mills are very small—only one small kiln each, and that their materials come from hundreds of miles distant? These and like disclosures would enable Congress and the President to judge what all America should be tariff-taxed to make these little plants profitable.

MANUFACTURER'S PROFITS

The profits of the manufacturers were known to the Commission. Why ignore it? An investment of $5,000 in the Lehigh Valley Cement Co. in 1899 had returned in 1930 in dividends and appreciation $646,404. In the Atlas Cement Co. 100 shares in 1899 had become, in 1929, 2,200 of a market value, plus dividends, $133,631. This under the free list.

Profits were so great that plants were overextended and new people entered the business. The Commission said that there was 34 percent of excess and useless capacity, but the Commission allowed 6 percent interest on the total investment, equaling 9 percent on the capacity used in the big year of 1929. Thus the public is to pay a profit on speculative extensions, proven worthless.

The Commission allowed 16.4 cents per barrel, or $28,000,000 for "imputed interest", while disclosing that Belgium, where interest was higher, would require an interest allowance of only $8,500,000. As Belgium produces from chalk she needs less machinery for mining the material, but who will believe that this difference in the raw material justifies an excess annual interest allowance to our producers of $19,500,000? Of this interest allowance $9,500,000 is for the unused and unnecessary excess capacity noted above.

The cost to the public of the $45,000,000 tariff dole will be, if used, $27,000,000 to $30,000,000 added to highway and public improvements. Of this farmers will pay $9,000,000, with another $7,000,000 in price increase for cement used on farms. The trust is marvelously rich. The 50,000,000 on our farms and in villages dependent on farms are virtually bankrupt.

The law requires that "other relevant factors" shall be disclosed. Recently the Federal Trade Commission reported that $42,000,000 was utterly lost in freight charges on "crosswise shipments" of cement; that is, prices were so high that shippers sold in distant places beyond their natural territory, with long-haul shipments from various factories crisscrossing one another the country over.

Chicago, for instance, says the Trade Commission, would have saved $800,000 in 1 year if competition had obtained, in which case only mills nearby would have secured her business. The Trade Commission says that there being "virtually a 100-percent uniformity" in prices, Chicago bought one third nearby and two thirds from a distance, with a loss of 22½ cents per barrel in freight charges. Prices were so high that producers gladly absorbed the loss. Here is one item, $42,000,000, of economic waste almost equaling the $45,000,000 of tariff benefits given the trust by the Tariff Commission.

We here see one faithless commission damned by the disclosures of another commission in the innocent and faithful discharge of its duties.

TRUST PRICES BREAK IN BAD TIMES

Trusts like cement, whose price agreements are based on mutual pledges only and contrary to law, break down in bad times when members cut prices to get more than their share of business. At the end of a depression consolidations are likely, as in steel in 1900, with firmer control of prices than ever. So with cement now. Heaven help us later, except as Senator NORRIS' resolution, accepted by the Senate, saves us, as is probable, through the disclosures of the Federal Trade Commission, and rids us of the effect of the Tariff Commission's tax levy.

As said the chairman of the Senate Finance Committee, Mr. McCumber, in 1922, "We want foreign competition to prevent combinations." In this case, to check the Cement Trust whose prices are now utterly demoralized with much to make up for upon opportunity.

Cement is only an illustration. Honest investigations would present dozens of like situations, big and little.

THE COMMISSION'S ATTITUDE

To the writer and some especially informed legislators and experts it seems that the Commission's attitude in most of its findings may be summarized as follows:

"A quantity of cement equal to one half of 1 percent of the Nation's total consumption is being imported into a few seaboard cities for use there only and within trucking distances thereof.

"These imports tend to reduce prices in these districts to moderation and thus to free these districts from the burden of the arbitrary and excessive prices from which other sections of the country cannot escape.

"The principle of 'equality for all' requires that these seaboard areas shall suffer equally with the rest. They must make equal contributions to the profits of the Cement Trust.

"That this will further increase, in ordinary years, the amazing profits of the trust is beside the question.

"We decline to consider producers' prices (sec. 332) or the extent to which the $45,000,000 in the tariff will be added to prices. That is in the discretion of the trust.

"We decline to consider 'the effect of this tariff upon the country' (sec. 332–A) or to segregate 'efficiently and economically operated' plants (sec. 337–A).

"If the law's general instructions (sec. 332–A) and special requirements (337–a) indicative of the purpose of Congress, are to be applied to each section of like sort, they should be repeated in each section. The above requirements do not appear in section 336 to which we confine our attention.

"We decline to consider 'other relevant factors that constitute an advantage or disadvantage in competition', or the effect of the duty upon 'the principal markets of the United States', although these considerations are required in section 336 (1–A). These considerations involve excessive profits, trust methods, etc. To disclose these and like factors, as Vice Chairman Page does in his dissenting opinion, would require one or more of us to agree with him, and likely all of us to declare for free cement as he does.

"If intellectual honesty is desired, the law should so declare.

"Likewise as to 'the public interest.' It is not mentioned in the law. What is it, anyway?

"That the President cannot act intelligently on a report thus restricted in scope is irrelevant and immaterial. The law only requires him to say yes or no to our proposal or to say nothing.

"The Commission approves of the present tariff on cement of 23 cents per barrel."

IN WHOSE SERVICE IS THE TARIFF COMMISSION?—THE WOVEN-WIRE CASE

As cement and woven wire are almost the only important dutiable products passed upon by the Commission, let us briefly consider the woven-wire case. It carried 40 percent protection before 1930 and 45 percent since 1930 until the President accepted the Commission's recommendation of 50 percent on one type and 60 percent on the other.

The Commission's report gives no data except costs in American plants, with foreign costs only inferred from importers' invoices.

The manufacturers say that some domestic mills pay the Wire-rod Trust $42 per ton for their rods from which wire is drawn, against $26.50 foreign price of rods. As the Commission includes in costs the price of materials whether unreasonable or not, it probably used this $42 price for some mills, and a much less sum—likely $10 less—for mills that make their own rods. This without disclosing the fact and permitting the President to judge to what extent supposedly small plants, enslaved to a trust, should be made profitable by a tariff tax upon consumers.

Nor is there a word about selling prices or profits. One big producer, the Keystone, that makes its own rods, I understand, made $1,748,000 in 1928 and $1,596,000 in 1929. In 1927 it made $25.92 per share of stock. Then in 1928 it split each of 33,714 shares into 6 new shares, upon which 202,284 new shares it made the apparently small profit of $6.16 per share, equal however, to $37 on each share in 1927.

Has this any bearing on the Commission's increase in its protection from 40 percent when these profits were made to 50 percent now on one type of wire and 60 percent on the other? The farmers who use chicken wire with eggs at 6c to 8c per dozen, and the builders of small homes will think that it has. Why not let the President have the facts? The lower courts say this increase was unlawful.

The wire plants were overbuilt in war time. The Commission says they have twice the needed capacity, but the Commission allows them 6 percent on this double capacity for which there is no use. This equals some 12 percent per annum on the capacity used and a handsome profit on their mistake, if such it was, in building to double capacity.

Is it not apparent that the Commission has no sense of the public interest? If hand-picked, employed, and paid by the manufacturers, could their reports, as honest men, be more exclusively from the manufacturer's standpoint?

Is it not fortunate that substantially all of the Commission's reports have been mostly upon trifles? Upon tacks rather than the Steel Trust? Upon snake skins rather than the Aluminum Trust? Upon green peppers, cigarette mouth holders, cucumbers, and feldspar rather than the Chemical Trust?

The pineapple report is false (see pp. 7365–7366, CONGRESSIONAL RECORD, April 4, 1932). Also it taxes consumers $1,500,000 for a possible total benefit of about $3,000 to only 11 Florida farmers and 86 acres. Better this, however, than the consideration of important products. This costs less to consumers.

THE COST OF A BAD TARIFF COMMISSION—INDUSTRY'S SUPREME COURT

The Commission should be the supreme court of industry, the authority and determiner of costs, prices, efficiency, prosperity. When our ablest men know that those in power, supported by the public, will require a Commission comparable to the United States Supreme Court, then such men will serve upon the Commission. Not so now.

There is abundant evidence that 80 percent of our manufacturers want this sort of a Commission. Another 10 or 15 percent prevents.

THE FLEXIBLE PROVISIONS

The flexible provisions as used are a joke and a trick.

First, in 1922, the tariff profiteers tried to kill the Commission by the Frelinghuysen bill (S. 3199). Failing in this, they sprung the flexible provisions upon unsuspecting people, in Congress and out, who were pleased to think that a tariff commission's judicial and fact-finding processes would correct foolish, exploiting, and dishonest rates.

Instead, we have seen, since 1922, little else than one President after another, from first to last, misled by inadequate data, sometimes acting upon dishonest presentation of alleged facts; a President confused and pigeonholing tainted reports, disclosed to the public only when Congress required their publication (cotton hosiery, logs of douglas fir, etc.); raising the rates on pressed glass a few years ago until, if one could steal it abroad, he could scarcely pay the duty and sell it in Detroit or Cleveland, the places of principal consumption; then Congress correcting these disreputable rates with uncomplimentary disclosures; then Presidents, turning from problems that rack the world, to reports on bob-white quail, cucumbers, mouth holders for cigarettes, and so forth; then raising the duty on window glass from the Commission's misleading information; then raising the duty on woven wire, above-

considered, and so forth. In short, almost every finding made upon inadequate information, bothering each President and, too often, with evil consequences.

Above all, and as intended, this has defeated the only important purpose of the Commission, its devotion to the disclosure of facts essential to a right general revision.

It has left Congress to make bad tariffs, as always, to the advantage of tariff profiteers and the exceeding loss, and sometimes the shame, of the Nation as a whole.

This has killed the Commission in character, purpose, and effect—also as intended. There is a volume of supporting evidence.

It does not answer to say that other countries have flexible provisions. That they may need theirs and use them honestly and well is of no present concern to us with our knowledge of how we use ours.

Commissions would not dare send such reports to Congress where hundreds of able men would investigate them. If Congress gets the reports the country may soon get a right commission.

Give us at once honest and competent commissioners or none.

RECESS

Mr. ROBINSON of Arkansas. As in legislative session, I move that the Senate take a recess until 11 o'clock tomorrow morning.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 6 o'clock and 30 minutes p.m.) the Senate, as in legislative session, took a recess until tomorrow, Tuesday, June 13, 1933, at 11 o'clock a.m.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 12, 1933

The House met at 12 o'clock noon.

The Reverend John Compton Ball, pastor of the Metropolitan Baptist Church, Washington, D.C., offered the following prayer:

O Lord our Lord, how excellent is Thy name in all the earth, who hast set Thy glory above the heavens.

We, Thy children, bow before Thee in recognition of Thy marvelous power and wisdom and in the joyful consciousness of Thy great love. We pray that in these closing days, and perhaps hours, of this remarkable session of Congress Thy divine blessing might rest on all the good that has been done. Bless every act that has been passed that means helpfulness to men and the uplift of the Nation. May every good bill receive not only the signature of our President but also Thy divine approval, and may the day dawn speedily when prosperity shall cover our land as the waters cover the sea. We pray Thy blessing on every Member of Congress who, in the fear of God, has tried to do what he believed to be his highest duty; and when the hour of adjournment comes and we scatter to the distant parts of the land we love, be Thou with us on the way. Guide and guard us on the journey and bring us all in safety to our loved ones and home. In Jesus' name. Amen.

The Journal of the proceedings of Saturday, June 10, 1933, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1867. An act authorizing an appropriation to provide for the completion of the George Rogers Clark Memorial at Vincennes, Ind.

The mesage also announced that the Senate insists upon its amendments to the bill (H.R. 5091) entitled "An act to amend section 289 of the Criminal Code", disagreed to by the House, agrees to the conference asked by the House, and appoints Mr. KING, Mr. STEPHENS, and Mr. BORAH conferees on the part of the Senate.

RESIGNATION FROM A COMMITTEE

The SPEAKER laid before the House the following communication, which was read:

WASHINGTON, D.C., *June 10, 1933.*

Hon. HENRY T. RAINEY,
Speaker House of Representatives.

DEAR MR. SPEAKER: I hereby resign my membership on the Committee on Foreign Affairs.

Very respectfully,

JOHN A. MARTIN.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and twenty Members present, a quorum.

INVESTIGATION OF APPOINTMENT OF RECEIVERS, ETC.

The SPEAKER. The unfinished business is House Resolution 145, which the gentleman from Virginia [Mr. SMITH] called up Saturday evening. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 145

Resolved, That, when in its judgment such investigations are justified, the Judiciary Committee of the House of Representatives be, and it is hereby, authorized to inquire into and investigate the matter of appointments, conduct, proceedings, and acts of receivers, trustees, referees in bankruptcy, and receivers in equity causes for the conservation of assets within the jurisdiction of the United States district courts.

SEC. 2. The said committee, or subcommittees thereof, to be appointed by the Chairman of the Judiciary Committee, shall specifically inquire into and investigate the selection of receivers and trustees, and the selection and appointment of counsel and assistants to such receivers and trustees, referees, custodians, auctioneers, appraisers, accountants, and other aids to the court in the administration of bankruptcy estates and equity receiverships; and shall inquire into and investigate all other questions in relation thereto that would aid Congress in any necessary remedial legislation.

SEC. 3. The said committee, or any subcommittee thereof, to be appointed by the Chairman of the Judiciary Committee, shall inquire into and investigate the action of any district judge or judges in the setting up and promulgating of any rule or rules of practice of the court appointing the same person or corporation as receiver in all cases or in any class of cases, and to inquire into and investigate the action of any district judge or judges in setting up and promulgating any rule or rules of practice of the court which in effect, directly or indirectly, interferes with or prevents the control of bankruptcy estates by creditors according to the spirit and letter of the bankruptcy statutes; and to inquire into and investigate all other questions in relation thereto that would aid the Congress in any necessary remedial legislation.

SEC. 4. The committee shall report to the House of Representatives not later than the 31st day of January 1934 the result of its investigation, together with such recommendations as it deems advisable.

SEC. 5. The said committee, or any subcommittee thereof, is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or otherwise, and to take such testimony as it deems necessary. Subpenas shall be issued under the signature of the Chairman of the Judiciary Committee or of the chairman of any subcommittee and shall be served by any person designated by any of them. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY], but I do not yield for the purpose of offering any amendment to this resolution as reported by the Committee on Rules. I yield myself 5 minutes.

Mr. Speaker, this is House Resolution 145, which I am directed by the Committee on Rules to report. The resolution is offered by the gentleman from New York [Mr. CELLER]. It has been considered by the Committee on the Judiciary, and it came from that committee to the Committee on Rules with a unanimous recommendation that it be adopted. It was then reported favorably to the House by the Committee on Rules.

The purpose of the resolution, briefly, is to authorize the Committee on the Judiciary of this House, when, if, and as it deems it appropriate and necessary, to investigate the method and the manner of the appointment of trustees in bankruptcy cases, and receivers in equity in the Federal courts. That sounds like a very innocent resolution, and I think it is a very innocent resolution, so far as it affects those who are innocent. I was somewhat surprised when I called this resolution up on Saturday night to be met with a point of no quorum, followed by a motion to adjourn. The only conclusion that I can draw from that, to be perfectly fair with everybody, is that there is some objection to the Committee on the Judiciary of this House making this investigation, because some gentlemen in this House fear that there is something that might be disclosed by such an investigation that some people may not want disclosed.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I am sorry, but I have only 5 minutes.

Mr. MARTIN of Massachusetts. But the gentleman made a statement, and I think he should like to have the real truth in respect to the matter.

Mr. SMITH of Virginia. If I have made an incorrect statement I shall be very glad to yield.

Mr. MARTIN of Massachusetts. No one is afraid of what the Committee on the Judiciary will do, but this is not at all necessary.

Mr. SMITH of Virginia. I do not yield further. That is a matter of opinion. All gentlemen will remember that on Saturday night the moment this resolution was called up a point of no quorum was made, followed by a motion to adjourn and a roll call. Everyone can draw his own conclusions. I may be right, and the gentleman from Massachusetts may be right. I have a right to the expression of my own personal opinion that there is something in the resolution that somebody does not want investigated. I know very little about what is back of all this, but I do know that this House and the Senate has just been through an impeachment trial that took a great deal of time and a great deal of money, where one of the main questions involved was the charge that the judge was unfair in the appointment of receivers and that he was allowing to his personal friends large fees that were not justified by the service being rendered.

It seems to me that the Committee on the Judiciary of this House might well investigate such a charge. I only know there has been emblazoned across the front pages of a Chicago daily that a certain judge in Chicago had allowed to the firm with which his son was connected fees in bankruptcy cases in 1 year aggregating $200,000 and more. There might be nothing worthy of investigation in the charge, but to my mind, that subject might well be looked into by the Committee on the Judiciary of this House.

The Members of this House know that just a few days ago a resolution was passed by this House for the impeachment of a judge in Florida. I am informed that the basis of those charges was that that judge was abusing the power of the Federal court in appointing receivers, in appointing his friends as counsel for those receivers, and allowing them large and unconscionable fees. There may be nothing wrong about that, but, to my mind, in all fairness to everybody, it seems to me it might well be investigated by the Committee on the Judiciary of this House.

Mr. BANKHEAD. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. BANKHEAD. Is it not true there was brought to the attention of the Committee on Rules facts tending to show very shocking and scandalous abuse of these appointment privileges?

Mr. SMITH of Virginia. There undoubtedly was.

Mr. MARTIN of Massachusetts. Will the gentleman tell us where it was shown?

Mr. SMITH of Virginia. I think I can say it was in California, and not confined to the judge whose impeachment trial was just completed. It was also complained of in Florida, and I might say complaint was also made from the State of Illinois and other States that I do not recall at this time.

The SPEAKER. The time of the gentleman from Virginia [Mr. SMITH] has expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield myself 2 additional minutes.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. MARTIN of Massachusetts. Does this committee intend to go to California to conduct an investigation?

Mr. SMITH of Virginia. The committee will determine that. I do not yield further at this time.

I do not know personally about these things. I only know what has come to us, but I want to say that in the State of Virginia there are two Federal judges. They are both Republican Federal judges, but they are clean, honest men. They are as clean as a whistle. Neither of them have consulted me about this and I have not consulted them about it, but I venture to say that if it were stated to those judges that there were abuses carried on in the bankruptcy court, the first men to ask that the matter be investigated would be those Federal judges of Virginia. I believe that is true of a majority of the Federal judges of the United States, both Republicans and Democrats. Let us give a clean bill of health to those who are clean, and let us clean house with respect to those who are unclean. [Applause.]

The SPEAKER. The time of the gentleman from Virginia has again expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. HANCOCK].

Mr. HANCOCK of New York. Mr. Speaker, the principal and most obvious objection to this resolution is its utter uselessness. No good purpose can be served by the passage of this resolution. It will become a dead letter the moment it goes on the statute books. It provides that the Judiciary Committee may constitute itself into a roving band of investigators, roaming from one end of the country to the other, prying into the affairs and business of the courts of the United States; but you notice it does not provide for any funds. It provides no funds to pay traveling expenses or stenographers or clerks or experts or any of the other expenses which these roving commissions always incur. To my mind, it is exactly like giving your wife permission to go shopping without giving her any funds. The demand for funds is sure to be forthcoming very quickly.

The real inspiration for this resolution is the situation in the southern district of New York, where the Irving Trust Co. has been selected for receiverships for the last 4 or 5 years in all cases, large as well as small. The gentlemen from New York City know that. The inference is that there is something scandalous or wrong or wicked about that proposition, and a short explanation should be made.

About 4 years ago there was a series of rather scandalous receiverships in New York City. There were some defaulters, absconders, and a few suicides, a great deal of public attention was directed to the situation, and demand was made for reform. Judge Knox, who is senior judge of the southern district of New York, called all of the judges of that district into conference, eight in all, to determine upon some means of correcting a bad condition. They decided unanimously that the way to handle the situation was to ask some trust company to accept appointment as receiver in all cases, both large and small, so that they might find it profitable. The Irving Trust Co. was decided upon because it was a strong bank, a bank of excellent reputation, and conveniently located to the United States courts. The judges went to the trust company. The trust company did not seek the business. They consented to set up a department of bankruptcy, and Captain McCormack, who is now Commissioner of Immigration under the new administration, was put in charge of that section of the bank. He administered bankrupt estates in the name of the bank. He was the head of the bankruptcy department of the Irving Trust Co.

That plan was not designed by the judges of the southern district of New York to be a permanent solution but a tem-

porary expedient in order to break up a bankruptcy ring which had developed in that city.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. BYRNS. Does the gentleman think it a good policy for a Federal judge to submit to a trust company or a bank, no matter what its reputation is, the proposition of handling all the bankruptcy cases and having that bank establish a department of bankruptcy within the bank, a monopoly in that district to handle bankruptcy matters?

Mr. HANCOCK of New York. No; I do not. I am coming to that point if the gentleman will be patient.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield for a question?

Mr. HANCOCK of New York. I yield.

Mr. LEHLBACH. That is a practice which was established in the open and is part of the rules of the district courts in the southern district of New York, is it not?

Mr. HANCOCK of New York. It is allowed and sanctioned by the rules of the Supreme Court of the United States.

Mr. LEHLBACH. They do not have to bring in any resolution to find that out.

Mr. HANCOCK of New York. It is well known to the gentleman from New York who introduced this resolution. He is particularly familiar with the whole situation.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I will yield a little later.

The result of this practice has been to deprive many reputable lawyers of honest business. Naturally they are resentful. The lawyers of the country have been resentful for some time at the steady encroachment into their legitimate field of business by the trust companies.

As I say, the judges of the southern district did not intend this to be a permanent solution, but a temporary expedient to break up a situation which was particularly bad at that time.

This matter was brought to the attention of the Judiciary Committee. It was discussed there.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. FITZPATRICK. Are the companies now in that district who go into bankruptcy able to get a better and squarer deal than they did previously when bankruptcy cases were referred indiscriminately?

Mr. HANCOCK of New York. There has been no scandal since the Irving Trust Co. has acted as receiver. But I want to come to the point; and this is something each Member should hear. When the McKeown bill which was passed by this House was considered by the Judiciary Committee the gentleman from New York [Mr. CELLER] called this practice to the attention of the Judiciary Committee and offered an amendment to that bill.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 additional minutes to the gentleman from New York.

The SPEAKER pro tempore (Mr. TRUAX). The gentleman is recognized for 5 additional minutes.

Mr. HANCOCK of New York. That situation in New York City was carefully discussed in the committee. The gentleman from New York [Mr. CELLER] offered an amendment to the McKeown bill, which was accepted by the committee and has been passed by the House. Probably but few Members have read the McKeown bill through. I wish to read one section of it, as it is aimed directly at this New York City situation.

Section 3, page 29, reads as follows:

In the administration of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States, approved July 1, 1898, as amended"—

Here is the point—

a district court, or any judge thereof, shall make, in its or his discretion, such an equitable distribution of appointments as receiver as will prevent any persons, firms, or corporations from having a monopoly of such appointments within such district.

That is now in the bill that has already been passed by Congress. It is the remedy the gentleman from New York seeks here. He has it already.

Now, as far as information is concerned, nothing can be revealed that is not already well known. A few years ago the New York Bar Association made a very elaborate, extensive, and complete investigation into the administration of bankruptcy estates. Former Deputy Attorney General Donovan was employed by the Bar Association of New York City to conduct the investigation. A vast amount of data has been obtained and is available to anyone who wishes to see it. Not only that, but in 1930, upon the instructions of the President, the Department of Justice also conducted a very extensive investigation into the administration of bankruptcies, and the practice generally throughout the United States. If any of you are interested I refer you to Senate Document No. 65, Seventy-second Congress, where all these matters the gentleman complains of are set forth, where a remedy is proposed and where a draft of legislation is actually suggested.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. BYRNS. I wish the gentleman would tell the House why objection should be made to a committee of this House investigating to see whether or not Federal judges are complying with the law and making exceptions or giving preferences to individuals in their districts, or to banks, or other agences.

Mr. HANCOCK of New York. Perhaps the distinguished leader misunderstood me. What I just quoted is not yet the law. That is a provision of the McKeown bill which passed the House a few days ago.

Mr. BYRNS. What is the reason a committee of the House did not investigate this situation?

Mr. HANCOCK of New York. I say we have the remedy in the bill that passed the House and complete data is available from investigations recently concluded.

Mr. GILCHRIST. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. GILCHRIST. The resolution applies not only to bankruptcy cases, but to all equity causes.

Mr. HANCOCK of New York. That is true.

Mr. GILCHRIST. So the provision in the McKeown bill would not cover all that is contemplated by this resolution. Am I right?

Mr. HANCOCK of New York. I think the thing that is complained of is the appointment of a certain group of preferred individuals as receivers in equity and bankruptcy cases. I do not think there is any distinction to be made in that respect.

Mr. GILCHRIST. The resolution covers other things than receivers.

Mr. HANCOCK of New York. Yes, it does. The resolution covers receivers, trustees, auctioneers, and so forth.

Mr. GILCHRIST. What is the gentleman's idea as to what constitutes a monopoly under the Bankruptcy Act to which he refers? Suppose 99 cases are sent to the Irving Trust Co., and 1 case to somebody else; is that a monopoly?

Mr. CLARKE of New York. All bankruptcy cases are sent to the Irving Trust Co. in the southern district of New York.

Mr. HANCOCK of New York. At the present time there is a monopoly. The remedy the gentleman from New York suggested and was adopted by the House is that there should be an equitable distribution of appointments as receivers so as not to favor any persons, firms, or corporations or permit them to get a monopoly on such appointments.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the gentleman from New York 5 additional minutes.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. KELLER. Has the Irving Trust Co. this monopoly?

Mr. HANCOCK of New York. I believe it has up until the present moment.

Mr. KELLER. How long has it lasted? When did it start?

Mr. HANCOCK of New York. The gentleman from New York is better informed than I am, but I think about 4 years.

Mr. KELLER. Does not the gentleman think that a set of judges who permitted such a condition to arise as to justify, in their own judgment, such a procedure, ought to be investigated thoroughly?

Mr. HANCOCK of New York. We know all about it now. The Donovan committee made a very thorough investigation as well as the Solicitor General of the Department of Justice.

Mr. KELLER. Apparently the judges do not know all about it.

Mr. HANCOCK of New York. As I have said, it was a temporary expedient, and the matter was brought to a focus. The judges themselves took the initiative and now we have some legislation in a bill which has passed the House that was suggested by the gentleman from New York, the author of this resolution.

Mr. KELLER. How long is the thing to be temporary?

Mr. HANCOCK of New York. I expect the McKeown bill to be passed, which will put an end to it.

Mr. KELLER. But this has been going on 4 years.

Mr. HANCOCK of New York. I am afraid I have not made myself clear, but there are other points involved. First, all the knowledge we could obtain by any investigation is already available and at hand.

Mr. KELLER. But not officially before this body.

Mr. HANCOCK of New York. It is in Senate Document No. 65, which was published in the Seventy-second Congress and is likewise in the report of the Donovan investigating committee of New York City.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. HANCOCK of New York. Yes.

Mr. FITZPATRICK. Did the bar association want the change made at the time it was made? Did they not want the change made at the time these matters were placed with the Irving Trust Co.?

Mr. HANCOCK of New York. I think there was a great deal of public indignation about it at that time and a demand for reform.

Mr. FITZPATRICK. And at that time they wanted a change.

Mr. HANCOCK of New York. There was a series of scandals, some arrests, a few suicides, and considerable public indignation.

Mr. CELLER. Will the gentleman yield?

Mr. HANCOCK of New York. Yes.

Mr. CELLER. The information which the gentleman says would be revealed is information concerning the scandals before the Irving Trust Co. was appointed; but this resolution seeks to develop the scandals—and I will say to the gentleman there are such scandals—after the Irving Trust Co. was set up as a monopoly. We seek to inquire into the Irving Trust Co. and its monopolistic tendencies, and that is all there is to it. It is now buried so deep it will never be revealed unless there is such an investigation.

Mr. HANCOCK of New York. I may say to the gentleman from New York that the gentleman who has had charge of this work for the Irving Trust Co. is a distinguished Democrat. His high character has been recognized by this administration, and he is now the Commissioner of Immigration. So far as going around the country smelling for scandal is concerned, I do not believe in it. If there is anything definitely wrong anywhere, let someone come in here with an affidavit and let us have an investigation and clean up that particular state of affairs; but let us not go around the country snooping and sniping and sharpshooting at the United States judges.

Mr. KELLER. The gentleman would not object to investigating a Democrat, would he?

Mr. HANCOCK of New York. Certainly, I would, unless there were definite information justifying it.

Mr. KELLER. The gentleman would?

Mr. HANCOCK of New York. Certainly.

Mr. KELLER. I would not.

Mr. HANCOCK of New York. Let me say to the gentleman that I am afraid I have not made myself clear. My position is that this is a perfectly useless piece of work. If we have any definite information that should warrant an investigation, let us make an investigation of that particular matter and not go all around the country casting discredit upon the judges of this country. At this time, that would certainly be highly undesirable. When the people of the country lose faith or confidence in the judiciary, it will be a sorry day for us. I am not in favor of throwing the proposed investigation wide open and creating a roaming, rambling, smelling committee without any good reason for it.

Mr. CELLER. Will the gentleman yield further?

Mr. HANCOCK of New York. Yes.

Mr. CELLER. The gentleman knows this is not a fishing excursion or a rambling proposition, and an investigation can only ensue if the chairman of the Judiciary Committee so determines with the members of the Judiciary Committee, of which the gentleman and myself are members. I am sure we can trust the wise and sagacious chairman of our committee not to let the committee go around as a roaming, rambling committee.

Mr. HANCOCK of New York. As I said at the outset of my remarks, I think this resolution will be a dead letter if passed, because the Judiciary Committee has neither the time nor the information to go around snooping into the affairs of honest judges.

Mr. FORD. If the judges are honest, what is the gentleman's objection to this resolution?

Mr. HANCOCK of New York. I tried to sum up my answer to that question by saying that before you investigate a judge or any other person in high position or authority, you should have something to justify it, because when an investigation of the judges is ordered you immediately arouse suspicion and cast discredit upon them. In my opinion, in these days we should concentrate our efforts on restoring confidence in the Government and in the people who hold high positions of public trust. This resolution can have no effect except to arouse suspicion and cast reflection on the judges of this country, which is not warranted.

Occasionally there is a judge who is arbitrary, occasionally there is a judge who is incompetent, but it is mighty seldom a judge is found in any court of this country who is corrupt. When any man is investigated, public suspicion is aroused against him, and in my opinion this is wrong and should not be done.

Mr. BLANTON. Will the gentleman yield?

Mr. HANCOCK of New York. Yes.

Mr. BLANTON. I am sure everyone will agree with the gentleman that the Judiciary Committee does not intend to go around the country investigating honest judges. The ones they want to investigate are those who are allowing these unconscionable fees to receivers.

Mr. HANCOCK of New York. In those cases affidavits should be brought before the committee and definite investigations authorized. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, this resolution should not be confused or mixed up in the minds of my colleagues with the former Resolution 110, which likewise was introduced by our colleague Mr. CELLER, from New York. All the objectionable features that were in Resolution 110, to which on May 16, 1933, I objected, have been eliminated from this Resolution No. 145.

For instance, Resolution 110, to which the Speaker sustained my point of order and killed it, was introduced on April 18, 1933, went to the Rules Committee, and was reported by that committee favorably on May 3 of this year.

When it was called up in the House on May 16, 1933, I made a point of order against it, that the Rules Committee

did not have authority to report a resolution of that character because of its charge on the Treasury, and the Speaker sustained my point of order.

Then the gentleman from New York [Mr. CELLER] reintroduced the resolution leaving out the objectionable language and the committee favorably reported it.

Let me give you the language that was in Resolution No. 110 which was left out of this new resolution, no. 145.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. BLANTON. I regret that I have not the time. The language to which I objected has been omitted.

Here is one paragraph that was in no. 110 which has been left out of this resolution, no. 145, to wit:

> To employ suitable counsel, assistants, and investigators in aid of its investigation, as well as such experts, and such clerical, stenographic, and other assistants.

Note that there was no limit on the salary or the number of experts or attorneys. I said that under that clause there could be spent $250,000, and there could; if we were under the Republican regime, when they had the Walsh and the Graham investigation, they could have spent $500,000. But the Speaker sustained my point of order and thus killed Resolution No. 110, and this new Resolution No. 145 leaves that language out.

There is another clause that was in said Resolution No. 110 that has been left out of this no. 145 under which money could have been spent. This clause that is not in the new resolution is the following:

> To have such printing and binding done, and to make such expenditures as it deems necessary; and all such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof.

The resolution that is before the House now, no. 145, is a proper resolution, properly framed, properly safeguarded, under which there will not be spent over $5,000, because I have the assurance of my good colleague from Texas, in whom we all have confidence, Mr. SUMNERS, Chairman of the Judiciary Committee, who assures me that he is going to handle this investigation himself, and he does not believe there will be half of the $5,000 expended and guarantees that they will not expend over $5,000. When the gentleman from Texas assures me of that fact I know that he is going to keep his promise. I know that the Committee on Accounts, headed by my good friend, Mr. WARREN, and the gentleman from Missouri, Mr. COCHRAN, will never allow over $5,000 to be expended in this matter. Therefore I am for this resolution, no. 145. We ought to stop these big expenses for receivers, we ought to stop these monopolies, we ought to stop a district judge's giving $250,000 to one firm of lawyers in a short space of time.

It ought to be stopped, and I am glad to see my friend from Chicago [Mr. SABATH], our good friend who stands for proper law enforcement in this country, except as to liquor, standing for the cleaning-up of these Federal judges who allow improper fees.

Mr. MOREHEAD. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Yes; I yield to our good friend from Nebraska, one of the soundest and most valuable men in this House.

Mr. MOREHEAD. What is in my mind and what is perhaps in the gentleman's mind is this: Will this develop, as it usually does, into a junketing trip?

Mr. BLANTON. I think not. The Committee on the Judiciary, headed by the gentleman from Texas [Mr. SUMNERS], is going to be careful about expenses and has promised not to spend over $5,000, and it is going to put the fear of God into the hearts of a lot of these judges who allow big fees that are not earned; and I am afraid that a lot of them are going to be Republican judges, from the way Republicans are fighting this measure.

The SPEAKER pro tempore (Mr. TRUAX). The time of the gentleman from Texas has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, when this resolution came before the Committee on Rules, there were only two people who appeared in support of it. One was the gentleman from New York [Mr. CELLER], who advocated an investigation, and the other was a Representative from New York, who believed an investigation was not necessary, but who wanted legislation, which in the last analysis is necessary if we are to accomplish anything. I was interested in the attitude of the gentleman from Texas [Mr. BLANTON]. I wonder when his conversion came about. I am wondering if that conversion came after the tilt of last Friday with some Republicans, because only last week he asked me if he could have time to oppose this legislation. When this resolution, reported here this afternoon, was before the Committee on Rules, the gentleman from Texas [Mr. BLANTON] came to me and asked me if I would vote against it.

Mr. BLANTON. That was on House Resolution 110, and before I knew these matters to which I referred were left out.

Mr. MARTIN of Massachusetts. No; it was not before they were left out. It was only 3 days ago, and this resolution has been pending in this House for a good many days. The gentleman from Virginia [Mr. SMITH] wonders why we did not permit this to be called up at 10:30 o'clock on Saturday. Think of it! We had been sitting for 13 long hours, and everybody but the leadership of the House knew it was impossible to get final adjournment on that night. Why should we take up something entirely new and highly controversial at that time? Everyone knows it was wisdom and proper conduct on the part of a legislative body to adjourn. Yet I admit it was a good time to have this resolution come up, because it would be much better to pass it at night than in the daytime. The legislation can do but one thing. It must be an instrument of intimidation, and nothing else. If there is anything wrong about the laws on the statute books concerning bankruptcy cases, the 25 able men who make up the Committee on the Judiciary of the House know it. They know the practices throughout the country, and they can bring in a bill and pass the legislation if reform is necessary. In all the hearings before the committee we have heard of some institution in New York which is getting all the cases. Nothing was said as to how the general public was going to be assisted in a change. The complaints came because some failed to win appointments. I know nothing about the New York situation, nor do I know intimately the general conditions of this country.

The judge under fire here is a Democratic judge, and I do know one of the great outstanding newspapers in New York has editorially stated conditions at the present time are infinitely better than they were before the rule complained of was put into effect. I cannot say as to this, but I do say it is not necessary to conduct an investigation which is going to cost time and money.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. SNELL. Was there any information brought to the Committee on Rules why this should be done at this time?

Mr. MARTIN of Massachusetts. None at all, and I suspect it is here mainly because of the persistency of the gentleman from New York and the gentleman from Chicago; and I commend them for their persistency, because persistency is what brings about legislation.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. BANKHEAD. Is it not a fact that it was reported to us that the Committee on the Judiciary of the House by a very preponderant vote had recommended to the Rules Committee that this resolution be reported out?

Mr. MARTIN of Massachusetts. That is true.

Mr. BANKHEAD. If that is true, does not that justify the Committee on Rules in granting the resolution?

Mr. O'CONNOR. And may I supplement what the gentleman says by the statement that the Rules Committee was

twice told that the Committee on the Judiciary unanimously approved this resolution.

Mr. MARTIN of Massachusetts. If we were to have an investigation every time a committee of the House asked for it, we would be eternally investigating. The job of the Rules Committee is to separate what is entitled to investigation and what is not worth investigating. The gentleman knows it is very easy to get a resolution of investigation out of a committee when the Member who seeks it is a member of that particular committee.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has expired.

Mr. BLANTON. Mr. Speaker, I obtained unanimous consent to extend my remarks so that I could make my position plain as against the assertion of the gentleman from Massachusetts that "I asked him 3 days ago for time to speak against this resolution", and then he refused to yield to me to show that my opposition was to the Resolution No. 110 and was before we forced the objectionable features of the measure to be eliminated, and before we had an understanding about the maximum amount that could be spent. All of my opposition was against Resolution No. 110. We did force all the waste and extravagance out of that measure. We did have a distinct understanding that not more than $5,000 would be spent under this Resolution No. 145, and that no lawyers or experts would be employed, whereas lawyers without limitation and experts without limitation as to number could have been employed under Resolution No. 110, and they could have been paid any salary the committee desired to pay them, and there could have been spent $250,000 or even $500,000 under said Resolution No. 110, whereas under this amended new Resolution No. 145 we are given definite assurance by my colleague the Chairman of the Committee on the Judiciary [Mr. SUMNERS] that not more than $5,000 will be spent.

On May 16, 1933, the gentleman from Virginia [Mr. SMITH], by direction from the Committee on Rules, called up said Resolution No. 110, which had been favorably reported by the Committee on Rules. I quote from the RECORD the following to show that I immediately reserved a point of order:

Mr. BLANTON. Mr. Speaker, I reserve a point of order on the resolution before it is discussed.

And I reserved the point of order, notwithstanding that just prior thereto the following colloquy occurred between the gentleman from Missouri [Mr. COCHRAN], then Acting Chairman of the Committee on Accounts, and the Speaker, to wit:

Mr. COCHRAN of Missouri. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. COCHRAN of Missouri. Is this bill being considered under unanimous consent?

The SPEAKER. This is a privileged resolution from the Committee on Rules.

And if you colleagues will look on pages 3497 and 3498 of the RECORD for May 16, 1933, you will see that it was my point of order, sustained by the Speaker, that killed said Resolution No. 110, and that it was after said Resolution No. 110 had been killed by my point of order that this amended new Resolution No. 145 was prepared and introduced, with all the waste, extravagance, and objectionable features of Resolution No. 110 stricken from it, to wit:

Mr. BLANTON. Mr. Speaker, the discussion has gone along far enough now that I shall make the point of order. The Speaker may as well rule now as at any other time.

I call the Speaker's attention to section 5 of the resolution, page 3, reading as follows:

"The said committee, or any subcommittee thereof, is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned"—

This shows they can sit any time and anywhere in the United States, from Alaska to the Gulf of Mexico. It is further provided that they may—

"Hold such hearings, employ suitable counsel, assistants, and investigators in aid of its investigation, as well as such experts, and such clerical, stenographic, and other assistants, to have such printing and binding done, and to make such expenditures as it deems necessary; and all such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof."

Mr. Speaker, I make the point of order that the Committee on Rules has no jurisdiction whatever to report to this House a resolution of this kind, because the resolution shows on its face that it is a charge on the Treasury.

Such a resolution as this could cost the Government $200,000, or even twice that sum. The 25 members of this Committee on the Judiciary, or any subcommittee thereof, between now and the 1st of next January could sit in every big city in the United States from the Atlantic to the Pacific. Their railroad fare, traveling expenses, hotel bills, would be paid by Congress. They could employ as many lawyers as they wished, and pay them any salaries they wished, wholly without limitation. They could employ high-priced experts, clerks, stenographers, wholly without limit. We know how much the Joe Walsh committee cost. We know how much the Graham, of Illinois, committee cost. We know that the coal-investigating committee cost, first, $400,000, and then another $400,000. We know that the initial cost of the Wickersham Committee was $500,000. I am going to try to stop all such resolutions that do not provide for a limitation of expenses. This resolution is clearly subject to a point of order, because the Committee on Rules does not have any authority or jurisdiction to report such a measure that carries such a charge on the Treasury.

While the Rules Committee would have the right to bring in a rule to make such a matter in order, it has no right, in the first instance, to favorably report such a resolution. I insist that my point of order is good and should be sustained.

And after my point of order had been debated pro and con, I closed the debate on it, and the point of order was sustained by the Speaker, and the resolution ruled out of order, as is shown by the following, which I quote from the RECORD, to wit:

Mr. BLANTON. This resolution clearly is subject to a point of order. It authorizes this big committee to sit all over the United States, wherever and whenever it wants to sit, between now and next January 1. Who says that will not cost a lot of money? It authorizes this committee to employ high-priced lawyers and fix their salaries, wholly without limit. That could cost a large sum of money. It authorizes this committee to employ experts and clerks and stenographers and to have printing done, and the expenses are to be paid by vouchers approved by the chairman. Certainly that is a charge on the Treasury, and the Committee on Rules does not have authority to report such a measure.

The SPEAKER. The Chair is ready to rule.

The Chair thinks that the provision incorporated in section 5 of the resolution authorizing the committee to employ suitable counsel, assistants, and investigators in the aid of its investigation, and also the provision authorizing all necessary expenses of the investigation to be paid on vouchers approved by the chairman of the committee, is a matter properly within the jurisdiction of the Committee on accounts. It has been held that where the Committee on Rules reports a resolution of this kind and there is incorporated therein matter which is within the jurisdiction of another committee the matter so included destroys the privilege of the resolution insofar as it prevents consideration at any time by the mere calling up of the report by the Committee on Rules. For this reason the Chair thinks that the point of order is well taken, and the Chair therefore sustains the point of order.

It is thus clearly shown from the RECORD of May 16, 1933, Mr. Speaker, that it was my point of order that killed said Resolution No. 110. It was after Resolution No. 110 had been thus killed that the present Resolution No. 145, now before the House, was introduced with the objectionable features left out. I did not know until a few days ago that they had been left out. I had told my colleagues, Mr. SUMNERS of Texas, Chairman of the Judiciary Committee, and Mr. CELLER, of New York, and Mr. SABATH, of Illinois, members of the committee, that if they would leave the objectionable features that permitted great waste and extravagance that were in Resolution No. 110, out of it, that I would support a proper measure authorizing such an investigation; and I had a distinct understanding with all of them that they would not spend more than $5,000 on the entire investigation. My colleague from Texas, Mr. SUMNERS, chairman of the committee, personally assured me that he would conduct the investigation, and that he would keep the expense within $5,000. Under such circumstances, I agreed to support a measure providing for a proper investigation.

The objectionable parts of Resolution No. 110, that permitted waste and extravagance, and under which anywhere from $200,000 to $500,000 could have been spent, and which they left out of the present amended measure reintroduced as Resolution No. 145 now before the House, are the following:

The said committee, or any subcommittee thereof, is authorized to employ suitable counsel, assistants, and investigators, in aid of its investigation, as well as such experts, and such clerical, stenographic, and other assistants—

And also the following:

to have such printing and binding done, and to make such expenditures as it deems necessary; and all such expenses shall be paid on vouchers ordered by said committee and approved by the chairman thereof.

The above wasteful and extravagant provisions that were in Resolution No. 110, killed by my point of order, are not in this new resolution, No. 145, that we now have before the House for consideration. So it is manifestly unfair for any Member to assert that I have changed my position. I killed Resolution No. 110, because under it there could have been anywhere from $200,000 to $500,000 possibly wasted. I am supporting the present new resolution, No. 145, because the provisions above mentioned were left out of it, and because I have been assured reliably and definitely that not more than $5,000 would be spent under it.

When, the other day, my colleague from Massachusetts [Mr. MARTIN] asked me if I wanted time against the Celler resolution, I did not then know that this new resolution, No. 145, had been introduced with the objectionable matters left out, but assumed that Mr. CELLER was getting a proper rule from the Committee on Rules that would make in order his said Resolution No. 110, so that it could not be reached by a point of order, and that it was said Resolution No. 110 that would be brought up again, so naturally I told him that I wanted time against it. But I had in mind all the time said Resolution No. 110 which I had killed by a point of order. But when I learned from Mr. CELLER and from Mr. SABATH that they had introduced a new resolution, No. 145, and had left the objectionable features out, which features I insisted on being eliminated I had marked for them in a copy of the resolution, and when they and my colleague, Mr. SUMNERS, assured me that not over $5,000 would be spent, naturally I agreed to support No. 145, because such an investigation as it provides for is needed and will be more than well worth the possible $5,000 that may be expended under it.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I agree somewhat with my colleague from Massachusetts [Mr. MARTIN] that it would have been better if we had legislation presented to the House to break this monopoly immediately, but on the theory that half a loaf is better than none at all I am in favor of this investigation to secure the facts in order to legislate, in order to break up this unnecessary monopoly. Why do all these Members of Congress who do not come from our judicial district in New York come before the House and tell us what we should do in the southern district of New York State?

The fact is these Federal judges are appointed by the President of the United States after investigation. I submit that those same Federal judges ought to be able to investigate the character and qualifications of the lawyers and business men who are appointed referees, and who handle the bankruptcy cases and act as receivers. We still have in New York a number of able, honest, and upright lawyers and honorable business men. The reason for this resolution is simply this, that a few years ago a Republican judge, I am sorry to say, went wrong. He failed in his sworn duty, and he was practically impeached in the Congress and had to resign. Just because he made some poor appointments, the remaining judges decided to create a monopoly and turn over all bankruptcy cases to the Irving Trust Co. I am not here to denounce the Irving Trust Co., but I am opposed to any monopoly of this kind. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Speaker, I am not in favor of this investigation. I believe there is sufficient information available so that the Congress can correct by legislation the deplorable situation which exists.

I want to discuss for a few moments the situation as it exists in the city of New York in regard to bankruptcies, receiverships, and reorganizations. For some few years past the bankers in New York City have been engaged in the reorganization and sale of new securities of industry in the United States. It has been very profitable to them. Under the well-known plan of reorganization, issuance of preferred and common stocks, "A" and "B" stocks, they sold those securities to the country after they had taken out the cream, and the investors and the banks of the country have been holding the bag.

I have frequently paid my respects to the New York bankers, some of whom have been examined at the other end of the Capitol recently, and others which I hope are to be examined. They created hundreds of millions, yes, billions of dollars' worth of securities, and unloaded those worthless securities on the public.

Now the situation exists that many of those same corporations which issued the securities are in bankruptcy or in receivership, and this same crowd of financial interests that exploited the public is now engaged in the reorganization of those industries. They have taken them back as so much junk and will now let the public have them back at a new and higher price. To do this they have caused to be organized bondholders' committees, stockholders' committees, creditors' committees, and all sorts of committees which they always control in connection with the reorganization of those bankrupt concerns whose securities they had previously sold to the public. They are preparing now to reorganize and to resell to the public at an early date those same companies—with a gilded covering after deducting expenses and their share of the new securities. This is a complete monopoly. There is no question about that, but I am not laying it to the judges, nor am I laying it to the lawyers only, as they represent these financial interests who are doing this job of racketeering. These all-powerful bankers are the source that you must attend to if you intend to correct this evil. The power of these bankers is responsible for the injustice in this situation. It is a deplorable situation and should be stopped in some way. Congress has sufficient information before it to correct the situation.

Mr. BLACK. Will the gentleman yield?

Mr. MCFADDEN. I beg the gentleman's pardon. I only have a few minutes.

I would like to point out how this racket is being carried on when these receiverships come in. Under the present plan as it has been operating for the last year or two, a great many of them are turned over, under some law or some regulation in New York, to the Irving Trust Co. Practically all of these industries, railroads, and banks, and all kinds of businesses, which have failed, or which these bankers desire to reorganize are handled by this trust company. When they get into the Irving Trust Co., which is one of the inside institutions controlled by friendly banking interests, trust companies who listen to the wishes of their banking friends, these things are laid out on the table. These reorganization bankers have a look at the poor companies and decide who shall reorganize it; which one of the favored institutions shall have it and who the attorneys shall be. Then they employ these attorneys. There are 5 or 6 big law firms which are attorneys for most of these reorganizations. They, or members of their firms, sit in on the bondholders' committee, they sit in on the stockholders' committee, and when they get ready to fix their fees, of course the attorneys get together as they usually do in those matters and fix the fees, and the judge approves. Now, that is the procedure that is going on. The stockholders, scattered over all the country, have little if anything to say as regards their interests. The bankers and lawyers do as they wish. I want to say that that is a situation which should be corrected, because it is not a matter for New York City alone. It is a matter of the investors throughout the United States, and the investors with small holdings who are in the minority and cannot appear at those meetings have very little to say as to what shall be done with these concerns which are being reorganized. They are just out of luck. They get

common stock in place of the bonds or preferred stock which they previously held.

Let me cite one of them. The National City Bank of New York, or should I say the National City Co., sold to the investors of the country over $75,000,000 worth of securities for the Dominican Sugar Co. In the early part of 1929 they sold a $20,000,000 bond issue to the public and the first coupons were not paid. The National City Bank recently started a reorganization of this company and very generously offered to subscribe to $6,000,000 worth of the new bonds which were to be issued at 80 cents on the dollar to supply working capital, when, as a matter of fact, the National City Co., or Bank, should have been made by the courts to put up this money and reorganize this company for the benefit of the exploited stockholders and bondholders who had been previously induced to buy these securities. Had the public known the truth about this Dominican Sugar Co. they never would have purchased any of these securities, nor should the National City Bank have been permitted to have sold these securities to the investing public. I mention this to show the type of securities which bankers of the type of the National City Bank sold to banks and innocent investors during and prior to 1929. An examination of the reorganization plan of this company is quite typical of those that I am referring to here, and it would be worth the time of the Judiciary Committee to look into this particular exploitation and reorganization.

The carrying on of these operations to which I am referring has assumed the proportions of a racket, and only those people who are on the preferred list get the receiverships, or the trusteeships, or the attorneyships. So far as the banking and legal end of these operations are concerned, the tie-in is complete. Attorneys in New York are well aware of the important part that the bar association plays in the assignment of these juicy jobs, and only those who are in good standing with the inside banking group are permitted to participate. Is it any wonder that the lawyers on the outside, who are of the greatest number, are asking for an investigation? I hope that the Judiciary Committee will bring in a bill at once for the purpose of protecting the innocent banks and stockholders throughout the country who are at the mercy of this organized racket composed of bankers—national and international—favored trust companies, and favored attorneys.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. RUFFIN].

Mr. RUFFIN. Mr. Speaker, I am not supporting this resolution because I have in mind any particular judge or any particular officer or any particular court that ought to be punished. I have no such in mind. As far as I am concerned, I have never been misused in the practice of law in Federal courts that I know of. I am supporting this resolution because I can conceive of no higher duty that Congress owes to the people of this country than to keep a proper watch over the judiciary of the United States. [Applause.] If they do not do it, the people have absolutely no guaranty of any protection. The people can watch us, and if we get too big for our positions they can catch us with that scythe that sweeps through the country every 2 years, whereas the judiciary are not subject to that sort of discipline.

I am supporting this resolution because of the rumors that have been floating over the country relative to alleged conditions which are supposed to be prevailing in the country. I do not know whether they exist or not. I do know that impeachment proceedings are very costly and generally, unless convictions are had, they serve no good purpose.

I think it is far better to investigate the judiciary before you start these proceedings, and then no injustice is done to anyone. I think, as does my good friend the gentleman from Texas [Mr. BLANTON], that there is no occasion to waste a whole lot of money in one of these proceedings unless upon an investigation it should be determined that we ought to do considerably more than we are now convinced should be done. I think this resolution is timely and that it should be endorsed. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. KRAMER].

Mr. KRAMER. Mr. Speaker, I happen to know something about the nature of the investigation this resolution proposes to undertake. Much of my career has been that of a practicing attorney in connection with receivership proceedings. Many years ago in Illinois, when I was practicing law in that State, receivership proceedings were there confined to some of the distinguished attorneys who were favorable to the judges and to the referees in bankruptcy.

Referees in bankruptcy, as I understand, may earn something like $65,000 or $75,000 a year. Just think of it! Here we are Members of Congress, at a salary of $8,000 a year, doing 10 times the work of these referees, yet by reason of the fees allowed attorneys and by reason of the fees fixed by statute the bankruptcy proceedings go on until the bankruptcy act is no longer a universal act of bankruptcy. Each one of the referees in the various districts are taking care of some particular lawyers and friends to the extent that it has become a racket.

In California, where I now live, one of the judges in San Francisco was sought to be impeached by the House and was tried by the Senate. That investigation grew out of bankruptcy proceedings, certain friends of that district judge having practically a monopoly on bankruptcy cases in his court. Impeachment proceedings are costly. I dare say this investigation should go on. Let us clean up this Bankruptcy Act once and for all. Let us put it on the basis where it belongs.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Speaker, in connection with this resolution I want to read a recent order of the Supreme Court as reported in a dispatch carried by the New York Times of May 15:

> No ancillary receiver shall be appointed in any district court of the United States in any bankruptcy proceedings pending in any other district of the United States except (1) upon the application of the primary receiver, or (2) upon the application of any party in interest with the consent of the primary receiver, or by leave of the court of original jurisdiction, or a judge thereof.
>
> No application for the appointment of an ancillary receiver shall be granted unless the petition contains a detailed statement of the facts showing the necessity for such appointments, which petition shall be verified by the party in interest or the primary receiver or by an agent of the party in interest or primary receiver specifically authorized in writing for that purpose and having knowledge of the facts.
>
> Such authorization shall be attached to the petition.

That order resulted from a petition filed by New York lawyers, and the petition, among other things, alleged the following as reported by this dispatch:

> By reason of the far-flung activities of these chains, a certain type of collection agencies and others purporting to act for creditors have found an opportunity to profit through the unnecessary appointment of ancillary receivers, and these practices have become prevalent throughout the United States, the lawyers said.
>
> As an example of the cases they had handled, where unnecessary ancillary receivers had been named, the lawyers cited the following with the number in each case:
>
> "Schulte United, Inc., 24; Miller's, Inc., 22; Retail Chemists Corporation, 5; Snyder's Hat Stores, Inc., 13; United Cigar Stores Co. of America, 8; McLellan Stores Co., 17; McCrory Stores Corporation, 6; Louis K. Liggett Co., 4."
>
> In each of these cases, it was said, the primary receiver was in position to control all the affairs of the bankrupt estate through the main office of the bankrupt, pending the election of a trustee.
>
> Under the head of waste, the petition said that in the case of Schulte United, Inc., ancillary receivers received $40,883 in fees, their attorneys $34,999, attorneys for petitioning creditors $1,125, and referees in districts other than that of primary jurisdiction $1,379.

I believe the investigation called for by this resolution will have a salutary effect in curing abuses practiced under the Bankruptcy Act.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Speaker, it has been said we should not investigate these judges for the reason that it might embarrass them. It seems to me if it be a fact that such an investigation would embarrass them that is just another reason for the passage of this resolution. Any judge who is honest, who has been doing the things he ought to do, should welcome this investigation in order to clear his own skirts. The situation in the city of New York, San Francisco, Boston, and the city of Chicago has been mentioned. In my own State, in the city of Detroit, it is reported conditions are such that neither the press nor anyone else can inquire into the records of the court to see how much money has been paid to receivers, attorneys for receivers, and referees. These are public records, and should be open for inspection. I am very suspicious when the records of a court are closed.

Mr. SHOEMAKER. Mr. Speaker, will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. SHOEMAKER. Let me call attention to the fact that out in Minnesota for the past few years practically all the judges of that State have been sending receivership cases to the same gang of highbinders in the State of Minnesota. One crowd gets it all.

Mr. WEIDEMAN. That seems to be the general complaint. Whether a judge is Democratic or Republican, honesty should be a part of his character and he should be above political parties. Whether a judge be Republican or Democrat, if he needs investigation we should start now to investigate him.

They say it will disturb the people of the country. Why, the judges are under suspicion today in the manner of handling receiverships. We should allay the suspicion. The way to do is to have the thing settled by a thorough investigation so it may be known which judges should remain in office and which should be removed from office. We should undertake to clean up the judiciary if it needs cleaning.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. GREEN. Is it not a fact also that but 4 or 5 of them have turned back to the Treasury any portion of their salaries? This in itself should be sufficient to warrant an investigation.

Mr. WEIDEMAN. Yes. We have a judge in our State who is a bank director and who owns farms, yet he has not contributed a penny in refunds on his salary.

A Federal judge receives a salary of $10,000 per year and has a life job. Under the present laws the judges are not subject to the 15-percent cut which all other Federal employees are subject to, even down to the janitors, letter carriers, and clerks. The Government has received refunds from a very few judges, and I hope the honor roll is extended by the addition of the Michigan judges. If we must economize on the disabled soldier by cutting his allowance from $12 per month to $10, the judges should be able to get along on a little less than $10,000 per year.

To get back to the subject of receiverships, I believe that the records of the court should be thrown open to investigation, so the public can know whether or not companies that are thrown into receiverships are being milked by the receivers. Are certain firms of attorneys receiving all the assignments? Is a monopoly being fostered by giving all the receiverships to a certain trust company to the exclusion of all others? Are the moneys due to creditors and stockholders of companies being given in excessive amounts to a favored few law firms and trust companies? This matter should be investigated now for the protection of the public and for the protection of those judges who do not indulge in this practice. Let us clean up the receivership racket. [Applause.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I believe it will be in the interest of the judiciary of this country to pass this resolution. Up to a few years ago every American looked with the greatest reverence upon, and had the utmost confidence in, the Federal courts. It is to be deeply regretted that in the last few years people have lost that confidence in those courts and have, in fact, severely criticized them, which criticisms, in many instances, have been justified.

Yet, notwithstanding the fact that our national bar association and bar associations in various States and cities have pointed out the abuses that have penetrated our Federal judiciary, large numbers of Federal judges have failed to take cognizance and aid in restoring the high standing of the Federal courts.

It is because of this apathy of many of the Federal judges to public and legal opinion and of the increasing abuses that the demand has arisen in recent years for the appointment of judges for restricted terms, rather than for life terms, and, in some instances, for the election of Federal judges, instead of appointment as now.

Ever since the gentleman from New York [Mr. CELLER] introduced the resolution in regard to the Irving Trust Co.; ever since the report of the Chicago Bar Association to Judge Woodward was published; and ever since the impeachment proceedings against three other judges, the demand for an investigation of our judiciary has reached tremendous proportions.

During the last 30 days I have received many requests to file impeachment proceedings against Judge Woodward, as well as against other judges; but, realizing the task of preparing and presenting a case to the Senate and the tremendous cost of impeachment proceedings, and for the sake of economy, I felt that a resolution to investigate the many abuses or charges of abuse would save much time and money.

I know that the majority of our judges are men of honor and above reproach, but I am convinced, because of the large number of complaints I have received, and because of the many charges that have been filed, that there are Federal judges who have been extremely rash, to say the least, in exercising their judicial prerogatives.

I feel that the conditions which prevail in many districts warrant this investigation, and that not only should those who have been guilty of misconduct be removed, but that those who have performed their duties fearlessly and honestly should be placed in the proper light before the American public.

It has been charged that many of those who occupy prominent positions and who brought about, through rash and dishonest manipulations, the destruction and bankruptcy of corporations and firms whose affairs and management they were entrusted with, have been able to obtain the appointment of their friends as receivers and their legal advisers as attorneys for such receivers, in that way depriving the creditors and the investors of a voice in the administration of the properties.

Though I have been urgently requested to call your attention to some of the most glaring cases, I shall refrain from doing so, feeling that this committee, under the chairmanship of the gentleman from Texas [Mr. SUMNERS], will give them due and proper publicity and will call the attention of the country to them.

Because I, as a member of the Rules Committee and the steering committee, have obtained approval and favorable action on this resolution, there are many who feel that the publicity given to the report of the Chicago Bar Association on Judge Woodward and to the first resolution, which demanded an investigation of the Irving Trust Co., called for the favorable report on this resolution, and that these were the only outstanding cases.

This, however, is not the case. Considerable evidence from many sections of the country was laid before the steering committee, as well as the Rules Committee, concerning not only the question of favoritism but of the misconduct of many of our judges.

I feel, therefore, that before legislation is contemplated or impeachment proceedings commenced, Congress is entitled to all information and as much evidence and as many facts as this important and serious condition warrants.

I wish to assure the House that there is nothing personal in this matter. The fact is that 3 years ago I requested

the Attorney General to make an investigation along these lines, which investigation resulted in the amendment to the bankruptcy law. Because of a willful and deliberate filibuster by some of the gentlemen on the Republican side, whenever any effort is made to investigate the existing abuses or misconduct of any Government department we find the Republicans solidly allied against and protesting against any proposition to investigate.

I wish to call their attention to the fact that every investigation called for by this House or Senate has been justified—unlike the 32 investigations which they began in 1921 and 1922, after the war, and after they came into power. These investigations, conducted by the Republicans at a tremendous cost to the Government, disclosed the fact that matters under the Democratic administration had been conducted honestly, efficiently, and honorably.

The only two resolutions that I have advocated—the one to investigate stock-exchange manipulations, and the other to investigate the post-office property purchases and leases and the air mail contracts—have been of great benefit to the country, not only directly, but indirectly, and I am sure that this investigation, the cost of which, I am assured, will be held down to $5,000, will result in and inure to the everlasting benefit of our judiciary and our country, and, in fact, to a much greater degree than all investigations conducted by the Republican Party for political reasons at a cost of millions of dollars to the Nation.

The gentleman from New York stated a few minutes ago that conditions in New York were scandalous. But what is true in New York is likewise true in many other districts, and for this reason I hope that the honest Republicans who have the interest of the country at heart and who desire to reestablish confidence in our judiciary will join with us in passing this resolution.

It has been suggested that I insert some of the evidence that was produced at some of the proceedings of several bar associations, including that of the Chicago Bar Association, but I shall not encumber the record, feeling that the Judiciary Committee will bring to the attention of the country those reports and findings which, I am sure, will justify the House in granting that great committee this power of special investigation.

Before I conclude, I should like to say that I regret very much that the Chicago Bar Association has failed to comply with my request and furnish me with a copy of the hearings upon which it issued the report on April 24. I am satisfied, however, that this committee will not only obtain these hearings but also the evidence not embodied in the report of which they had knowledge, and which was called to their attention. This latter thing, to my mind, is of graver import than the case to which they restricted themselves.

I doubt very much that my efforts would have availed, were it not for the courageous position taken by the Chicago press. They are entitled to the sincere appreciation and thanks of those who have the sanctity of our judiciary at heart.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to incorporate therein some excerpts and put in the differences between this resolution and Resolution 110 that we formerly refused to pass.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RANSLEY. Mr. Speaker, I yield the balance of the time to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, in the first place, I would like to clear up any misunderstanding that may be in the minds of the Members of the House with respect to the cost of this investigation.

It has been said that under House Resolution 110 this committee could have spent hundreds of thousands of dollars and that under this resolution the situation is entirely different. This is not true at all. Under the previous resolution, which was opposed by a point of order, not one penny could have been expended and the committee was not empowered to spend one penny unless appropriated by the Committee on Accounts, precisely as under the pending resolution. The resolution lost its privileged status because it carried legislation and not because it authorized the expenditure of money, and the point of order being raised, it was rereported by the Committee on Rules with the legislation eliminated. This legislation will come before the House today from the Committee on Accounts with the money necessary appropriated in that resolution from the Committee on Accounts.

So with respect to expenditures, there is no more difference between Resolution 110 and Resolution 145 than between tweedledee and tweedledum.

Now, with respect to the need or desirability of this legislation: In the first place, no resolution of this character should be passed unless there is a most clear and unquestioned need for it. The Committee on Rules has in its files hundreds of resolutions of investigations at every session of Congress, and every time one is reported and every time one is passed the pressure on behalf of all the remaining resolutions increases in almost geometric progression. The gentlemen on the Committee on Rules know this to be the fact.

Now, what is involved here? It is a question of policy, and simply a question of policy.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. LEHLBACH. I yield for a question.

Mr. MARTIN of Oregon. This is a very serious arraignment of the bar and the lawyers of this country, because all these judges are lawyers, and I want to ask the gentleman if the President has recommended this legislation?

Mr. LEHLBACH. I am not in the confidence of the President, but I have never heard that he has.

Under the old system of receiverships, when a concern was placed in bankruptcy, the trustee, or if it were insolvent, a receiver in equity, was appointed by the court largely upon the recommendation of the attorneys for the petitioners or by agreement among certain creditors or by reason of pressure brought by persons in whom the judge had confidence or whom he wished to favor. As a result, in various districts of the Federal courts grave scandals developed, and it was determined by the judges sitting in a majority of the districts throughout the country that the way to protect the estates of the bankrupt and the interests of the creditors was to pick out some experienced, reliable person or institution and turn over all receiverships to him. Whether this policy is better than the old policy is a question for the Judiciary Committee to determine, and they do not have to have an investigation by the committee to consider this question and legislate accordingly. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Speaker, the Government of the United States requires and demands the confidence of the people. This applies to all branches of the Government. Today, I am told, that the confidence of the people has been gained by the legislative branch, by the House and Senate, and certainly it has extended to the executive department, and today our people have the greatest confidence in our Executive, Franklin D. Roosevelt.

We want our people to have confidence in our courts. I can remember the time when an attorney went into court and wanted a $15,000 fee for a little work in a bankruptcy matter where the assets amounted to only $25,000 and no such fee was allowed, and my only argument was, "Your honor, I do not see how my adversary can look you straight in the eye and ask for that fee." I was told later that if I withdrew these remarks the fee would be paid, but they were not withdrawn.

We need this investigation not to punish anybody, but to have our people absolutely confident so far as the judicial department of our Government is concerned. We should know what exists in order that we can suggest changes in our judiciary or court practices to the Congress, if they are

needed to furnish this confidence. Often the fault is with the system, rather than the man. In any case let us have this investigation and restore full confidence in our Government on the part of our people. [Applause.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, the honest and the efficient judges need have no fear about this investigation. The inefficient and the dishonest judges, and those who abuse their privileges, may have fear of this investigation. This investigation will not be confined to New York, as some of its opponents seem to imply. Complaints have been received from the following districts: From Memphis, Detroit, Chicago, and Los Angeles. We already have impeachment proceedings pending against two judges in the States of Massachusetts and Florida. Incidentally, this resolution will go a great ways toward relieving the House and the Senate of cumbersome impeachment proceedings and the terrific expense thereof. This resolution ought to clear the atmosphere. It will be a sort of disciplinary sword of Damocles hanging over the heads of the judges.

I have great respect for our judiciary. In no sense would I disparage it. There are some judges, however, whose knuckles need cracking, and I assure you, my friends, that after this resolution is passed we shall discipline them. The judges, for example, in the Southern District of New York, who persist in setting up the Irving Trust Co. as a monopoly, should be told in no uncertain language that they are in the wrong. Does it not seem strange that they stubbornly continue the practice of slavish surrender to the Irving Trust Co. despite the fact that the Judiciary Committees of the Senate and the House oppose this practice, and despite the fact that during the last session and the present session of Congress the House passed bankruptcy bills containing provisions which prohibited this practice? In the light of that direction from Congress these judges deserve condign punishment for their stubborn clinging to error.

This investigation will not be a random fishing excursion, as has been charged. We shall only investigate where there are authentic complaints. The Committee on the Judiciary, one of the great standing committees of the House, can be trusted to act carefully and judiciously. Its chairman is wise and efficient and just. He can be relied upon to do the fair thing.

It is charged that there is nothing to investigate; for example, in New York; that everything has already come to the surface and is known. That is not true. Much remains to be revealed. We wish to examine and pull into the sunlight the evils of the monopoly in New York, and then bury that evil so deeply that it will never again raise its head.

The Irving Trust Co. is receiver in, by this time, probably 6,000 cases of bankrupt estates. Such a monopoly is unheard of. It is receiver for the Insull units, including the National Public Service Corporation, the Seaboard Public Service Co., the Cuban Dominican Sugar Corporation, the Krueger & Toll Co., with match factories over all the world, the International Match Corporation, the Savoy-Plaza Hotel, the Hotel Pierre, and a score of other huge hotels in New York, the Garment Center Capital Building, and many other tall skyscrapers, the American Solvents and Chemical Corporation, Browning, King & Co., and the Eastern Palliament Corporation, formerly known as Wallack Brothers, the Chain Store Haberdashery and Cigar Companies, the Lenner Dress Shops, the Owl Drug Stores, the Whalen Drug Stores, the McCrory chain stores, and many other chain-store aggregations.

Let me show you how this monopoly affects the membership of this House. Under rule of the court, the Irving Trust Co., when appointed receiver in New York, becomes the ancillary receiver of the bankrupt estate wherever it may be located. If, therefore, the United Cigar Stores, for example, in bankruptcy, has one store in Memphis, Tenn., another store in Denver, Colo., and another in St. Louis, Mo., the Irving Trust Co. becomes ancillary receiver in Memphis, Denver, and St. Louis, as well as in New York. Thus the Irving Trust Co. does not confine its efforts to New York, but, like a giant octopus, it is reaching out in all directions. Self-respecting lawyers in your respective districts cannot act as ancillary receivers. They must bow down to this great monopoly and give way to it.

A receiver is always precluded from mingling his own funds with the funds he receives as receiver. That is not so with the Irving Trust Co. The judges grant the Trust Co. the right of mingling its own funds with the moneys that come to it as receiver. It puts up bonds of $13,000,000 as security. It puts this into a vault, over which its officers and the senior district judge in New York have joint control. This is an unheard-of procedure. And since the Irving Trust Co. is a New York City institution, in the event of a failure of solvency or liquidation, I am convinced that this $13,000,000 worth of bonds could not be deemed a preference to be set aside for the bankruptcy estates. New York State law, so far as I know it, recognizes no such preferences. This $13,000,000 worth of bonds belongs to the depositors first and then to the stockholders.

It is no answer to say that this institution is a sound one and that there is no danger of its going under. We said that of many institutions in 1929 and 1930; yet they went under. If anything happened to the Irving Trust Co., the bankrupt estates would be left without protection. The depositors and the stockholders could attack the setting aside of these bonds and demand that they first be paid, or at least that the bankrupt estates be classified as ordinary depositors and share equally with the depositors.

I have examined the statements of the Irving Trust Co., and I saw no indication therein that the $13,000,000 of bonds had been set aside for the alleged benefit of the bankrupt estates. I asked the superintendent of banks in the State of New York to take cognizance of this and demand that the statement should tell the whole truth.

I charge that the Irving Trust Co. has shown favoritism to certain bidders. It has shown favoritism in the selection of appraisers, custodians, actuaries, accountants, and counsel. Those who serve the bank directly or indirectly get these plums. The court exercises no control over these aides to the court. It has surrendered all authority to the Irving Trust Co. Large fees have been earned by the lawyers, but generally only those lawyers are appointed whose clients bring business to the bank. This is but natural. If you are a good depositor of the Irving Trust Co. and you have a lawyer whom you want to favor, go to the Irving Trust Co. and you jolly well can do a good turn for your lawyer friend. All this should be and must be investigated.

Several cases have manifested themselves where one bankrupt estate has a claim against another bankrupt estate, so that we have the anomolous situation of the Irving Trust Co. as receiver suing the Irving Trust Co. as receiver.

The New York State Bar Association, the Federal Bar Associations of New York, Connecticut, and New Jersey, the New York County Lawyers' Association, the Brooklyn Bar Association, and the Bar Associations of the counties of Richmond, Queens, Bronx, Nassua, and Westchester have condemned this practice. I should say that over 50,000 lawyers are represented in these important groups.

The resolution of the New York County Lawyers' Association and part of the preamble thereto, concerning the Irving Trust Co., are as follows:

Whereas a careful examination and analysis of the report filed by the Irving Trust Co., dated November 30, 1932, shows this bank to be of no practical advantage to creditors over the administration by the creditors themselves under the bankruptcy law and no improvement for the public interest; and

* * * * * * *

Whereas this association believes that a monopoly of any nature or character is wholly contrary to the best interests of this community and is abhorrent to the spirit of Anglo-Saxon institutions as well as intolerant to the genius and intent of the common law: Now be it

Resolved, That the New York County Lawyers' Association, in this special meeting assembled, disapproves the practice and rules adopted by the judges of the United States District Court for the Southern District of New York under which the Irving Trust Co., a corporation, has been designated official receiver.

The resolution of the Brooklyn Bar Association is as follows:

Whereas such practice tends to transfer the opportunity and remuneration for such service to a financial institution not organized for the purpose of performing receivership duties, and lacking individual responsibility therefor, operating through innumerable employees who never come into contact with and whose identities are wholly unknown to the judge appointing the receiver, such clerks and employees owing primary responsibility and obligations to their employer, the financial institution, and not to the court or the receivership estate; and

Whereas such practice is prejudicial to the public interests and operates to the detriment of the receivership estate, and precludes the proper and flexible and discretionary exercise of the functions of the court, and is calculated substantially to defeat the purpose for which the power of appointment of receivers is entrusted to the courts, and to involve at times the exercise of functions by a corporation which are legal and professional in character, which members of the bar have performed for generations, and which they are specially educated and qualified to perform, thereby constituting an infraction of the spirit, if not the letter, of the statute forbidding the practice of the law by corporations; and

Whereas the New York State Bar Association at its annual meeting in 1931 deprecated the practice which we now deplore and deprecate and by resolution endeavored unsuccessfully to prevail upon the judges of the United States District Court for the Southern District of New York to return to the practice of appointing individuals instead of a corporation to receiverships: Now, therefore, be it

Resolved, That this association deplores and disapproves of such practice and routine of appointing corporate receivers; and

Judge Martin T. Manton, of the Circuit Court of Appeals, has expressed himself as follows:

All integrity, honesty, and understanding have not left the bar just because of the so-called "bankruptcy scandal." Lawyers give to bankruptcy cases their individual, personal attention—their humane consideration. They are efficient and competent, and, I believe, can handle the exigencies of bankruptcy situations more satisfactorily than a banking corporation.

I say let the Irving Trust Co. stick to its own knitting. Let it do banking and let the lawyers handle receiverships.

There is another item that I want to bring up before I conclude. I desire to have investigated the allowances made to the Irving Trust Co. I am quite convinced that some of these allowances are illegal. For example, it has paid extra moneys for custodians. It has paid extra money as high as 10 percent of the sums collected. Ordinarily a receiver is given for his services a sum fixed by the court as just. He is never given extra allowances, such as compensation for expenditures in making collections. That is a part of his job. He is never given a special allowance for custodians.

Furthermore, the Irving Trust Co. in some cases does not appoint attorneys, and in such cases it therefore practices law. This is a violation of the New York State statute, since no corporation is permitted to practice law.

The Irving Trust Co. appoints one firm of accountants; namely, Lybrand, Ross Bros. & Montgomery. Thus, we have a monopoly setting up in turn another monopoly.

Now, let us consider the matter of referees. The expenses for referees are large, being in accordance with a provision of so-called "rule 21, Rules of the Court." These rules may be changed by the judges. Let me give you some of the fees earned by the referees in the city of New York in 1931 and 1932:

Name of referee	1931	1932
Coffin	$20,445.55	$50,482.05
Davis	20,694.08	24,399.22
Ehrhorn	16,674.58	20,908.76
Stephenson	17,819.43	33,047.62

Just think of it. Referees in the city of New York receiving as high as three to five times the salaries of the judges. The job of referee in New York is far better than the job of a Congressman. In addition to the above fees, the New York judges allow these same referees extra allowances when they serve as "special master" or "special commissioner." I charge that some of these special allowances are contrary to law, where there has been an adjudication. I desire that this be investigated.

The judges know all about this situation and have known it since December 13 last. They know about these high fees and have known of them since December 13 last. What action have these judges in New York taken to remedy this situation? They have done nothing. That should be examined.

Mr. STUDLEY. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. STUDLEY. Is it not a fact that these fees are fixed by statute?

Mr. CELLER. No. These fees may be regulated by the judges. However they are regulated and fixed, these judges surely should have taken some steps to curtail such fees.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on adopting the resolution.

The question was taken; and on a division (demanded by Mr. LEHLBACH) there were 125 ayes and 29 noes.

So the resolution was agreed to.

Mr. LEHLBACH. Now, Mr. Speaker, I ask leave to extend my remarks generally.

The SPEAKER. Is there objection?

Mr. BLANTON. Reserving the right to object, I want to call attention to the fact that of the 29 Members who voted against the resolution just passed only 2 were Democrats.

Mr. MARTIN of Massachusetts. The gentleman has no right to make that remark.

Mr. LEHLBACH. Mr. Speaker, will the interruption of the gentleman from Texas appear in the RECORD?

Mr. BLANTON. I had a right to reserve an objection, and to make pertinent remarks under such reservation.

Mr. SNELL. I did not understand that the gentleman reserved any right.

The SPEAKER. The gentleman from Texas reserved the right to object, and it will appear in the RECORD.

Mr. BLANTON. I reserved the right to object, and I had a right to do it. If I had not had the right to call attention to the party complexion of the vote against the bill there might have been an objection.

The SPEAKER. The gentleman from Texas reserved the right to object, and that will appear in the RECORD. Is there objection to the request of the gentleman from New Jersey to extend his remarks in the RECORD?

There was no objection.

Mr. BLANTON. Mr. Speaker, under the unanimous consent granted me to extend my remarks and incorporate excerpts, I desire to show that the provisions of Resolution No. 110 and Resolution No. 145, and the RECORD, support the contention made by me in this debate, and that same do not support the contention made by the gentleman from New Jersey [Mr. LEHLBACH], when in his speech he asserted: "So with respect to expenditures there is no more difference between Resolution 110 and Resolution No. 145 than between tweedledee and tweedledum," and when he further asserted that "a charge on the Treasury" had nothing to do with the Speaker sustaining my point of order against said Resolution No. 110. In parallel columns I want you to compare the provisions of section 5 in this Resolution No. 145 now before the House, and you will see that with respect to expenditures under the two resolutions there is quite a difference. And it is much more than that "between tweedledee and tweedledum." Here is what the two provide:

Resolution 110	Resolution 145
SEC. 5. The said committee, or any subcommittee thereof, is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ suitable counsel, assistants, and investigators in aid of its investigation, as well as such experts, and such clerical, sten-	SEC. 5. The said committee, or any subcommittee thereof, is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or other-

Resolution 110	Resolution 145
ographic, and other assistants, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or otherwise, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary; and all such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof. Subpenas shall be issued under the signature of the chairman of the Judiciary Committee or of the chairman of any subcommittee and shall be served by any person designated by any of them. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.	wise, and to take such testimony as it deems necessary. Subpenas shall be issued under the signature of the chairman of the Judiciary Committee or of the chairman of any subcommittee and shall be served by any person designated by any of them. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

You will see from the above that there is in Resolution No. 110 the following provision giving the committee authority to spend large sums that is not in Resolution No. 145, to wit:

To employ suitable counsel, assistants, and investigators in aid of its investigation, as well as such experts, and such clerical, stenographic, and other assistants.

Under Resolution No. 110, embracing the above provision, the Committee on the Judiciary could have been divided into 8 subcommittees of 3 members each, all sitting at the same time in 8 different big cities of the United States, and each one of the subcommittees could have employed just as many lawyers, just as many assistants, just as many investigators, just as many experts, just as many clerks, just as many stenographers, and just as many assistants as each subcommittee desired, and said eight subcommittees could have paid all of the above employees just as big salaries as they wished, wholly without any limitation whatsoever. This could have cost a tremendous sum. And passing said Resolution No. 110 would have given such subcommittees the legal authority to have employed all of said attorneys, assistants, investigators, experts, clerks, and stenographers as they wished, and to have made legal contracts with them agreeing to pay them just as big salaries as they wished, and the Congress would then have felt morally bound to have furnished the money.

And you will also note that said section 5 in said Resolution No. 110 contained the following additional authorization for spending money that is not contained in said Resolution No. 145, to wit:

To have such printing and binding done, and to make such expenditures as it deems necessary; and all such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof.

So it is clearly apparent that there could have been spent anywhere from $250,000 to $500,000 under said Resolution No. 110, for legal contracts could have been made with all of the employees, for the carrying out of which Congress would have felt morally bound, while under Resolution No. 145 the extravagant provisions I have quoted above that were in Resolution No. 110 have been left out of said Resolution No. 145, and we have been given the reliable assurance by our colleagues the chairman of the committee [Mr. SUMNERS] and the gentleman from New York [Mr. CELLER] and the gentleman from Illinois [Mr. SABATH] that not more than $5,000 will be spent under this Resolution No. 145, now before the House.

Now, as to the other assertion, that a charge on the Treasury had nothing to do with the point of order I made and which the Speaker sustained. Here is my point of order against Resolution No. 145, which the Speaker sustained on May 16, 1933, to wit:

Mr. BLANTON. * * * Mr. Speaker, I make the point of order that the Committee on Rules has no jurisdiction whatever to report to this House a resolution of this kind, because the resolution shows on its face that it is a charge on the Treasury.

Such a resolution as this could cost the Government $200,000, or even twice that sum. The 25 members of this Committee on the Judiciary, or any subcommittee thereof, between now and the 1st of next January could sit in every big city in the United States from the Atlantic to the Pacific. Their railroad fare, traveling expenses, hotel bills, would be paid by Congress. They could employ as many lawyers as they wished and pay them any salaries they wished, wholly without limitation. They could employ high-priced experts, clerks, stenographers, wholly without limit. We know how much the Joe Walsh committee cost. We know how much the Graham, of Illinois, committee cost. We know that the coal investigating committee cost, first, $400,000, and then another $400,000. We know that the initial cost of the Wickersham Committee was $500,000. I am going to try to stop all such resolutions that do not provide for a limitation of expenses. This resolution is clearly subject to a point of order, because the Committee on Rules does not have any authority or jurisdiction to report such a measure that carries such a charge on the Treasury.

While the Rules Committee would have the right to bring in a rule to make such a matter in order, it has no right, in the first instance, to favorably report such a resolution. I insist that my point of order is good and should be sustained.

And here is the Speaker's ruling sustaining my point of order, and which ruling killed said Resolution No. 145, to wit:

The SPEAKER. The Chair is ready to rule.

The Chair thinks that the provision incorporated in section 5 of the resolution authorizing the committee to employ suitable counsel, assistants, and investigators in the aid of its investigation, and also the provision authorizing all necessary expenses of the investigation to be paid on vouchers approved by the chairman of the committee, is a matter properly within the jurisdiction of the Committee on Accounts. It has been held that where the Committee on Rules reports a resolution of this kind and there is incorporated therein matter which is within the jurisdiction of another committee the matter so included destroys the privilege of the resolution insofar as it prevents consideration at any time by the mere calling up of the report by the Committee on Rules. For this reason the Chair thinks that the point of order is well taken, and the Chair therefore sustains the point of order.

Mr. Speaker, I do not intend to have any position I take here on this floor misrepresented in any particular, hence I have gone to this trouble in quoting the provisions of section 5 in each of these resolutions, to show the very decided difference in them, and in quoting the RECORD to show that the Speaker did sustain my point of order against Resolution No. 145, because it carried a charge on the Treasury.

THE AMERICAN FARMERS ARE ALREADY ENJOYING SUBSTANTIAL BENEFITS AS A RESULT OF THE VIGOROUS, FORWARD-LOOKING POLICIES INAUGURATED BY PRESIDENT ROOSEVELT FOR THE REHABILITATION OF AGRICULTURE

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. LOZIER. Mr. Speaker, the American farmers are already enjoying substantial benefits as a result of the vigorous, forward-looking policies inaugurated by President Roosevelt for the rehabilitation of agriculture. His administration is only 3 months old, and yet within that short period he has secured the enactment and put into operation legislation that has already lifted the farmer out of the pit of disaster and started him on a forward march to prosperity. While all commodity prices have advanced, farm product prices are moving upward more rapidly than prices in general.

In the closing days of the Hoover administration hogs were selling at the farm in the Corn Belt for less than $3 per hundred. The average price of corn was 19 cents, wheat 32 cents, and butterfat 15 cents. On May 15 hogs were selling at approximately $4 at the farm, corn 39 cents, wheat 59 cents, and butterfat 20 cents. The advance in farm commodity prices in April was the greatest in any

one month since April 1919. This rapid upward sweep of farm commodity prices very substantially increased the income of American farmers and points the way to much better prices in the near future. Indeed, approximately one and one half billion dollars have been added to the recent and ultimate probable income of American farmers.

The index number of all farm prices was 49 in February and 62 in May, a gain of 13 points. In grain the index number was 34 in February and 62 in May, an increase of 28 points. The index number of meat animals was 53 in February, 65 in May, a gain of 12 points. There was a gain of 5 points in chickens and eggs. These advances are putting cold cash into the pockets of farmers, who are already beginning to feel the upswing in agricultural conditions.

Now, while the cash prices for farm commodities have increased the farmer's supplies are costing him less. For instance, the index number of prices paid by farmers for their supplies in February was 104, which by May had fallen to 100. On the 1910–1914 basis the farmer's buying power was 47 in February and 62 in May, a gain of 15 points. All farm prices between February and May advanced 13 points, from 49 to 62, and wholesale prices in general increased from 87 to 93, a gain of over 6 points.

But let it be understood that the farmer is not yet out of the woods. We have not yet reached a complete solution of the farm problem. While the farmer is headed in the right direction, his progress toward prosperity and economic independence will be slow and tedious. The increase in the price of a few farm products will not restore prosperity to the agricultural classes nor enable them to recoup the tremendous losses they have sustained in the last 12 years. Indeed, the upward trend of farm commodity prices may be halted before the farmers have harvested this season's crops. The apparent advantage of higher prices may fade away in the face of relatively poor crops, reduced production, increased overhead expense, confiscatory freight rates, or an unlooked-for increase in the spread between the price at which the farmer sells his commodities and the price he pays for his supplies.

This temporary increase in the market price of farm products, if halted now, will not and cannot pull the American farmer out of the economic slough of despond. Unless the advance in the market price of farm commodities is general and continues, the march of the agricultural classes toward prosperity will be halted. While the remarkable advance in the last 3 months will temporarily reduce the severity of the agricultural distress, and in a measure mitigate the intensity of the farmer's burdens, still we have not removed many of the causes that brought about these acute, painful, and alarming agricultural conditions.

It is idle for spokesmen of the administration, politicians, periodicals, or the public press to assert that the agricultural crisis has passed, or that the agricultural industry has been stabilized, or that the farmers are on the border of the promised land. The disease that has so long and so completely devitalized agriculture is too deep-seated and malignant to be cured by a temporary, or even permanent advance in the price of a few farm commodities, especially in view of the fact that the farmer is even now still compelled to sell his commodities at prices far below the cost of production.

The benevolent laws already enacted by Congress on the initiative of President Roosevelt must be supplemented by others that will radically and permanently stabilize the market price of farm commodities on a much higher level than those that now prevail. To illustrate, on the basis of values from 1910 to 1914 the average farm price for February on hogs would have been $7.12; on lambs, $5.95; on cattle, $5.11. Averaging these prices and comparing them with the farm prices on meat animals in February 1933 we discover that the combined price on February 15 of these three commodities was only 53 percent, or approximately only one half of the average 1910–14 prices. And while there was an increase of 12 percent in the average farm price of meat animals from February to May, still at the present time they are selling at only 65 percent, or approximately two thirds of pre-war prices.

That is to say, the upward movement in farm commodity prices has just started, and if the American farmers are to be saved from a condition of peasantry and penury, prices must continue to advance until they at least reach a level double the present prices.

For 12 years an economic hurricane of unprecedented violence ravaged agriculture, and we are not quite sure that this storm has spent its fury or its force. Its unabated power would ruthlessly have taken toll of many more millions of farmers had not President Roosevelt come to their rescue. For 12 years the farmers of the Nation have been fighting a losing battle under exceedingly adverse conditions and in that tragic period the earnings and accumulations of a lifetime were dissipated. The enactment of the Agricultural Adjustment Act, the Agricultural Credits Act, the Emergency Farm Mortgage Act, the Industrial Recovery Act, and other benevolent legislation by the Roosevelt administration has already brought a substantial degree of relief to the American farmers and the wise and sympathetic administration of these wholesome laws will certainly and speedily restore the buying power of the American farmers, rehabilitate agriculture, and restore it to its proper position among the profitable occupations.

Agriculture is the oldest basic industry, the mother of all other vocations. When it should have been enjoying an equal degree of prosperity with other vocational groups, with other callings, it was thrown out of the temple of equal opportunity. Its pathetic condition did not awaken the interest, much less the sympathy of those who dwell in the magic zone of perpetual governmental favor. For 12 years the agrarian classes have been relegated to a state of economic servitude. Unless agriculture can be speedily placed on an economic equality with industry, it will soon cease to be a prime factor in the business life of the Nation and will become the bond servant or handmaiden of the other occupational groups whose welfare seemed to be the chief concern of the Republican Party.

The farmers of America constitute the most stable, dependable, and conservative element of our population. They have been the victims of grave economic injustice. They took their losses manfully. Though sorely stricken, hope urged them on and told them tomorrow would be better. They did not turn Bolshevik, but in the zero hour of economic disaster they exemplified the highest ideals and most exalted traditions of American citizenship. If the manufacturing, capitalistic, and commercial classes had suffered the social injustices and economic wrongs to which the farmers have been subjected, these groups would have filled the earth with their bolshevistic ravings and precipitated social unrest and industrial disorder.

The economic distress through which agriculture has been passing, and from which it has not yet emerged, is not primarily chargeable to the farmers themselves but is largely the result of legislative discrimination against them, and an abuse of power and privilege by those who arbitrarily and selfishly control the economic forces of the Nation.

Under the last three Republican administrations the American farmers were marching with steady step to a condition of peasantry. They were not able to sell their commodities at a price that would even return the cost of production, much less afford a profit. Under 12 years of Republican rule the purchasing power of the farmer's dollar was substantially impaired; in fact for several years the farmer has annually faced a deficit and been living off the earnings and accumulations of former years. The shrinkage in the agricultural wealth of the United States in the last 4 years has been so stupendous that it is difficult to comprehend how agriculture has been able to stand the economic strain to which it has been subjected.

Throughout my entire life I have championed the cause of the agricultural classes, whose interest the Republican Party has so unblushingly and arrogantly betrayed. Long before I entered the public life I cast my lot with the American farmers, who constitute the bone and sinew of our

Nation and whose prosperity is absolutely necessary before any substantial and enduring prosperity can come to other vocational groups. What little money I made or could borrow I invested in farm lands, which I still own, though every acre I own is heavily mortgaged.

I am vitally interested in agriculture. I know its problems, and like many others I am bent double by its burdens. Having been born and reared on a farm, and realizing that the welfare of our Nation depends primarily on a prosperous rural population, it is but natural that I should champion the cause of the group from which I sprung.

The first speech I made in Congress related to the agricultural situation and embodied a vigorous protest against the injustice to which agriculture was being subjected. For 10 years in the Halls of Congress I have aggressively fought the battles of American agriculture, as the RECORD will conclusively demonstrate. While many other Members were just as loyal to agriculture and just as zealous, no Member has been more aggressive, loyal, or industrious in advocacy of the claims of the American farmers for a square deal. I have not been halting, wabbling, vacillating, hesitating, or passive in my advocacy of the cause of agriculture. On this and every other question I have always been positive in my convictions and frank in their expression.

Realizing that the granting of economic justice to the agricultural classes was not, and is not, a political question, I have stood shoulder to shoulder with Democratic and Republican Representatives from agricultural districts pleading the cause of the dirt farmers, and in the last 10 years the record will show that in every battle for farm relief I fought in the front ranks, and by voice and vote wholeheartedly cooperated with the representatives and leaders of the great farm organizations in their efforts to put over their legislative program.

And this I did without in any degree disregarding the interests and welfare of other vocational groups, none of which can hope to have any worth while, substantial, and enduring prosperity unless the agriculture of the Nation is placed on a prosperous basis and the buying power of the American farmers restored.

PERMISSION TO ADDRESS THE HOUSE

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes in which to ask the gentleman from New York [Mr. CELLER] a question.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. I want to know from the gentleman from New York whether I understood him correctly to say that he does not desire any money to carry on this investigation.

Mr. CELLER. Mr. Speaker, I explained to the gentleman from Missouri that I believe the bar associations would be very happy to furnish eminent counsel to take care of these investigations throughout the country. It may be that for purposes of accountancy $5,000 might be necessary. As far as I am personally concerned, I should be willing to do without the money entirely, but I believe in the interest of efficiency that $5,000 may be necessary for the purpose of hiring accountants to go over the records of these judges.

Mr. COCHRAN of Missouri. I should like to know why one day one statement is made to the Committee on Accounts and another day another statement is made contrary to the first statement.

Mr. SABATH. The gentleman from New York [Mr. CELLER] does not control the situation. The gentleman from Texas [Mr. SUMNERS] will have control. We all have confidence in him.

Mr. COCHRAN of Missouri. We have a Department of Justice to which we give hundreds of thousands of dollars with which to make investigations, and still you continue to authorize investigations to be made by the House instead of requiring the Department of Justice to investigate such matters as this. The judiciary, in a way, is subject to the Attorney General. Why not call on him to correct the abuses you complain of?

Mr. BLANTON. But the Department of Justice has not done it. Our Committee on the Judiciary ought to do it themselves, as all of its members are able lawyers.

Mr. GREEN. The Department will not investigate the judges. We tried it in the Florida case.

Mr. COCHRAN of Missouri. I am as anxious as the author of the resolution to stop the abuses complained of, but I feel if the Attorney General would take the matter up he could cause a change in the present procedure. Then again, if you would present the matter to the conference of United States circuit judges, held in Washington annually, I am positive they would find a way to meet the situation complained of.

Mr. CLARKE of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a record of the work, the mission, and the objective of the National Forest Reservation Commission.

The SPEAKER. Is there objection?

There was no objection.

Mr. CLARKE of New York. Mr. Speaker, 3 months ago the Speaker honored me by an appointment on the National Forest Reservation Commission. Since then I have noted with increasing appreciation the constructive part played by both Houses of the Congress, through certain of their Members, in the execution of a public program of far-reaching consequence and significance, a program which, by retrieving the errors of the past, will guarantee the security of the future.

Of the seven members of the Commission, two are from this House of Representatives and two from the Senate, with the Secretary of War, Secretary of the Interior, and Secretary of Agriculture. Throughout the 22 years of the Commission's existence, six Members of this body and eight Members of the Senate actively have participated in all of its functions and in the shaping of its policies and programs. It was as a member of this House that John W. Weeks sponsored the act of March 1, 1911, through which the Commission came into being and which because of such sponsorship is popularly known as the Weeks law, although it was not until he became Secretary of War that Mr. Weeks served as a member of the Commission. It was as a Member of this House that I enjoyed the opportunity to share with Senator MCNARY the sponsorship of the act of June 7, 1924, commonly referred to as the Clarke-McNary law, through which the initial purpose and scope of the Weeks law was broadened. The House, I am confident, will be interested in the objectives and attainments of the Commission.

The original objective of the Weeks law, and, therefore, of the Commission, was to safeguard the headwaters of navigable rivers. In the Western States this purpose was being accomplished by national forests created from the public domain; east of the Great Plains it was not then receiving attention. The Commission's first action, therefore, was to approve the establishment of nine areas in which that function was of major necessity and importance. The next year, 1912, it approved 4 more; in 1914 another; in 1918, 2 more; and in 1921 still another.

Within those 17 units the lands of greatest forest and watershed importance were acquired as rapidly as Congress made funds available. The value of the work gained increasing recognition and approval. Meanwhile the problem of forest devastation through destructive forms of timber cutting and unrestrained fires pressed for solution. The confinement of Federal action to the headwaters of navigable streams precluded constructive action in other important forest regions where the need was as great but where the element of protection to navigation was not sufficiently demonstrable. The feeling grew, both nationally and within the Congress, that the stimulation of timber production properly might be a major objective of the program of forest-land purchases by the Federal Government.

With this view the Congress agreed by enactment of the act of June 7, 1924. With that law as a mandate and an

authority the National Forest Reservation Commission combined the objective of timber production with its previous objective of protection to navigable streams. In 1926 it approved the establishment of two additional purchase areas; in 1928, 6 more; in 1929, 8; in 1930, 4; in 1931, 2; and the last year 3 more.

As a result there are today 42 definitely established areas within which forest lands are being purchased by the Federal Government for national-forest purposes. They are situated in 20 of the Eastern States, to wit, Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, New Hampshire, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Vermont, Virginia, West Virginia, and Wisconsin. The fact that my own State is not included in this list in no way diminishes my appreciation of the fine system of national forests. New York, fortunately, finds it practicable to handle her forest-land problems without Federal aid but is glad to see that aid extended where it is necessary and is desired.

March 7 last marked the end of the twenty-second year of the Commission's activity. At that time the net acreage it had approved for purchase totaled 4,727,680 acres. The average price paid was $4.49 per acre. The total appropriations over the 22 years have aggregated a net of $25,035,860.76. The difference represents the cost of widely extended examinations, and of conducting the detailed requirements of the purchase work, including examinations, cruises, and appraisals of the offered lands, the surveys of those approved for purchase, the completion of the perfect titles required in Government practice, not only in relation to the areas finally acquired but also other extensive areas which for one reason or another could not be acquired.

The acquired lands are embraced within 31 of the purchase areas situated in 19 of the States. Within these same areas are 2,503,875 acres reserved from the public domain, transferred from other departments or acquired by exchanges. The Government's total holdings therefore aggregate 7,231,555 acres, or slightly less than one half of all the lands desirable of purchase within the 42 established units. Due to the Nation's financial situation a curtailment of appropriations for land purchase seemed necessary, and the acquisition of the remaining lands seemed remote.

The act of March 31, 1933, authorized the creation of a Civilian Conservation Corps. Naturally the larger portion of the corps was enrolled in the more heavily populated Eastern States, and the employment of the men in their own or adjacent States naturally was desirable. The national-forest units to which I have referred afforded immediate opportunity for effective employment of such men in ways that constructively would contribute to the future welfare of the Nation and would adequately realize the value of the labor. Work justifying the early establishment of a total of one hundred and seven 200-man camps was in sight.

It was, however, evident, that if the remaining lands within the units passed to Government ownership, if the problem of widely interspersed private holdings were eliminated, the services of the Civilian Conservation Corps could be more largely and more effectively utilized and the need for transporting a part of its membership to remote Western States could materially be reduced. In consideration of this situation, the President decided that part of the funds made available by the act of March 31, 1933, properly might be employed to consolidate the forest-land holdings of the Federal Government, and by Executive order of May 20 he allocated $20,000,000 of those funds for the purchase of additional lands within the 42 areas which the Commission previously had approved.

On June 9 the Commission considered and gave its approval to a new program of land purchases consisting of 342 cases totaling 443,909 acres, distributed among 28 of the approved units which are situated in 16 of the eastern States, ranging from Maine to Florida and as far west as Arkansas and Minnesota. The lands are to be purchased at an average price of $1.80 per acre, by far the lowest figure at which such lands have been obtainable since the purchase work began.

Federal purchase of these lands will greatly enlarge the field for the employment of the Civilian Conservation Corps in the Eastern States and will facilitate orderly programs of forest improvement. But it will do a great deal more than that. Before the Government will accept title to the lands all back taxes must be paid, and many counties will receive tax payments that otherwise might not be made. Capital frozen in temporarily nonproductive land will be released for use in local business and industry. Scores of owners of small tracts will obtain funds which, while separately of small amount, may be of infinite service in meeting pressing obligations. All things considered, the Congress may feel well satisfied with the workings of the Commission which it created 22 years ago and in which, through its designated members, it since has taken a major part.

Helpful todays mean more helpful tomorrows.

ORDER OF BUSINESS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to proceed for 7 minutes.

The SPEAKER. Is there objection?

Mr. CONNERY. Mr. Speaker, I reserve the right to object. After the gentleman finishes I shall ask unanimous consent to address the House for 3 minutes.

Mr. SNELL. Mr. Speaker, I reserve the right to object in order to ask the gentleman from Tennessee [Mr. BYRNS] what is to be the program for today?

Mr. BYRNS. We are waiting now upon the Senate with reference to the conference on the independent offices appropriation bill, and also with reference to the deficiency appropriation bill.

Mr. SNELL. Would it not be better to stand in recess until we find out something about it?

Mr. BYRNS. Then there may be a report on the banking bill. [Applause.] I am not sufficiently advised as to that. Personally I hope so.

Mr. SNELL. I am not sufficiently advised, but I doubt that the gentleman is correct in expecting a report.

Mr. BYRNS. The wish may be the father to the thought.

Mr. SNELL. I think we ought to understand what is to be the program for today.

Mr. BYRNS. Of course, I have no objection to the House granting these requests for debate, but as soon as that is over it is my purpose to ask that the House stand in recess subject to the call of the Chair; and, of course, the Chair will be guided when he calls the House back by the business that may be ready to come before it.

Mr. CONNERY. And I want to say in justice to the gentleman and in fairness to my leader that the reason I am asking for the 2 minutes is to say that I am going to make a point of order against the recess and demand the regular order, so that we can get up the 5-day week 6-hour day bill on a call of committees.

The SPEAKER. Is there objection to the request of the gentleman from Texas to address the House for 7 minutes?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes at the conclusion of the remarks of the gentleman from Texas.

The SPEAKER. The gentleman can make that request later.

THE JUDICIARY

Mr. SUMNERS of Texas. Mr. Speaker, I believe I am in position with regard to the resolution just passed to speak in an unbiased and nonpartisan way. When we come to deal with the Federal judiciary we must not deal with it from a prejudiced or partisan standpoint. I recognize that we are all nervous and tired. This has been a very hard session, and it is pretty difficult for us to give that calm, deliberate consideration to any problem now which important problems require. It is probably true, whatever the cause, that the Federal judiciary today, in point of public confidence, holds the lowest position it has held since the organization of the Government. Some of that no doubt is

due to unwarranted attacks, to unjust accusations. On that point Democrats and Republicans ought to be very careful.

A good many people feel that it is smart to say things derogatory to the American Congress. For instance, I have heard it come from sources that really believe in a Government by the people, who are interested in its strength, its stability, and its perpetuity. Some smart fellow writes something in the newspaper or somebody on the stage gets off some wisecrack about Congress, and people laugh. The people of America may well understand that more hurt to this country can be done in this way than all of the soap-box orators you can put on the streets can do. The average person does not distinguish between that intangible thing which we love with that holy love called patriotism, and the functioning machinery of government, or rather the official personnel who function that machinery. Destroy confidence in that personnel and confidence in the Government is destroyed.

But that does not mean that a blanket may be spread over the misdeeds of public officials. The sunlight of publicity, and vigorous, immediate, and adequate punishment must be the reward of those who betray public trust.

The American people have not been taking the responsibilities of being a self-governing people very seriously for a good many years, during this period when we have been on a grand jazz—jazz music, jazz statesmanship, jazz business, jazz citizenship.

We have to get down to business. We have to recognize that as a nation we have been acting very foolishly for the last 14 or 15 years, and have a lot of things to straighten out. We must not lose our heads and dash this way and that. We have a big job ahead of us, and one of the jobs we have ahead of us is to restore the Federal judiciary to public confidence. Do not make any mistake about that. You can hurt it in two ways. You can hurt the Federal judiciary by unwarranted charges against it; by unwarranted insinuations against it. You can hurt it most by keeping some crooked judges on the bench. You can hurt it more that way than any other way on earth.

I hold that when the reasonable and probable consequence of a judge's conduct is to destroy the confidence of a sensible people in his judicial integrity he commits the highest crime, perhaps, he can commit, and that judge must go, and like judges must go if we are to preserve confidence in the judiciary. [Applause.] A few crooked lawyers can cast discredit upon the whole bar. A few dishonest judges on the Federal bench can cast discredit upon the entire Federal judiciary.

In my judgment, taking it all in all, we have fine men on the Federal bench. Now, may I make this other observation? I have been studying this thing for a good while. A great many people believe that when you find an abuse in office you should take the power to abuse away from the office. I am talking of some pretty serious things now—serious things for us to consider. Popular governments have even been destroyed by the process of taking power from the officeholder as a method of correcting abuses, until finally a great crisis comes when there is need for strength in government, it is found that so much strength has been taken away, so much power from the holders of offices that there is not strength enough left to deal with the crisis, and the people turn in disgust from a weak government to a strong, autocratic government. We ought not to forget that in America. I am not speaking as a Democrat. These problems are so great that party considerations in their presence are contemptible. The thing to do when we find a man who is unworthy of his trust is to take the man from the office, and not take the power from the office. I mean within sensible limitations, of course. [Applause.]

We must make the Federal judiciary nonpartisan in this country. I am talking not to Democrats or Republicans now. I am talking to Members of the American Congress who love this Nation. We have to make the Federal judiciary nonpartisan. I speak of all administrations. I know in my own State, and it has been true of others where the party in national power be not representative politically of all the people of such States, that it has been impossible to put a man on the Federal bench unless he has on him the brand of a political boss. Now you stop and think of that for a half minute—making political merchandise of these judicial offices. I cannot speak of the standard of judicial decency that has been established by judgments in impeachment trials of this country, but I say that neither the Federal judiciary nor any other officials can maintain public confidence living upon the standards we have established for judicial propriety in this country. I make that statement with all respect and more in criticism of our methods and procedure than otherwise.

May I ask how much time I have left, Mr. Speaker?

The SPEAKER. The gentleman has 1 minute remaining.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the gentleman be allowed to proceed for 10 additional minutes.

Mr. SUMNERS of Texas. I will conclude in that time.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. ZIONCHECK]?

There was no objection.

Mr. LEHLBACH. Before the gentleman resumes his remarks, will he yield for a question?

Mr. SUMNERS of Texas. Yes; I will yield for a question.

Mr. LEHLBACH. The gentleman from New York [Mr. CELLER], in discussing the effects of the resolution, said that certain associations of lawyers would be glad to furnish counsel to the committee. I know the gentleman from Texas will be glad of an opportunity to assure Congress that he does not propose to make his committee conducting this investigation a sounding board for a group of disgruntled lawyers.

Mr. SUMNERS of Texas. I will make this statement: The Committee on the Judiciary has a lot of responsibilities to discharge during this recess. As for myself, I have not asked this responsibility. I am tired as I can be. We are charged with the responsibility specific of investigating the conduct of two Federal judges during the vacation. There are many other things to be done before the next session. I do not like this character of responsibility. I mean I do not seek it. It means work, not a junket. I do not believe there is a judge in America whose skirts are clean, who need be apprehensive as to what may be done by the Committee on the Judiciary in connection with the exercise of the duties imposed upon us by this resolution. Wherever there is need for an investigation I would deem myself and the members of our committee unfit if any group or faction should be able to control. We will avoid being anybody's sounding board.

But I do not want to get off what I was talking about. I did not speak on the resolution adopted, nor did I vote on it. Insofar as I am concerned, I left the determination solely to the judgment of the House, and will act in obedience to its mandate.

Mr. ZIONCHECK. Will the gentleman yield for a question?

Mr. SUMNERS of Texas. I yield.

Mr. ZIONCHECK. Does the gentleman advocate the election of Federal judges on a nonpartisan basis; is that the gist of his argument?

Mr. SUMNERS of Texas. Well, I have not "gisted" it that far. [Laughter.]

Mr. ZIONCHECK. Well, I suggest the gentleman "gist" it in that direction.

Mr. SUMNERS of Texas. If my friend will permit, I prefer to direct my own remarks. There are some things I have been thinking about a long time in connection with the present set-up, and particularly with regard to disciplinary powers and procedure. Ours is the most ridiculous procedure that any intelligent people could have. There are several very remarkable things about it. Sometime I may discuss them somewhat in detail. I have promised to finish in 10 minutes. We have a procedure in the year 1933 with regard to the removal of Federal judges that was developed some three or four hundred years ago in England

when, following a judgment of conviction—and it was a real criminal trial—it was possible to hang the defendant, cut his head off, quarter him, confiscate his property, and do several other things to him. Outside of that I do not believe they could do anything to him. [Laughter.]

Ours is the same procedure, notwithstanding our Constitution provides there can be no punishment for crime, and limits the judgment to ouster from office. Now, just think of that.

This came about in a very interesting way. I know how it came about, but I never would have known it if I had not been on the Committee on the Judiciary, and had not from observation and experience gone through the whole procedure. When we got started in this country as an independent government, and after we had been running along for 13 or 14 years we had the necessity to impeach somebody. We never had impeached anybody in this country. They did not know how to go about it. They appointed a committee. They knew just as little about it as my friend KURTZ and myself with our first impeachment case. They got to looking around and found the English precedents. So they tried this first case by the English precedents. Then came the Chase case, I believe it was, and they followed our own precedent. Since then we have been tracking along like little pigs, because we have not thought these things through for ourselves. In the first case we had I said to my friends on the committee, "This is no criminal trial." I looked into the matter further. I have accepted place on the committee, studying the nature of the power being exercised, and am now submitting in brief certain suggestions for your consideration.

I believe we have tried our last impeachment by the ridiculous procedure which we have followed since we have had an independent Government. What I think the Senate will do will be to have testimony taken in the territory where the judge lives by a committee of the Senate that shall perform mixed functions of judges, and, in a sense, act as a master in chancery. I am not describing, but indicating. The trial in the Senate will be largely upon the record, with the privilege reserved to call any witness desired before the full Senate.

With regard to all officers other than judicial officers we have two methods of removal, one by impeachment and the other by the President. In my judgment, the last case of the impeachment trial before the Senate of any officer other than a judge has been had in this country. The President has the power to remove them now. What will happen will be that testimony will be taken by agencies of the House, the matter acted upon by the House, and if in favor of removal, the request of the House for removal, together with the record, laid before the President, or, as stated, by the House and Senate. Upon that evidence the President will be asked to exercise the power established in the Myers case and remove him. Something like that will be worked out, I believe.

I have another notion I am going to submit for your consideration and for the consideration of the lawyers of the country. I speak now without having made complete examination and consideration, but my inclination of judgment is that it is sound. You remember the language with regard to the appointment of judges. They are not appointed for life. They are appointed during good behavior. I am not sure about this now, but I am almost sure. Now, we have always regarded that as an appointment for life, subject only to the exercise of the impeachment power. I believe it is a condition that lies entirely outside of the impeachment power. I believe the phrase, "during good behavior", is a condition that runs with his tenure, and that it is within the power of the Congress to set up a tribunal and give it jurisdiction to try the issue of good behavior. I do not know whether it is practical or not. I have not got that far. I do not know whether it ought to be done or not, but personally I have no doubt, insofar as I have gone, that the Federal judge holds, by the right of his commission, not one day, not one split second, beyond the period of good behavior. It is a condition that runs with his term.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McFARLANE. I should like to ask the gentleman a question in regard to the Federal judges. In our convention under which this system was created the vote was 5 to 4 after a long and serious debate. Would it not be advisable, and would it not bring about an enormous improvement to let the judges of the State courts elected by the people take care of our judiciary, appeal to be made directly to the supreme court of the State and the Supreme Court of the United States, respectively?

Mr. SUMNERS of Texas. I may say to the gentleman from Texas that I am not yet ready to go that far. But I say this much, and I say it to the Federal judiciary and to the friends of the Federal judiciary, that either they must be subject to some intelligent, proper, fair control of the people or they are going to be abolished. This notion that some people seem to have that a Federal judge cannot be removed from office unless it can be shown that he has served a couple of terms in the penitentiary, or ought to have done so, is placing the whole Federal judicial machinery in peril.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. DONDERO. Carrying out the suggestion made by the gentleman from Texas [Mr. McFARLANE], would it be possible for a State court to try a Federal question or a question arising between two States?

Mr. SUMNERS of Texas. That is entirely too speculative for me to go into now. I am trying to confine my remarks to the points I started out to make.

Now, Mr. Speaker, when the Federal courts had jurisdiction over only a few matters that did not come close to the people—I do not want to reflect on Federal judges now—but you remember when the Federal court had jurisdiction over only big matters we had a certain class of lawyers as judges who were men of outstanding character. A Federal judgeship was just about the highest job that could be found, but in later years, regardless of how it came about, we have largely made the Federal courts police courts. This has had much to do with regard to the type—not the entire type—of judges.

I cannot choose just the word I wish to use, but I would say this much: If we could get rid of say about a dozen Federal judges in this country now, if the House would impeach and if the Senate would clean them out, the Federal judges, as a class, would stand high in this country and the people would have confidence in them. [Applause.]

Mr. CHRISTIANSON. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. CHRISTIANSON. Has the gentleman considered whether these abuses could be eliminated in some measure by appointing Federal judges, especially those of the inferior Federal courts, for a specific term of years, say, 6 years or 8 years?

Mr. SUMNERS of Texas. That would be impossible without a modification of the Constitution.

Mr. CHRISTIANSON. Would a modification of the Constitution be necessary so far as the inferior Federal judges are concerned?

Mr. SUMNERS of Texas. Yes; I believe so. At least that is my opinion.

Mr. CHRISTIANSON. I thought that would be true as to the Federal judges that were specifically created by the Constitution, but I doubt very much whether it would be true as to those Federal courts which the Congress has established.

Mr. SUMNERS of Texas. The Committee on the Judiciary has examined the question several times and we have always come around to the conclusion that except for judges in the Territories, such as Alaska, where Congress governs under the general powers conferred by a provision of the Constitution with which the gentleman is familiar, it would require a modification of the Constitution to bring about what the gentleman suggests.

Mr. CHRISTIANSON. Does not the gentleman believe it would be a wise course to pursue?

Mr. SUMNERS of Texas. I do not want to get away from what I am trying to indicate may be done under present constitutional powers and arrangement.

Mr. CHRISTIANSON. Just one further question: Does not the gentleman believe it might be wise for this Congress to submit to the States a constitutional amendment to bring about such a reform?

Mr. SUMNERS of Texas. I should like not to get into that subject. I should like to deal with the subject about which I started out to talk.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes; but let me hold to my line of thought.

Mr. ZIONCHECK. I will bring it right to the theory of the gentleman's argument. Would it not have had a very salutary effect upon Federal judges in the United States had the Senate impeached Judge Louderback?

Mr. SUMNERS of Texas. I believe I will never rid my mind of that opinion. [Applause.]

Mr. DUNN. Will the gentleman yield for a question?

Mr. SUMNERS of Texas. Yes.

Mr. DUNN. Does the gentleman believe it is right that a man should be appointed a Federal judge, whether of the district court or the Supreme Court or any other court, who is a large stockholder in some utility or other gigantic corporation?

Mr. SUMNERS of Texas. I think it would be just as well not to have judges embarrassed by such relationships.

Mr. DUNN. But is it not a fact that oftentimes the people do not get a square deal when a case is brought before such a judge?

Mr. SUMNERS of Texas. I do not want to get into too many spraddling-outs of this matter, but I will say that, of course, the great safeguard is for the Senators to make the proper recommendation and the President to appoint the proper man in the first instance; but in the House we do not have to deal with that. We have to deal with them after we get them.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 2 more minutes.

Mr. SUMNERS of Texas. I do not want to transgress by taking the time of other gentlemen who want to speak.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. I want to ask my colleague, who, I know, has studied the question closely, whether he has considered the advisability of Congress's preparing the machinery for the Federal judiciary itself to have a committee on discipline headed by the Attorney General of the United States as chairman?

Mr. SUMNERS of Texas. I will say to my friend that I have that whole matter under examination now. I hope to be able to make a report of tentative conclusions at least. [Applause.]

Mr. FITZPATRICK. Will the gentleman yield for one question?

Mr. SUMNERS of Texas. Yes.

Mr. FITZPATRICK. Are the conditions in New York worse today than they were before the selection of the Irving Trust Co.?

Mr. SUMNERS of Texas. I cannot answer that question.

Mr. FITZPATRICK. That is a very important question, because that is what this whole matter is about.

Mr. SUMNERS of Texas. The gentlemen from New York, I imagine, could better answer that question. [Applause.]

[Here the gavel fell.]

THE LATE HONORABLE WILLIAM C. WRIGHT

Mr. OWEN. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. OWEN. Mr. Speaker, it is with genuine sorrow and regret that I announce to the House the death of Hon. William C. Wright, who formerly represented the Fourth Congressional District of Georgia. His death occurred at his home at Newnan, Ga., yesterday afternoon. Mr. Wright was elected to the Sixty-fifth Congress to fill the unexpired term of the Honorable W. C. Adamson, in 1918. He served on the Military Affairs Committee for a number of years and was a very active and influential member of that committee. He served the last 6 years of his membership in this House on the Appropriations Committee and his work in this capacity is well known to every Member of the House.

A large majority of the present Membership knew him and loved him. He was an eminent lawyer, a faithful representative of the interests of his people, a fearless man, and a real patriot. He voluntarily retired from Congress last year, desiring to spend his remaining days in his home town in the pursuit of his loved profession of the law.

THE 5-DAY WEEK 6-HOUR DAY

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Mr. Speaker, as the House can see, I did not try to take any unfair advantage of my leader or the Speaker. I told them in the few remarks I made a moment ago just what I was after and just what I intended to do.

I understand the Rules Committee is going into session to bring in a rule to try to prevent me from getting before the House the 5-day week 6-hour day bill.

I am not going to object to anybody's talking after me and I will wait until the Rules Committee brings in its report and give them a fair break, because I think the House knows I try to be a fair fighter; but if the House is fair and wants to give the Committee on Labor a break, after the hours and days and weeks of work it has put in on the 5-day week 6-hour day bill, which is a better bill for labor and a better bill for capital than the national recovery bill, then I ask the House when this rule comes in to vote it down and give us a chance to get this measure up.

Incidentally, I will make a point of order that the rule must lay over until another day, or else receive a two-thirds vote in order to put it through.

I hope the House will back up the Committee on Labor and give us a chance to get a vote on this 5-day week 6-hour-day bill, which is the Senate bill 158, which passed the Senate and was amended by my committee and then unanimously reported favorably to the House. If you do not want to pass the bill, then defeat it. If you want to pass it, pass it; but, in fairness to labor at least, allow the bill to come up for a vote. [Applause.]

Mr. GOSS. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. GOSS. Then the gentleman thinks that if the House votes down the rule, or if the rule does not receive a two-thirds vote, he will have an opportunity to get up his bill for a vote in the House?

Mr. CONNERY. Yes.

Mr. GOSS. And I take it a vote against the rule would really be a vote in favor of letting the gentleman's bill come up for consideration?

Mr. CONNERY. A vote against this rule will give us an opportunity to bring up the 5-day week 6-hour-day bill, which the American Federation of Labor and all labor and the manufacturers in the United States want. [Applause.]

Mr. MARTIN of Oregon. Mr. Speaker, I ask unanimous consent to address the House for 7 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MARTIN of Oregon. Mr. Speaker, this morning I very carefully read the proposition brought to us Saturday night on the eve of adjournment in relation to the reorganization of the Government departments and providing for a

procurement division in the Treasury Department for the purchase of all Government supplies. Not, perhaps, that what I may say will have any effect on the ultimate action of the House, but I want solemnly to warn you as one who has followed the President all through his program in this House, one who has had 40 years' experience in the Army, that I believe that if this proposition goes through it will wreck the national defense of this country. I issue this solemn warning as the result of years of experience in the Army, and I am going to give you some of the reasons why I think so.

The mission of the War Department is to insure the national defense. Its organization and operation must be alike in peace and war so that there will be no abrupt change in a crisis. It must be prepared upon the outbreak of war to expand tremendously in a minimum of time. No commercial organization has a problem comparable in any phase to this. There is no time to experiment and no place for divided responsibility. Any organization or plan by which an agency outside the War Department is given authority over a function necessary in the performance of its assigned mission can have no other effect than to hinder operations and jeopardize the successful outcome of a war and possibly the life of the Nation.

The Army must be prepared upon the outbreak of war to move its tactical organizations from their peace-time stations to destinations not now known. At the same time new and vast stores of military supplies must be procured, stored, and transported to the field of operations.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MARTIN of Oregon. For a brief question.

Mr. COCHRAN of Missouri. How many purchasing officers do you have in the War Department?

Mr. MARTIN of Oregon. I am not going to be led astray by any little technicality which the gentleman brings up, but I will say that at the end of the World War we tried this new Douglas idea of having one purchasing department for the Army alone, and it broke down completely. I say that this will break down. The danger is that it will break down when the very life of the Nation is involved.

I will say that in the purchase of coal or the purchase of potatoes, the purchase of staple articles, this new-fangled Douglas operation might function, but when it comes to technical instruments, aircraft, munitions of war, other instruments of war, it will be a lamentable and an awful failure. The trouble is, it has been brought in by people who do not understand the matter.

Mr. COCHRAN of Missouri. Is it not reasonable to assume that Army officers will be appointed to make the purchases for the War Department?

Mr. MARTIN of Oregon. No; I have no right to assume it. I want to say that if you carry this through you will get into more trouble than you got into in the veterans' proposition. [Laughter.]

The disbursing of funds must be closely allied with the purchasing function. Complete administrative and operative control over both the procurement of supplies and the prompt payment therefor is at all times a necessary and integral part of the successful conduct of a war. The payment of soldiers must be made where they are located, and especially in war it is important that such disbursing be in the hands of the military officials. In many cases the duty of disbursing is merely incidental and additional to the troop duties of the officers engaged therein. In any event the centralizing of disbursing functions would not change the requirement outlined above.

Also, the warehousing activities at Army posts are for the purpose of providing tactical organizations with limited supplies to meet immediate needs. These units must be prepared to take the field at a moment's notice, and much of these local supplies must accompany them. To meet this requirement a close contact between the troops of the post and the local supply agencies is necessary. As a result of these requirements, the personnel engaged in those activities is almost without exception military and would remain so under any other practicable organization, centralized or decentralized.

The larger warehousing installations are incident to the purchasing and manufacturing activities or they contain reserve supplies. All of these are used to furnish supplies to tactical units distributed over a considerable area.

Experience of all armies during many years, and particularly during the World War, demonstrated the absolute necessity of warehouses located at points of production and strategic localities. The existing War Department zone of the interior storage establishments were located for the foregoing reasons over a period beginning with the War of 1812 and continuing down to include the World War.

The compelling reason for the maintenance of a fiscal accounting and bookkeeping system other than that required in connection with disbursing and collecting within the various echelons of the War Department, as in any other organization, is to provide responsible officials with the means of efficiently administering their assigned functions. Without adequate fiscal information the Secretary of War would be unable to distribute intelligently and control the expenditure of War Department funds, the chief of the obligating branch could not properly suballot and control the obligation of funds apportioned to him, nor would the obligating agent in the field be in a position to prevent the overobligation of amounts made available for specific purposes. Such records are indispensable to efficient administration; and should a centralized accounting system be superimposed on the existing departmental accounting structure, it could relieve the latter of few of its present requirements, and would add appreciably to the overhead cost.

The organization of the Military Establishment must be based upon efficiency in war. This necessitates that control of all activities essential to its functioning remain with the Military Establishment.

Procurement of supplies must be treated as comprising purchase, storage, and distribution of such supplies. It is not sufficient to consider purchase price alone as representing total cost. The economies sought are represented in the ultimate cost over a period of years to the unit consuming the supplies. It is obvious that the supply system of all Government departments cannot be identical unless the organization, the functions, and the method of operation of these departments are completely parallel.

It is true that in nearly all cases large purchases result in lower unit purchase price; but if the saving in the unit purchase price is lost in storage or in distribution costs, then the apparent economy has disappeared.

It is self-evident that the further the consolidation of supply is carried, especially in passing from one department to another, the greater will be the time period in collecting requirements, effecting purchases, and making distribution. The increase in length of time must be overcome by increasing stocks in warehouses, and this stocking of Government warehouses costs money.

The function which each department has in the scheme of Government and the mission which it is called upon to perform from time to time must also be considered in adopting a procurement plan for its use. The War Department, for example, is perhaps unique in one respect in that it is from time to time unexpectedly called upon to expand its activities almost a hundredfold. That is, when war breaks out, the supplies purchased by the War Department in a given time increase to an abnormal degree beyond the purchases normally made in peace time. This condition, therefore, must be considered in establishing a procurement plan that involves the War Department. It cannot be doubted that under war conditions the War Department procurement plan must be entirely responsive to the Secretary of War. And the Secretary of War, as a result of the World War experiences, considers a decentralized procurement plan as essential to success.

In addition to the foregoing conditions the individuality of the purchasing activity of each department and establishment and its ready responsiveness to the needs of the re-

spective departments and establishments must be retained. This responsiveness is essential to the efficient functioning of the Federal departments, and it cannot be maintained under any plan which takes the purchasing authority from the control of the head of a department or independent establishment. Procurement for any agency of the Government is an integral part of the prime and governmental function for which such agency was established.

Coordination of procurement by the Federal departments can best be obtained by an active interchange of information among the procurement agencies in Washington of the departments, and the use of interdepartmental contracts or the purchase from other departments' stocks whenever such actions are economical. An example of this is the current use by various departments of the Navy Department annual purchase contract for lubricating oils.

I have just received the following telegram in regard to section 2 of the order:

FREDERICKSBURG, VA., *June 12, 1933.*

Hon. CHARLES H. MARTIN,
House Office Building, Washington, D.C.:

Press carries information that section 2 of President's Executive order relating to reorganization of Government departments provides for transfer of military parks and national cemeteries from jurisdiction of War Department. This organization protests such transfer and is unalterably opposed thereto, due to fact that the Army certainly should be allowed to care for its own dead and the hallowed ground on which they died. Virginia is more interested than any other State, due to fact that by far the greater number of such parks and cemeteries are within its borders.

W. F. CARTER, Jr.,
Executive Secretary Chamber of Commerce.

But the crowning travesty is in section 16, where Congress is robbed of all authority in saying where the money it appropriates goes and the Director of the Budget runs the whole show. Why have a Congress at all?

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes on the President's reorganization.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, Members of Congress may find some reasonable excuse for trying to ameliorate regulations that reduce soldiers' compensation, but I want to assert without fear of contradiction here on this floor that there is not a Member of Congress, either in the House or the Senate, who can find any excuse or who can hope to have the approval of the people of this country for voting against the President's plan of reorganization and abolishing of bureaus.

I want to say that the one thing for which the President is to be most commended, and for doing which he will have the approval of all citizens, is the reorganization plan he has just submitted to Congress for approval which abolishes many bureaus. He is the only one that could effect this consolidation. His is the only power in this Nation that could have brought about this proper retrenchment and prevention of duplication. Let me call attention to some bureaus he has abolished and to a few of his consolidations.

One of the first of the most useless, most inefficient, most extravagant, most undependable bureaus that he abolished was the so-called "Bureau of Efficiency." You older Members will probably remember that ever since 1927 I have been doing everything within my power to get this inefficient so-called "Bureau of Efficiency" abolished.

On December 7, 1927, in the Seventieth Congress, I introduced the bill, H.R. 6036, to abolish this Bureau of Efficiency, and it was referred to the Committee on Expenditures in the Executive Departments, and I have made many speeches against this wasteful Bureau, and have shown many times that it was useless and was constantly inspiring and creating inefficiency, and that it never had stood for efficiency except for the first year or two after it was organized. I also showed many times that it was absolutely undependable and unreliable, and that its stand on numerous occasions was against the best interest of the Government.

It took only a very short time for the President to abolish it. It would have been impossible for Congress ever to have abolished it.

And it is almost impossible for Congress ever to effect any consolidation of bureaus, or ever to abolish any of them. This work can be done only by the President. And this is because the bureau personnel, just as soon as it is proposed to consolidate it, or to abolish it, will besiege Members of Congress and implore them, and waylay them, with every kind of appeal imaginable, and have propaganda letters and telegrams sent them from home, demanding that such proposed action be not taken. And then you will find Members taking the floor to fight consolidation and to fight abolition. And there are no consolidations and no abolishments effected.

The President has stepped on the toes of some Army personnel in his proposed reorganization. So, naturally, we find our major general colleague from Oregon, who fails so frequently to vote with us Democrats, taking the floor to fight against the President's plan, predicting that dire calamity will follow, unless we set the President's action aside.

Only the President of the United States can fairly have before him in such matters a perspective of the interests and welfare of the whole 120,000,000 people of the United States of America. Every Member here will have the interests of some constituents affected by abolishing bureaus and consolidations. Therefore Members of Congress cannot abolish bureaus, and they cannot consolidate bureaus. It takes the President to do it.

And I believe that before this year is over the President of the United States will consolidate the War Department and the Navy Department into one department of national defense, with a unified Air Corps, and such action will easily save at least $100,000,000 annually, and will give us far more efficiency both in our Army and Navy. Yet you will remember that it was our major general friend who was largely responsible for the defeat of this consolidation in the last Congress.

Mr. LUNDEEN. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I regret that I have not the time. Now, let me call your attention to some of the consolidations made by the President. Here is one of them:

All functions of administration of public buildings, reservations, national parks, national monuments, and national cemeteries are consolidated in an Office of National Parks—

And so forth. Why not? That is to prevent a duplication of effort and money, and it is the President of the United States who is bringing order out of chaos and saving money unnecessarily being expended out of the people's taxes. Let me call your attention to another one of the consolidations made by the President:

The functions of the United States Shipping Board, including those over and in respect to the United States Shipping Board Merchant Fleet Corporation, are transferred to the Department of Commerce, and the United States Shipping Board is abolished.

Once when Congress adjourned I spent the entire summer of my vacation checking up the rents that the Shipping Board and the Emergency Fleet Corporation were paying for buildings in Washington and Philadelphia. Do you know how much these two bureaus were then paying out for rents? They were paying out $764,000 a year for rented buildings alone in Washington and Philadelphia. At the same time there was vacant space down here in the Army and Navy Building in Potomac Park sufficient to house both of them. I found there was more vacant space there in that building, by actual measurements, than was necessary to house the whole Shipping Board and Fleet Corporation. I brought those facts to the attention of Mr. Martin Madden, who was chairman of the Committee on Appropriations—and God bless him, he always tried to save money for the Government—and he caused that Shipping Board and Emergency Fleet Corporation to give up their rented buildings and move down there into the Army and Navy Building and they are there today, thereby saving this Government $764,000 a year in rentals alone on just two bureaus.

The President also abolishes the National Screw Thread Commission. I tried to keep them from ever appointing such a Commission. The gentleman from Connecticut, the former Republican leader, caused it to be created. It was

foolish to begin with, and it has existed here for 12 years. Finally it took a Democratic President to abolish it. Let me call your attention to some others that President Franklin D. Roosevelt has consolidated. The Bureaus of Immigration and Naturalization of the Department of Labor are consolidated. Why should they not be? It prevents duplication of effort and saves money and expense to the people and taxpayers.

The SPEAKER. The time of the gentleman from Texas has expired.

(By unanimous consent, Mr. BLANTON was granted leave to extend his remarks in the RECORD and to incorporate some excerpts.)

PUBLIC, NO. 2—THE PRESIDENT'S PLAN OF REORGANIZATION AND ABOLISHING OF BUREAUS

Mr. BLANTON. Mr. Speaker, when President Roosevelt got Congress to pass his Public, No. 2, "To preserve the credit of the United States Government", neither the President nor the Members of Congress intended that any injustice should be done to any of our disabled veterans. He implored Congress to help him save the Government from impending inevitable bankruptcy, for otherwise he claimed it could not continue to hospitalize and succor veterans, their widows, orphans, and dependents.

As the House has granted me unanimous consent to extend my remarks and to incorporate some excerpts, I will avail myself of the privilege accorded me and complete my discussion of the President's economy program by quoting some pertinent excerpts from correspondence, which for want of time I was prevented from doing in my speech on the floor.

Under Republican rule for the past 12 years a Republican Congress has engaged in a wild saturnalia of money spending, with an orgy of waste and extravagance unequaled in all our history. During the past 4 years the Hoover administration spent $1,000,000,000 annually more than our total revenues, creating total deficits of $4,000,000,000. Naturally, in such an atmosphere, a friendly, sympathetic Congress voted unprecedented benefits and compensation to all veterans.

Respecting compensation to the veterans of different wars, the Administration called the attention of Congress to the following facts:

As to the Revolutionary War, which began April 19, 1775, no pensions were paid until the act of March 18, 1818, which provided payment from that date, "when in need of assistance from his country for support", to commissioned officers $20, and to all others $8 per month, though prior thereto land warrants had been issued, but that up to 1861 for service in the Revolutionary War, the War of 1812, the Mexican War, and the Indian wars prior to 1855, the value of the total lands granted was under $82,000,000, and the total pensions paid for all of said wars to this date aggregated less than $90,000,000.

The Administration reminded Congress that for veterans of the War of 1812 their first pension act was passed February 14, 1871, allowing $8 per month to veterans and their widows, which was increased as follows: $12 to widows in 1886, $20 to widows as old as 70 in 1916, $30 to widows in 1920, and $50 to widows in 1926, which was 111 years after the war had closed.

The Administration also advised Congress that for veterans of the Mexican War of 1846 their first pension act was passed on January 29, 1887, which granted $8 per month to all veterans either 62 years of age or who were disabled or dependent, and to unmarried widows, which, in 1893, was raised to $12 for those totally disabled, and in 1912 to $30, and in 1916 widows 70 got $20, and in 1920 widows got $30, and in 1926 widows got $50, which was 78 years after the war; and in 1920, 72 years after the war, Mexican veterans were paid $50 per month.

Congress was also reminded that in their first act of July 27, 1892, veterans of Indian wars were paid $8 per month, and in 1913 were raised to $20 per month, and in 1908, $12 was paid to their widows, who in 1927 were raised to $30, under which act veterans of Indian wars were paid $20 if 62, $30 if 68, $40 if 72, and $50 per month if 75 years of age.

Congress was informed that for veterans of the Civil War, which began March 4, 1861, their first pension act was passed June 27, 1890, over 24 years after the war closed, paid them from $6 to $12 per month from date of filing application, for disability "not result of his own vicious habits"; and on April 24, 1906, 40 years after the war closed, Congress provided that upon reaching 62 years, did not require specific disability; and on February 6, 1907, pension was increased to $15 per month if 70 years old, and $20 per month if 75 years old; and on May 11, 1912, pension was increased, where veteran had had 3 years' service, to $16 if 62, $19 if 66, $25 if 70, and $30 per month if 75 years of age; and another increase was granted in 1918; and in 1920 was increased to $50 per month, and where attendant was necessary veteran received $72 per month; and in 1926 the above were increased to $65 and $90, respectively; and in 1930, which was 64 years after the Civil War had closed, veterans received $75 per month, and $25 additional if they required an attendant, and not until 1890, 24 years after the Civil War had closed, were their widows and children granted anything, and then widows received $8 per month, with $2 per month additional for each child under 16 years old.

Congress was advised also that for veterans of the War with Spain, commonly called the Spanish-American War, from April 21, 1898, to April 11, 1899, their first pension law was passed June 5, 1920, which paid for "disability not due to vicious habits", or for age, $12 if 62, $18 if 68, $24 if 72, and $30 per month if 75 years of age; which on May 1, 1926, were increased to $20 if 62, $30 if 68, $40 if 72, and $50 per month if 75 years of age, and those requiring attendants receiving $72 per month; and which on June 2, 1930, were again increased to $30 if 62, $40 if 68, $50 if 72, $60 if 75 years of age, and to $72 per month if an attendant is required, where there was 3 months' service, and for disabilities, under the above ages, they were paid $20 for one tenth, $25 for one fourth, $35 for one half, $50 for three fourths, and $60 per month for total disability, and no pensions were granted to their widows and children until July 16, 1918, which was over 19 years after the war had closed, there being first allowed $12 to widows and $2 per month for each child, which on September 1, 1922, was increased to $20 to widows and $4 per month for each child, and was again increased on May 1, 1926, to $30 per month to widows and $6 to each child.

The Administration reminded Congress that with respect to all of our wars which preceded the recent World War Congress did not grant pensions until many years after the close of such wars, while during the last fiscal year alone the Government paid to World War veterans and their dependents the sum of $595,948,314.57, and from the close of the World War to April 30, 1933, Congress has caused to be paid to World War veterans and their dependents a total of $5,830,338,771.80. In South Carolina there are 1,480 colored veterans drawing disability compensation and 4,196 colored veterans drawing disability allowance. In Georgia there are 2,764 colored veterans drawing disability compensation and 5,871 colored veterans drawing disability allowance. In Alabama there are 2,111 colored veterans drawing disability compensation and 4,983 colored veterans drawing disability allowance. Administration doctors advise that many of their ills are imaginary, are not serious, and are not of proven service origin, yet many of such colored veterans refuse to work, and demand that the Government support them and their families. The above facts are cited to show that the Government is depending on American Legion posts to help it keep off the rolls the veterans who are not disabled and who are not entitled to pensions.

Congress has also been reminded by the Administration that no other government in the history of the world has ever done more for or given better treatment to service men than has the United States of America; that during the war the Government paid allowances of not exceeding $50 per month to the dependents of a veteran, which was added to the allotment he made them out of his own pay; that they were provided with war-risk insurance convertible since the

war; that the Government paid them the small $60 bonus, promptly provided them with vocational rehabilitation, extending such training not only to the skilled trades but also to the professions, during which time the Government made allotments and allowances to his family; that under the act of March 4, 1923, veterans were granted the presumption of service-connection of tubercular and neuropsychiatric diseases shown to have developed to a degree of 10 percent within 3 years after separation from the service, and under the act of June 27, 1924, such presumption was extended to January 1, 1925; that burial expenses were paid up to $100; and that under the act of May 19, 1924, there was granted adjusted-service pay of $1 per day extra for home service and $1.25 per day for foreign service, for which, with earned interest to accrue to 1945, adjusted-service certificates were issued to veterans, and Congress has required one half of the face amount of these certificates to be loaned to veterans.

I am one of those in Congress, Mr. Speaker, who believes that this adjusted-service pay should have been paid to veterans in cash. In the last Congress the petition to require full payment was signed first by Mr. PATMAN, second by Mr. RANKIN, and third by myself, and we passed the bill in the House requiring cash payment, but it was killed in the Senate. In the next session I shall not leave a stone unturned in my efforts to help pass a law requiring immediate cash payment.

The Administration has reminded Congress of the fact that hospitalization with travel pay to and from their homes has been granted to all disabled veterans whose disabilities are not of service origin, but have been incurred since the close of the war; also that under the Emergency Officers' Retirement Act of May 24, 1928, which at first contemplated only about 900 officers, over 7,000 emergency officers have been retired on pay from $106.25 to $262 per month for life, as disabled, yet hundreds of them are at the same time drawing large salaries from the Government ranging as high as $10,000 per year, and hundreds of them are holding lucrative positions in cities and States, as mayors, judges, police chiefs, and heads of various departments, while others have lucrative private practices as physicians, lawyers, dentists, and engineers, and that the disabilities of over 4,000 of them are acknowledged to be merely presumptive, embracing such afflictions as "social inaptitude", and others as fully ridiculous and absurd. It was to correct the inequities, inequalities, and injustices of existing conditions, and to save the Government, as he said, from inevitable bankruptcy, that the President implored Congress to pass his "Public, No. 2", and which if not passed he claimed, the Government would not be financially able to help even the bedridden disabled.

It will be remembered that in my resolution, No. 355, which I introduced on April 6, 1932, I showed that Maj. William Wolff Smith, general counsel of the Veterans' Administration, did not enter the service until October 29, 1918, just 13 days before the armistice, that he held a swivel-chair job here in Washington during said 13 days, yet he had himself retired as a disabled emergency officer at $187.50 per month for life, and at the same time was receiving a salary of $9,000 per annum from the Government as General Counsel, and that he had held the position of General Counsel in the Veterans' Bureau since February 1, 1923, but I forced him to resign after trying him before the Committee on Military Affairs.

And in my said Resolution No. 355, which was carefully checked up and found correct by the Committee on Military Affairs, I showed that the Veterans' Administration had in its employ and on the pay rolls of the Government an army of doctors, lawyers, dentists, and other swivel-chair officers who hold fat positions at big salaries and who were also at the same time drawing additional retirement pay each month as disabled emergency officers, from which I quote the following:

Dr. Winthrop C. Adams, salary $7,500, retired pay $150 per month; Dr. Wilfred E. Chambers, salary $6,500, retired pay $206.25 per month; Dr. William C. Gibson, salary $6,500, retired pay $125 per month; Dr. Ignatz D. Loewy, salary $6,000, retired pay $206.25 per month; Dr. George C. Skinner, salary $6,500, retired pay $150 per month; Dallas B. Smith, salary $6,500, retired pay $262.50 per month; Dr. Howard C. Von Dahn, salary $6,500, retired pay $150 per month; Dr. Herbert E. Whitledge, salary $6,500, retired pay $150 per month; Dr. John R. McGill, salary $6,500, retired pay $187.50 per month; Dr. Julius C. Arntzer, salary $5,400, retired pay $150 per month; Dr. Jesse J. Beatty, salary $5,600, retired pay $125 per month; William J. Blake, salary $5,600, retired pay $125 per month; Dr. John C. Carling, salary $5,200, retired pay $150 per month; Dr. Booten S. Compton, salary $5,800, retired pay $125 per month; Dr. Eugene C. Davis, salary $5,500, retired pay $187.50 per month; Dr. William T. Doherty, salary $5,200, retired pay $125 per month; Dr. James G. Donnelly, salary $5,600, retired pay $125 per month; Frank T. Duffy, salary $5,600, retired pay $125 per month; Dr. M. J. Duncan, salary $5,200, retired pay $150 per month; Dr. Thomson C. Edwards, salary $5,600, retired pay $150 per month; Dr. Jose M. Ferguson, salary $6,500, retired pay $150 per month; Thomas Foster, salary $5,400, retired pay $150 per month; John R. Galbraith, salary $5,600, retired pay $106.25 per month; Dr. Michael L. Gallagher, salary $5,400, retired pay $150 per month; Dr. Jesse L. Hall, salary $5,400, retired pay $150 per month; Dr. William A. Jolley, salary $5,000, retired pay $262.50 per month; Dr. Claude C. Keeler, salary $5,400, retired pay $150 per month; William E. Kendall, salary $5,600, retired pay $187.50 per month; Dr. Isham Kimball, salary $5,000, retired pay $187.50 per month; Dr. John C. Ladd, salary $5,000, retired pay $150 per month; Dr. Homer G. Lightner, salary $5,400, retired pay $150 per month; Dr. Bernard C. MacNeil, salary $5,200, retired pay $125 per month; Dr. Bernard A. McDermott, salary $5,000, retired pay $125 per month; Dr. Samuel B. McFarland, salary $5,000, retired pay $150 per month; Dr. Edward M. Parker, salary $5,000, retired pay $187.50 per month; Dr. Clayton A. Patterson, salary $5,200, retired pay $165 per month; Dr. George E. Pfeiffer, salary $5,600, retired pay $125 per month; Dr. Edd L. Robertson, salary $5,400, retired pay $187.50 per month; Dr. Frank R. Sedgley, salary $5,600, retired pay $150 per month; Dr. Hargus G. Shelly, salary $4,800, retired pay $150 per month; Dr. Moses E. Sherer, salary $5,400, retired pay $150 per month; Dr. Robert P. Smith, salary $5,000, retired pay $187.50 per month; Dr. Allen H. Walker, salary $5,600, retired pay $180 per month; Dr. Justus M. Wheate, salary $5,400, retired pay $240.62 per month; Dr. Otis B. Mallow, salary $5,579, retired pay $150 per month; Dr. Roscoe C. Adams, salary $4,000, retired pay $262.50 per month; John H. Ale, salary $4,600, retired pay $125 per month; Dr. Albert A. Ankenbrandt, salary $4,600, retired pay $150 per month; Dr. David E. Arnold, salary $4,600, retired pay $187.50 per month; Dr. James T. Arwine, salary $4,400, retired pay $187.50 per month; Dr. Harry P. Bacon, salary $4,600, retired pay $150 per month; Dr. Frank J. Bailey, salary $4,200, retired pay $165 per month; Dr. Erasmus S. Baker, salary $4,600, retired pay $125 per month; Dr. James L. Ballou, salary $4,600, retired pay $150 per month; Dr. Clinton G. Beckett, salary $4,600, retired pay $187.50 per month; Dr. Laurence J. Bernard, salary $4,600, retired pay $125 per month; Dr. George I. Birchfield, salary $4,000, retired pay $150 per month; Dr. Dennis L. Black, salary $4,600, retired pay $125 per month; Dr. Alpheus J. Bondurant, salary $4,600, retired pay $125 per month; Archibald D. Borden, salary $4,800, retired pay $225 per month; Dr. Benjamin Brod, salary $4,200; retired pay $125 per month; Dr. John R. Brown, salary $4,600, retired pay $125 per month; Dr. Samuel C. Buck, salary $4,200, retired pay $150 per month; Dr. Louis L. Burstein, salary $4,000, retired pay $125 per month; Joseph V. Byrne, salary $4,800, retired pay $150 per month; Dr. Alfred A. Caldarone, salary $4,000, retired pay $150 per month; Dr. Franklin C. Cassidy, salary $4,600, retired pay $125 per month; Dr. Jenner P. Chance, salary $4,600, retired pay $206.25 per month; Dr. Alpha M. Chase, salary $4,600, retired pay $195 per month; Dr. James C. Christiansen, salary $4,600, retired pay $165 per month; Dr. Benjamin A. Cochrell, salary $4,400, retired pay $150 per month; Dr. Beamon S. Cooley, salary $4,200, retired pay $125 per month; Dr. Paul R. Copeland, salary $4,800, retired pay $125 per month; Dr. Harry S. Crawford, salary $4,000, retired pay $150 per month; Dr. Wendell P. Dally, salary $4,600, retired pay $150 per month; Dr. Clark B. Devine, salary $4,600, retired pay $150 per month; Dr. Vincent M. Diodsti, salary $4,600, retired pay $150 per month; Dr. Thomas F. Dodd, salary $4,800, retired pay $187.50 per month; Dr. John L. Donahue, salary $4,600, retired pay $150 per month; Dr. Timothy S. Donovan, salary $4,000, retired pay $125 per month; Dr. John M. Ehlert, salary $4,400, retired pay $125 per month; Luther E. Ellis, salary $4,800, retired pay $150 per month; Dr. Joseph C. Endler, salary $4,000, retired pay $150 per month; Dr. F. J. M. Ernest, salary $4,600, retired pay $206.25 per month; Dr. Oscar S. Essenson, salary $4,600, retired pay $150 per month; Dr. Tema L. Eyerly, salary $4,200, retired pay $150 per month; Dr. Frank A. Fannin, salary $4,600, retired pay $150 per month; Glenn C. Fauret, salary $4,200, retired pay $165 per month; Percy M. Feltham, salary $4,800, retired pay $150 per month; Dr. Albert Field, salary $4,200, retired pay $150 per month; William T. Fitzgerald, salary $4,800, retired pay $131.25 per month; John H. Fraine, attorney, salary $4,600, retired pay $312.50 per month; Dr. John C. George, salary $4,600, retired pay $187.50 per month; Dr. John L. Gill, salary $4,600, retired pay $150 per month; Harry B. Gilstrap, salary $4,800, retired pay $206.25 per month; Dr. Benjamin W. Gleason, salary $4,600, retired pay $150 per month; Dr. Henry V. Hanson, salary $4,600, retired pay $150 per month; Dr. Edwin M. Hasbrouck, salary $4,000, retired pay $150 per month; Dr. Samuel C. Hindman, salary $4,600, retired pay $150 per month; Dr. Edwain E. Hobby, salary $4,600, retired pay $206.25 per month; Hilary G. Hooks, salary $4,400, retired pay $150 per month; Dr. John F. Howard, salary $4,600, retired pay $150 per month; Dr. John B. Howe, salary

$4,200, retired pay $150 per month; Dr. Theodore G. Howe, salary $4,400, retired pay $150 per month; Dr. Scott M. Huff, salary $4,000, retired pay $180 per month; Dr. Edwin M. Johnson, salary $4,600, retired pay $150 per month; Dr. William E. Joiner, salary $4,600, retired pay $150 per month; Dr. Edward B. Jones, salary $4,600, retired pay $150 per month; Dr. Ralph P. Jones, salary $4,800, retired pay $125 per month; Dr. Charles A. Kearney, salary $4,600, retired pay $150 per month; Dr. Ernest R. Latham, salary $4,600, retired pay $150 per month; Dr. William R. Leahy, salary $4,600, retired pay $150 per month; Dr. Henry C. Lochte, salary $4,400, retired pay $125 per month; Dr. Marion B. MacMilan, salary $4,600, retired pay $187.50 per month; Dr. Will H. Malone, Jr., salary $4,400, retired pay $125 per month; Dr. James H. Malonson, salary $4,200, retired pay $180 per month; Dr. William O. Manion, salary $4,800, retired pay $150 per month; Dr. Marius B. Marcellus, salary $4,600, retired pay $243.75 per month; Dr. Albert C. Martin, salary $4,600, retired pay $150 per month; Dr. John F. Martin, salary $4,200, retired pay $125 per month; Dr. Walter M. Matthews, salary $4,600, retired pay $125 per month; Dr. David C. McCulloch, salary $4,400, retired pay $150 per month; Dr. John T. McDonald, salary $4,400, retired pay $125 per month; Dr. James L. McKnight, salary $4,600, retired pay $125 per month; Dr. Charles H. Meyst, salary $4,600, retired pay $150 per month; Dr. Harlan E. Mize, salary $4,600, retired pay $150 per month; Dr. Harry S. Monroe, salary $4,600, retired pay $125 per month; Dr. Roy D. Moore, salary $4,400, retired pay $150 per month; Dr. John E. Neilon, salary $4,200, retired pay $125 per month; Dr. Edwin G. Nelson, salary $4,000, retired pay $125 per month; Dr. Philip H. Nevitt, salary $4,400, retired pay $125 per month; Dr. George A. Nieweg, salary $4,600, retired pay $125 per month; Dr. William H. Owens, salary $4,400, retired pay $125 per month; Dr. William E. Park, salary $4,600, retired pay $150 per month; Dr. Cyrus B. Partington, salary $4,500, retired pay $125 per month; Dr. John R. Patton, salary $4,200, retired pay $150 per month; Dr. Charles E. Ralph, salary $4,400, retired pay $187.50 per month; Dr. Carl O. Reed, salary $4,400, retired pay $150 per month; Dr. Richard A. Roach, salary $4,200, retired pay $150 per month; Dr. Frederick C. Robbins, salary $4,600, retired pay $187.50 per month; Dr. William J. Roberts, salary $4,200, retired pay $150 per month; Dr. Guy F. Robinson, salary $4,800, retired pay $150 per month; Dr. Claude N. Rucker, salary $4,200, retired pay $150 per month; Dr. Walter J. Saubert, salary $4,000, retired pay $125 per month; Dr. Wilburn E. Saye, salary $4,600, retired pay $125 per month; Dr. Harry A. Scott, salary $4,600, retired pay $125 per month; Dr. Alexander W. Seibert, salary $4,200, retired pay $125 per month; Dr. David A. Seibert, salary $4,000, retired pay $125 per month; Dr. Henry D. Shankle, salary $3,800, retired pay $150 per month; Dr. Oscar F. Shewmaker, salary $4,000, retired pay $125 per month; Dr. Willis N. Simons, salary $4,200, retired pay $125 per month; Dr. Frederick J. Smith, salary, $4,600, retired pay $187.50 per month; William Wolff Smith, salary $9,000, retired pay $187.50 per month; Dr. John E. Soper, salary $4,200, retired pay $150 per month; Dr. Charles E. Starnes, salary $4,600, retired pay $125 per month; Dr. Leo F. Steindler, salary $4,200, retired pay $150 per month; Dr. William O. Stephenson, salary $4,600, retired pay $150 per month; Dr. Harry J. Thompson, salary $4,000, retired pay $150 per month; Dr. James W. Thornton, salary $4,800, retired pay $187.50 per month; Dr. John D. Wakefield, salary $4,200, retired pay $150 per month; Dr. Bacil A. Warren, salary $4,200, retired pay $150 per month; Dr. Robert F. Wells, salary $4,000, retired pay $125 per month; Dr. Lee W. Whitaker, salary $4,200, retired pay $125 per month; Dr. Phillips H. Woods, salary $4,600, retired pay $150 per month; Dr. Roy B. Woodward, salary $4,600, retired pay $125 per month; Dr. Hamlette G. Wyatt, salary $4,200, retired pay $125 per month; Dr. Ellis P. Burns, salary $4,400, retired pay $150 per month; Ernest L. Shubert, salary $4,600, retired pay $150 per month; Walter B. Rile, salary $4,600, retired pay $187.50 per month; Dr. William H. Hatcher, salary $4,400, retired pay $150 per month; Dr. Thomas S. Carrington, salary $4,800, retired pay $150 per month; Dr. David A. Baker, salary $3,800, retired pay $150 per month; Attorney Alfred M. Barlow, salary $3,800, retired pay $125 per month; Harry H. Barnhart, salary $3,300, retired pay $210 per month; Dr. Howard J. Barry, salary $3,800, retired pay $125 per month; Attorney John R. Bays, salary $3,200, retired pay $106.25 per month; Levi A. Beem, salary $3,300, retired pay $165 per month; George A. Blair, salary $3,300, retired pay $165 per month; Charles R. Bohn, salary $3,300, retired pay $195 per month; Dr. Benjamin D. Boyd, salary $3,800, retired pay $162.50 per month; Dr. Henry A. Brady, salary $3,800, retired pay $150 per month; Byron B. Daggett, salary $3,300, retired pay $165 per month; Dr. Homer C. Darrah, salary $3,800, retired pay $165 per month; Attorney Ernest R. Decker, salary $3,800, retired pay $165 per month; Dr. Joseph P. Delaney, salary $3,800, retired pay $125 per month; Dr. Louis B. Derdiger, salary $3,800, retired pay $150 per month; Stanton C. Dorsey, salary $3,300, retired pay $125 per month; Harrie A. Douglas, salary $3,300, retired pay $150 per month; R. D. Engel, salary $3,300, retired pay $106.25 per month; Dr. James S. Fouche, salary $3,800, retired pay $150 per month; Dr. Ellis E. Givin, salary $3,000, retired pay $218.75 per month; Dr. John E. Graf, salary $3,800, retired pay $125 per month; Dr. Adolph E. Grau, salary $3,700, retired pay $125 per month; Norman B. Gridley, salary, $3,300, retired pay $150 per month; Dr. Samuel R. Hopkins, salary $3,800, retired pay $187.50 per month; Attorney Edwin C. Irion, salary $3,300, retired pay $125 per month; Benjamin P. Johnson, salary $3,200, retired pay $106.25 per month; Francis L. Kane, salary $3,300, retired pay $150 per month; Dr. Herbert C. Kincaid, salary $3,800, retired pay $150 per month; Dr. Earl K. Lazenby, salary $3,800, retired pay $150 per month; Dr. Benjamin J. Lewis, salary $3,800, retired pay $125 per month; Cyril A. Liberty, salary $3,800, retired pay $106.25 per month; Dr. Dick R. Longino, salary $3,800, retired pay $125 per month; Harry E. Maher, salary $3,300, retired pay $125 per month; Dr. James E. Maloney, salary $3,800, retired pay $206.25 per month; Dr. William W. McCrillis, salary $3,700, retired pay $150 per month; Dr. Oral H. McDonald, salary $3,800, retired pay $125 per month; Herbert L. McNulty, salary $3,200, retired pay $125 per month; Arthur B. Metcalf, salary $3,200, retired pay $106.25 per month; Dr. Paul D. Moore, salary $3,800, retired pay $125 per month; Dr. Erle T. Newsom, salary $3,800, retired pay $150 per month; Dr. Leon M. Ochs, salary $3,800, retired pay $125 per month; Charles H. Patterson, salary $3,800, retired pay $125 per month; Dr. Edward L. Patterson, salary $3,800, retired pay $150 per month; Dr. Thomas W. Penrose, salary $3,800, retired pay $243.75 per month; Dr. John H. Prill, salary $3,800, retired pay $150 per month; Austin B. Richeson, salary $3,300, retired pay $225 per month; Milton S. Rosenfield, salary $3,300, retired pay $106.25 per month; Dr. Horace E. Ruff, salary $3,800, retired pay $243.75 per month; Charles E. Schaeffer, salary $3,700, retired pay $150 per month; Cameron B. Sherry, salary $3,300, retired pay $106.25 per month; Howard R. Sisson, salary $3,600, retired pay $125 per month; Dr. John J. Small, salary $3,800, retired pay $150 per month; Dr. Sneed Strong, salary $3,800, retired pay $150 per month; Dr. John D. Thomas, salary $3,800, retired pay $125 per month; Emil Walter, salary $3,300, retired pay $250 per month; Dr. Charles W. Wang, salary $3,800, retired pay $125 per month; Nathaniel E. Whiting, salary $3,800, retired pay $137.50 per month; Mortimer Woodson, salary $3,300, retired pay $125 per month; Dr. Jesse M. Worthen, salary $3,800, retired pay $150 per month; Frederick L. Wyatt, salary $3,400, retired pay $165 per month; Dr. William D. McFaul, salary $3,800, retired pay $165 per month; Albert E. McCabe, salary $3,300, retired pay $150 per month.

And, Mr. Speaker, I showed in my said Resolution No. 355 that there were 25 other doctors, and numerous other employees of said Veterans' Bureau that were drawing good salaries from the Government, and were at the same time also drawing additional monthly retirement pay as disabled emergency officers ranging from $106.25 to $240.62 per month, one being a chaplain drawing retirement pay of $195 per month in addition to his regular salary; that among the employees in the State Department drawing double pay was Prentiss B. Gilbert, drawing a salary of $7,000 per year and additional retirement pay of $150 per month, and I named numerous employees in the various departments of Government who were drawing large monthly retirement pay as disabled emergency officers while at the same time receiving large salaries for work that was presumed to be full time. The President felt it to be his duty to review these cases and ascertain which were not service connected, and which were not meritorious, and he will review them after July 1.

The fortitude and patriotism exhibited by veterans everywhere in supporting the President in his reorganization program has simply been wonderful. Yet because I supported the President in this crisis more portentious than in time of war, one adjutant of one post has accused me of "a change of heart toward veterans" and threatened me with political defeat. On May 24, 1933, I wrote a letter to the adjutant of Vernon D. Hart Post, No. 100, at Stamford, Tex., in which I said:

I would appreciate it very much indeed if your post would carefully check up the cases of all veterans in your vicinity who are being dropped or reduced in compensation, and give me complete detailed facts on each case where you know injustice has been done, so that I may bring same to the personal attention of the Administration, Budget Director, and President.

I intend to use every means within my power to force a correction of these injustices. Our disabled American veterans must be treated justly.

We friends of veterans here have arranged for a Democratic caucus to be held here in the House Chamber tomorrow night. We hope to formulate and have adopted proper plans that will force the passage of an amendment of the Economy Act that will correct injustices.

To my great surprise I received the following reply:

THE AMERICAN LEGION,
VERNON D. HART POST, No. 100,
Stamford, Tex., May 26, 1933.

HON. THOMAS L. BLANTON,
House of Representatives, Washington, D.C.

DEAR MR. BLANTON: Your letter of May 24, addressed to adjutant Vernon D. Hart Post, No. 100, American Legion, Stamford, Tex., just reached me, and it is interesting to note your change of heart toward the veterans. This is to be appreciated by all men who are interested in veterans and their welfare; however, it strikes me that your letter is a little late for you to attack the President's policy, for even we birds at the forks of the creek have received the tip that the President now proposes to temper the

wind so that it will not blow hard upon the shorn-lamb veterans. Your help comes a little bit late, Mr. BLANTON; but, of course, we appreciate it.

Mr. BLANTON, permit me to give you this tip. We veterans through our organizations propose to fight any man or devil who proposed an unjust act against the veterans. We do not care very much whether we are fighting a popular President or an unpopular one. we were born in a fight and haven't yet gotten over the tendency.

And by the way, Mr. BLANTON, through some of my friends I have made application to you for appointment as postmaster at Stamford. I have just recently been selected assistant district committeeman of the Seventeenth District of the American Legion. The new district committeeman lives outside the new Seventeenth District and if we follow the usual course I will qualify as Seventeenth District committeeman when the new organization becomes operative. I have always supported you in your former campaigns, but frankly my further support and influence will depend upon whether I get the place as postmaster of Stamford, Tex. That's putting it straight, but you are going to need the service man in the next election.

Sincerely yours,

M. B. HARRIS, *Adjutant.*

You will note that Adjutant Harris asserted that he had always supported me in my political campaigns, and that he would support me next year if I made him postmaster at Stamford. In other words he would forgive me for supporting President Roosevelt, provided I gave him the postmastership, but if I "didn't come across" he would use his influence as "district committeeman of my Seventeenth District" to defeat me in the next election. I feel sure that his post and the other American Legion posts in my district will not approve of his threat, because the constitution of the American Legion does not permit such political reprisals. I answered Adjutant Harris as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 31, 1933.

Mr. M. B. HARRIS,
Adjutant the American Legion, Stamford, Tex.

DEAR MR. HARRIS: I feel hurt that you would write me such a letter. I know that some veterans are grateful for the many years of hard work I have done for them. I note your statement:

"We veterans through our organizations propose to fight any man or devil who proposed an unjust act against the veterans. We do not care very much whether we are fighting a popular President or an unpopular one. * * * I will qualify as Seventeenth District committeeman. * * * I have always supported you in your former campaigns, but frankly my further support and influence will depend upon whether I get the place as postmaster of Stamford. That's putting it straight, but you are going to need the service man in the next election."

Until I received the above very unjust and threatening letter, I had felt very kindly toward your application. I have had a very high opinion of you, and did not think that you were capable of resorting to "hold-ups" in an attempt to take over a position. Postmasterships in my district are not for sale—either for money or votes. The position I hold is one of honor. I have not dishonored it. I will never dishonor it. I would rather give it up than to allow threats to influence me.

If I have had you sized up right during the years I have known you, I feel sure that when you have time to reflect I shall receive an apology from you. I have always thought you to be a real man. I still think that way, though I must admit that my faith has been sorely tested.

Your friend,

THOMAS L. BLANTON.

On March 30, 1933, I received from Mr. Hubert L. Turner, of Roscoe, Tex., a letter enclosing a petition signed numerously by patrons of the Roscoe post office endorsing him for postmaster, in which letter he said:

I have the endorsement of our county chairman, Mr. W. H. Jobe, of Sweetwater, of our congressional committee, and Mr. Frank Scofield, our director of finance.

I have pledged 10 percent of my salary, if appointed, to our Democratic campaign. * * * Mr. BLANTON, I am going to do more than that; if I receive the appointment, I am going to give you as a gift $500. Five hundred dollars in return of your favor, to be used to help you in your next campaign. I am not trying to buy you off, as I know you to be a man that cannot be bought off; and I say any man that has stood as firm as you have against such strong opposition, as you have had to fight in this session of Congress, deserves help, credit, favor, and honor. * * *

With all good wishes, I am,

Sincerely yours,

HUBERT L. TURNER.

I immediately replied as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 10, 1933.

Mr. HUBERT L. TURNER,
Roscoe, Tex.

MY DEAR MR. TURNER: I have your letter stating that you are endorsed for the postmastership there by Mr. W. H. Jobe, Democratic county chairman, by the congressional committee, and by Mr. Frank Scofield, Democratic director of finance, and also enclosing a petition signed by 294 alleged patrons of the Roscoe post office.

Such endorsements would have warranted me in having you appointed, but on account of the letter you wrote you haven't a chance. You can't buy the office. In your letter you state:

"I have pledged 10 percent of my salary, if appointed, to our Democratic campaign, as I understand national headquarters are expecting each one appointed to pledge a percent. Mr. BLANTON, I am going to do more than that; if I receive the appointment, I am going to give you as a gift $500 in return of your favor, to be used to help you in your next campaign. I am not trying to buy you off, as I know you to be a man that cannot be bought off; and I say any man that has stood firm as you have against such strong opposition as you have had to fight in this session of Congress deserves help, credit, favor, and honor."

Your proposal is an insult to me and to the Democratic Party. It is simply an attempt to bribe. Anyone who would propose such a bribe is wholly unfit and disqualified to hold public office. The people want officials who won't offer bribes to others and who can't be bribed themselves. Though $25,000 was spent by various interests in my district against me last year, not a dollar was contributed to my campaign, and I still owe the bank a balance of $1,500 for money borrowed to enable me to make it; but I will pay it with honest money, not with bribes. I have helped to pass a law cutting my salary $1,500, cutting an additional 2 months' pay from my term, cutting my clerical allowance $750 (which I am bearing myself and supplying to them out of my own pay, as my clerks with dependents are not able to lose it), and cutting my mileage 25 percent, and cutting my office expenses 25 percent, and I have practically nothing left each month after my expenses are paid; but I am not for sale. I can't be bribed.

In my numerous speeches made in the national campaign last year I denounced the Republican practice of selling post offices. I pledged that it would be stopped. No person in my district will pay anything to anybody for any appointment.

I promptly showed your letter to President Roosevelt. It astounded him. He is the head of our Democratic organization. He will permit no contributions to be received in return for appointments. He will allow no offices to be bought.

Very truly yours,

THOMAS L. BLANTON.

It would be just as reprehensible for me to sell the postmastership at Stamford to Adjutant M. B. Harris, district committeeman of the American Legion, for his influence and support as it would be to sell the postmastership at Roscoe to Mr. Hubert L. Turner for the $500 he wrote that he would pay me for it. If I have had "a change of heart", as charged by Adjutant Harris, and am not the kind of a Representative to give the legionnaires a fair, just deal, then Adjutant Harris is not giving them a fair deal to offer me his influence and support as the district committeeman in return for my giving him the postmastership.

I showed Adjutant Harris' letter to my colleague, Hon. WILLIAM P. CONNERY, Congressman from Massachusetts, who is the able and popular Chairman of the Committee on Labor, and who enlisted as a private and served 19 months in France, taking part in all major operations and engagements, and who, with RANKIN, PATMAN, BROWNING, and POU, led the forces here in protecting the interests of World War veterans, and with his usual kindly interest he wrote the following letter:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON LABOR,
Washington, D.C., May 31, 1933.

Hon. M. B. HARRIS,
Adjutant Vernon D. Hart Post No. 100,
The American Legion, Stamford, Tex.

DEAR "BUDDIE": Because I am a veteran of the World War, am a member of the Veterans' Affairs Committee, am Chaiman of the Committee on Labor, and am thoroughly familiar with all veterans' legislation here, your Congressman has just shown me your letter to him of May 28. You condemn him because he backed the President and voted for the economy bill, and I note your threat that you intend to fight him and the President, and unless BLANTON appoints you postmaster, you will use your influence as district committeeman of the American Legion to defeat him for re-election.

THOMAS L. BLANTON and I have served together here for years. He has always been a loyal, stanch friend of the veterans of all wars. When he voted for the President's economy bill, he was assured that the Bureau would do no injustice to any veteran. In the last Congress BLANTON was the third Member to sign the petition that forced the Patman bill to be passed in the House, to pay the bonus in cash to veterans.

At his own expense BLANTON spent months investigating Col. Charles R. Forbes, former Director of the Bureau, whom the Department of Justice afterwards indicted and sent to the penitentiary. At his own expense BLANTON investigated numerous hos-

pitals in the United States, including old Hospital No. 25 at Houston, and on one day caused about 200 tubercular patients to be transferred to Prescott, Ariz., and Fort Bayard, N.Mex. At his own expense BLANTON made the Staples and McMorris investigations to insure justice to veterans. At his own expense BLANTON spent his entire vacation investigating Col. Frederick A. Fenning, and he personally conducted the trial of Fenning before the Judiciary Committee, and forced Fenning to resign and make retribution to several hundred shell-shocked veterans put in insane asylums and robbed by Fenning. At his own expense BLANTON spent several years investigating the inequities and injustices carried on in the Bureau by Maj. Wm. Wolff Smith, general counsel, and conducted the trial of Major Smith before the Committee on Military Affairs, forcing Smith to resign, and to return to the Government money he had unlawfully collected.

I mention the above to show that you are in error when you say that BLANTON "has had a change of heart." Thousands of veterans scattered in every part of the United States have appealed to BLANTON, and he has never yet turned one of them down. BLANTON is helping now a committee that is conferring with the President to remedy injustices, and he is a personal friend of mine, and of PATMAN, RANKIN, BROWNING, JEFFERS, Mrs. ROGERS, and others here who handle veterans' affairs.

Very sincerely yours,

WILLIAM P. CONNERY.

My good friend and colleague from Mississippi, Hon. JOHN E. RANKIN, is Chairman of the Committee on World War Veterans' Legislation, and is a veteran of the World War, and he rendered to the country services of great value in helping to force Col. Frederick A. Fenning to resign, and the following letter from him shows whether or not I am a friend of veterans:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WORLD WAR VETERANS' LEGISLATION,
Washington, D.C., June 2, 1933.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D.C.

DEAR TOM: With reference to the matter which we were discussing yesterday, relative to veterans' relief, I desire to call your attention to the fact that some amendments to the independent offices appropriation bill are being adopted by the Senate that will greatly aid the disabled veterans and their dependents.

Look for them in the CONGRESSIONAL RECORD in the morning. I am calling your attention to this for fear that you might miss it. I know that you are very busy and, like most of us, don't have the time to read the RECORD as closely as you would like to.

I know this will be gratifying information to you, especially in view of the extreme disappointment you have expressed at the manner in which the so-called "economy bill" has been administered.

You have been one of the most diligent and consistent Members of the House in your labors for the benefits of the veterans and I can appreciate the keen disappointment you so often express at the merciless injustice now being done them by the Veterans' Administration in carrying out the provisions of the so-called "economy bill."

Look these amendments over when you get the RECORD in the morning and I will talk with you further about this matter when I see you in the House tomorrow.

Sincerely your friend,

(Signed) JOHN.

In our Democratic caucus a special select committee, composed of Mr. CROSSER, of Ohio; Mr. BROWNING, of Tennessee; Mr. PATMAN, of Texas, and Mr. POU, of North Carolina, was sent to the White House to confer with the President, and after a conference lasting several days they reached an agreement with the President, which resulted in the following new regulations being adopted, to wit:

The President is hereby authorized under the provisions of Public Law No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act), as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service connected under the regulations issued pursuant to Public Law No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations, and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulations issued pursuant to Public Law No. 2, Seventy-third Congress (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical findings within the terms of or period prescribed by regulation 1, part 1, subparagraph (c), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, Seventy-third Congress), and shall in their decisions resolve all reasonable doubts in favor of the veteran, the burden of proof in such cases being on the Government.

Notwithstanding the provisions of section 17, title I, Public, No. 2, Seventy-third Congress, any claim for yearly renewable term insurance on which premiums were paid to the date of death of the insured and any claim for pension, compensation allowance, or emergency officers' retirement pay under the provisions of laws repealed by said section 17 wherein claim was duly filed prior to March 20, 1933, may be adjudicated by the Veterans' Administration on the proofs and evidence received by the Veterans' Administration prior to March 20, 1933, and any person found entitled to the benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws: *Provided*, That the payments hereby authorized to be made shall continue only to include June 30, 1933, and only one original adjudicatory action and one appeal may be had in such cases. Where a veteran died prior to March 20, 1933, under conditions which warrant the payment of, or reimbursement for, burial expenses, such payment or reimbursement may be made in accordance with the laws in effect prior to March 20, 1933, provided that claim for such payment or reimbursement must be filed within 3 months from the date of passage of this act.

Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to Federal employees, hospitalized cases, and cases of beneficiaries residing outside of the continental limits of the United States; and in no event shall death compensation, except by fraud, mistake, or misrepresentation, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, who served 90 days or more, was honorably discharged from the service, is 55 years of age or over, is 50 percent disabled, and in need as defined by the President, shall be paid a pension of not less than $15 per month.

The above will be signed into law by the President and will become a part of the Regulations of the Veterans' Administration. Mr. PATMAN gave same his approval. Mr. BROWNING in approving same said that nothing more at this time could be gotten for the veterans. Mr. POU, whose beloved son did not return from France, and who is one of the oustanding friends of all veterans, asked all Democrats to approve of the above agreement with the President.

To offset what Adjutant Harris said about my "change of heart", I want him to see one of my possessions more valuable to me than money—the following letter from my good friend and colleague from Kentucky, Congressman A. J. MAY, than whom the veterans of all wars have no truer or better friend in this Congress:

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 26, 1933.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D.C.

MY DEAR COLLEAGUE: As I told you on the floor of the House a few days ago, I am planning to retire from Congress the 1st of next January to accept a judgeship in my own State; but at the time I told you of my contemplated plans it had not occurred to me that it would be but a few days until our active service together shall have ended.

Under these circumstances I cannot refrain from expressing to you what is in my mind and heart concerning your services in Congress as a Representative of a great constituency and to reaffirm my appreciation of your never-ceasing diligence, industry, and fearless devotion to duty at all times and under all circumstances. In my public and business career of nearly 40 years I have not known any man more faithful and devoted to the in-

terests of his country than you have been in all these trying years of these terrible economic times in which we are living.

Often have I been amazed at not only your parliamentary skill and cool, deliberate judgment, but I have wondered at your never-failing skill and ability in overcoming the opposition. I wanted to say to you from the very depths of my heart and in all sincerity that in my judgment no district in the United States ever had a more faithful or honorable Representative in the Congress than the district you have so ably represented.

I do not know your plans for the future, but in parting may I say that I shall devoutly hope you may continue to represent your district here; that the masses of the common people of America may continue to have at least one great champion of their cause continue in Congress; and that the Treasury, where the people's money is deposited, may have a real watchdog.

With kind regards and best wishes, I shall continue always,

Very cordially and sincerely yours,

A. J. MAY.

In conclusion I want to predict that the President of the United States will have the backing of the veterans of all wars in his earnest, patriotic efforts to save this Republic and bring about an economic recovery and get things back to normalcy. I have confidence in him. I believe that he is going to make good. The country believes in him, and has absolute confidence in him. Let us all give him a hand. And when things get prosperous again, the President and the Congress are going to make more generous provision for our veterans of all wars.

CALL OF THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and thirty-three Members present; not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 67]

Almon	Doutrich	Lea, Calif.	Robinson
Andrew, Mass.	Fernandez	Lindsay	Schulte
Arens	Foulkes	Lloyd	Scrugham
Bacharach	Fulmer	Luce	Sirovich
Bacon	Gasque	McDuffie	Sisson
Blanchard	Gavagan	McKeown	Somers, N.Y.
Bolton	Gibson	McReynolds	Steagall
Buckbee	Gifford	Maloney, La.	Stokes
Bulwinkle	Goldsborough	Mansfield	Stubbs
Burke, Calif.	Goodwin	Montague	Sullivan
Cannon, Wis.	Griffin	Mott	Sumners, Texas
Carter, Wyo.	Griswold	Moynihan	Taylor, S.C.
Chase	Hamilton	Norton	Taylor, Tenn.
Claiborne	Hoeppel	O'Brien	Tobey
Clarke, N.Y.	Hollister	O'Connell	Treadway
Collins, Calif.	Hornor	O'Malley	Utterback
Connolly	Imhoff	Oliver, N.Y.	Wadsworth
Corning	James	Peavey	Waldron
Crosser	Kemp	Perkins	White
Dickstein	Kinzer	Peterson	Whittington
Disney	Kleberg	Reed, N.Y.	Wood, Ga.
Ditter	Knutson	Reid, Ill.	Woodrum
Douglass	Kocialkowski	Rich	

The SPEAKER. Three hundred and thirty-nine Members have answered to their names, a quorum.

Mr. O'CONNOR. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

LEAVE TO ADDRESS THE HOUSE

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to proceed for 7 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. PARSONS. Mr. Speaker, in the next few hours or perhaps a few days or at least a week or 10 days, this House will have adjourned—we hope. I understand that the Banking and Currency Committees of both Houses are having conferences with reference to the guaranty bank deposits bill. I think that this House and the country generally is for the guaranteeing of bank deposits. [Applause.] I rise to call attention to some statistics that I secured this morning with reference to the condition of banks that were closed on March 5. On February 29, just a few days before the general closing, there were 1,069 national banks under liquidation, with assets of $1,358,000,000. On May 29 there were 1,029 national banks that were closed by the moratorium, now under conservatorship or receivership, with assets of $1,150,000,000. There are 2,380 State banks that were closed by the moratorium, with assets of $1,835,000,000. There are approximately 800 State banks placed in liquidation since the moratorium with assets of approximately $500,000,000. There were 249 mutual savings banks with assets of $2,400,000,000, which are also under conservatorship or receivership, making a total of 5,527 banks with $7,243,000,000 in assets locked up at the present time in the 48 States of the Union.

Mr. O'CONNOR. Will the gentleman yield there?

Mr. PARSONS. Let me get through, please. I cannot yield.

If a guaranty bank deposit law is passed, whether it guarantees $2,500 or $5,000 or up to $10,000 deposits, practically every one of these banks, whether they are in liquidation now or not, will be placed in liquidation, and $7,243,000,000 of assets will be locked up for an indefinite period, probably 50 percent of which will never be paid to the depositors.

Mr. DUNN. Will the gentleman kindly say that again?

Mr. LUNDEEN. Will the gentleman put in the deposits also?

Mr. PARSONS. The figures will appear in the RECORD. We passed a bank bill providing for the Reconstruction Finance Corporation to come to the rescue of those banks and take preferred stock. The Reconstruction Finance Corporation adopted the policy that they would not take a single dollar of preferred stock in any bank until they had combed their own communities and raised a like amount of preferred stock at home.

Naturally, a large portion of our money has drifted to the commercial centers. Most all of these 5,527 banks are located in the smaller towns and cities and rural communities, involving about 20,000,000 people, with the number of deposits equally as great, but not as great in amounts, of course, but in numbers, as a large portion of the metropolitan centers. Hundreds and thousands of those depositors with $100 or $200 or $300 on deposit are now on charity in many communities. I say to you it is a crime and a shame, with all the relief that has been granted here in one form or another—$500,000,000 appropriated directly for relief, $3,300,000,000 to go into the public works bill to put people back to work and to revive confidence and to revive business, that we cannot take two or three hundred million dollars and go to the rescue of these 5,000 banks and open them. [Applause.]

I do not mean that I would have the Reconstruction Finance Corporation or the Federal Reserve just pour money into a bank that does not have any good assets at all, but I say to you that practically all these banks have slow paper which, with the revival of prices, with the rise in commodity levels, will be good assets in the next 2 or 3 years. If we are going to predicate the reopening of these banks upon present business conditions of the moment, certainly they never will be opened.

We ought to have a more liberalized attitude given the depositors and officers of the banks than the Treasury Department is at the present time giving to them. What are we doing? We are asking the depositors to take preferred stock with their money that is on deposit. We are asking the stockholders to go out and comb the town and the community for every dollar they can get, to take preferred stock, or to pay on their stock assessment, or come in, in some manner to revive the bank. You are combing the county and the city for money. You place it in the bank to make the bank solvent, and there it is locked up because the bank will not loan a single dollar to a single individual because of lack of security, values, and lack of confidence. You have adopted a deflationary policy for every one of these banks that are still closed.

I did not want this Congress to adjourn without making a protest to someone who is in authority or the ones who may be in authority, who have the power to adopt a liberal attitude toward a reopening of the banks. The Reconstruction

Finance Corporation has the power and authority to make these extensions of loans on preferred stock, but certainly they will not do it unless the Congress demands it. I think we ought to have a resolution adopted before we adjourn calling upon the Reconstruction Finance Corporation or upon the Treasury Department and the Comptroller of the Currency to take a more liberal attitude, so that 20,000,000 people who have deposits in these 5,500 banks with $7,243,000,000 assets can get some relief; at least get some of their deposits paid at this time, pending further liquidation.

Mr. EAGLE. Will the gentleman yield there for a question?

Mr. PARSONS. I yield.

Mr. EAGLE. Even if that were done, and it ought to be done, does the gentleman think that the American people who still have some money, will ever again deposit in anybody's bank unless this Government insures, in some reasonable way, those deposits, and should this Congress adjourn at all until we first pass a bank guaranty deposit bill? [Cries of "No!" "No!" "No!"]

Mr. PARSONS. I agree with the gentleman that we ought to have bank deposits guaranteed; but if you pass the bill which is now in conference, without making any provision for extending aid to banks now under conservatorship or receivership, their assets will be wiped out, because the requirements will be such that no bank of this type can be included under the guaranty plan.

One year ago, practically all the bankers of the country were against guaranteed deposits. Today most of them have come around for it. Why the miraculous change? A number of large bankers have come to support guaranteed deposits because they see that what I have just described will happen. That is, that we will by law, enforced under regulations written by the authorities in charge of the law, prohibit the 5,000 banks described, from qualifying under the guaranty clause. These banks will be liquidated and wiped out, making room for expansion by the large bankers, either through branch systems or interlocking directorates, into all the sections which will then be without banking facilities. The credit of local and rural communities will be dictated by a central bank or central authority in the larger towns and cities, perhaps hundreds of miles removed from the place where the loans are located.

While it is true that many bankers have honestly come to support guaranteed deposits, nevertheless I can see in this movement the motive that I have just described.

This kind of movement will be fine for those banks that are left, but it will absolutely destroy more than 5,000 banks with $7,000,000,000 deposits affecting probably twenty or twenty-five million of our people. We have tried to restore confidence. How can confidence be maintained when one fifth of our population see their last savings destroyed by liquidation?

The reason these banks are not opened is that the examiners are requiring certain degrees of liquidity and additional security on loans. Billions of these loans are on farm and city property, which, of course, under the present conditions, cannot be liquefied, and in many instances the interest cannot be paid up to date to make the paper acceptable under the strict requirements. Certainly all this paper is slow if you appraise it on the basis of present prices and values. But if predicated upon a rise in price and value, these loans furnish as sound security as any stock or bond. If the farm lands, city homes, and smaller business properties on which are based all our city, State, and Federal bonds is not good security, where under heaven are you going to find sound security? We have set up the Reconstruction Finance Corporation to finance nearly every kind of industry, bank, and insurance company, but only those that have liquidity, and which do not necessarily need to borrow, are the ones who can and are borrowing. The institutions that are in need, and who must borrow if they are to survive, are the ones who are ignored by the Reconstruction Finance Corporation.

If the United States is coming back to normalcy, then the assets of the closed and restricted banks will eventually become sufficiently valuable that they can either reopen on a sound basis under the guarantee-deposits plan, or else liquidate for enough to pay off the depositors. I am informed that a provision is contained in the guarantee deposits bill now in conference to provide funds to loan to banks now under liquidation. That will help to liquidate perhaps, but it will not conserve banking facilities for the communities.

The SPEAKER. The time of the gentleman from Illinois [Mr. PARSONS] has expired.

Mr. KELLER. Mr. Speaker, I ask unanimous consent that the gentleman have 5 additional minutes.

Mr. CONNERY. Mr. Speaker, I object. I demand the regular order.

Mr. BEEDY. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

Mr. CONNERY. Mr. Speaker, I object. I demand the regular order.

Mr. BEEDY. Mr. Speaker, will not the gentleman withdraw his objection?

Mr. CONNERY. I cannot. They are filibustering on me.

Mr. O'CONNOR. Mr. Speaker, by direction of the Committee on Rules, I present a privileged report from that committee and ask for the immediate consideration of the resolution accompanying the report.

Mr. CONNERY. Mr. Speaker, I reserve a point of order.

The Clerk read as follows:

House Resolution 188

Resolved, That during the remainder of the first session of the Seventy-third Congress it shall be in order for the Speaker at any time to entertain motions to suspend the rules notwithstanding the provisions of clause 1, rule XXVII; and it shall also be in order at any time during the first session of the Seventy-third Congress for the majority leader to move that the House take a recess, and said motion is hereby made of the highest privilege.

Mr. CONNERY. Mr. Speaker, I make the point of order this resolution is not in order at this time.

The SPEAKER. The question is on the consideration of the resolution.

The question was taken; and the Chair announced that in the opinion of the Chair two thirds had voted in favor thereof.

Mr. CONNERY. Mr. Speaker, a point of order. I was on my feet making the point of order I had previously reserved.

The SPEAKER. The gentleman will state his point of order.

Mr. CONNERY. Mr. Speaker, I had previously reserved a point of order. Then I made the point of order that this resolution is in violation of rule XI and is not privileged. It must go over for a day under the rules.

Mr. O'CONNOR. Mr. Speaker, not necessarily.

Mr. Speaker, I move the immediate consideration of the resolution. This, under the rule, will require a two-thirds vote.

Mr. CONNERY. That is all right. This will give us a chance to vote it up or down.

The SPEAKER. The question is, Shall the resolution be now considered?

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry. As I understand it, in order for the motion to carry it must receive a two-thirds vote?

The SPEAKER. Yes; certainly.

Mr. CONNERY. Mr. Speaker, I ask for the yeas and nays.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOSS. I understand that, under the rules, 20 minutes to a side would be allotted for the consideration of the resolution. Inasmuch as the gentleman from New York has not moved the previous question, will he not yield some time to Members on this side?

The SPEAKER. There is no such rule applying to the resolution.

Mr. O'CONNOR. There is no such rule. Under the rules, of course, I would have been entitled to 1 hour, but the clamor for a vote deterred me from explaining the resolution. I do feel, however, that perhaps some few Members of the House do not understand the purpose of it.

Mr. GOSS. That is the point, and I am hopeful the gentleman will yield some time so it can be threshed out before a vote is taken. The previous question has not been ordered.

The SPEAKER. The yeas and nays have been requested.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. As I understand the situation, when a rule of this character is brought in for consideration, it should be considered in exactly the same way in which any rule would be considered, except that it takes a two-thirds vote to pass it.

The SPEAKER. The question is one of consideration, and it requires a two-thirds vote to consider it.

Mr. SNELL. The motion of the gentleman from New York is not now in order.

Mr. O'CONNOR. Yes; it is.

Mr. SNELL. It requires a two-thirds vote. As I understand it, we are merely passing on the question of consideration at this time.

The SPEAKER. The gentleman from New York calls up the resolution. The question is on the consideration of the resolution. The yeas and nays have been demanded.

Mr. SNELL. The question is on the consideration of the resolution.

Mr. O'CONNOR. Yes; that is right.

The SPEAKER. The Chair announced on a viva-voce vote that two thirds had voted to consider the resolution.

Mr. CONNERY and Mr. FISH demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 233, nays 118, not voting 79, as follows:

[Roll No. 68]

YEAS—233

Abernethy	Delaney	Kloeb	Richards
Adair	DeRouen	Kniffin	Richardson
Adams	Dickinson	Kocialkowski	Robertson
Allgood	Dies	Kopplemann	Rogers, N.H.
Andrews, N.Y.	Dobbins	Kramer	Rogers, Okla.
Arnold	Dockweiler	Lambeth	Romjue
Auf der Heide	Doughton	Lamneck	Rudd
Ayres, Kans.	Doxey	Lanham	Ruffin
Bailey	Drewry	Lanzetta	Sabath
Bankhead	Driver	Larrabee	Sanders
Beam	Duffey	Lea, Calif.	Sandlin
Beiter	Duncan, Mo.	Lee, Mo.	Schaefer
Biermann	Durgan, Ind.	Lehr	Schuetz
Bland	Eicher	Lesinski	Scrugham
Blanton	Ellzey, Miss.	Lewis, Md.	Sears
Bloom	Farley	Lindsay	Secrest
Boehne	Fiesinger	Lozier	Shallenberger
Boylan	Fitzpatrick	McCarthy	Shannon
Brennan	Flannagan	McCormack	Sisson
Brooks	Fletcher	McDuffie	Smith, Va.
Brown, Mich.	Ford	McGrath	Smith, W.Va.
Browning	Fuller	McGugin	Snyder
Brunner	Gambrill	McKeown	Spence
Buchanan	Gasque	McMillan	Strong, Tex.
Buck	Gillespie	McSwain	Studley
Burch	Gillette	Major	Sumners, Tex.
Burke, Nebr.	Glover	Maloney, La.	Sutphin
Busby	Granfield	Marland	Swank
Byrns	Gray	Martin, Oreg.	Tarver
Cady	Green	May	Taylor, Colo.
Caldwell	Greenwood	Mead	Taylor, S.C.
Cannon, Mo.	Gregory	Meeks	Terrell
Carden	Haines	Merritt	Thom
Carley	Hancock, N.C.	Miller	Thomason, Tex.
Carpenter, Nebr.	Harlan	Milligan	Thompson, Ill.
Cartwright	Hart	Mitchell	Tobey
Cary	Harter	Montet	Truax
Castellow	Hastings	Moran	Turner
Celler	Healey	Morehead	Umstead
Chapman	Henney	Musselwhite	Underwood
Chavez	Hildebrandt	O'Connell	Vinson, Ga.
Church	Hill, Ala.	O'Connor	Vinson, Ky.
Clark, N.C.	Hill, Samuel B.	Owen	Warren
Cochran, Mo.	Hoidale	Palmisano	Wearin
Coffin	Howard	Parker, Ga.	Weaver
Colden	Huddleston	Parker, N.Y.	Werner
Cole	Hughes	Parks	West, Ohio
Collins, Miss.	Imhoff	Parsons	West, Tex.
Colmer	Jacobsen	Patman	White
Cooper, Tenn.	Jenckes	Pettengill	Wilcox
Cox	Johnson, Okla.	Peyser	Willford
Cravens	Johnson, Tex.	Polk	Williams
Crosby	Johnson, W.Va.	Pou	Wilson
Cross	Jones	Prall	Wood, Ga.
Crowe	Kee	Ragon	Woodrum
Cullen	Kelly, Ill.	Ramsay	Young
Cummings	Kennedy, Md.	Rankin	
Darden	Kennedy, N.Y.	Rayburn	
Deen	Kenney	Reilly	

NAYS—118

Allen	Dunn	Kelly, Pa.	Shoemaker
Arens	Eagle	Knutson	Simpson
Ayers, Mont.	Eaton	Kurtz	Sinclair
Bakewell	Edmonds	Kvale	Smith, Wash.
Beck	Eltse, Calif.	Lehlbach	Snell
Beedy	Englebright	Lemke	Strong, Pa.
Black	Evans	Luce	Sweeney
Bolleau	Fish	Lundeen	Swick
Britten	Focht	McFadden	Taber
Brumm	Frear	McFarlane	Taylor, Tenn.
Burnham	Gilchrist	McLean	Tinkham
Carpenter, Kans.	Goodwin	McLeod	Traeger
Carter, Calif.	Goss	Maloney, Conn.	Turpin
Cavicchia	Griswold	Mapes	Wadsworth
Christianson	Guyer	Marshall	Waldron
Cochran, Pa.	Hancock, N.Y.	Martin, Colo.	Wallgren
Condon	Hartley	Martin, Mass.	Watson
Connery	Hess	Millard	Weideman
Connolly	Higgins	Monaghan	Welch
Cooper, Ohio	Hill, Knute	Muldowney	Whitley
Crowther	Hoeppel	Murdock	Wigglesworth
Culkin	Holmes	Nesbit	Withrow
Darrow	Hooper	Powers	Wolcott
Dear	Hope	Ramspeck	Wolfenden
De Priest	James	Randolph	Wolverton
Dingell	Jeffers	Ransley	Wood, Mo.
Dirksen	Jenkins	Reece	Woodruff
Ditter	Johnson, Minn.	Rogers, Mass.	Zioncheck
Dondero	Kahn	Schulte	
Dowell	Keller	Seger	

NOT VOTING—79

Almon	Crump	Kerr	Peterson
Andrew, Mass.	Dickstein	Kinzer	Pierce
Bacharach	Disney	Kleberg	Reed, N.Y.
Bacon	Douglass	Lambertson	Reid, Ill.
Berlin	Doutrich	Lewis, Colo.	Rich
Blanchard	Faddis	Lloyd	Robinson
Boland	Fernandez	Ludlow	Sadowski
Bolton	Fitzgibbons	McClintic	Sirovich
Brown, Ky.	Foss	McReynolds	Somers, N.Y.
Buckbee	Foulkes	Mansfield	Stalker
Bulwinkle	Fulmer	Montague	Steagall
Burke, Calif.	Gavagan	Mott	Stokes
Cannon, Wis.	Gibson	Moynihan	Stubbs
Carter, Wyo.	Gifford	Norton	Sullivan
Chase	Goldsborough	O'Brien	Thurston
Claiborne	Griffin	O'Malley	Treadway
Clarke, N.Y.	Hamilton	Oliver, Ala.	Utterback
Collins, Calif.	Hollister	Oliver, N.Y.	Walter
Corning	Hornor	Peavey	Whittington
Crosser	Kemp	Perkins	

So (two thirds not having voted in favor thereof) the resolution was referred to the House Calendar and ordered printed.

The Clerk announced the following pairs:

On this vote:

Mr. Corning and Mr. Whittington (for) with Mr. Carter of Wyoming (against).

Mr. Gavagan and Mr. Bulwinkle (for) with Mr. Bacon (against).

Mr. Mansfield and Mr. Montague (for) with Mr. Chase (against).

Mr. Almon and Mr. Sullivan (for) with Mr. Kinzer (against).

Mr. O'Brien and Mr. Oliver of Alabama (for) with Mr. Bacharach (against).

Mr. Burke of California and Mr. Oliver of New York (for) with Mr. Bolton (against).

Mr. Sirovich and Mr. Kerr (for) with Mr. Gibson (against).

Mr. Somers of New York and Mr. Fernandez (for) with Mr. Moynihan (against).

Mrs. Norton and Mr. McReynolds (for) with Mr. Stalker (against).

Mr. Dickstein and Mr. McClintic (for) with Mr. Treadway (against).

Until further notice:

Mr. Steagall with Mr. Gifford.
Mr. Douglass with Mr. Perkins.
Mr. Crosser with Mr. Thurston.
Mr. Ludlow with Mr. Reid of Illinois.
Mr. Brown of Kentucky with Mr. Blanchard.
Mr. Crump with Mr. Andrew of Massachusetts.
Mr. Disney with Mr. Foss.
Mr. Griffin with Mr. Buckbee.
Mr Utterback with Mr. Lambertson.
Mr. Peterson with Mr. Stokes.
Mr. Lewis of Colorado with Mr. Clarke of New York.
Mr. Fitzgibbons with Mr. Hollister.
Mr. Goldsborough with Mr. Mott.
Mr. Kemp with Mr. Peavey.
Mr. Walter with Mr. Reed of New York.
Mr. Pierce with Mr. Rich.
Mr. Boland with Mr. Collins of California.
Mr. Claiborne with Mr. Lloyd.
Mr. Cannon of Wisconsin with Mr. Stubbs.
Mr. Berlin with Mr. Faddis.
Mr. Hornor with Mr. Foulkes.
Mr. Fulmer with Mr. Sadowski.
Mr. O'Malley with Mr. Hamilton.

Mr. OLIVER of Alabama. Mr. Speaker, I desire to vote "aye."

The SPEAKER. Was the gentleman present and listening when his name was called?

Mr. OLIVER of Alabama. I was not, Mr. Speaker.

The result of the vote was announced as above recorded.

Mr. CONNERY. Mr. Speaker, I demand the regular order.

Mr. LAMBETH. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

Mr. CONNERY. Mr. Speaker, reserving the right to object; I am sorry, but I shall have to object.

I demand the regular order, Mr. Speaker.

CALL OF THE COMMITTEES

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. What is the regular order at this time, Mr. Speaker?

The SPEAKER. The calling of the committees.

The Chair notes the time is now 3:33 o'clock p.m. The Clerk will call the committees.

Mr. SABATH (when Committee on Elections No. 2 was called). Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SABATH. Mr. Speaker, as I understand, there are several contests pending before the Committee on Elections No. 2. I wonder whether the chairman or some other member of the committee is present and can give the House some information relative to these contests.

The SPEAKER. There has been nothing reported by the committee.

Mr. CONNERY. Regular order, Mr. Speaker.

The SPEAKER. The Clerk will call the next committee.

BEDFORD COUNTY, TENN.

Mr. BROWNING (when the Committee on the Judiciary was called). Mr. Speaker, by direction of the Committee on the Judiciary, I call up the bill (H.R. 5909) to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district.

Mr. GOSS. Mr. Speaker, I reserve a point of order. Did I understand the gentleman to say he is directed by the committee to call this up?

Mr. BROWNING. Yes.

The Clerk read the bill, as follows:

Be it enacted, etc., That Bedford County of the Nashville division of the middle district of the State of Tennessee is hereby detached from the Nashville division and attached to and made a part of the Winchester division of the middle district of such State.

The SPEAKER. The gentleman from Tennessee [Mr. BROWNING] is recognized for 1 hour.

Mr. BROWNING. Mr. Speaker, I yield such time as he may desire, within the 1 hour, to the gentleman from Tennessee [Mr. MITCHELL].

Mr. HESS. Mr. Speaker, will the gentleman yield half of the time to this side?

Mr. BROWNING. I will yield time to Members on that side, but I shall not yield time except as gentlemen request it.

Mr. HESS. Will the gentleman yield one half hour of the time to this side?

Mr. BROWNING. To be confined to the bill?

Mr. HESS. Yes.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOSS. Do I understand this time is allotted for general debate, or is the debate confined to the bill, under the rule?

The SPEAKER. In the House debate must be confined to the bill under consideration.

Mr. MITCHELL. Mr. Speaker, this bill seeks to remove from the Nashville district of the Federal court of Tennessee one of the greatest bluegrass counties in the world. [Applause.]

We seek by this bill to prevent any contaminating influences that may prevail within the environs of Nashville, Tenn., or any local talent in middle Tennessee that might be guilty of manufacturing liquids rather than solids. [Laughter.]

Mr. BYRNS. Will the gentleman yield?

Mr. MITCHELL. I yield to the gentleman with pleasure.

Mr. BYRNS. I want to say to my good personal friend and colleague that there is nobody in Tennessee, either in my district or in the gentleman's district, who thinks there are any contaminating influences in Nashville.

Mr. MITCHELL. Whatever contaminating influences may prevail in Nashville come not from Tennessee but from the bordering States of Kentucky, Georgia, and Alabama. [Laughter.]

Mr. BYRNS. I accept the gentleman's explanation.

Mr. EAGLE. Will the gentleman yield?

Mr. MITCHELL. I yield to the gentleman with pleasure.

Mr. EAGLE. Will the gentleman state that no matter what the controversy on this floor between the gentleman from one section of Tennessee and the gentleman from another section of Tennessee, what is it outside of this floor that the gentleman from Tennessee says to the other gentleman from Tennessee? [Laughter.]

Mr. MITCHELL. Mr. Speaker, this bill has an absolutely unanimous report from the Judiciary Committee. It seeks to transfer Bedford County's criminal jurisdiction from Davidson County, where it was originally placed, to another great, middle Tennessee county, where the Federal court sits in regular session under the present statutes.

There is a difference in mileage that would result in a saving to the Federal Government and likewise a saving in the expense incident to holding Federal court.

Mr. TABER. Will the gentleman yield?

Mr. MITCHELL. With pleasure.

Mr. TABER. Does this bill have the approval of the Bureau of the Budget?

Mr. MITCHELL. Insofar as I know, there is no opposition from any section—the attorneys, officers of the court, or anyone else it may concern. There is this distinction so far as the attendance of witnesses go. It is 70 miles from Shelbyville to Nashville, Tenn.

Mr. GRANFIELD. Will the gentleman yield?

Mr. MITCHELL. Yes.

Mr. GRANFIELD. What is the attitude of the bar of Bedford County for this change?

Mr. MITCHELL. The bar of Bedford County have unanimously signed a petition requesting the change. There is likewise a unanimous petition by the members of the bar in Franklin County. If there should be any opposition to this measure it would have to come from some jitney driver or hotelkeeper in Nashville, Tenn.

Mr. BEAM. Will the gentleman yield?

Mr. MITCHELL. With pleasure

Mr. BEAM. I should like to ask the gentleman what is the population of these respective counties, and how do they compare, and how it will affect the dockets of the respective courts?

Mr. MITCHELL. The judge on the bench and the attorney general endorse the bill, although they did not want to be placed on record. The population of the two counties is about equal.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. MITCHELL. I will.

Mr. WEIDEMAN. Do the members of the bar of both counties endorse this bill?

Mr. MITCHELL. The attorneys in each bar agree that this is a meritorious measure.

Mr. TERRELL. Will the gentleman yield?

Mr. MITCHELL. With pleasure.

Mr. TERRELL. Does this measure have the endorsement of the President of the United States?

Mr. MITCHELL. The President of the United States stands for every proposition that is right, and against those without merit. This is right, and consequently he is in favor of this bill. [Laughter.]

Mr. DIES. Will the gentleman yield?

Mr. MITCHELL. I will.

Mr. DIES. I am informed—I do not know whether it is a fact—but I should like to ask the gentleman whether or not my able and distinguished colleague, Mr. CROSS, originated in Bedford County, Tenn.? If the gentleman knows the details I should like the information. [Laughter.]

Mr. MITCHELL. I am going to plead guilty to the intimation of my friend, and I may say that his distinguished

colleague, a Representative from Texas, the Lone Star State, did originate in Bedford County, Tenn.

Mr. DIES. Then we are for your bill. [Laughter.]

Mr. GREGORY. I understood the gentleman to say something about Kentucky. Will he please be kind enough to repeat it?

Mr. MITCHELL. Kentucky is a great State. [Laughter.] It has a reputation for slow race horses and fast ladies. [Laughter.]

Mr. JEFFERS. Will the gentleman repeat that last statement?

Mr. MITCHELL. The gentleman from Kentucky will repeat it. I never made any reference to Kentucky except in a complimentary way.

Mr. BROWNING. Will the gentleman yield to me?

Mr. MITCHELL. For a very brief question.

Mr. BROWNING. In answer to the gentleman from Kentucky who made the inquiry, I should like to interject a statement. My colleague in addressing the House intimated that some contaminating influences came from neighboring States. And the gentleman from Kentucky said that those contaminating influences were run out of that State and got into Nashville. Does the gentleman endorse that?

Mr. MITCHELL. If, perchance, evildoers escape the jurisdiction of Kentucky and go down into the Hermitage district, where the majority leader, J. W. BYRNS, radiates such wholesome influences, it immediately works out a complete reformation.

Mr. PARSONS. Will the gentleman yield?

Mr. MITCHELL. For a short question, but be brief. [Laughter.]

Mr. PARSONS. Mr. Speaker, I notice that Bedford County is mentioned. What is the population of Bedford County?

Mr. MITCHELL. I could not tell accurately about the population, but if you measure the great service that the people are rendering in that great bluegrass section one would think that the population ran into the millions. They feed and clothe the world in that section of the country.

Mr. PARSONS. The gentleman has not answered my question. About how many people live in that county? An effort is being made to transfer it from one judicial district to another. How many people will be affected by the transfer?

Mr. MITCHELL. The population is approximately 15,000 in each of the counties affected.

Mr. DIES. Will the gentleman yield for a short question?

Mr. MITCHELL. Yes.

Mr. DIES. There is no question about the fact that the people wear shoes down there, is there?

Mr. MITCHELL. Absolutely no question about that. And if it were not for the white-faced cattle and the black Angus cattle raised in that section of the country, the gentleman who asked the question would be barefooted right now. [Laughter.] We furnish the beef, we furnish the livestock to feed the world from the bluegrass hills of the Fourth District of Tennessee.

Mr. PARSONS. And is it not a fact that that section of the country furnished most of the pioneer residents of the State of Texas?

Mr. MITCHELL. Except for Tennessee there never would have been a Texas in this country. We have furnished the motive power and intellectual ability to run the Lone Star State for a hundred years.

Mr. BEAM. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. With pleasure to a Representative from the great city of Chicago.

Mr. BEAM. It is my pleasure to serve on the Agricultural Committee with the distinguished gentleman now occupying the floor, and I rise to say that the farmers of this Nation have no more stanch friend than the gentleman from Tennessee. His efforts in behalf of agriculture and in behalf of the poor people throughout the country pertaining to agriculture have been crowned with great success, and the farmers of the Nation should be congratulated to have such a distinguished Representative upon that committee. In due deference to the gentleman and his efforts here today I think the entire assembly should be present to hear his speech. Therefore, Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and fifty-seven Members present, not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 69]

Adams	De Priest	Kerr	Reed, N.Y.
Allgood	DeRouen	Kinzer	Reid, Ill.
Almon	Douglass	Kleberg	Rich
Andrew, Mass.	Doutrich	Larrabee	Richards
Bacharach	Evans	Lewis, Colo.	Robinson
Bacon	Fernandez	Lloyd	Sabath
Beck	Foss	Ludlow	Schulte
Biermann	Frear	McCarthy	Sirovich
Blanchard	Fuller	McClintic	Somers, N.Y.
Bolton	Gavagan	McReynolds	Stalker
Buckbee	Gibson	Mansfield	Stokes
Bulwinkle	Gifford	Montague	Stubbs
Burke, Calif.	Gillette	Moynihan	Sullivan
Cannon, Wis.	Griffin	Norton	Sumners, Tex.
Chase	Hamilton	O'Brien	Treadway
Christianson	Hill, Ala.	O'Malley	Utterback
Claiborne	Hoeppel	Oliver, Ala.	West, Tex.
Clark, N.C.	Hollister	Palmisano	Whittington
Clarke, N.Y.	Hornor	Patman	Wolcott
Collins, Calif.	Howard	Peavey	Woodruff
Corning	Huddleston	Perkins	Woodrum
Crosser	Jenckes	Peterson	
Crump	Kemp	Pierce	
Cummings	Kennedy, N.Y.	Pou	

The SPEAKER. Three hundred and thirty-six Members have answered to their names, a quorum.

Mr. CULLEN. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S.Con.Res. 5. Concurrent resolution requesting the President to return to the Senate the enrolled bill (S. 1580), the Emergency Railroad Transportation Act, 1933, and authorizing its reenrollment with an amendment.

RECALL OF RAILROAD BILL

The SPEAKER laid before the House the following concurrent Senate resolution, which was read.

Senate Concurrent Resolution 5

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the Senate the enrolled bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

Resolved further, That in the event the said bill is returned by the President, the action of the Speaker of the House of Representatives and of the Vice President of the United States in signing the said enrolled bill be rescinded, and that the Secretary of the Senate be, and he is hereby, authorized and directed to reenroll the said bill with the following amendment, viz: In section 13, after the word "conditions", insert the words "and relations."

The SPEAKER. The question is on agreeing to the resolution.

Mr. CONNERY. Mr. Speaker, is this is a privileged resolution?

The SPEAKER. It is. The question is on agreeing to the resolution.

The concurrent resolution was agreed to.

A motion to reconsider the vote by which the concurrent resolution was agreed to was laid on the table.

BEDFORD COUNTY, TENN.

The SPEAKER. The Chair recognizes the gentleman from Tennessee [Mr. MITCHELL].

Mr. MITCHELL. Mr. Speaker, reverting to the contribution of Tennessee to Texas, near where this court is to meet, and in this same congressional district, which I have the honor to represent, at least four Texans, Members of the present House of Representatives, first saw the light of day. [Applause.] It was in this same congressional district that I have the honor to represent that the greatest law school in Dixie is situated, Cumberland University, which has graduated more than 25 Members of this House. [Applause.]

Mr. BEAM. Will the gentleman yield?

Mr. MITCHELL. I am glad to yield to the gentleman from Chicago.

Mr. BEAM. I do not like to unnecessarily interpose myself upon the gentleman's speech, but I come from the great State of Illinois. [Applause.] I believe, in studying the history of our country——

Mr. DIES. May I interrupt the gentleman long enough to congratulate the State of Illinois? [Applause.]

Mr. BEAM. I thank the gentleman. I am cognizant of the great contributions which the great States of Illinois and New York and Massachusetts have made to this Commonwealth. I believe I am also familiar with the history of the country relative to the contributions that Kentucky, Alabama, Louisiana, Ohio, Virginia, and the great western sisterhood of States have made, but what I am concerned about is, outside the contribution of sending such a distinguished delegation from Tennessee to this House of Congress, what contribution has the State of Tennessee made to the greatness of our Republic?

Mr. MITCHELL. If the gentleman is not familiar with the contribution which Tennessee has made to this country it would be a very serious reflection upon the gentleman who makes the inquiry. [Laughter and applause.] Has the gentleman not heard of the hero of New Orleans, Andrew Jackson? [Applause.] Has the gentleman not heard of James K. Polk? [Applause.] Has the gentleman not heard of Andrew Johnson? [Applause.] Has the gentleman not heard of Bedford Forrest? [Applause.] Has the gentleman not learned of John Sevier? [Applause.] Has the gentleman not learned of David Crockett and Sam Houston? [Applause.] Has the gentleman not heard of Alvin York? If not, I could not expect him to understand what contribution the State has made. [Applause.]

Mr. GUYER. Did Dr. Scopes come from Tennessee?

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. ROGERS of Oklahoma. I want to ask what those gentlemen from Texas did that you ran them out of Tennessee?

Mr. MITCHELL. I want to make this observation——

Mr. SHOEMAKER. Will the gentleman yield for a parliamentary inquiry?

Mr. MITCHELL. I do not yield.

Mr. SHOEMAKER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Does the gentleman yield for the parliamentary inquiry?

Mr. MITCHELL. No, sir; I do not yield.

Mr. DUNN. Will the gentleman yield?

Mr. MITCHELL. No. I decline to yield further. Mr. Speaker, the gentleman is from the wrong State to expect me to yield.

Mr. ROBERTSON. Will the gentleman yield?

Mr. MITCHELL. I want to make this same observation, that in this same environment we speak of, the greatest Secretary of State that any administration ever had, Mr. Cordell Hull, has his residence. He lives in the Fourth District of Tennessee and served my State and district in Congress for one quarter of a century. [Applause.]

Mr. GREEN. Will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. GREEN. I was wondering also if Mr. Scopes came from the State of Tennessee?

Mr. MITCHELL. I am glad to inform the gentleman of the whereabouts of Dr. Scopes. He moved out of the old Volunteer State and journeyed immediately to the swamps of Florida. [Applause and laughter.]

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. JOHNSON of Texas. In the list of notables that the gentleman has mentioned as having come from Tennessee he overlooked three distinguished sons of Tennessee who are now in this House, Members from the State of Texas—namely, Hon. HATTON W. SUMNERS, Hon. SAM RAYBURN, and Hon. R. E. THOMASON. I think their names should be added to the list of notables.

Mr. MITCHELL. I want to thank the gentleman for that contribution and make this observation—that these are great and distinguished colleagues.

Mr. MARTIN of Massachusetts. Has the gentleman put in the name of Norman H. Davis?

Mr. KNUTSON. Mr. Speaker, I demand the regular order.

Mr. BLANTON. The regular order is the speech of the gentleman from Tennessee. Will the gentleman yield for a question?

Mr. MITCHELL. For a brief question.

Mr. BLANTON. I think the gentleman from Tennessee ought to tell his colleagues that if they will visit McMinnville and go to Miss Sedbury's inn, they will get the finest meal they ever had in their lives, splendidly served by the most courteous Negro servants in the country. [Laughter and applause.]

Mr. MITCHELL. I thank the gentleman from Texas for making that observation.

Mr. ROBERTSON. Will the gentleman yield?

Mr. MITCHELL. In just a moment. I want to make this further reference to the bluegrass fields of middle Tennessee. If any of you gentlemen have failed to journey down southward and see that magnificent environment, you have lived practically in vain. [Laughter and applause.]

You can take this same environment, composed of 18 counties in the Fourth District of middle Tennessee, and you can fence off the rest of the world, and we will never ask for any assistance from the outside. Cotton, corn, livestock, all the mineral resources that are known, and, above all, Tennesseeans continue to produce fathers and mothers to go west and help settle that country over there. [Applause.]

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. COCHRAN of Missouri. Is this county that the gentleman desires to transfer from one district to another the county to which the gentleman referred in the last session of Congress where farmers were getting 5 cents a dozen for eggs?

Mr. MITCHELL. That is one of the counties.

Mr. COCHRAN of Missouri. In view of the fact that the people of that county are only receiving 5 cents a dozen for eggs, it is reasonable to assume that they do not have the necessary money to go 60 miles to court; and I think this bill should be passed. [Laughter and applause.]

Mr. MITCHELL. I appreciate the observation of my colleague. I only regret that I could not convert him at the time to the necessity of championing the measure in behalf of which I appeared before his committee.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. For a brief question only.

Mr. PARSONS. The observation the gentleman has made with reference to this particular part of Tennessee shows that a great people must live there. I have driven through that part of his State. Will the gentleman inform the House if the people of this county he wants to transfer to another district are in favor of refunding the national debt at this time and reducing the interest rate on Government bonds?

Mr. MITCHELL. So far as my constituency goes, they are in favor of inflating the currency, cheapening the dollar, and increasing the income tax on the wealth of the country. [Applause.]

Mr. GLOVER. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I shall be delighted to yield to my friend the distinguished gentleman from Arkansas.

Mr. GLOVER. I thought when the gentleman made his statement a while ago that he had the greatest State in

the Union he was taking in a whole lot of territory, but since he has voiced the names of so many of these wild fellows from Texas who were born and reared in Tennessee, I am bound to concede his statement. I want, though, to inquire further with reference to the statement made by the gentleman from Illionis a moment ago about the distinguished service the gentleman who is now addressing the House had rendered to the agriculture of this country. He has served on the Committee of Agriculture, together with the gentleman from Illinois and others, and I know of his valuable service. I have seen him, day after day, sitting with Mr. Morgenthau, Dr. Meyer, and our great Secretary of Agriculture, Mr. Wallace, and working over the various problems with which we have to deal in this Congress. While I know of his valuable service there, I want his people in Tennessee to know that he has made a record.

Not only that, but I should like to say that the gentleman who has yielded to me has been a leader of economy here in carrying out the President's program, saving not only 25 percent but even, in some instances, 50 percent, and even being willing to go to the extent of cutting his own salary. [Applause.]

I want his constituents and others to know also of his pleasing personality, something that has manifested itself to me ever since I have learned to know and love the gentleman. Over and above the most excellent record he has made in Congress I am told he has withstood the fiery darts of the opposite sex and is still an unmarried man. I want the world to know not only his great ability as a Congressman but his wonderful personality. I believe his condition of celibacy will soon be remedied.

Mr. MITCHELL. I thank my colleague from Arkansas, and I trust he will broadcast to the fair ladies of the country the latter part of his complimentary reference. [Laughter.]

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I shall be delighted to yield to my colleague from Minnesota.

Mr. KNUTSON. In view of the fact that so many distinguished Texans were sired in Tennessee I shall not vote against the gentleman's resolution.

Mr. MITCHELL. I appreciate the observation of my colleague.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. FORD. Can the gentleman inform the House how many distinguished Tennesseeans have contributed to the wealth and greatness of the State of California?

Mr. MITCHELL. If I had the capacity of an adding machine, and knew all the statistics contained in Mulhall's Reports, I would be enabled to answer the inquiry of my colleague. Men like McAdoo and others came from Tennessee and went to California. [Applause.]

Tennessee is in the center of the world, my friends. She has contributed not only of material wealth but of that which is immensely more valuable—the service rendered by her patriotic sons on the battlefields and in the Halls of Congress throughout the years.

Mr. LUNDEEN. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. Certainly.

Mr. LUNDEEN. I wish to recall to the gentleman's attention the great service of that gallant Tennesseean, Andrew Jackson, who was able to collect a war debt from France—every dollar of it. A reading of his statesmanlike utterances on this matter, recorded in the Presidential papers, will teach us how to collect money from France today. France has the money with which to pay. She is spending over $500,000,000 a year on her army and her navy. If Andrew Jackson, that great Democrat, were here we would be able to collect this money.

I am glad the gentleman yields for a brief statement. One of America's greatest statesmen was Andrew Jackson, of Tennessee—a gallant, courageous, fighting American, a real American—a Washington, Hamilton, Jefferson American—who believed in America first.

I want to bring to the attention of every Member in this great House the state papers of the Jackson administrations concerning the French war debt. Yes, we had a war with France, although it was never declared.

During the Napoleonic wars, there were many engagements between French and American vessels upon the high seas, and if you will go down to Annapolis you will find captured battle flags taken off French ships which were defeated and destroyed in combat with American ships on the ocean during that period.

When the struggle was over and America had brought France to terms, that great nation—and we were then a small Nation compared to the French Empire—signed an agreement to pay America so many million dollars, a very large sum of money for those times, to pay for the damages done to American commerce and to pay for the violation of American rights as a neutral in that very great world war between Napoleon and the allies.

For 25 years the negotiations continued about the payment of this debt. For 25 years the French evaded and promised and evaded again. The Chamber of Deputies refused to appropriate the money and the French Cabinet refused to pay. The French Government would not pay, but finally, the American people elected a man to the White House by the name of Andrew Jackson from Tennessee, and I hope that every Member of Congress, House and Senate, will read the words of Americanism which flowed from the Jacksonian pen. He was still the same American who refused insult at the hands of the British officers when a boy. He had not changed since the day he rode so boldly before his armies at New Orleans and won the greatest battle of the second war with England. I say he was still the same red-blooded, fighting American, and he negotiated with the French Empire in a manner of which we can well be proud at this late day. Just about 100 years ago Andrew Jackson demanded the money which France withheld in order that she might arm herself for future wars and withheld in order that she herself might profit at American expense. Andrew Jackson exchanged state papers with France, called their attention to their solemn pledges and promises reduced to writing and signed; called their attention to the long friendship we had had with France prior to this clash and disagreement, and expressing desires for continued peace; nevertheless, he made it plain that America would enforce her rights under international law and that if France did not pay, he would, under international law, seize upon French property, private property, property belonging to the nationals, the property of the French Government, to satisfy that debt.

There was a great flurry in France. There was even talk of war and preparation for war, but, by standing like granite, by maintaining an American position, by refusing to yield in a weak, in a feeble manner, by maintaining American dignity and American rights, Andrew Jackson made France see that she was dealing with a man, with a soldier, and a statesman. When France recognized that here was a man unyielding, courageous, and able, France paid, paid every dollar due the American Nation, and wiped the slate clean, without any reductions, without any cuts in the debts, without any refunding arrangements, but paid in full satisfaction of the American demands; and I say to the gentlemen of this House today that if we had an Andrew Jackson in the White House today—and he was a great Democrat—there would be no refunding and cuts in the present French debts. France is today spending more than $500,000,000 per year in cash to maintain her army; France today has the greatest air fleet in the world for war; one of the greatest and most powerful navies in the world; France has the greatest and best-equipped standing army in the world; France has, in the language of her own financiers, practically no unemployment; the savings banks of France are filled with cash; France has the second largest gold reserve in the world, and the greatest in Europe.

We need another Andrew Jackson to lead us in this day and hour of trial. Why in today's papers I see that the

British Premier urges a cut in the debts. The papers report that the United States group at the parley in London is handed a surprise. The Premier starts off the London confab by exploding a bomb of first import, and our delegates sit there at the feet of the British King and Emperor of India, ruling one fourth of the earth's surface, ruling the world's greatest empire, without protest, tamely and lamely failing to sustain an American-Jacksonian position.

Just as we expected, the papers record that Secretary of State Cordell Hull announced shortly before the opening of the conference at London that the United States would "keep faith" with any agreements entered into at the parley. America is supposed to enter into an agreement with the best part of a score of nations that owe us money, and these nations are supposed to lay down the law to our country, and we are supposed to "keep faith" with them. God save us from that type of Americanism lest our country be destroyed.

What sort of Americanism is that which fails to protect more than 13,000,000 Americans who wander over our land without employment? What kind of Americanism is that which permits our women and children to starve, and the American standard of living and wages to fall ever downward, while Europe, the kings and emperors of the ruling nations of Europe owe us billions upon billions of dollars, a debt which already has been cut in two during the negotiations of 1926, and now the British Premier demands that it be cut down full 90 percent, so that we are only to have 10 percent. And I say to the gentlemen of this House that if we permit that, I will not be surprised to see them demand that the 10 percent be eliminated and wiped off the international slate to the detriment of America.

Will Rogers once said, "America never lost a war and never won a conference."

I thank the gentleman for permitting the interruption. I wish to pay tribute to the great Jackson of Tennessee, a great American who knew how to defend American rights.

Mr. MITCHELL. I thank my colleague for the observation.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. MARTIN of Colorado. If the gentleman will permit, I should like to make a contribution to his list of notable Tennesseeans.

Mr. MITCHELL. I should be glad to have the gentleman's contribution.

Mr. MARTIN of Colorado. I believe Martin W. Littleton, the great lawyer, who was formerly a Member of this House, either was born in Tennessee and migrated to Texas or was born in Texas and migrated to Tennessee. Will not the gentleman include his name in the roster of great Tennesseeans?

Mr. MITCHELL. I thank my colleague for his eulogy of this former Member of the House and one of the Nation's great lawyers and a former Tennesseean, who was born in Roane County, Tenn.

Mr. COLLINS of Mississippi. Mr. Speaker, will the gentleman yield to me to submit a unanimous-consent request?

Mr. MITCHELL. I yield.

KITS FOR CONSERVATION CORPS

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the purchase of Army kits.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS. Mr. Speaker, I feel called upon as a matter of simple justice to Colonel Howe, the secretary to the President, and other officials of the Government whose names have been linked in a critical way with the supply of toilet kits to the Civilian Conservation Corps, to express my firm conviction, after carefully perusing the testimony given before the Senate Committee on Military Affairs and conferences with various ones of those involved in the transaction, that the officials of the administration, directly or indirectly responsible for placing the order with BeVier & Co., Inc., deserve commendation and praise and not censure or criticism for the course which they took. Any fair-minded person could not entertain any other view in the light of all the facts.

For my part, however, I may say that the Senate's inquiry does not end the matter. When the estimates of appropriations for the Military Establishment are considered at the forthcoming regular session of Congress, in my capacity as a member of the Appropriations Committee I shall inquire very carefully into all phases of the Army's connection with emergency conservation work, particularly procurement transactions and material expenditures from Army stores and issues purchased out of emergency conservation work funds. I propose, then, to find out why the Army was so persistent in pursuing a course—contrary to the impression which has gained wide-spread credence—that actually would have cost the Government more to supply toilet kits than it will under the BeVier contract. If any criticism or censure is justified, I am inclined to feel that it should be directed against the War Deparament. I do not like the Department's conduct in the matter at all.

The public has been grossly misled in the matter. It has been led to believe that the Army could supply kits at a much lower cost to the Government and that some favored concern stepped in and was awarded a contract that would net a handsome profit.

What are the facts? Up until the very day this contract was let the Army was buying components of the kits from the very firm that received the kit contract, BeVier & Co., and from other concerns. As a matter of fact, the Army has been doing business with BeVier for something like 15 years. Now, please mark this: Taking the lowest prices the Army has been quoted or was paying prior to the execution of the BeVier contract for each of the several components of the kits, the total cost of a kit, exclusive of a sewing outfit and a container or kit box, was a fraction of 1 cent less than the contract price for a complete kit. The figure was $1.3912, and that included a 6-cent toothbrush and excluded a sewing kit, worth about 12 cents, and a container for all of the articles.

Think of a 6-cent toothbrush! The toothbrush supplied with the contract kit is a standard, durable brush, scientifically constructed, and of a make offered to the Government under formal proposal prior to the kit contract for 26 cents apiece in a $25,000 lot.

In the light of these facts, I submit there is absolutely no foundation for anyone to entertain any sort of doubt as to the reasonableness of the BeVier contract. It is so obviously to the advantage of the Government that it really seems foolish to dwell upon it. The record shows conclusively that it was costing more to supply the kits by purchasing the component articles separately than it will cost under the BeVier contract to supply complete kits with, in some instances, a better grade of article. This emphasizes the need of a change in Army procurement methods, which I have long condemned. There is a lack of procurement concentration. Every Tom, Dick, and Harry buys. The record shows that before the BeVier contract was made Army quartermasters all over the country were buying a quantity of this, that, or the other component of toilet kits. That was the course that actually was being pursued, instead of the Quartermaster General here at Washington determining the entire needs and making one procurement contract in an orderly way. For example, some purchasing officers were paying as high as 60 cents for a safety razor and five blades, while others were buying the same articles for 36.49 cents. The high-grade razor in this kit, plus five blades, was sold for 23 cents. Some purchasing officers were paying 12 cents for combs and others were buying the same articles for 5.4 cents each. This will illustrate the costly method of not concentrating purchases and demonstrates, with some purchasing officers paying top prices, why the kits, on the average, were costing more than under the BeVier contract, and I might remark that my information is that the Army continued to pursue this most ineffective and expensive

course for as much as 15 days after the consummation of the BeVier contract. Think of it! Practice of that sort is responsible for the urge for a single Federal procurement agency, and I am truly glad to see that the President has proposed such an agency in his reorganization order just submitted.

It has been urged that the kits comprise more articles than those supplied enlisted men of the Regular Army upon first enlistment. This is not denied. The regular soldier gets a toothbrush, so-called, a shaving brush, a comb, and a safety razor and five blades. Whether or not a more complete outfit should be supplied is not the question here. In this connection, however, I might point out that the Army recruit upon first enlistment is given a $5 credit at the post exchange, which he might use to augment the toilet articles issued to him gratis. That $5 is as much as members of the Emergency Conservation Corps receive in the course of a month, all in excess of such sum being paid to their dependents.

I hold no brief for the Emergency Conservation Corps. I opposed it in the beginning; not because I was not in sympathy with providing for the needy but because I felt and still feel that greater good could be done by extending relief in the way of money through organized relief agencies throughout the country. We have adopted the most expensive way imaginable. I am perfectly confident that it will cost us not less than $5 per diem for each man enrolled in the camps. This is at the rate of $150 per month. This is five times as much as is paid to each man enrolled per month. Under a direct-relief plan five families could be cared for, with the male members remaining at home where they belong, at no greater cost than relief to one family is costing under the conservation program, and the one family is getting but $30 of the $150. However, having embarked upon the plan to provide relief through giving employment in conservation work, the Government is obliged to see that its charges are adequately housed, clothed, and fed, and are given medical attention. Their health depends upon personal cleanliness, and personal cleanliness makes it mandatory that each man have a supply of the articles contained in the much-advertised toilet kits. Neither in quantity, quality, nor price is there ground for any complaint. Sound common sense and business judgment are abundantly evident.

I do not contend that if the War Department in the beginning had executed a single procurement contract for the entire number of kits required a better price might not have been obtained. Instead, however, through piecemeal, scattered purchases up to the very time when large numbers of men were enrolling for the camps, an emergent demand arose that precluded ordinary procurement procedure. The remarkable thing is that a contract under such circumstances was obtainable so favorable in price and performance.

In conclusion I wish to quote the following proposition made to the Senate Committee on Military Affairs by Mr. BeVier at the outset of his testimony on June 7, 1933, viz:

Ever since this controversy has started the Quartermaster General's Department has claimed that they could purchase the same quality of nationally advertised brands of merchandise and other articles included in the kit at a price of 85 cents. We have claimed that the price of $1.40 as of May 15, 1933, was a fair and equitable price and could not have been duplicated by the Quartermaster Corps of the Army.

In fairness to us and the Government officials instrumental in the signing of this contract we respectfully ask that the Army be called upon to produce all orders for Civilian Conservation Corps toilet articles purchased on or prior to May 15, 1933, and that these orders be tabulated so as to show the exact unit price paid by the Quartermaster Corps for similar articles of similar quality as contained in the kit. When the exact unit price has been obtained and the price for the articles in the kit added, it will show the exact figure which the Quartermaster Corps is entitled to claim as a cost of a kit in comparison to the $1.40 contract price.

In view of the contention of the Quartermaster Corps, we make this offer to the Federal Government, namely: We will sell to the Government the kits in question at a price which will be 10 percent lower than the price at which the same quality of nationally advertised branded merchandise has been purchased by the Quartermaster Corps of the United States Army for Civilian Conservation Corps recruits at or prior to May 15, 1933, the date on which this contract was signed.

It is respectfully asked that a committee of three be appointed whose duty it shall be to recap the figures presented by the Quartermaster Corps of the Army. These three members shall be R. B. BeVier, president of BeVier & Co., Inc., any member of the Quartermaster Corps chosen by the Quartermaster General, and any member of this committee or appointee of this committee.

As there are certain items in the kit which are not purchased by the Quartermaster Corps, the committee shall obtain affidavits from the manufacturers as to the lowest manufacturers' wholesale prices up to and including the 15th day of May 1933 for such items.

The committee shall compile the figures showing the exact cost prior to May 15, 1933, of similar items to those in the BeVier kit, and which have been purchased by the Quartermaster Corps, which data shall be submitted to the Chairman of the Military Affairs Committee of the Senate.

In this respect BeVier & Co., Inc., will be pleased to pay all reasonable expenses incurred by the committee in recapping the figures presented by the Quartermaster Corps.

Could anything be fairer?

BEDFORD COUNTY, TENN.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. ZIONCHECK. Will not the gentleman tell us the true story of Davy Crockett?

NATIONAL BANKING SYSTEM

Mr. STEAGALL. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to have until midnight to file a conference report on the bank reform bill [applause] and to dispense with the filing of a statement.

Mr. SNELL. Mr. Speaker, reserving the right to object, I wish the majority leader would tell us what the program is, and then we can tell better what we want to do.

Mr. BYRNS. If this permission is granted, we should like to take this bill up the first thing tomorrow.

Mr. SNELL. What is the further program, provided we do not adjourn for the next 2 or 3 days?

Mr. BYRNS. We have nothing else in view. As the gentleman knows, the Senate is now considering the independent offices appropriation bill, and I hope they will be able to conclude its consideration in a few minutes and either vote the motion that has been made over there up or down. If they vote it down, the bill will go to conference, and I hope by tomorrow we may have a conference report upon that bill. There is nothing else, so far as I know, outside of these two matters, except the passage of the deficiency appropriation bill.

Mr. SNELL. Then does the gentleman intend to at least use his efforts to adjourn?

Mr. BYRNS. I have been doing that since Saturday and I am sure we all have, and I am hopeful we will be able to get away from here very soon. This is one reason I was anxious to see the rule adopted awhile ago. I did not want to bring in any controversial matters that might delay adjournment.

Mr. SNELL. I have been trying to keep out controversial matters for several days myself, but have not been very successful.

Mr. BYRNS. Unfortunately, the gentlemen on the other side did not join with us in voting for the resolution.

Mr. SNELL. Oh, I beg the gentleman's pardon.

Mr. BYRNS. Then, I beg the gentleman's pardon.

Mr. CONNERY. If the gentleman will yield, practically every Republican voted against the adoption of the rule.

Mr. SNELL. No; the gentleman is mistaken about that.

Mr. O'CONNOR. Except the gentleman from New York [Mr. PARKER] I know of no other.

Mr. CONNERY. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. CONNERY. Mr. Speaker, reserving the right to object, I dislike to object to my friend's request, but I think today I am fighting a battle for labor, and I am going to object.

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

Mr. CONNERY. I hope that motion will be voted down.

Mr. BROWNING. Will the gentleman withhold that a moment?

Mr. BYRNS. I withhold it.

Mr. BROWNING. Mr. Speaker, I move the previous question on the passage of the bill now before the House.

Mr. CONNERY. Mr. Speaker, I rise in opposition to that bill.

Mr. BROWNING. The gentleman cannot do that.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. BROWNING, a motion to reconsider the vote by which the bill was passed was laid on the table.

LEAVE OF ABSENCE

Mr. BANKHEAD. Mr. Speaker, I know there is another and the usual way of accomplishing the result, but I desire to make this statement with reference to the able and distinguished gentleman from Ohio [Mr. CROSSER]. He has been in bad health, as we all know, for quite a while, and within the last few days there fell upon Mr. CROSSER's shoulders, as chairman of the steering committee of the Democratic Party, the arduous and responsible duties of undertaking to work out with the Chief Executive some compromise on the veterans' compensation proposition. These labors which he has performed with such fidelity and such zeal have resulted in a further impairment of his health, and upon the advice of his physician he has gone to his home in Ohio to recuperate. I think it due him that we should pay this tribute to his fine service, and I ask that the gentleman may have an indefinite leave of absence on account of illness.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

Mr. LUCE. Will the gentleman withhold that a moment?

Mr. BYRNS. I withhold it.

Mr. LUCE. In order that I may appeal to my friend and associate. The conferees on the banking bill have been working many hours under the difficult circumstances of the weather and have at last, I think to the gratification of both branches of Congress, reached an agreement. [Applause.] It will take but an instant to allow this report to be filed tonight so that it may be considered tomorrow. I beg of the gentleman to permit this to be done. [Applause.]

Mr. CONNERY. I should like to say to my distinguished colleague from Massachusetts that no one realizes any more than I do the position I am in, but I am fighting a battle for little, hungry kids, and I am not going to yield.

Mr. BLANTON. The bank bill affects every laboring man in the United States.

Mr. CONNERY. We can pass it within the next 2 or 3 days.

HOW TO SAVE FEDERAL-AID PROJECTS

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, recently I placed in the RECORD a statement concerning Federal-aid appropriations including a table received from the Secretary of the Treasury showing the Federal aid granted each State for the fiscal year ending June 30, 1932. I have received a letter from Dean F. B. Mumford, of the College of Agriculture of the University of Missouri, relative to my remarks, and I feel that it is of sufficient importance to print in the RECORD. The letter follows:

UNIVERSITY OF MISSOURI,
Columbia, June 8, 1933.

Hon. JOHN J. COCHRAN,
House of Representatives, Washington, D.C.

MY DEAR MR. COCHRAN: My attention has been called to certain remarks made by you reported in the CONGRESSIONAL RECORD of May 29, 1933, relating to Federal appropriations for agricultural education and agricultural research.

I know and appreciate your sincere attitude and desire for basing any important action on the facts. I feel certain that you would not willingly and knowingly be a party to any movement in the Federal Government that would be a distinct and permanent injury to farmers and the agricultural industry of Missouri.

As Congressman representing the great city of St. Louis, which is very dependent upon the development of a very large agricultural territory, I am sure that any enterprise looking toward the permanent development of the agricultural industry is a matter of very great importance to the city of St. Louis.

As one who has been connected with the College of Agriculture of the University of Missouri for nearly 38 years, and with another college of agriculture for 4 years, and as a citizen of Missouri interested in its progress and development, I am taking the liberty of commenting on your remarks with a view to establishing the facts and if possible convincing you that some of your remarks might be interpreted as a direct and intentional blow to the agricultural industry of Missouri. I am sure you do not so intend.

1. It is my understanding that the Federal appropriations to agricultural experiment stations are not in the list of permanent appropriations and are not required to be matched by State appropriations. It is significant, however, that the comparatively small Federal appropriations made to agricultural experiment stations have proved of such exceptional advantage to farmers in the several States that the legislatures have, without any Federal requirement for matching, expended about $3 of State money for $1 of Federal money. Surely, if these Federal appropriations for agricultural research were harmful to farmers and to the agricultural industry, the great agricultural States of the Middle West would not now be expending three times as much for agricultural research as is expended by the Federal Government.

2. There is little evidence upon which to base a general statement that "there is an immense duplication of work." The very great differences in climate, soil, topography, and cropping systems of the United States require researches adapted to these varying conditions. Plant varieties adapted to Missouri conditions have no value in Arizona or Louisiana or perhaps Minnesota and northern Michigan. An examination of the list of projects now active in the State experiment stations, which is available, would seem to an impartial observer to have avoided, in the main, harmful or wasteful duplication. It is undoubtedly true that there may be some duplication which could be avoided, but this is small in amount and of comparative unimportance. In this matter the stations have been influenced by the constant pressure of farmers demanding that certain investigations be made in the particular States for the reason that they insist upon the importance of varying State conditions.

3. The inference in your remarks seems to be that the chief purpose of the agricultural experiment stations is to stimulate production, that the surpluses now existing in staple crops are due to the stimulation and that because of the surplus the prices of farm commodities have collapsed. Each of these assumptions is wrong. It is not true that the agricultural experiment stations have stimulated production or encouraged farmers to produce more than the market demand. They have made the farmer more efficient, and if the farmers had not increased in efficiency they would all have been destroyed in the recent economic depression.

The experiment stations have repeatedly and earnestly advised farmers to sell 25 or 30 percent of the cows now being milked because the poorer 25 percent of cows now being milked return no profit and do add to surplus. They have repeatedly and constantly urged the culling of poultry flocks, selling 20 to 25 percent of the poorer producers, which again is a direct effort to prevent overproduction.

If there is one principle or policy advocated more often than another by the experiment stations since their beginning, it is that the farmers cultivate fewer acres and employ better methods on the reduced area.

4. It is an error to hold the experiment stations responsible for present low prices of farm commodities or the surplus. The apparent surplus in recent years is due to the reduction in exports to foreign countries. The reduction in exports to foreign countries is due to the increasingly high tariffs in foreign countries against American agricultural products, in part due to retaliation for the high tariffs on manufactured goods in the United States.

There are, of course, other causes; but I cannot go fully into this matter in a letter. I am, however, taking the liberty of sending to you an article prepared by me for the annual meeting of the American Association of Land Grant Colleges and Universities, which discusses the responsibility of the agricultural experiment station for the present agricultural situation.

I am sincerely convinced that if the Federal appropriations for agricultural experiment stations and for extension should be withdrawn it would be the greatest injury to agriculture that could possibly be made at the present time. This is not alone the opinion of one who has been associated with these enterprises for 42 years but it is the collective opinion of the farmers and farm organizations of the whole United States. You may disregard the opinions of men like myself holding official positions in these institutions, but surely you cannot safely disregard the opinions of farmers and farm organizations throughout the whole United States.

I hope sincerely that you will not only not oppose these appropriations, which mean so much to the State of Missouri, but that you will give them your friendly support in the interests of the

permanent prosperity of Missouri agriculture and the effort being made to develop in this State a contented and efficient rural civilization.

Very truly yours,

F. B. MUMFORD, *Dean and Director.*

I am not in disagreement with Dean Mumford of our State university on the value of this service. It is clearly evident that Dean Mumford did not grasp the intention I sought to convey. It seems to me that the above letter justifies the warning I sought to send to those interested in the experiment stations, the extension service, and the State agriculture and land grant colleges that receive aid from the Government.

While my language might have been misconstrued or not properly understood, I will say now that what I intended to emphasize was that unless the Government found a way to collect money so that the Budget could be balanced all appropriations would suffer, Federal aid included, because there was a feeling that in future years we are going to stay within the revenue collected to run the Government.

It was my purpose to impress upon the friends of the various services mentioned that one way we could get money would be by making it legal through the repeal of the eighteenth amendment to collect $500,000 or more annually through the taxing of distilled spirits, and if the dry States, many of them now drawing from the Federal Treasury more money in the form of Federal aid than they actually pay into the Treasury, did not assist us in repealing the eighteenth amendment so that revenue could be collected, there was danger that the Federal aid would be discontinued.

What has happened since my remarks appeared in the RECORD? The President has sent to the Congress a message in which he embodies a reorganization program and he provided in that program a reduction of 25 percent in the appropriations for the experiment stations, the extension service, vocational education, and aid to agricultural colleges. This will be objected to, but when every other branch of the Government is suffering reductions is it not reasonable to assume that the Federal-aid appropriations will likewise suffer?

I repeat I am not in disagreement with Dr. Mumford as to the value of the service. It seems to me that the warning I have uttered should be heeded and that steps should be taken by those interested to use their influence with the officials in the dry States to secure assistance that will result in the repeal of the eighteenth amendment so that the Government can collect a half billion dollars and continue meritorious Federal-aid projects.

FEDERAL GUARANTY OF BANK DEPOSITS

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the guaranty of bank deposits.

The SPEAKER. Is there objection?

There was no objection.

Mr. McLEOD. Mr. Speaker, millions of depositors, small as well as large, have seen their life savings melt away in the terrible banking cataclysm that culminated in the suspension of all banking activities throughout the Nation by Presidential proclamation on March 6, 1933. Inevitably and naturally, the collapse of the Nation's banking structure has resulted in an insistent demand by the people for stability of the country's banking system and absolute safety for depositors.

We have reached that stage of affairs where temporizing and ineffectual compromise can no longer be considered or tolerated. Every possible measure must be taken to minimize the losses to depositors in banks that failed to reopen upon termination of the national banking holiday. In addition, depositors must receive assurance that when they place their funds in a bank they can withdraw them whenever they please, regardless of what happens to the bank. Furthermore, unification of our banking system, under strict supervision and control of the Federal Government, must be attained if we are to rebuild on a firm and unassailable basis.

To eliminate the lengthy and burdensome delays that go hand in hand with liquidation of insolvent banks, to prevent additional losses and hardships entailed by forced liquidation, and for the purpose of releasing the tied-up funds in closed banks that are paralyzing the purchasing power of millions and further decelerating the slowly turning wheels of industry, I have introduced a bill, H.R. 4974, directing the Reconstruction Finance Corporation to acquire the sound frozen assets of closed banks and liquidate them only when such action will be to the best interests of the depositors and debtors alike.

In addition to providing, through reduction of interest rate to 4 percent, a powerful incentive to debtors to meet their obligations to banks in preference to letting them go by default, the liquidation of such assets over a period of years will prevent further ruinous deflation and depression of the real-estate and securities markets. In this way it may be possible for depositors in closed banks to realize most, if not all of their funds. This aid I am proposing to extend in my bill would be a fully secured loan and not a gift or grant in any sense or meaning of the word.

Adequate provisions must be taken by the Federal Government to guard against a costly and dangerous repetition of our recent banking collapse, the fourth in our country's history. In the year 1819 practically all of the banks in the United States suspended operations. The country witnessed another distressing period of almost universal bank suspension in 1837. Twenty years later, in 1857, another similar catastrophe befell our country. The complete collapse of our national banking structure last March was the first serious curtailment of banking activities since 1857, although in 1873 our country experienced wide-spread banking difficulties for a time.

We must not only restore confidence in our banking system but must justify that confidence in every way. Unification of our banking system, with absolute regard for intrinsic soundness as a primary requisite for entrance of all banks into such a system, is a national necessity of the most urgent and extreme importance. Legislation to accomplish this end must be drawn in the interests of the millions of depositors and not considered primarily as legislation for banks.

To prevent the future loss of a single cent to any depositor and to provide for maximum stability and safety of the Nation's banking system by unification of all banks in one system under rigid Federal supervision and control, on May 9 I introduced a bill, H.R. 5571, to provide a Federal guaranty fund under control of the Federal Reserve Board, to be made up of assessments of all banks in proportion to their deposits and guaranteed by the Treasury of the United States, at the same time making it mandatory for all banks within the United States to enter the Federal Reserve System, subject to control and supervision of the Federal Reserve Board.

Bank failures are brought about in part by depressions, but they also deepen and prolong depressions. Canada and Great Britain have suffered from the present depression, yet neither country, with its rigid supervision and control of its unified banking system, has had a single bank failure. On June 30, 1921, there were 30,821 banks in the United States, while today there are only approximately 14,000 banking institutions operating unrestrictively and under license of the Federal and State authorities. Fully 80 percent of these bank failures were in institutions capitalized at less than $25,000. One of the principal flaws in our banking system was the large number of banks, with the unwarranted competition resulting therefrom. Branch banking, certainly when confined to proper regional districts, based entirely and wholly upon the needs of the locality, offers more hope as a constructive and sound step in safer banking than any other single measure.

By proper supervision branch banks can be made safer than a large number of individual banking institutions, entirely dependent upon their own resources and upon the prosperity of their particular local industries and communities. To illustrate the true importance of this point we may take the experience of two States in this country—North Dakota and New York—before the crash in 1929.

In 1920 North Dakota had 898 banks, or 1 bank for every 725 inhabitants. New York had 1,057 banks, or 1 for every 10,400 of her citizens. The human base which supported 1 bank in New York had to support 14 banks in North Dakota. It is significant to note that during the period 1920–1929, 444 banks failed in North Dakota and 12 in New York.

In Canada no bank can start in business unless it has a paid-in capital of half a million dollars. This is extremely important since the capital of the bank is the hostage which the stockholders offer the depositors to insure the prudent management of the institution. If the bank makes mistakes which result in losses, they are chargeable first to the profits of the bank, next to its capital, and finally to the depositors. Thus the greater the capital fund, the safer the bank, other things being equal. Many of our States have no minimum capital requirements for banks, with the result that banks can be operated on risky and unsafe margins of capital.

As a stabilizing provision of extreme importance, my bill provides that no bank shall be permitted to operate whose capital, surplus, and undivided profits are less than $50,000 and directs the Federal Reserve Board to order and arrange for the merging of all such small banks, so that by combining the resources of several such institutions, a sufficient degree of strength and stability will be attained to warrant their admission to the Federal Reserve System and guaranty of their deposits.

The guaranty fund provided in my bill would consist of assessments levied on all banks, in proportion to their deposits, payable in such installments as the Federal Reserve Board shall decide, and thereafter whenever necessary to replenish the fund so as to keep it equal at all times to an amount not less than 1 percent of the deposits of all banks within the United States.

Had the guaranty of deposits in all national banks alone, been in effect for the past 18 years, the cost would have amounted to approximately one fifth of 1 percent of the yearly average of total deposits. In reality, it is extremely doubtful if the cost would actually have been this high. The confidence which a guaranty fund, and Government control, in itself would inspire, as proposed in my bill, would be a tremendous factor tending to reduce the number of suspensions and the total expense of the fund. Psychological factors, under such indemnity provisions, would cease to play havoc with banks and the banking system. No bank could again fail because of fear. The cost of guaranteeing deposits would indeed be insignificant compared with the great expense of periodically trying to liquidate the entire banking structure of the country.

If we had had Federal guaranty of deposits during the more than 3 years of depression, there would not have been as many bank failures or as great a loss of deposits. But if bank failures had been just as numerous and the assets of the failed banks no greater in proportion to the deposits, the entire amount of the loss during the 3-year period would have been about $500,000,000, or $167,000,000 a year. The cost of guaranteeing deposits would be slight indeed when compared with an annual loss in wealth production, because of present conditions, of not less than $30,000,000,000. We did not hesitate to spend $28,000,000,000 and sacrifice thousands of lives to protect our country in the World War. Our country is threatened now with a very much graver danger, and I deem it my duty to press for enactment of legislation to make banking absolutely safe for depositors.

According to the Annual Report of the Comptroller of the Currency, the demand and time and savings deposits in all reporting banks in the United States and Territories on June 30, 1932, amounted to $63,863,456,000. One percent of this figure would amount to $638,634,560, leaving more than a sufficient margin to take care of the most serious situation that could reasonably be anticipated. However, if in the event that this sum should by any chance prove insufficient, my bill directs the Secretary of the Treasury to advance money out of the general fund of the United States Treasury as a loan to make up the difference.

For purposes of safety and unification of control, my bill carries provisions that the Federal Reserve Board, in controlling the guaranty fund, shall only invest the fund in securities issued or guaranteed by the United States and shall have such full power to inspect and examine all banks as is now possessed by United States bank examiners under existing law. Furthermore, as a safeguard against abuses by banks of their position as custodians of indemnified deposits, the Federal Reserve Board is authorized by provisions of my bill to, in its discretion and after a hearing, remove officers and directors of such banks as in its judgment engage in unsound practices. The removed officers and directors would be replaced by others to be selected by the stockholders of such banks, by and with the approval of the Federal Reserve Board.

Any bank official or employee who falsifies any record or who knowingly makes any false statement or willfully overvalues any security for the purpose of influencing the Federal Reserve Board in exercising its control and supervision of banks shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 10 years, or both.

The surplus fund of a bank exists as an additional safeguard to its safety and stability. As a stabilizing measure of utmost importance, I have incorporated a provision in my bill to prohibit dividend payments by any bank to stockholders until its surplus equals one fourth of its capital. When surplus equals one fourth and less than one half of capital the maximum dividend paid shall be 6 percent. When the surplus equals one half of capital, the maximum dividend shall be 8 percent, but the dividends shall be discretionary after surplus equals capital; provided, however, that no yearly dividends shall be paid in excess of 25 percent.

The idea of Federal guaranty of bank deposits is not essentially new. The idea of some form of deposit guaranty was a part of the original intent and meaning of the Federal Reserve Act. In 1913 a provision for the indemnity of depositors was eliminated in the conference on the bill between the two Houses of Congress. The objection at that time was one of technicality, and the understanding was that the provision would be redrawn and enacted at the 1914 session of Congress. The outbreak of the World War was the cause for this undertaking not being carried out.

The Federal Government already guarantees payment of deposits made with the Postal Savings System. The increase in deposits of the System during the last 2 years, notwithstanding the fact that only 7,500 of the 48,000 post offices are depositories and that deposits are limited to a maximum of $2,500 to each depositor, is striking evidence of what might happen if the deposits of all banks were placed under Government supervision and fully guaranteed.

During the fiscal year 1931, ended June 30 last, deposits of the Postal Savings System about doubled, and they again about doubled during the ensuing 8 months. For the fiscal year 1928 Postal Savings deposits totaled $152,143,349. Last March 31 the estimated deposits—audited figures are not yet available—were more than $1,111,000,000.

About 80 percent of the Postal Savings deposits are redeposited with banks in the localities from which the deposits have come. As security for these deposits, the Government requires the deposit by the banks of approved bonds supported by the taxing power—that is, Federal, Federal Land, State, or municipal bonds. Similar requirements apply to other Federal deposits in banks, and likewise to deposits of State, county, and municipal authorities. Thus protection is afforded to public deposits, but no similar protection is now afforded to private deposits in any State. This is significant of the terrible weakness of our national banking system. There is absolutely no guarantee of any sort for private deposits, despite an impression that has been widely prevalent among many depositors to the effect that funds placed in national banks were more or less safeguarded by the United States.

Not only must the justifiably shattered confidence of the people in our banking system be restored by removing all risks from placing money in banks for safekeeping but we

must coordinate such action with adequate relief for the cities of the country who, through bank failures and other disasters accompanying the depression, have been brought to a most grave and serious condition of tax delinquency. Although my bill, H.R. 4311, to provide for a moratorium on the bonded indebtedness of insolvent municipalities, has been tabled for the time being by the Judiciary Committee of the House of Representatives, such relief is imperative and cannot long be delayed. In my own city of Detroit operating expenses have been reduced to a minimum and taxes have been increased to a point beyond endurance. This essential relief must be granted not only to help the cities but as a protection to the holders of municipal bonds themselves. It is most conservatively estimated that over 90 principal American cities are on the verge of financial collapse, with 6 having already repudiated bond obligations through sheer inability to pay.

In summarizing the advantages to be gained by the banking legislation I am sponsoring we find that complete confidence would be restored and people would be given renewed faith in the soundness and integrity of the banking system as no other action would give. An absolute guaranty by the Government would bring from hiding many millions of dollars hoarded in all parts of the country. Passage of my bill would prevent runs on banks through fear and other psychological factors. Such action would give peace of mind, comfort, and confidence to the poor man who may have accumulated savings for a lifetime. The guaranty of deposits and unification of our banking system under Federal control would contribute to an inestimable degree in keeping the industrial energies of America uniformly employed at maximum efficiency, thereby acting as a most powerful factor in combating unemployment. With unified control and stricter supervision, with the penalties contained in my measure, would come safer and saner banking, based on the principles of service and safety to depositors rather than private profit to stockholders.

Our archaic system of banking has long outlived its usefulness and must be reorganized along the lines I am proposing in order to meet the greater demands made by the more complex and modern civilization of today. Eventually, this vital reform, touching as it does the very foundations of our economic system, must come about. The crucial moment has arrived, and it is up to us to insist upon immediate action. Unless confidence in the structure of our banking system is restored, I can see no hope for the early return to normalcy we have every right to demand and expect as citizens of the greatest and most productive nation in the world.

I have signed the petition now on the floor of the House, demanding the deferment of adjournment of this special session of Congress until a Federal guaranty of deposits bill is enacted into law, and I urge all of my colleagues on our side of the aisle to do likewise. To me there is no legislation proposed, sponsored, or enacted that transcends this in importance.

H.J.RES. 202

Mr. LANZETTA. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include House Joint Resolution 202, introduced by Mr. IGLESIAS, providing for extension of the cooperative work of the Geological Survey to Puerto Rico, together with the committee's report.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LANZETTA. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following joint resolution (H.J.Res. 202), introduced by Mr. IGLESIAS, providing for extension of the cooperative work of the Geological Survey to Puerto Rico, together with the committee report.

Resolved, etc., That the provisions of law authorizing the making of topographic and geological surveys and conducting investigations relating to mineral and water resources by the United States Geological Survey in various portions of the United States be, and the same are hereby, extended to authorize such surveys and investigations in Puerto Rico.

[Report No. 236, 73d Congress, first session]

GEOLOGICAL SURVEY IN PUERTO RICO

Mr. MCDUFFIE, from the Committee on Insular Affairs, submitted the following report to accompany H.J.Res. 202:

The Committee on Insular Affairs have had under consideration H.J.Res. 202, and respectfully submits the following report in explanation of said resolution authorizing the Department of the Interior to extend the work of the United States Geological Survey to the island of Puerto Rico, the cost of said work to be borne one half by Puerto Rico and one half by the United States Government.

During the last year the value of the commerce between the United States and the island of Puerto Rico exceeded $160,000,000. The island ranks sixth as a customer of the United States. Puerto Rico has an area of approximately 3,500 square miles. No survey of this island has ever been made, either by the island authorities or the United States Government.

The committee feels that it is not only feasible but advantageous both to the United States and the island to have topographic maps made, and likewise a study of all the natural resources of the island. The committee believes that its surface and underground water resources, as well as its mineral resources, should be surveyed. Because of the stricken condition of the island due to hurricanes in 1928 and 1932 its people are financially unable to carry on this work without assistance. The Legislature of Puerto Rico in 1925 set aside the sum of $100,000, which is now in its treasury, being appropriated for this purpose, and to be devoted exclusively to a survey by the Department of the Interior of the United States Government.

The survey is estimated to cost approximately $250,000, and should be completed in 3 or 4 years.

The committee herewith submits a letter from the President of the United States enclosing a letter from the Secretary of War expressing their respective opinions of the proposed legislation. The committee is unanimous in its approval of the joint resolution.

THE WHITE HOUSE,
Washington, June 3, 1933.

Hon. JOHN MCDUFFIE,
House of Representatives, Washington, D.C.

MY DEAR MR. MCDUFFIE: I inclose a letter from the Secretary of War in regard to a bill introduced by the Delegate from Puerto Rico. I see no objection to the passage of this bill. It merely authorizes the Geological Survey to extend its work to Puerto Rico, the cost of such work being shared on a 50–50 basis.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

WAR DEPARTMENT,
Washington, May 31, 1933.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: This is the bill which will authorize the United States Geological Survey to make a survey of the mineral and water-power resources of Puerto Rico.

I think it desirable that you request its passage.

However, it involves the general policy of Federal relief to Puerto Rico, which, by law, is exempted from contributions to the Treasury, thus extending greater benefits to Puerto Rico than are extended to the States, which pay Federal Taxes.

Very respectfully,

GEO. H. DERN.

NATIONAL BANKING SYSTEM

Mr. CONNERY. Mr. Speaker, I realize the situation of the House that the banking bill is about as important to the poor people as my bill, and I am going to continue the fight. I will withdraw my objection to the request of the gentleman from Alabama.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

(For conference report see Senate proceedings.)

Mr. MITCHELL. Mr. Speaker, I ask unanimous consent to revise and condense my remarks. [Laughter.]

There was no objection.

BANK GUARANTY DEPOSIT BILL

Mr. RANKIN. Mr. Speaker, more than 100 Members of the House have signed an agreement to oppose any adjournment of Congress until the bank guaranty deposit bill shall be brought before the House and disposed of. I ask unanimous consent to insert that agreement with the names in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

The agreement is as follows:

JUNE 10, 1933.

HOUSE OF REPRESENTATIVES,
Washington, D.C.:

We, the undersigned Members of Congress, hereby pledge and obligate ourselves to vote against any motion to adjourn this special session of the Seventy-third Congress until the bank-guarantee deposits bill is brought out from conference and placed upon its passage by the Congress, or until we have bank-guarantee legislation.

Glover H. Cary, J. E. Rankin, W. H. Larrabee, W. V. Gregory, Edgar Howard, Terry Carpenter, J. C. Lehr, Finly H. Gray, G. J. Boileau, Prentiss M. Brown, Claude E. Cady, J. Buell Snyder, John D. Dingell, Joseph P. Monaghan, Chas. J. Colden, R. L. Ramsay, F. H. Lee, Everett M. Dirksen, Wesley E. Disney, James W. Mott, George R. Durgan, Paul John Kvale, J. G. Scrugham, F. H. Shoemaker, Wall Doxey, W. D. McFarlane, Carl M. Weideman, Wm. M. Colmer, Theo. B. Werner, M. C. Allgood, Kent E. Keller, Will Rogers, George G. Sadowski, John Lesinski, M. G. Sanders, Geo. A. Dondero, Brent Spence, Denver S. Church, Clarence J. McLeod, Byran B. Harlan, Jesse P. Wolcott, John A. Martin, Eugene B. Crowe, Walter Nesbit, Warren J. Duffey, C. R. Carden, H. P. Kopplemann, John M. O'Connell, Knute Hill, W. J. Driver, Jed Johnson, Lamar Jeffers, Wilburn Cartwright, David J. Lewis, Ernest Lundeen, Mon. C. Wallgren, J. V. McClintic, James E. Ruffin, Roy E. Ayers, Tilman B. Parks, Fred M. Vinson, Ross A. Collins, E. W. Gibson, A. J May, Finley Hamilton, Compton I. White, W. R. Thom, Abe Murdock, R. T. Wood, J. H. Hoeppel, H. B. Steagall, T. Alan Goldsborough, Anning S. Prall, Loring M. Black, Chas. A. Wolverton, J. Roland Kinzer, James Wolfenden, B. Carroll Reece, Hubert H. Peavey, Gardner R. Withrow, J. Howard Swick, Harold Knutson, G. W. Blanchard, Fred H. Hildebrandt, Russell Ellzey, F. J. Sisson, Martin L. Sweeney, A. C. Willford, Thomas F. Ford, John F. Dockweiler, Jeff Busby, Brooks Fletcher, Jennings Randolph, James A. Meeks, Roy O. Woodruff, Jno. C. Taylor, Carl Vinson, John Y. Brown, Thomas L. Blanton.

EUROPE AND THE GOLD STANDARD

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a statement by Max Schofield on adjustment compensation.

The SPEAKER. Is there objection?

There was no objection.

Mr. WHITE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article by Max Scoffield, relative to Europe and the gold standard:

[From the Winchester (Idaho) Reporter of Oct. 10, 1931]

France controls the gold stock of Europe. As long as the gold standard exists France can rule Europe, holding other nations in economic subjection. But the gold standard cannot be maintained unless continued in America.

The gold standard operates the same among individuals as among nations. Those who have the gold can hold others in economic servitude, drive down prices by hoarding gold, exact high interest rates, bring on depressions and panics and bankrupt the masses.

France offers a fine demonstration of the gold standard. Its quick recovery of gold reserves after the World War, the ease with which it paid the gold indemnity after the Franco-Prussian War, witness the operation of the gold standard in France. These gold stocks were accumulated by the nation producing more than it consumed. To provide the surplus wealth which the financiers of France piled up in gold someone in France must consume much less than they produce, and that someone is the peasant class.

We read about gay Paris with its boulevards, its wealth, and fashions; but ask the doughboys who visited France how the peasants live. They tell that families lived in the same house with their cow; that the women toiled in the fields, becoming old and haggard at the age of 40; that the children had neither shoes nor stockings, but wrapped their feet in rags in wintertime; that adults wore wooden shoes—one pair of which would last a lifetime. They'll tell you of the third-class accommodations provided by the railroads, quarters little better than America provides in shipping livestock, but beyond the means of the peasant class. They tell of the old stone houses that have stood for a hundred years with no improvements in that time—no lights, no plumbing, rough floors, and practically no furniture. That is the condition under the gold standard in France.

In America it has produced 7,000,000 unemployed, which with their dependents easily total 20,000,000. If these 20,000,000 had been content to live as do the French peasants, America would not feel the depression as it does. If the 20,000,000 had not bought homes, cars, radios, washing machines, etc., for which they now cannot pay, the credit of the Nation would not be frozen with repossessed property and merchandise.

Although many leaders in Congress are advocating changes in the money system, the President agrees with Premier Laval that the gold standard should be maintained. The French Premier can speak with authority, because the French peasants are content to live in such conditions. But Americans are not satisfied with such a life. They wish some of the joy and comfort of living. Under the gold standard they cannot share in the accumulating wealth of the few who control the Nation's gold. The 20,000,000 can only share in what is left for the masses, increasing the number who are in want. Twenty million people cannot rule the Nation, but when fifty, sixty, or seventy million people feel the depression they may vote to overthrow the gold standard.

CLEAN UP THE BANKRUPTCY ACT

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. KRAMER. Mr. Speaker, in 1898 the Congress enacted a bankruptcy act which is in force today. This act of Congress had a twofold purpose of relieving a debtor who was unable to meet his obligations from lifelong harassment, and the purpose of applying the efficiency of the debtor's estate to the payment of the claims of his creditors. I regret to say that the original purposes of the Bankruptcy Act have become almost entirely lost under the practices of many of our courts. This act of Congress, adopted to fill a place of great need for the relief of both debtors and creditors, has become the principal instrument and means of operation of a distinct group of racketeers.

The bankruptcy racketeers are classed all the way from the appraisers, adjusters, up through the receivers, trustees, attorneys, and referees, and some judges who appoint them. Why is it that a reputable attorney, representing large interests of creditors, is unable to suggest the name of an efficient, capable man for the position of receiver for the bankruptcy estate? Why is it the judges will neither listen to nor give heed to the advice of creditors vitally interested or their attorney in whom they have placed their confidence? Why is it that these same judges regard the appointment of receivers, and attorneys for receivers and trustees, as perquisites of their judicial office? These things are so. The very robes of justice are used to cover the practices of racketeer cliques in many parts of the country.

The judge appoints his own receiver. The receiver in some cases is in the same office with the attorney appointed by the judge, and the referee must pass upon the acts of that receiver. The receiver or the trustee, together with the referee, then appoints attorneys to represent the interests of the estate. These attorneys quite often have no interest in the case whatsoever; that is to say, they do not represent the interests of any creditors but merely the theoretical interests of the estate. The referee appointed by the judges appoints appraisers who appraise the property of the estate in bankruptcy. These appraisers have to do with the sale of the property conducted by the receiver or the trustee. All these officials in a particular jurisdiction quite often form a clique, passing things back and forth from one to the other. When all the fees, allowances, expenses, and so forth, are first deducted from the liquidated assets of the estate, creditors quite often wake up with a headache and infinitesimal check representing what should have been a substantial dividend from the liquidation of substantial assets.

Expenses are padded by these receivers and trustees like nowhere else. Many professional receivers or trustees conduct their office on a supposed time prorate basis, charging employees' time on various estates. Telephone, postage, stationery, and overhead expenses are also divided among their estates in receivership and bankruptcy. I can assure you that if the books of some of these receivers and trustees were ever really audited they would show rent received from estate accounts many times the amount actually paid the office building. Stenographers, bookkeepers, and other office employees' time charged against various estates added up would equal many times the actual salary of the employee. I am sure that a rigid investigation would show in many cases kick-backs where the estate checks are drawn payable to the employee. These things happen quite often in the offices of the receivers and trustees, and these same receivers and trustees are the favored darlings of the same referees and judges who arbitrarily refuse to hear any

interested parties on the matter of appointment of receivers.

The actual practice of the Bankruptcy Act has so far departed in many instances from its original purpose that this House should be advised through the results of a thorough investigation on the necessary measures to correct the wide-spread evil which exists in the application of the Bankruptcy Act of 1898.

Mr. GOSS. Mr. Speaker, on the next call of committees, if it is not Calendar Wednesday, does it go to the Committee on the Judiciary?

The SPEAKER. Under the rule each committee has 2 days.

Mr. GOSS. So the next day would be taken by the Judiciary Committee?

The SPEAKER. Yes.

PASS THE CREDIT ON TO THE PEOPLE

Mr. FORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the banking situation.

The SPEAKER. Is there objection?

There was no objection.

Mr. FORD. Mr. Speaker, this Congress has made a record in putting through a great reconstructive program to bring about national recovery. War against depression has been made on all fronts. But as yet no relief has been offered the thousands of men and women in this country who borrowed money from banks on real-estate security and are unable to get their mortgages renewed. If renewal is considered at all, the banks are demanding an initial cash payment on the mortgage or they are insisting upon having the mortgage amortized by means of monthly payments. This works a hardship on those able to make the payments; and it brings ruin to those unable to pay, because of lack of income.

It seems that the banks have adopted the theory that the only sound asset is money. Real-estate mortgages are looked upon with disfavor and suspicion, although these mortgages may be in every way sound. This deflationary policy is undermining all values; and it is destroying honest property owners who by rigid economy and actual sacrifices are paying their taxes and interest and upkeep on improved property but are unable to make payments on the principal. This applies especially to home owners and to owners of small-income properties, who do not come under the provisions of the home-loan legislation already passed.

This Congress has given aid to the home owner who is unable to pay his interest and taxes and who faces foreclosure. But as yet we have done nothing for the very large class of property owners who are every day faced with new and difficult demands from banks and who have resources that are being sapped by the banks.

I ask you if there is any reason in the world why solvent property owners who are paying all carrying charges on mortgages should be thrown into bankruptcy or forced to ask aid of the Government? And I ask you how much longer the Government is going to continue to permit the banks to follow the deflationary and ruinous policy I have mentioned?

It is my reasoned opinion that the Congress should take some step to force the banks that have received loans from the Reconstruction Finance Corporation to adopt a new and constructive policy in regard to self-sustaining real-estate loans. No longer should they insist that such loans be reduced and amortized.

This "reduce and amortize" policy of the banks is not only working hardship and worse on many thousands of our people but it is also against the public interest because it is entirely destructive and deflationary. This policy is no small factor in deflation. I do not need to tell you that it is deflationary, because it diverts income to the banks that should be used in general spending. Thus purchasing power is lost while balances in banks mount to no good purpose. In my own district, normally a rich and prosperous one, I personally know of scores of cases where people are stripped of every dollar they can raise by forced amortization of bank loans amply secured by good real estate.

If the loans made through the Reconstruction Finance Corporation to banks are not to be reflected in benefits to the depositors of those banks in the way of more liberal credit and more liberal refinancing policy, why make them? It is time that the people got the direct benefits of all this credit extension, and it is time we men and women representing the people take action to assure such benefits being passed on from the banks to our constituents.

One of the measures, popularly known as the "Steagall bill", passed by this House and now in conference, with a bank-deposit-insurance plan as one of its features, will, I believe, go a long way toward allaying the fears of the banks, which is one reason for their persisting in the present ruinous deflationary policy. That bill ought to be promptly enacted into law.

EXTENSION OF REMARKS

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein two letters from constituents.

The SPEAKER. Is there objection?

Mr. DOBBINS. I object.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5495. An act to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge; and

H.R. 5645. An act to amend the National Defense Act of June 3, 1916, as amended.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1634. An act to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on the following dates present to the President, for his approval, bills and a joint resolution of the House of the following titles:

On June 10, 1933:

H.R. 3511. An act to authorize the creation of a game refuge in the Ouachita National Forest in the State of Arkansas;

H.R. 3659. An act to extend the mining laws of the United States to the Death Valley National Monument in California;

H.R. 4872. An act authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.;

H.R. 5589. An act granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.; and

H.J.Res. 183. Joint resolution extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.

On June 12, 1933:

H.R. 5495. An act to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge; and

H.R. 5645. An act to amend the National Defense Act of June 3, 1916, as amended.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 45 minutes p.m.) the House adjourned until tomorrow, Tuesday, June 13, 1933, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 715. A bill to award the Distinguished Service Cross to former holders of the certificate of merit, and for other purposes; without amendment (Rept. No. 251). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 188. Resolution providing for suspension of rules and recess motions during the first session of the Seventy-third Congress; without amendment (Rept. No. 252). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CHRISTIANSON: Committee on Military Affairs. H.R. 311. A bill for the relief of Ida F. Waterman; with amendment (Rept. No. 245). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. H.R. 588. A bill for the relief of Charles C. Schilling; without amendment (Rept. No. 246). Referred to the Committee of the Whole House.

Mr. CHRISTIANSON: Committee on Military Affairs. H.R. 890. A bill for the relief of Henry M. Burns; without amendment (Rept. No. 247). Referred to the Committee of the Whole House.

Mr. LLOYD: Committee on Military Affairs. H.R. 912. A bill awarding the Distinguished Service Cross to Joseph Tibe; without amendment (Rept. No. 248). Referred to the Committee of the Whole House.

Mr. LLOYD: Committee on Military Affairs. H.R. 1352. A bill to allow the Distinguished Service Cross for service in the World War to be awarded to Lt. Col. Claude M. Stanley; without amendment (Rept. No. 249). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. H.R. 3985. A bill for the relief of Charles T. Moll; without amendment (Rept. No. 250). Referred to the Committee of the Whole House.

Mr. CHRISTIANSON: Committee on Military Affairs. H.R. 891. A bill for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf; with amendment (Rept. No. 253). Referred to the Commitee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SNYDER: A bill (H.R. 6096) for the improvement of the Youghiogheny River Watershed, Pa.; to provide flood control; and to encourage agricultural, industrial, and economic development; to the Committee on Rivers and Harbors.

By Mr. PATMAN: A bill (H.R. 6097) to provide for inspecting, classifying, and cataloging motion pictures, both silent and talking, before they enter interstate or foreign commerce; to create a Federal Motion Picture Commission; to define its powers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. RANDOLPH: A bill (H.R. 6098) to collect and pay into the Treasury of the United States $4,000,000,000, the value of oil, gas, and minerals on lands, the property of the United States, which were ceded to it by Mexico, and which have been unlawfully, illegally, and wrongfully taken and withdrawn by foreign, as well as domestic, corporations and persons, and for other purposes; to the Committee on the Public Lands.

By Mr. O'CONNOR: Resolution (H.Res. 188) providing for the suspension of rules and recess motions during the first session of the Seventy-third Congress; to the Committee on Rules.

By Mr. CELLER: Resolution (H.Res. 189) providing for the expenses of conducting the investigation authorized by House Resolution 145; to the Committee on Accounts.

By Mr. WHITE: Joint resolution (H.J.Res. 205) that the Architect of the Capitol make a survey of the acoustics of the House of Representatives to improve the audition within the Chamber; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BAILEY (by request): A bill (H.R. 6099) for the relief of Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe by removing cloud on title; to the Committee on the District of Columbia.

By Mr. KENNEY: A bill (H.R. 6100) for the relief of Wenzel A. Klinger; to the Committee on Claims.

By Mr. RICHARDSON: A bill (H.R. 6101) for the relief of Luther Edward Savage; to the Committee on Naval Affairs.

Also, a bill (H.R. 6102) granting a pension to Emma R. Lessly; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6103) granting an increase of pension to Catherine A. Wolf; to the Committee on Invalid Pensions.

By Mr. SNYDER: A bill (H.R. 6104) granting a pension to Mary Alice Davis; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6105) granting an increase of pension to Ann Eliza Ansell; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6106) granting an increase of pension to Ella Dean; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6107) granting an increase of pension to Melissa D. Smith; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6108) granting an increase of pension to Mary Wilson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1375. By Mr. FORD: Petition of certain citizens in the State of California, requesting Congress to restore to all service-connected disabled veterans their former benefits, privileges, schedules, ratings, etc.; to the Committee on Expenditures in the Executive Departments.

1376. By Mr. GOODWIN: Resolution from George D. Cook Post, No. 3, American Legion, Ellenville, N.Y., stating that a great injustice has been done the veterans of the wars of the United States by the promulgation of the new administrative regulations governing the compensation and hospitalization of veterans, and a telegram from William J. Otjen, commander in chief United Spanish War Veterans, Washington, D.C., requesting that the Connally amendment to the independent offices bill be accepted by the House of Representatives; to the Committee on Appropriation.

1377. Also, telegram from Fred Wales, commander, Liberty, N.Y., asking favorable consideration of the Connally amendment to the independent offices bill, and a letter from Joyce Schirick Post, No. 1386, Veterans of Foreign Wars, asking that veterans be not cut more than 25 percent; to the Committee on Appropriations.

1378. By Mr. GOSS: Petition of citizens of the cities of Torrington, Terryville, Waterbury, and Thomaston, Conn., protesting certain phases of the so-called "Economy Act regulations", especially as they apply to service-connected veterans; to the Committee on Expenditures in the Executive Departments.

1379. By Mr. KENNEY: Petition of the American Legion, Department of New Jersey, insisting that the Lyons (N.J.) regional office be continued; to the Committee on World War Veterans' Legislation.

SENATE

TUESDAY, JUNE 13, 1933

(Legislative day of Tuesday, June 6, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bachman	Harrison	McNary	Thompson
Borah	Johnson	Nye	Townsend
Brown	Kean	Robinson, Ark.	Vandenberg
Clark	King	Steiwer	Wagner
Davis	La Follette	Stephens	
Hale	Long	Thomas, Utah	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate by reason of his attendance as a delegate representing our Government at the London Economic Conference. I wish this announcement to stand for the day.

I also desire to announce that the Senator from New York [Mr. COPELAND] and the Senator from Massachusetts [Mr. COOLIDGE] are necessarily detained from the Senate on official business.

Mr. VANDENBERG. I wish to announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is necessarily absent from the Senate in attendance upon the London Economic Conference.

Mr. McNARY. I wish to announce that the Senator from Missouri [Mr. PATTERSON], the Senator from New Hampshire [Mr. KEYES], and the Senator from South Dakota [Mr. NORBECK] are unavoidably absent.

I wish also to announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Wyoming [Mr. CAREY], the Senator from Vermont [Mr. DALE], the Senator from Ohio [Mr. FESS], the Senator from Delaware [Mr. HASTINGS], the Senator from West Virginia [Mr. HATFIELD], the Senator from Rhode Island [Mr. HEBERT], the Senator from Pennsylvania [Mr. REED], the Senator from Minnesota [Mr. SCHALL], the Senator from Connecticut [Mr. WALCOTT], and the Senator from Minnesota [Mr. SHIPSTEAD] are detained from the Senate on official business.

The VICE PRESIDENT. Twenty-two Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. AUSTIN, Mr. BULKLEY, Mr. FRAZIER, Mr. KENDRICK, Mr. SHEPPARD, Mr. SMITH, and Mr. WALSH answered to their names when called.

Mr. GEORGE, Mr. METCALF, Mr. POPE, and Mr. WHITE entered the Chamber and answered to their names.

The VICE PRESIDENT. Thirty-three Senators have answered to their names. A quorum is not present.

Mr. ROBINSON of Arkansas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will carry out the order of the Senate.

After a little delay, Mr. RUSSELL, Mr. CUTTING, Mr. LONERGAN, Mr. CAPPER, Mr. McGILL, Mr. VAN NUYS, Mr. McKELLAR, Mrs. CARAWAY, Mr. BYRD, Mr. McCARRAN, Mr. FLETCHER, Mr. DICKINSON, Mr. GOLDSBOROUGH, Mr. CONNALLY, Mr. THOMAS of Oklahoma, and Mr. ROBINSON of Indiana entered the Chamber and answered to their names.

The VICE PRESIDENT. Forty-nine Senators have answered to their names. A quorum is present.

PETITION

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Eula Lee Hardy, of Natchitoches, La., praying for a senatorial investigation relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

CURTAILMENT OF BENEFITS TO SPANISH AND WORLD WAR VETERANS

Mr. WALSH. Mr. President, I present and ask to have printed in the RECORD, omitting the names of the signers, and appropriately referred a memorial signed by citizens of Plymouth, Mass., protesting against injustices to Spanish and World War veterans and their dependents by reason of existing regulations.

There being no objection, the memorial was referred to the Committee on Finance and ordered to be printed in the RECORD, without the signatures, as follows:

PLYMOUTH, MASS.

We, the undersigned citizens of Plymouth, Mass., sincerely protest the injustices being done the Spanish and World War veterans and their dependents. We view with alarm the increased cost that it means to this town in increased payments of soldiers' relief and request our United States Senators and Congressmen to rectify these injustices by adhering to the Connally amendment, and not to adjourn until the same is accomplished.

REDUCTION OF ARMAMENTS—THE LEAGUE OF NATIONS

Mr. WALSH. Mr. President, I present and ask to have printed in full in the RECORD, omitting the names of the signers, and appropriately referred a memorial of sundry citizens and voters of Massachusetts, relative to the reduction of armaments and the League of Nations.

There being no objection, the memorial was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, without the signatures, as follows:

CHARLESTON, MASS., *June 6, 1933.*

Hon. DAVID I. WALSH,
United States Senate, Washington, D.C.

DEAR SENATOR WALSH: The undersigned voters of Massachusetts, residence as indicated in each case, address you as the senior Senator from Massachusetts in connection with recent press reports, that there has been broached by administration representatives abroad two general propositions that most emphatically meet with our disapproval. These propositions relate to a general reduction of armaments and to a coordination between this country and foreign nations that amounts to all intents and purposes to a revamped League of Nations. Both, we believe, are contrary to the best interest of our Nation and should not be permitted to go through.

The voters in this State have several times expressed their opinion that this country does not wish anything savoring of the League of Nations, World Court, or any alliance between the United States and foreign powers that would have the general effect of destroying the right of the United States to arm according to its needs, to ally itself according to its national rights, whether in the guise of general all-around friendship between nations or otherwise.

We ask that you immediately employ all the power at your command to negative the efforts being made at this time by Mr. Davis—he whom the Hearst papers call the "roving ambassador"—to force this country into any alliance with any and all foreign powers. We also request that you do all in your power to resist any effort to reduce the armament of this country. The Washington and London treaties have taught us that each foreign nation is entirely willing for the United States to disarm first, and then seek excuses to do the disarming themselves, on paper only, while at the same time evading each clause of the treaties mentioned, in other words, a plain case of "Let George do it", the United States representing George.

We further respectfully ask that you bring this matter to the attention of the appropriate committees of the Senate and the House (through one of the Massachusetts Representatives) and that if possible the contents of this letter be brought to the attention of the White House.

Very truly yours,

TRANSPORTATION OF MEN TO REFORESTATION CAMPS OUTSIDE THEIR STATES

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a telegram I have received from the commandant of the Essex County (N.J.) detachment of the Marine Corps League, protesting against unnecessary expenditures in sending men to reforestation camps outside of their respective States.

There being no objection, the telegram was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

[Telegram]

UNION CITY, N.J., *June 12, 1933.*

Senator WARREN BARBOUR,
Washington, D.C.:

Several thousand enlisted men sent to reforestation camp, Tacoma, Wash. Transportation $100 per man. Believe keeping them in their respective States would save considerable expense. Contemplated procedure one of the many reasons responsible for reduction of veterans' compensation. May we ask your cooperation in preventing this unnecessary expenditure?

JESSE A. RODGERS,
Commandant Essex County Detachment
Marine Corps League,
40 Baldwin Avenue, Newark, N.J.

FINANCING OF PUBLIC-WORKS PROGRAM THROUGH NON-INTEREST-BEARING NOTES

Mr. WHEELER presented a letter from Fred Brenckman, Washington representative of the National Grange, which, with the accompanying communication, was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

THE NATIONAL GRANGE,
Washington, D.C., June 10, 1933.

Hon. BURTON K. WHEELER,
Senate Office Building, Washington, D.C.

DEAR SENATOR: I take this means of expressing my high appreciation of the fight you made on the floor of the Senate yesterday to secure the adoption of an amendment providing for non-interest-bearing Treasury notes, as opposed to Government bonds, for the purpose of financing the public-works program of the industrial recovery bill.

Under date of June 3 I sent a circular letter to the Senate, as per enclosed copy, which was in harmony with the terms of your proposed amendment.

Deeply regretting that your amendment was not adopted, but commending you for the convincing argument you made in its behalf, I am,

Sincerely yours,

FRED BRENCKMAN,
Washington Representative.

THE NATIONAL GRANGE,
Washington, D.C., June 3, 1933.

To the Members of the United States Senate:

The Grange is in favor of financing through non-interest-bearing Treasury notes the public-works program contained in the industrial recovery bill. We have had 3½ years of deflation, and we need a corrective inflation.

As President Roosevelt aptly said in his radio address on the evening of May 7:

"Government credit and Government currency are really one and the same thing. Behind Government bonds there is only a promise to pay. Behind Government currency we have, in addition to the promise to pay, a reserve of gold and a small reserve of silver."

If the Government should issue 4-percent bonds to the extent of $3,300,000,000 to finance the public-works program, the interest during a period of 25 years would be as great as the face of the bonds, while the original obligation would still remain. On the other hand, if we should issue non-interest-bearing Treasury notes, these could be retired at the rate of 4 percent a year, and at the end of 25 years the debt would be wiped out. If we pay this debt in currency, we shall pay it only once. If we issue bonds maturing in 25 years, we shall have to pay it twice.

If a State or a minor subdivision of government desires to borrow money for a long term, there is no other recourse than the issuing of bonds. The Federal Government, which has the right to issue currency, possesses a power which may be capitalized to good advantage under present conditions.

Defraying the cost of the public-construction program by means of Government currency would make it unnecessary to levy any of the additional taxes which are proposed, all of which would be burdensome and tend toward further deflation. The improvement in business which would be sure to result from putting into circulation $3,300,000,000 in new currency would easily produce more than sufficient revenue to provide for the retirement of this money at the rate of 4 percent a year.

The interest on the public debt today is approximately twice as great as the total cost of running the Government when William McKinley entered the White House. If there is any way of avoiding it, we should not add to the burden which the taxpayers are compelled to carry in this connection.

Yours sincerely,

FRED BRENCKMAN,
Washington Representative.

REPORT OF THE CIVIL SERVICE COMMITTEE

Mr. McKELLAR, from the Committee on Civil Service, to which was referred the bill (S. 583) relating to the classified Civil Service, reported it with an amendment.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DILL:

A bill (S. 1945) for the relief of the Berg Shipbuilding Co.; to the Committee on Claims.

By Mr. REED:

A bill (S. 1946) to amend section 165 of the Revenue Act of 1932; to the Committee on Finance.

JOHN TYLER—ADDRESS BY HON. CLAUDE G. BOWERS

Mr. BYRD. Mr. President, on June 16, 1931, the Honorable Claude G. Bowers, of New York, now Ambassador of the United States to Spain, delivered a brilliant and, from an historical standpoint, a most interesting address on John Tyler, the occasion being the unveiling of a bust of President Tyler in the State Capitol at Richmond, Va. I think the address is of such merit that, although it was delivered sometime ago, it should be preserved in the volumes of the CONGRESSIONAL RECORD, and I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

A little more than a decade before the Revolution, two ardent Virginia youths at William and Mary might have been seen almost any evening with their heads together in study. They were kindred spirits in their love of liberty and of the inalienable rights of man. Together, with flaming cheeks, they had listened in the Virginia convention to the immortal eloquence of Patrick Henry. One was to become the greatest American political philosopher and the father of American democracy, and the other, one of his ablest and most trusted lieutenants, and the father of a future President whose bust we unveil today.

It was in the year that Jefferson and Madison, riding leisurely through New England, planned the organization of resistance to the domination of the Hamiltonians that John Tyler, to whom we pay tribute here today, was born. Reared in an atmosphere of culture and meditation, he was a precocious youth. He steeped himself in history, and thus found the background for his political convictions; in poetry, and thus cultivated the imagination and the gift of phrasing that was to give a literary flavor to his eloquence. The gentility of his manner was inherent, an inheritance of his blood, a reflection of his home. When at the age of 17 he finished his course at Williamsburg, he possessed already the social charm, the suavity, and urbanity of a gentleman of the world. But his education was by no means confined to the curriculum of the college. From earliest childhood he had come under the influence of the remarkable man who was his father. The relations of Chatham and his brilliant son were not more influential in the burnishing of the genius of the younger Pitt than were those of Judge Tyler and the future President. By voice and pen the elder man impressed upon the scion of his house the fundamentals of the faith of Thomas Jefferson. There came a day when the ardent youth was to meet the great philosopher of his faith at his father's table, to come under the fascination of his personality, and to listen to an intimate political conversation he was to treasure always in his mind.

Thus, on the very threshold of his life, we find him firmly anchored to his creed in politics. He believed that men are the masters and not the slaves of government, that constitutions are the contracts binding on those in power, that States are entities with sovereign rights, that power should be diffused among the people and not centralized in some capital remote, that there are certain inalienable rights of men that governments dare not question, that any political action based on privilege is a usurpation and a crime, and that the function of government is to assure the liberties of the people and to operate for the happiness of mankind. This was his political faith to which he clung tenaciously from the hour, when scarcely more than a boy, he entered public life, until he laid his burdens down with death.

Since we are concerned primarily with his public life, it is interesting to glance at the equipment which was to make him the powerful and persuasive champion of any cause that he espoused. With strength, he had a winning personality which invited confidence. He was easy, graceful, and appealing; his urbanity drew men to him, and his dignity, without pose, saved him from the pawing of vulgarity. His voice in conference and conversation was ingratiating, and his features were lighted with the kindliness of true gentility. But nothing contributed more to the success of his leadership than his Jeffersonian art in the management of men. He was too much the psychologist arbitrarily to give orders. He was a genius in the art of suggestion. He had the subtlety to insinuate his own thoughts into the minds of his conferees, and he was a master in the art of permitting himself to be persuaded to the acceptance of his own ideas and plans. And along with these, he had other qualities, his adamantine honesty and a courage that never in the stormiest moments of his life flinched or faltered under fire.

But he had another implement in his armory that made him a powerful factor in the polemics of his time—a natural gift of

eloquence that moved men to his will. He realized the concept of logic on fire, and there was grace and beauty in the flames. Out from a well-stored mind he spoke with a fluency that never faltered, for in his callow days in this very room, like Charles James Fox in the House of Commons, he had spoken with frequency in the perfecting of his art. He made his art so much an art that the artistry was not in evidence. Its cultivation was confined to the literary phrase, and he had trained his taste by constant communion with the greatest masters of poetry and prose. In delivery he had but to give nature rein, for nature had given him a dramatic sense, imagination, a capacity for righteous wrath, and a silvery voice that was an instrument of music.

Thus we have the motivating principles of his life; and the equipment with which, at the age of 21, this young man, mature beyond his years, entered the House of Delegates, and sat within these walls. He entered when we were challenging the imperial power of England in the second war, and when the light from our burning Capitol illumined darkly the treason of the political foes of the administration, young Tyler's voice and vote were in support of Madison, and day by day his eloquence was heard urging a vigorous prosecution of the war. The revolutionary fire of his father tipped his tongue.

Here, too, he fought the battles of Jeffersonian democracy against the bank, and laid down the principle in support of which in later life he was to rise to an heroic stature—that Senators in a representative government are but the servants and never the sovereign of the people they represent. Returned five times with practical unanimity, he was a veteran already at 26 when he was made a member of the Executive Council and elected to the Federal House of Representatives.

Thus he entered the national arena a seasoned debater, a persuasive orator, his principles set in granite, and he moved with easy grace and with consent to a commanding position among his colleagues. Here, perhaps, that which was most significant of his prescience and genius as a leader, was his opposition to the Missouri Compromise. With Calhoun, that giant whose philosophic intellect has seldom been approached in all our history, supporting the measure, the voice of the Virginia youth of 28 was courageously raised against it. And his, not Calhoun's, was the voice of prophecy. Now statesman is the gift of seeing into day after tomorrow. It was not the immediate purpose of the compromise that he opposed; it was the accompanying concession of the constitutional right of Congress to legislate on slavery in the territories. Though not yet 30, he foresaw what others failed to see—that with the admission of the principle of congressional interference, the door was opened for the continuing agitation that ultimately would endanger the solidarity of the Union. He did not propose that the door should be opened with his consent; he raised his voice in prophetic warning, and hastening events would soon vindicate his judgment and prove his statesmanship.

With shattered health, he retired to private life at the age of 30, only to be called by the mandate of the people at 35 to the gubernatorial honors of this historic Commonwealth; and, brief though his tenure was, his instinct for constructive action served his people well. He found that the mountains raised a barrier between the people of the East and West; his was the dream to circumvent the mountains and thus make for the greater spiritual solidarity of Virginia. Under the pressure and inspiration of his leadership the sections were closer knit by the canals and roads he built.

But to me, more important than his plan for the material improvement of Virginia, was his dream of extending the blessings of education to every son and daughter of the soil through the creation of a system of public schools. Jefferson, long before him, had had this dream and failed, and Tyler carried on and failed, but it was from the seed sown and tended by the Jeffersons and Tylers that ultimately was to spring the great public-school system of Virginia.

Thus when Tyler entered the Senate at the age of 37 he was definitely anchored to a political philosophy and adequately trained for statesmanship of a high order. It was the Senate's golden age, comparable to that of the British Parliament in the days of Pitt and Fox, of Burke and Sheridan, and destined to give to literature some of the greatest orations of all times, to engage in gladiatorial combats of the intellect never before approached on this side of the sea, and to deal with subjects that went to the very foundations of our governmental system. And into this glorious company and into this portentous day stepped John Tyler, instantly to take high rank among the acknowledged leaders of that body.

Unhappily we can only sketchily survey the part he played and touch upon the more significant events. With economic issues and the slavery agitation driving a wedge between the sections, the sensitive political consciousness of Tyler caught afar off the ominous foot beats of marching men. He loved Virginia; his forbears from the days of the cavalier had helped direct its destiny and men of his blood were sleeping in its soil; but no man ever loved the Union conceived by the fathers more tenderly or truly. No statesman of his time dedicated his genius for conciliation more completely to the reconcilement of the sections through the healing processes of the legislation of compromise.

Scarcely had he taken his seat when the abominable Tariff Act of 1828 was forced upon the statutes. It was a tax on the agriculturists of the South to increase the profits of the industrialists of the North through the violation of economic laws. Even then, though few knew it, the irrepressible conflict was at hand. In his rural home at the foot of the Blue Ridge, Calhoun was meditating his doctrine of nullification. The sizzling pens of the Rhetts were preaching resistance in the press. To paraphrase Lord Churchill's famous sentence, hotheaded devotees of southern interest, giving more heat than light, were crying that "South Carolina will fight and South Carolina will be right." Emissaries of that great Commonwealth were traversing the South seeking cooperation in resistance; youth was toying nervously with its muskets; secret agents of the grim old man in the White House were beating a pathway to and from his door; and then—the nullification proclamation; and then—the Force bill.

Tyler had met the danger on the threshold and had fought the tariff of 1828 with all his zeal. He saw beyond the economic issue to the danger to the Union. The wisest, soundest, most prophetic speech against that measure of iniquity was that of Tyler, and Madison and John Marshall, divided in political affiliation, joined in lavish praise of the tone, the temper, and the content of the Tyler speech. You will search the records of Congress in vain for a more persuasive and pathetic appeal to the better angels of our nature. Others were combatants in the fight; almost alone, John Tyler plead for peace through justice. But the bill was passed, and the storm clouds gathered, and there were rumblings on the far horizon; and then nullification—and the Force bill.

Now, John Tyler had no sympathy with nullification. "Let government be just", he said, "and nullification has no food on which to exist." But he had no sympathy with the Force bill. "It sweeps away", he said, "all the barriers of the Constitution." He had no faith in the unselfish patriotism of the beneficiaries of the Tariff Act. "The manufacturers will fight", he said, "rather than resign their profits."

And then, in the midst of the preparation for armed action, there came a pause. When at the instance of Virginia, South Carolina suspended the operation of her nullification act to give time for mediation, John Tyler stepped into the breach. Quietly he set about his task. The material was all before him. Here was the Force bill which ultimately meant war; here was nullification which meant the Force bill; and here was the tariff that meant nullification. Reduce the tariff, and nullification would die out, and the Force bill could be abandoned.

He looked about the Chamber for the human elements with which he had to work. There was Henry Clay, whose autocratic and domineering ways had done so much to force the tariff act upon the statutes, and there was Calhoun, whose extreme opposition had brought the crisis on. Could these two men be brought together in a spirit of conciliation, by appeals to their patriotism, the situation might be saved. Already in a speech Tyler had outlined the basis of a compromise. He proposed that if the manufacturers would agree to reduce the tariff to a revenue basis, there should be a gradual reduction to prevent the disorganization of their industries. That was the compromise of 1833, and John Tyler was its father.

But would Clay agree to the reduction or Calhoun consent to the delay? Tyler turned to them—these men who momentarily were not on speaking terms. Clay quailed a moment at the anticipated fury of the manufacturers, but only for a moment. How simply Tyler has told the story: "I appealed to his patriotism. No one ever did so in vain." And then it was Tyler who persuaded Clay and Calhoun to a meeting. And with what Spartan brevity does he record the event, "They met, consulted, agreed."

And thus it was, when the very foundations of the Union shook, that Henry Clay arose to offer as the compromise of 1833 the very proposition Tyler previously had urged upon the Senate floor. The scene deserves the memorialization of a canvas. As Clay announced the compromise he turned toward Tyler, and, meeting in mid-Chamber, the two men clasped hands.

These two men were soon to become inveterate foes, and Tyler was to suffer through the other's acts. But in the twilight of his days, when Clay was dead and in this city a monument to his memory was raised, John Tyler journeyed hither to pay tribute to his foe, to recall the scene that day in the Senate Chamber, and to say, "It is the clasp of that hand that has brought me here today." I know of nothing finer or nobler in the story of American politics. It mattered not to Tyler that his, the essential part, had been ignored by history, that all the credit might go to Clay. He was big enough to—

> "Take the cash and let the credit go
> Nor heed the rumble of a distant drum."

It was enough to him that in a grave crisis in his country's history he had stepped into the breach when others faltered and given the Union a new lease on life.

This was the supreme service of his senatorial career, but nothing in that career became him better than his manner of leaving it. He had fought for Jackson against the rechartering of the national bank; for Jackson's fight was in accordance with the fundamentals of his faith. He broke with Jackson on the removal of the deposits—and this was consistent with that faith as well. He conceived the removal of an act of Executive usurpation creating a precedent for a dangerous concentration of power, and he voted to spread a censure of the act upon the record. And when Virginia instructed him to vote to expunge the censure, he rose to heroic heights of manhood.

Throughout his life he had committed himself to the right of a constituency to instruct a representative, and now that principle pressed upon him. He did not hesitate. The people he represented had instructed him to vote against the dictates of his conscience. He could not vote against his conscience; he would not act against the instructions of his people; and thus, putting aside the cynical importunities of partisans, and scorning recourse to the sophistries of self-deception, he tendered his resignation and

filed out of the Senate Chamber in the proud company of his self-respect. I know of nothing so Cato-like in the austerity of its integrity as this act which gave new dignity to public station. The situation he confronted was the acid test of true greatness of mind and soul, and John Tyler stood the test.

The 4 years that intervened between his resignation and his return to the national arena were crowded with political events. The Whigs, with whom he was affiliated, were maneuvering for position. The seed of disintegration was in that party's cradle, for it was an incongruous combination of inconsistent and utterly irreconcilable elements. And as the Vice Presidential nominee of this hodge-podge party, John Tyler was elected in 1840, and almost immediately reached the Presidency through the death of Harrison.

Partisan historians have accused the Tyler of the Presidency with disloyalty to the Whigs—and this is false. He had made no compromise with his conscience for the nomination. He had yielded not one jot of his opposition to the protective-tariff policy; and in the very heat of the campaign he had reiterated his uncompromising hostility to the national bank. And did the Whigs then repudiate his leadership? No; they acclaimed his policy the platform of the party on which they appealed to the electorate of the Union. Throughout the campaign of 1840 not one Whig statesman proposed the abandonment of the tariff compromise of 1833; not one Whig leader so much as hinted of a plan for the restoration of the bank.

Ah, but do they say that there was no positive declaration to the contrary? The records are against them. Throughout the campaign the Whig press insisted with reiterated emphasis that the tariff and the bank were no longer issues—that they were dead. The Whigs of the Legislature of Virginia formally proclaimed the promise and the pledge that their victory at the polls would not be followed by an attempt to increase the tariff or to recharter the bank. The Whig campaign was made upon the principles of John Tyler as its platform; and had the party deviated one hair's breadth from him on fundamental principles he would have flung the nomination back into its lap.

And now the victory is won, and now Harrison, with the laurel wreath of triumph fresh upon him, lies in the White House, dead; and now John Tyler succeeds to the Presidency. Now the Whigs, with a brazen effrontery unparalleled in American history, throw off the mask of hypocrisy and prepare to push the very policies they themselves renounced when seeking the suffrage of the people—and now John Tyler confronts them and dismays them with the spectacle of an honest statesman who refuses to be a party to the intolerable treachery.

Picture to yourself the isolation of his position. He had incurred the hostility of the Democrats by his opposition to Jackson, and he challenges now the hatred of the Whigs by his fidelity to the pledge and principles on which he was elected.

The first to reach the Presidency through succession, they seek to minimize his power and belittle his position, and by meeting them with a stern and dignified assertion of his constitutional status he rendered an immeasurable service to the Republic.

But meanwhile, with much waving of banners, his party is moving toward the deliberate betrayal of its pledge under the hypnotic influence of the incomparable Clay. Thus Tyler received his ultimatum—the surrender of his principles or the repudiation of his party. Conscious of the seriousness of the situation, he moved with a statesman's instinct for reasonable conciliation and proposed a compromise consistent with his constitutional objections to the bank, the establishment of a District bank in Washington with branches in the States, provided the States gave consent. It was a statesman's proffer of peace; and brushing it aside, Clay sought the creation of another bank like that which the people, with reason, had destroyed. Then it was that John Tyler proved his mettle by meeting the impudent betrayal with a vigorous veto, and Clay turned loose upon him the dogs of war. In Whig communities he was burned in effigy and even threatened with assassination.

Before the storm, fanned by the bellows of the repudiated bank, John Tyler stood erect, serene in the consciousness of duty done; and when another bank bill equally offensive was enacted he killed it with a veto once again. The Cabinet, bowing to the will of Clay, filed out; all but Webster, who refused to stoop.

Once more Tyler concentrated his constructive mind upon finance, and eventually evolved his exchequer system, pronounced by Webster at Faneuil Hall, "the most beneficial institution, the Constitution alone excepted", to the credit of American statesmanship. But partisanship prevailed; the Whigs refused the measure; and thus through the remainder of his administration John Tyler was the custodian of the Nation's money, and in the end he turned it over without the misplacement of a single cent. The record of Tyler on finance was that of honesty and political integrity, of constructive capacity and conciliation, as far as honor went; it was as a shaft of wholesome light in a darkened room.

Again they tested his honor with a tariff measure obnoxious to his conscience, and they met his instant veto with personal abuse and the menace of impeachment; and he stood in the storm again unbowed, serene, and in the end prevailed. To find another President as dignified and unswerving in the face of foul abuse, one must come down to the days of Andrew Johnson.

But not always did partisanship and faction intervene to thwart him in his domestic policies; and, free from that, his record as administrator was one of quick decision, forceful action, and a conciliating tact. Thus he turned to the Seminole war in Florida that 7 years of fighting had failed to end; he ended it with victory in a few scant months and the red men moved toward the sunset and the white settlers moved in to redeem the waste places to the purposes of men. Thus he faced the unprecedented challenge of the Dorr Rebellion in Rhode Island; and it dissipated before the disclosure of his clear intent to put down insurrection, even though the men in arms were demanding what he himself conceived to be their inalienable rights. He put the insurrection down without the firing of a shot, without the movement of a soldier, without inflicting a solitary wound to the principle of State rights. Unhampered by factious opposition, he met every domestic issue with rare executive ability.

But even so the prospect brightens when we turn to international affairs. In his contracts with the diplomatic corps he was singularly happy; for his elegance of manner, his suavity, and Old-World courtesy gave a charm to his diplomatic conversations. He was by nature a conciliator. He had a genius for negotiations. He had the power, no matter how hot his blood, of keeping his head cool. And seldom has such qualities been so imperatively needed as when he entered upon his Presidency. The clouds on the international horizon were low and threatening and our relations with England were dangerously impaired. The controversy over the northern boundary, continuing through six administrations, had finally found Maine and New Brunswick facing each other, armed, across the border. The incident of the *Caroline* was pressing for solution, and diplomacy had reached an impassé; and the arrest of a British subject for murder in that connection was threatening to break the diplomatic relations of the English-speaking nations. The searching of American vessels by British cruisers, under the pretext of suppressing the slave trade, had brought on an acrimonious debate. It was under these delicate conditions that Lord Ashburton, a bluff and honest Britisher, sacrified the serenity of his retirement from public life, at the summons of patriotism and humanity, to undertake, in Washington, the negotiation of a general treaty of amity. No finer figure has appeared in such a cause upon our shores.

We cannot enter into the details of the famous Webster-Ashburton Treaty. Suffice it to say that it measurably succeeded in the settlement of all disputes and probably prevented another war. We know the story of the negotiations over the wine and walnuts in the exchange of dinners between Webster and Ashburton in the houses in LaFayette Square; we know the difficulties that constantly threatened rupture; we know that in the deadly miasmic heat of a Washington summer, the negotiators, frequently on edge, and worn to utter exhaustion, were more than once upon the point of breaking off. All honor to the part then played by Daniel Webster, but it was John Tyler who saved the situation more than once by his persuasive tact. Throughout the negotiations he seemingly stood aloof, confiding in his minister, but not a move was made by Webster without a consultation with his chief. His was the decisive voice in every instance. It was in the conferences of that summer's heat that these two men acquired that admiration for each other's qualities which persisted throughout their lives.

One scene from the drama of those negotiations—one not dissimilar to others. In the determination of the boundary line the two ministers have apparently reached the end of their concessions. The accumulating irritations of the prolonged debate have seemingly made the prospects hopeless. The negotiators are sulking in their tents. The aged Ashburton, sweltering and sickening in the unaccustomed humidity and heat, is ready to abandon further efforts and return to England.

And now John Tyler steps into the breach. He invites the British diplomat to a conversation. Instead of the scowling, fighting face of the irritated Webster, he looks into the serene and sympathetic countenance of Tyler. The atmosphere of the controversy is missing now. Nowhere about is to be seen the paraphernalia of combat. And he listens to a kindly, soothing human being making a moving human appeal. He hears an appeal that ignores diplomacy and goes directly to the heart of the generous old man who required no sensational diplomatic triumph to serve the purposes of personal ambition. He hears a reminder that upon the amicable solution of the pressing problems may rest the peace of people bound together by a common language, a common literature, and common traditions of freedom. And he hears the direct appeal to him, "If you cannot settle them, what man in England can?" Before that tactful and almost tender appeal the old man melts. "Well, well, Mr. President", he splutters, "well, well, we must try again." One need not detract one iota from the claims of the two negotiators to conclude that but for the conciliatory genius, the calming serenity, and the pervasive humanity of John Tyler these negotiations might have failed and war have come.

The foreign policy of John Tyler was strong as dignity and conciliatory as humanity. He erased from the agenda of controversy some of the most complicated problems of his time. He had strength without bluster, firmness without stubbornness, and patriotism without chauvinism. History has conceded his triumphs in the field of international relations. The same qualities that made him the conciliator of the Senate made him the peacemaker of the English-speaking peoples at a critical period of their relations.

And now we reach the supreme triumph of his administration. For many years the most prescient statesmen had foreseen the need of the imperial territory of Texas properly to round out the Nation's destiny. Adams had bartered for it and failed. Jackson

had increased the offer of many fold and failed. Meanwhile the hardy race of American pioneers in Texas had risen in revolt, and on the bloody field of San Jacinto successfully had challenged the authority of Mexico and proclaimed their independence. With its charter of independence in its hand, signed by the nations of the world, it had offered annexation to Van Buren, who preferred to await the proof of its ability to withstand the assault of Mexico. Five years of testing had intervened before the Presidency of John Tyler, and despite sporadic dashes of outlaws from across the border to plunder, to murder, and to burn, there stood Texas, unshaken and unshakable in her independence, a sovereign nation, master of her destiny.

Within 6 months of his accession John Tyler planned to make the acquisition of Texas a major accomplishment of his administration. He saw in Texas the rounding out of our national destiny; he saw an empire of immeasurable potentialities in wealth and power eager for annexation; and, noting her struggles against marauders, her credit failing, he foresaw the danger of intrigue from England or from France. Within 6 months he had urged the project of annexation by treaty upon Webster in a historic letter. But conditions were not then ripe. The Minister of Texas was in our capital pleading for annexation; but we had private claims pending against the Government of Mexico, and we had to wait on that. There were factions in the Senate which would pass upon the treaty, and the unification of these forces had to be managed with finesse; and we had to wait on that. And while we waited, England, with fifty millions loaned in Mexico, was casting a threatening shadow on the scene; for when we seemed to spurn the Texas plea to take an empire for the asking, she turned a receptive ear to the whisperings of the diplomacy of Britain. The Abolitionists were on the warpath now, and soon Lord Brougham, thundering in Parliament against slavery, would be expatiating glowingly upon the material advantages of the rich domain. The hour had struck for action; delay was dangerous.

Webster had now departed, and Tyler instructed Upshur, his successor, to offer a treaty of annexation to the Texas minister under the seal of secrecy. It was none too soon. Already Houston, the Texas President, was under the spell of England, and Texas was involved in the intrigue. Already the hardy American pioneers in Texas, in ignorance of the maneuvering behind the scenes and discouraged by our seeming indifference to the plea for annexation, were despairing of relief from us; and then, just then, a ringing message to the Congress from John Tyler denouncing the Mexican intermeddling in Texas and demanding that it cease. The people of Texas heard and understood and cheered; the British intrigue was undermined and wrecked.

Meanwhile Upshur was canvassing the Senate for a constitutional majority for the treaty, finding ways he hoped would prevent the raising of a party issue, drawing men together on the higher grounds of patriotism. And out from his seclusion at the Hermitage Andrew Jackson stepped to the side of Tyler; the Jacksonians fell in line behind their leader; and as Fremont, the son-in-law of Benton, turned with the President's commission toward the Oregon trail Old Bullion whirled into the administration camp on Texas. And then tragedy intervened with the death of Upshur.

Out from his retirement at the foot of Blue Ridge, Calhoun, now with some misgivings, was summoned to the portfolio of State. Under the once prevalent and now discredited abolitionist misinterpretation of history Calhoun was credited with the move for Texas. Absurd assumption! The treaty was completed before Calhoun took office, the negotiations were over, and he was to contribute nothing of material importance. He had opposed the pressing of the project in a letter still preserved in the archives of the State Department, and after the event was consummated he frankly avowed his remonstrance at the time in a public speech.

It was Tyler who led and dictated at every single step. It was he who first raised the issue in his letter to Webster; it was he who ordered Upshur to proceed; and the project was completed and the treaty framed before Calhoun took over the portfolio of State.

And now England has been thwarted. Texas has been conciliated, the treaty has been completed and transmitted to the Senate with a stirring message. And now Henry Clay appears to evoke the specter of party to defeat it, and Van Buren declares against it, and the abolitionists denounce it, and under the lashings of the whip of Clay and through the contriving of Van Buren enough Senators are persuaded to the repudiation of their pledge to defeat the ratification. America through political perfidy and personal ambitions had refused an empire as a gift.

But John Tyler had only begun to fight. The campaign of 1844 was on. With Clay and Polk contending for the Presidency, and neither standing for immediate annexation, John Tyler accepted an independent nomination—and unfurled the flag of Texas. With the certainty that the persistence of his candidacy would sound the knell of Polk, he met the importunities to withdraw with the dictation of his terms. If Polk and the Democrats would take the banner of Texas from his hands and bear it openly into the fight and keep the faith, he would retire. The pledge was made, the pledge was kept, and thus the treaty was ratified in the closing hours of Tyler's administration, and the annexation of Texas was an accomplished fact. Thus, the monument to the administration of Tyler is a vast empire brought beneath the flag—Texas is his monument!

When he laid down the burdens of the Presidency, John Tyler could review it with pride in his achievements and in the fidelity with which he had clung to all the fundamentals of his faith. The astonishing vulgarity of his foes had not even tempted him to part company with his gentility. If he had broken with his party it was because his party had chosen the path of perfidy and dishonor. He had kept faith with the people, and his manly vetoes of every act of treachery compels history's tribute to his impeccable personal and political integrity. He had created precedents and made the policies of a people; had defined and enforced the constitutional status of a President succeeding through the death of a predecessor; had met his constitutional obligations in the Dorr Rebellion with meticulous respect for the sovereign rights of States; had adopted the formula of annexation through the treaty, which McKinley was to follow. He broke new ground, and in every instance the furrow that he plowed has become the fixed landmark of the Republic. He had found our international problems pressing, and with finesse had solved them, and dissipating by diplomacy and determination the intrigues that intervened, had brought a great empire of untold value under the jurisdiction of the flag and forever associated with the Lone Star State the name of Tyler.

I know of nothing in our history more dignified or scrupulously correct than the character of John Tyler's retirement to Sherwood Forest. Even there he guarded the dignity of the Presidency with a cautious reticence. He followed with patriotic interest the course of public affairs, but no merely captious criticism from him embarrassed his successors. In the serenity of his retreat he turned again to the beloved classics of English literature from Addison and Steele, from Milton and Shakespeare to Macaulay, and in that goodly company forgot the provocative and futile wranglings of lesser men. Now and then, we see him emerging from his retirement to deliver special-occasion orations that are contributions to history. To me the retired statesman of Sherwood Forest was not unlike the Sir William Temple of Moor Park in his cloistered aloofness; but that "pale" patriotism that Macaulay found in Temple he did not share. From the watch tower of his country home, he had a more perfect perspective of moving events than those who were participating, and he watched with grave concern the gathering of the forces that were threatening the perpetuity of our institutions. He stood four-square for the compromises of the Constitution, and for the preservation of the Union of the Fathers. With reservations, he hailed the compromise of 1850 as a possible harbinger of peace.

But passions and sordid economic interests were in the saddle and riding hard—and riding down the better instincts of our nature. A course and brutal prophet of the new day dawning was lightly saying that a little blood letting would do us good. Sectionalism mobilized in parties and was ready for the fray. The crisis came, proclaimed in raucous accents; and then it was that an old man who had sat at the feet of the sage of Monticello, emerged from his retirement in Sherwood Forest to seek another compromise to save the Nation from internecine strife. What a picture—this of an old man turning away from the delights of his library and the joys of domesticity to spend his waning strength in the cause of peace!

Thus in the midst of the tumult and the shouting is heard again the calm, conciliating voice of John Tyler. The statesman, surrounded by a jostling mob of politicians, has evolved a plan. He knows, or thinks, that the one remaining hope of a compromise of peace lies in the conservatism of the border States, and he urges a convention of these Commonwealths. "These," he writes, "are the most interested in keeping peace, and if they cannot come to an understanding, then the political Union is gone, as is already, to a great extent, the union of fraternal feeling." Had his plan been taken, without deviation, there might have been some hope; but when the call included all the States that hope was blasted.

And now the venerable statesman of Sherwood Forest is summoned to service once again. The problem of the moment is to prevent an act of violence from breaking in upon the processes of conciliation. As Virginia dispatches an emissary to South Carolina, John Tyler hastens to that other venerable patriot, President Buchanan. Again Tyler enters the White House, where Dolly Madison had first received him, to plead for peace and union. We see Buchanan yielding to his persuasive plea and importuning Congress against hostile legislation for the moment. We see Stanton acting as his messenger as he seeks to prevent the premature movement of troops. An old man, pleading for moderation and conciliation as the storm came on! We see him, a little later, presiding over the peace convention, and hear his beautifully moving appeal to the common memories and nobler sentiments of our people. We see him introducing the members of the convention to Abraham Lincoln; and, returning the call, we see the gaunt figure of the President-elect enter the parlor of John Tyler. All that a man could do for peace and union, this unselfish patriot then did; but the dogs of war were straining at their leashes, and the voice of conciliation could not be heard above the dreadful din.

And thus John Tyler carries home the consciousness of failure, consoled by the reflection that he, at least, had done his part. We hear him in the Virginia convention confess his failure with the pathetic comment that he had hoped for a success that would be the "proud crowning" of his life.

And now the conflict he had sought to check throughout his life comes on; and John Tyler casts his lot with the people of Virginia, the home of his fathers, whose ashes mingled with her soil. His voice was not to be heard in the Confederate Congress, where he accepted service. Just as the thunder of the guns be-

gan, his spirit winged its way "beyond the sunset and the stars." Happily for him, he was spared the pathos of the bloody struggle, and the intolerable persecution of his people that followed, like vultures, in the wake of war.

Such is the story of the man whose bust we unveil today.

"Statesman, yet friend to truth, of soul sincere,
In action faithful, and in honor clear."

His public life had been based upon the fundamental principles of Jefferson, and from these he never deviated one hair's breadth that "thrift might follow fawning." In the Plutarch of our Republic one will look in vain for a public figure of greater courage, of more impeccable integrity; for a stouter champion of liberty and the rights of man; for one more unselfish in the service of the state; or one inspired by a purer patriotism. Here in the classic building that Jefferson designed, in this room hallowed by heroic memories, we place his bust with those of others whom Virginia has given to the Nation and mankind, that future generations passing through may look upon the features of—a man.

HIGH LIGHTS IN THE LIFE OF JOHN TYLER

1. In the discussion of the Missouri Compromise he saw ahead the shadows of the war of 1861 and anticipated by 37 years the decision in the *Dred Scott case*. Had the South rallied to his support, the slavery question would have been settled then without war.

2. During the great agitation in 1833 over the tariff and threatened civil war, he outlined the basis of the compromise tariff on which peace was finally made, and he brought together in its support the two great champions of the opposing interests—Henry Clay and John C. Calhoun.

3. In 1832 he anticipated the Compromise of 1850 by putting in his Code of Laws prepared for the District of Columbia a provision abolishing the slave trade or sale of slaves there; and in 1835, as Chairman of the Senate Committee for the District, he opposed the "gag rule" favored by Mr. Calhoun and Henry L. Pinckney, of South Carolina, which gave the antislavery men a pretext for agitation under the guise of the sanctity of the right of petition.

4. As the first Vice President to succeed to the Executive authority, he rendered an immeasurable service by firmly asserting his right and authority as President of the United States, thus permanently settling the tenure of all the Vice Presidents that have subsequently succeeded to the first office by the death of the President.

5. As "Veto President" he destroyed for all time the gigantic monopoly of the United States Bank, and as a substitute he evolved his "exchequer system" of finance, pronounced by Webster at Faneuil Hall as "the most beneficial institution, the Constitution alone excepted." This incomparable measure was defeated by a partisan Congress, and the money of the country remained in Tyler's keeping during his whole term without any loss to the Government; and in his management of the public expenditures the same great authority (Webster) declared that "he was remarkably cautious, exact, and particular." He reduced the debt that came to him and administered the government at one fourth less expense than his predecessor, Mr. Van Buren.

6. The Seminole War, that 7 years of fighting had failed to end, by his tact and promptness President Tyler finished in a few months.

7. Dorr's Rebellion, which he dissipated simply by the firmness of his attitude, without firing a gun and without a wound to the Constitution. Daniel Webster wrote, "Your conduct of the affair will hereafter appear, I am sure, worthy of all praise."

8. The Treaty of Washington, 1842, which stands out as one of the most important treaties ever negotiated by the United States, because of the numerous important questions involved—the controversy over the northeastern boundary which had come down unsolved through six administrations, the right of search claimed by Great Britain under pretext of suppressing the slave trade, and the sanctity of territory and protection of the flag involved in the cases of the *Caroline* and *Creole*. In this negotiation, if the immediate labor devolved upon the Secretary of State, Daniel Webster, the constant supervision and direction, as well as final sanction, devolved upon the President. His suggestions and advice were frequently of the most important character, and but for him the English Ambassador, Lord Ashburton, would have gone away leaving almost the certainty of a war, in which England would have had the assistance of both France and Mexico.

9. The Annexation of Texas, during the course of which President Tyler stood forth as the champion of the Monroe Doctrine against the active intrigues of Great Britain and France.

10. Hawaiian Islands. These islands were seized by the British fleet in 1842, but President Tyler protested against the seizure as a violation of the Monroe Doctrine. The British force was withdrawn, and by the precedent created these islands became eventually a part of the United States during the Presidency of William McKinley.

11. By the treaty with China, negotiated through Caleb Cushing, of Massachusetts, in 1844, he was the first President to throw open the doors of the Orient to the people of the United States.

12. As the advocate of peace in 1861 we see him sent by Virginia to President Buchanan to prevent any hasty measure. We see him originating the peace convention, of which he was president, and firmly supporting the Crittenden compromise, which, if adopted, would have prevented any war.

Happily for himself he was spared the pathos of the struggle of the South for self-government and the intolerable persecution of his people that followed the conclusion of the war.

NATIONAL INDUSTRIAL RECOVERY—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. BORAH. Mr. President, on page 10 of the so-called "national industrial recovery bill", the first paragraph of section 5 reads as follows:

SEC. 5. While this title is in effect (or in the case of a license, while section 4 (a) is in effect) and for 60 days thereafter, any code, agreement, or license approved, prescribed, or issued and in effect under this title, and any action complying with the provisions thereof taken during such period, shall be exempt from the provisions of the antitrust laws of the United States.

The effect of that provision is to eliminate all restraint which the antitrust laws would otherwise impose on the making of the codes which are provided for in previous sections of the bill. In other words, if those who are making the codes see fit to provide anything that heretofore would have come in conflict with the antitrust laws, that inhibition is now removed, because any provision which may be incorporated in such codes may not come in conflict with the antitrust laws in view of the fact that the antitrust laws are suspended as to any provision of the codes.

Mr. President, on page 4 as the bill passed the Senate there was placed in it this amendment, offered by myself and accepted by those in charge of the bill:

Provided, That such code or codes shall not permit combinations in restraint of trade, price fixing, or other monopolistic practices.

That amendment was changed in conference to read as follows:

That such code or codes shall not permit monopolies or monopolistic practices.

It is difficult for me to understand what was in the minds of the conferees. It must be that the conferees and those sponsoring the bill are of the opinion that price fixing is not a monopolistic practice; it must be their view that combinations in restraint of trade are not monopolistic practices. I can perceive no clarity in the amendment as the conferees have changed it and as it is now found in the bill, except upon the theory that those sponsoring the measure are of the opinion that neither price fixing nor combinations in restraint of trade are monopolistic practices. In other words, it is the view, I take it, of those in charge of the bill that under the bill there may be formulated programs of price fixing and that there may be combinations in restraint of trade; and, as I take it, according to the bill as now drafted and construed by those who are its sponsors, any code framed by associations under this bill which may provide for a combination in restraint of trade would not be considered to infringe the rule against monopolistic practices—or any combination which would have the effect of fixing prices would not be a monopolistic practice. I can work out no other construction of the amendment as provided by the conferees.

That being true, Mr. President, we have here a bill which will permit combinations in restraint of trade, which will permit price fixing, and then upon page 8 we have this provision:

When a code of fair competition has been approved or prescribed by the President under this title, any violation of any provision thereof in any transaction in or affecting interstate or foreign commerce shall be a misdemeanor and upon conviction thereof an offender shall be fined not more than $500 for each offense and each day such violation continues shall be deemed a separate offense.

This, therefore, is the situation. Trade associations may meet and formulate codes and those codes may contain combinations in restraint of trade. I say that for the reason

that the clause prohibiting such combinations was stricken out. The codes may fix prices. I say that for the reason that the clause prohibiting price fixing was stricken out. I take it, therefore, it is proposed to leave free the power of code makers to do those two things. When the codes are thus framed, if they should permit combinations in restraint of trade, nevertheless any individual pursuing his legitimate business may be fined for violating the terms of those codes. We have private parties fixing codes, those codes to be supervised by other individuals in private life, because the President is here authorized to delegate this power to any agency, and it has already been noted that he has chosen his agent. We have codes framed by parties engaged in private business; we have them passed upon by parties selected by the President; and if they see fit to fix prices by the codes there is no inhibition in the bill against it. If they see fit to make combinations in restraint of trade there is no remedy provided against it in the laws of the United States.

It is thoroughly understood by the business men generally that this is the effect of the amendment. I have had a great many telegrams from business individuals, companies and corporations engaged in business and a few of those telegrams I shall read. It is not necessary to read them all because they are of the same general trend. I read one:

If the industrial control bill does not permit industry to establish price levels in consideration of decreased working hours and increased wages, then the whole bill becomes nothing more than an unsatisfactory labor measure.

It is further insisted that the amendment which I propose shall be stricken from the bill. That is a telegram from Rochester, N.Y. I will place the entire telegram with others in the RECORD. A telegram from Indianapolis reads:

If industry control bill contains following limitations, "Such codes shall not permit combinations in restraint of trade or price fixing", it becomes simply a labor measure. Industries must be permitted to establish price levels in consideration of decreased working hours and increased wages.

It is the understanding of those who will be interested in framing the code that they will be permitted by the codes to fix prices. It is their understanding that they will be permitted by the codes to make combinations in restraint of trade. I take it, therefore, in view of the striking out of these clauses that it is also the understanding of those sponsoring the bill that they may frame codes preventing combinations in restraint of trade and price fixing.

I ask permission, without reading them at length, to incorporate several of these telegrams in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The telegrams are as follows:

ROCHESTER, N.Y., *June 10, 1933.*

Senator WILLIAM E. BORAH,
Senate Office Building:

If industry control bill does not permit industry to establish fair, just, and reasonable price levels, in consideration of decreased working hours and increased wages, then the whole bill becomes nothing more than an unsatisfactory labor measure, under which the Government is put in the position of attempting to stimulate efforts at the unionization of all industry.

W. ROY MCCANE,
President Stromberg-Carlson Telephone Manufacturing Co.

INDIANAPOLIS, IND., *June 10, 1933.*

WILLIAM E. BORAH,
Senate Office Building:

If industry control bill contains the following limitations, "Such codes shall not permit combinations in restraint of trade, price fixing, or other monopolistic practices" it becomes simply a labor measure. Industries must be able to establish fair, just, and reasonal price levels in consideration of decreased working hours and increased wages. If manufacturers cannot get fair return on their capital, insurmountable difficulties will arise.

FRED D. WILLIAMS,
Vice President P. R. Mallory & Co.

INDIANAPOLIS, IND., *June 10, 1933.*

WILLIAM E. BORAH,
Senate Office Building:

If industry control bill contains the following limitations, "Such codes shall not permit combinations in restraint of trade, price fixing, or other monopolistic practices", it becomes simply a labor measure. Industries must be able to establish fair, just, and reasonable price levels in consideration of decreased working hours and increased wages. If manufacturers cannot get fair return on their capital, insurmountable difficulties will arise.

RADIO MANUFACTURERS ASSOCIATION,
FRED D. WILLIAMS, *President.*

NORTH TONAWANDA, N.Y., *June 10, 1933.*

Senator WILLIAM E. BORAH:

The main purpose of the industry control bill is to increase employment and increase wages. Neither can be accomplished unless industry is permitted to raise prices. Unless this is permitted the bill will stop improvement in business instead of helping it.

FARNY R. WURLITZER.

FORT WAYNE, IND., *June 10, 1933.*

Senator BORAH:

Your amendment to industry control bill now before Senate imposes burden on industry by not permitting industry to establish fair and reasonable price levels in consideration of decreased working hours and increased wages. This amendment should not be made a part of industry control bill. Please use your own influence to defeat your own amendment.

THE CAPEHART CORPORATION.

FORT WORTH, TEX., *June 8, 1933.*

Senator WILLIAM E. BORAH,
Senate Office Building, Washington, D.C.:

Congratulate you upon your stand against modifying antitrust laws. Public interest will suffer more from such relaxation in event proposed oil legislation enacted than disinterested proponents realize. Sensible course Federal investigation oil industry which will reveal critical need strict enforcement antitrust laws.

W. G. WILLIAMS.

NEW YORK, N.Y., *June 8, 1933.*

Senator BORAH:

Splendid work. Keep up the fight for right. Prevent the big interests from eliminating the small fry by discarding the sacred antitrust laws. The majority are with you.

ASIA DRUG CO.

ST. LOUIS, MO., *June 8, 1933.*

Senator BORAH,
Senate Building:

If industrial bill to be administered by 2 representatives labor, 3 giants of industry, who to represent us small manufacturers working only few hundred employees running on limited capital, preventing us taking advantage economists available larger industries abundance working capital.

S. D. NICHOLS,
1724 Washington Avenue, St. Louis, Mo.

SALT LAKE CITY, UTAH, *June 8, 1933.*

Hon. WILLIAM E. BORAH,
United States Senate:

Suspension of Sherman law as part of Industrial Act program will react unfavorably upon small businesses and make condition hopeless. Large interests would have advantage in many ways and evils of more monopolistic combines would destroy helpless independents, in my judgment, and that of thousands of other independent businesses. Sherman law should be kept operative by all means.

GEO. MUELLER,
Royal Baking Co.

WORCESTER, MASS., *June 8, 1933.*

Senator WILLIAM E. BORAH,
Senate Office Building:

Heartily endorse your opposition National Recovery Act. Believe no greater benefit can be done American people than by delaying action on this bill until next session.

G. M. POMEROY,
Treasurer Matthews Manufacturing Co.

JERSEY CITY, N.J., *June 12, 1933.*

The Honorable WILLIAM E. BORAH,
United States Senator:

On behalf of our company and all small enterprises, we support your opposition to certain provisions of industrial recovery bill. Under the price-fixing clause, the small enterprise is unquestionably at the complete mercy of the relatively few big producers who advertise on large scale, whose wealth permits extended credit terms, and who possess other advantages which must be offset by some price flexibility on part of the small operator. Public opinion already is that monopolistic control comes into being with this bill as now reported. We urge further opposition to the clause that permits the fixing of prices.

THE COOPER CO.,
H. E. COOPER.

BURLINGTON, WIS., *June 12, 1933.*

Senator WILLIAM BORAH,
Republican, of Idaho:
God bless you. Fight on.

The WM. WILSON FAMILY.

Mr. BORAH. I refer now to a telegram just handed to me by the Senator from Wisconsin [Mr. LA FOLLETTE]:

Senator BORAH's amendment prohibiting price fixing very detrimental to Industrial Recovery Act.

Mr. President, is it in the interest of the people of the United States that the private industries of the country shall have authority to frame codes which may provide for combinations in restraint of trade, which may fix prices, which make it a crime to violate such codes, and to give no relief to an individual in the way of court review should he undertake to have set aside or enjoined these private codes which have been framed? What chance has the small independent business, and, most of all, what chance have the consumers?

Mr. CLARK. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Missouri?

Mr. BORAH. I yield.

Mr. CLARK. I will say to the Senator that I have been in receipt of a large number of telegrams from industries setting out that the retention of the Borah amendment prohibiting monopolies destroys the whole purpose of the act and cuts the heart out of the act; in other words, that establishment of monopoly is the purpose of the act.

Mr. WALSH. Mr. President, we have all received similar telegrams.

Mr. BORAH. Exactly. It is the understanding throughout the country and the understanding of the authors of the bill that prices may be fixed, and it is the understanding that there may be combinations in restraint of trade, and it is said that without such power the bill is worthless to them. I maintain that there is no protection to the consumer and no protection to small or independent business. This ought to be entitled "A bill to promote and make secure monopoly."

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from New York?

Mr. BORAH. I yield.

Mr. WAGNER. In order that we may not have any misunderstanding about the bill, let me say this, and I only reiterate it because of the constant misstatement as to what the bill does: The bill makes a declaration of law, not merely a provision of the proposed codes, that there cannot be any monopoly or monopolistic practice. That is as clear and definite as any declaration of policy can be made. Anyone can go into court if the code violates any particular provision of the law and restrain its enforcement on the ground that it is monopolistic.

Mr. BORAH. But the Senator has declared in the conference report that combinations in restraint of trade are not monopolistic practices.

Mr. WAGNER. Because the Senator knows that there is as much difference, as the courts have construed the words "combinations in restraint of trade and monopolies", as there is between day and night. "Restraint of trade" really means restraint of competition, one of the things we want to deal with being the subject of competition, but we are making an assurance against monopolistic practices greater than has ever been contained in any law heretofore enacted.

Mr. BORAH. In other words, the Senator from New York contends that a combination in restraint of trade which puts individuals out of business is not monopolistic.

Mr. WAGNER. If it is monopolistic it is a violation of the law and can be restrained.

Mr. BORAH. The Senator does not answer my question. What does the Senator think if we have a code which permits combinations in restraint of trade and puts individuals out of business by restraining trade? Is not that a monopolistic practice?

Mr. WAGNER. If it is a monopolistic practice——

Mr. BORAH. No; not "if it is", but is it?

Mr. WAGNER. That all depends. We may provide for some competitive method which, under the decisions of the courts today, may be regarded as in restraint of trade, which would eliminate cutthroat, sweatshop competition, the thing we are after. Under the provision the Senator proposed we could not eliminate or destroy cutthroat competition.

Mr. BORAH. The amendment to which the Senator from New York refers provided that these codes should not permit combinations in restraint of trade. That is all.

Mr. CLARK. And price fixing.

Mr. BORAH. Yes. I had discussed that. The conferees eliminate those two provisions.

Mr. WAGNER. The term "price fixing" is used rather carelessly here, too. It has been held that when we fix the wages of an individual, we are fixing the price of that particular commodity, namely, labor. Under the proposal the Senator from Idaho offered we could not, under the terms of the bill, fix a minimum wage scale.

Mr. BORAH. Oh, no. The Senator now provides that we may not only fix a minimum scale but we may fix prices, and, as these telegrams say, unless business people are permitted to fix price levels they cannot protect themselves against the wage increases. That is reasonable. That is perfectly sound. If we fix wage levels, we will fix price levels at the same time.

Mr. WAGNER. Mr. President, will the Senator yield further?

Mr. BORAH. I yield.

Mr. WAGNER. I am not talking about a telegram the Senator may have received from some individual. I am talking about the way in which the term "in restraint of trade" has been construed by the courts. I have no doubt the Senator knows that a mere agreement among industries to exchange information with regard to production or with regard to other matters about which they believe they ought to have useful information has been held to be a combination in restraint of trade.

Mr. BORAH. No; I do not know that.

Mr. WAGNER. That is the *Collins case* to which I referred a short time ago and to which I referred in my explanation of the bill. That is all that is involved. That is why I become indignant over statements to the contrary.

Mr. BORAH. After hearing and reading the able Senator's speech I looked up the authorities.

Mr. President, this much will have to be admitted, that the conferees are of the opinion that a combination in restraint of trade does not constitute a monopolistic practice.

Mr. WAGNER. If it does, it is a violation of the terms of the bill. The moment a cooperative agreement in restraint of trade becomes monopolistic, it is a violation of the provisions of the bill. We are providing not only that the President himself must find it so but the declaration inserted at the instance of the Senator from Idaho provides that as a matter of law the code must not permit monopolies or monopolistic practices.

Mr. BORAH. In other words, Mr. President, they eliminate the specific declaration as to combinations in restraint of trade and price fixing on the theory that those things are not at all times monopolistic practices. That is my understanding. On the other hand, by eliminating those provisions, the conferees have so construed the bill, as a general proposition—because they make no exceptions—that those two provisions do not cover monopolistic practices.

Mr. President, I desire to read a paragraph from Dr. Fetter's recent discussion of this subject, in which he says:

In this period of depression stabilization is a word for selfishness to conjure with. Many individuals and industries, thinking in terms of their own plight, are declaring that if they were permitted to exact higher prices from the rest of us the general depression would quickly end.

And that is the real basis of this bill—that if these different trade combinations can frame a code which will enable them to secure higher prices it will be for the general benefit of the entire country, including those who have to pay the higher prices.

This implies a new theory of the business cycle now and for the future. It is the logic of the panic stricken in a theater fire.

"Let all the rest of you sit calmly in your seats while we clamber over your shoulders and make for the door."

I also read the following from Dr. Fetter:

The regime of special privilege which giant combinations have created, these "virtual" monopolies which have so largely destroyed true competition in free and open markets, are now to be accepted and perpetrated to the injury not only of smaller business but of the buying public (the rest of us). Sauve qui peut. The public is to be left to its fate while antagonists of the Sherman law, intent upon their own safety, undertake the immense propaganda of the past few years—to do what? To create another kind of special privilege for themselves, the privilege of combining in trade associations in restraint of commerce, by conspiring to control production and to fix prices in their industries for all buyers, trusts and public alike.

Sugar-coat such a policy as they may, it means the creation of a multitude of other virtual and semimonopolies over a large part of the field of industrial prices. Its advocates even admit in unguarded moments that it is "price fixing", but excuse it on the ground that it "would operate chiefly to prevent demoralization when supply exceeded demand"; in plain words, that means whenever the competitive price is too low to satisfy the price fixers. They deny, of course, that this is monopoly; they call it, in carefully chosen words, merely charging "the highest price that will attract the largest profitable demand without inviting avoidable competition." But inasmuch as the action of such a legalized conspiracy of sellers would make almost all effective competition "avoidable", the price resulting would be highly monopolistic. Of course, they disavow the desire to get an "excessive" price; they seek only the "right" price—that is, what is right in their own opinion.

Mr. President, I refer again to telegrams bearing on this bill. These telegrams are from those opposed to the bill.

A telegram from New York says:

Unless you prohibit insidious price-control monopolies and restraint of trade, it is evident trade associations dominated by larger firms will pass regulations to cause elimination of small merchants in the textile field.

A telegram from Lincoln, Nebr., says:

You have saved the independent oil industry by your amendment to the antitrust section of the industrial bill. We operate 350 drive-in stations over seven Middle Western States. We hope you will continue to watch this to see that they do not put it over yet without the amendment. We doubt if you could possibly have realized the ulterior motives in the background of powerful oil quarters in this industrial bill. We are generally in position to know in advance the inside activities in these above-mentioned quarters.

Another telegram from Newark, Ohio, says:

We have example of the giant tire companies already showing their attitude in formation of code by employing corporation lawyer who is chief counsel for one of the giant tire companies to write code and then become policeman to enforce same. The giants are using mail-order houses as medium to cut prices and will continue. We beg you to use all your influence to defeat the bill in its entirety, otherwise it will be the end of independent manufacturers.

I ask permission to insert in my remarks other telegrams, which I shall not take time to read.

CHICAGO, ILL., *June 13, 1933.*

Senator BORAH,
Senate Building:

Endorse your amendment prohibiting price fixing in Industrial Recovery Act. Price fixing will utterly destroy the small manufacturer. We demand right of free competition. Thousands of small manufacturers looking to you for protection against racketeers of large producers already planning to destroy them under price-fixing provisions of this act.

FERGUSON LANDER MANUFACTURING CO.

CHICAGO, ILL., *June 13, 1933.*

Senator WILLIAM E. BORAH,
Care Senate Building:

Fight for the retention of your amendment in the original language. It is the one and only safeguard for small independent business.

THINSHELL PRODUCTS, INC.

I have received many telegrams of similar import. Before sitting down, I desire to say that it is my deliberate judgment that whatever may be the purpose of those who are framing this measure, if they do not have in the bill very strict provisions against price fixing and against combinations in restraint of trade and against things of that nature, in spite of any supervision which can possibly be given to this matter, insidiously the producers will work into their codes these principles which will have the effect of eliminating from business a large portion of the independent business men of the country and of independent enterprises.

I feel that we are in effect turning over to the large business organizations of this country the unrestrained and uncontrolled power which will result in the utter destruction of the small business man. It will finally result in placing upon the people of this country a burden in the way of prices which they cannot carry. This repeal or emasculation or striking down of the Sherman antitrust law is the result of a fight of 20 years, and the same influences and the same forces which have been making the fight for the destruction of the Sherman antitrust law are perfectly satisfied with this bill. They feel that the securing of this measure is that which they have fought for during all these years. Furthermore, Mr. President, it is utterly abhorent to me, even if it were constitutionally permissible to do so, to provide that the violation of a code framed by private parties and private interests shall constitute a crime. This measure in its last analysis provides that an American citizen cannot pursue a legitimate business without becoming criminal unless the pursuit of that business is in accordance with rules and regulations established by powerful business interest.

Mr. WAGNER. Mr. President, I do not desire to prolong this discussion, because to do so involves retracing steps we have already taken and surveying a field of discussion which has already been covered here. I merely wish to emphasize one or two points in order to rebut the conclusion of the Senator from Idaho as to the effect of this legislation.

In the first place, the Senator constantly restates the proposition that this bill is in the interest of large industrialists, large combinations, large enterprises. The Senator seems to be overlooking the fact that the present antitrust laws have conceived and nurtured all these large enterprises. While the praiseworthy original—objective of the Sherman law, as I learned from a careful reading of Senator Sherman's address, was to prevent combinations, to prevent monopolistic enterprises, the result has been quite the contrary. It is during the reign of the antitrust laws that all these tremendous enterprises have grown up in our country. The concentration of wealth about which we have heard so much from the Senator from Louisiana [Mr. LONG] and others here has taken place during the period of the present antitrust laws. We are now trying to remold these laws in the light of actual experience, and thus to make possible the attainment of their original objectives.

If this legislation passes, it will be the first time that small business will have a voice in the government of industry. It has none today. Under the law as it exists, with the cut-throat competition, the underselling, and the other vicious practices which are permitted, large business concerns have been able to destroy small business concerns, compelling them either to sell out to the large industry or to join in a merger. This has been the way the antitrust laws have worked, and this is the thing we want to prevent in the future. In formulating the code of fair competition within each industry we want to give an equal voice to the small business man and the large business man. With this in view, we provide that no trade or industrial association which proposes a code shall impose any inequitable restrictions upon membership.

I am in fundamental sympathy with the objectives of the Senator from Idaho. I agree with him that what we must provide against above all else are monopolies and monopolistic practices. But I say to the Senator that we have taken every precaution in this legislation. We not only provide that the President, in passing upon a code, must find that the code neither tends to promote monopoly nor discriminates against small business men. In addition we have accepted the proposal of the Senator from Idaho and gone beyond reliance upon a finding by the President. We have incorporated a definite declaration of law to the effect that the codes shall not permit a monopoly or monopolistic practices. The sort of price fixing which the Senator fears, price fixing which is part and parcel of monopolistic prac-

tices, is outlawed by the same language which outlaws such practices.

But we must not accept the Senator from Idaho's prohibition of all restraints of trade. The words "in restraint of trade", through court interpretations, have come to embrace a much wider field of action than the word "monopoly." To ban everything which the courts have called "restraints of trade" would defeat the very purposes of this act. It would prevent attempts to limit competition to levels of efficiency and fairness. It would frustrate concerted efforts to abolish substandard wages, excessively long hours, and the other harmful practices that have dragged business down to where it is today.

The trouble is that the courts have interpreted "restraint of trade" to mean "restraint of competition." Thus, if we tried to restrain some of the vicious types of competition against which this act is directed, we would be hampered by the courts' conceptions of "restraint of trade." We might even find it difficult to establish minimum wage laws by agreement, for such agreements do restrain certain kinds of competition.

Let us examine how the law provides against monopolies. In the first place, the declaration of policy states a purpose "to promote the fullest possible utilization of the present productive capacity of industries in order to avoid undue restriction of production." Monopoly, on the other hand, let me point out, seeks to curtail or to withhold supply, and is inconsistent with this declaration.

Section 3 (a) (2) provides, as I have said before, that no code which is designed to promote monopolies can be approved.

Section 3 (a) (6) provides—and here is another important safeguard—that every code shall be subject to conditions necessary to protect consumers, competitors, employees, and others. If we couple this proviso with the declaration against monopoly, in section 3 (a) (2), we get full assurance that the fears of the Senator from Idaho are unwarranted.

The same provisions which prohibit monopoly prevent monopolistic price fixing. The declaration of policy declares in favor of increasing the consumption of industrial and agricultural products by increasing purchasing power. This is inconsistent with monopolistic price fixing, which decreases consumption by raising prices and thus reducing actual purchasing power. But we do not want to prevent every possible thing which might be called price fixing, even when no question of monopoly is involved. We all agree as to the salutary effects of prohibiting sales below the cost of production. Yet such a prohibition is certainly price fixing.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WAGNER. Yes.

Mr. CLARK. Am I in error in my recollection that the Senator from New York accepted the amendment of the Senator from Idaho on the floor of the Senate when it was offered?

Mr. WAGNER. I did not accept it. I stated that we would let it go to conference and have it considered there.

Mr. BORAH. Oh, no.

Mr. WAGNER. I am not an obstructionist in matters of legislation.

Mr. BORAH. This was not accepted on the theory that it was going to conference. The RECORD does not disclose that.

Mr. WAGNER. I state my recollection of it. The Senator and I did have some discussion about the proposal.

Mr. BORAH. After the Senator had accepted it.

Mr. WAGNER. And before. I am sure the Senator appreciates that in my discussion with him I was concerned with the restrictive effect of the words "in restraint of trade."

Mr. BORAH. I understand that perfectly. I have understood the Senator's position.

Mr. WAGNER. I do not think it is important whether I accepted it or not at that time. I have not an inflexible mind, and upon further study I became satisfied that the adoption of the amendment in full would nullify the entire act. I told the conference so. I am still of that opinion, and I think that it will be shared by any Senator who has studied the long line of cases which have interpreted the words "in restraint of trade."

Mr. WHEELER. Mr. President, I was wondering whether or not the same professors and the same economists who drew the provisions of this bill drew the provisions of the farm bill, because in the framing of the farm bill they were against any provision which would have guaranteed cost of production to the farmer but insisted upon insuring cost of production in this bill. I agree with the Senator that the manufacturer ought to have cost of production, but I always thought that if the manufacturer is entitled to have legislation passed which will permit him to have cost of production, under no theory of government could the same right and the same privilege be denied the farmers of this country.

Mr. WAGNER. I might say to the Senator that under the farm act there is no limit or restriction imposed upon the power of the Secretary of Agriculture to make agreements; and such agreements may include provisions against sale at a price below the cost of production.

Mr. WHEELER. The Senator is in error. In one bill they adopted the theory of providing for cost of production, whereas in the other bill they expressly denied the theory of insuring cost of production to the farmer. The Senator will recall that the administration sent a letter here stating that cost of production could not be included in the farm bill. The Senator from Iowa [Mr. MURPHY] calls my attention to the fact that in the farm bill it was the parity price as distinguished from the cost of production for which the administration fought.

Mr. WAGNER. The Senator is right about that, but there is a provision in the Farm Act which permits agreements to be made between the processors and the Secretary of Agriculture. There is no limit to the conditions which may be prescribed in that agreement.

Mr. WHEELER. Oh, yes.

Mr. WAGNER. I read the bill, and I am sure about that. Whenever any of the provisions of the agreement are contrary to the provisions of the antitrust laws, the antitrust laws are relaxed to that extent. That is a very broad power.

Mr. WHEELER. I understand that; but if I may refresh the Senator's memory, that provision was with reference to the processor, not with reference to the farmer. The Sherman antitrust law, as a matter of fact, was practically set aside, as far as the processors were concerned, under the farm bill.

Mr. WAGNER. Yes; but may I say to the Senator that in the agreements with processors there may be provisions as to the prices which the processors must pay for agricultural commodities, and these prices may be "cost of production plus" prices.

Mr. WHEELER. Yes; there is a possibility.

Mr. WAGNER. There is a power. Likewise in the recovery bill there is the power without any express provision. We do not want to put in any provision prohibiting what may become a desirable feature of the codes.

Mr. WHEELER. I have no fight with the Senator's idea of giving the manufacturer cost of production.

Mr. WAGNER. I understand that.

Mr. WHEELER. But I do want to say this, that when we agree here in this body that the manufacturers shall be able to agree upon cost of production, the Senator knows, and I know, that cost of production in the manufacture of goods is a difficult thing to agree upon, because one manufacturer may have his cost of production lower than another person's cost of production.

Mr. WAGNER. That is true.

Mr. WHEELER. That theory was denied by the administration with reference to the farmers because of the fact, they said, that it was so difficult to find the cost of production. I want to point out in all sincerity the inconsistency of the position taken on the part of the administration and upon the part of the leaders upon this side when it comes to this bill. When the farmers of the country were affected it was said, "You cannot have cost of production, but you

have to go back to a parity price of 1909 to 1913." Consider the moral effect upon the farm population of this country. In one breath they are told, "You have to go back to the parity price between 1909 and 1913, but as far as the manufacturers of the country are concerned, they can get together and have cost of production."

I am for the manufacturers' getting cost of production, but the Senator knows that manufacturers can juggle the figures with reference to cost of production. The easiest and simplest thing they do is to produce figures which bring up the cost of production. What does cost of production mean? What are the elements which enter into it? In one manufacturing concern or one mining company they can agree upon one thing as cost of production, and another one has a different theory of cost of production.

The point I wanted to make to the Senator was not that I disagree with his contention that we should permit them as a matter of fact to agree upon cost of production, but I should like to know just when the change took place in the minds of some of these men who are working out these bills, these professors, when they assert that the manufacturers should get cost of production, and that everybody else should, whereas they took an opposite view in the consideration and framing of the farm bill.

Mr. WAGNER. Mr. President, there were no professors drafting this legislation. Besides, I have not been quoting opinions which have developed during the past few months. I have been referring to opinions held by economists for a long time, to the effect that the objectives which we all want can be reached only by a nationally planned economy. The Senator has been one of the advocates of the movement.

Mr. WHEELER. I am not in disagreement with that; I think we ought to have it. The only worry I have with reference to this provision is that when we take away or break down the Sherman antitrust law we are doing it as a permanent proposition.

Mr. WAGNER. No; we are doing it for a period of 2 years only.

Mr. WHEELER. Oh, yes; but let me point out that if we break it down for a 2-year period and permit a code to be set up during that 2-year period, and that code continues beyond that 2-year period, the Government of the United States will go in and say to a particular industry, "You are conducting your business in violation of the provisions of the Sherman antitrust law", and they will reply, "Not at all; this code and its provisions were set up under the direction of a Federal agency itself. You cannot prosecute us criminally, because of the fact that we were doing something under the sanction of the Federal Government itself."

Will the Senator agree with that? That code is set up, and it is maintained from that time on, and no United States attorney and no Attorney General of the United States could ever convict any industry in the world under the criminal provisions of the Sherman antitrust law after they have once agreed, because the intent to violate the law would not be there, and there would be no criminality in connection with it if they lived up to the code which they had adopted during this 2-year period, notwithstanding the fact that we should repeal the law inside the 2 years' time.

Mr. WAGNER. Mr. President, I have reiterated many times that we are not changing the antitrust laws as they exist today, except insofar as some changes may be necessary in order to reach the original objectives of those laws.

Mr. WHEELER. O Mr. President.

Mr. WAGNER. That is my opinion.

Mr. WHEELER. If the codes do not permit violation of the Sherman antitrust law, then let me say to the Senator that every industry in the United States and every lawyer for every industry in the United States takes the opposite view.

Mr. WAGNER. The Senator misunderstood me. I say that by law we are providing new instrumentalities and new methods of applying the antitrust principle. We are doing this in order to substitute efficiency and honorable trade in place of cut-throat competition and exploitation.

Mr. WHEELER. That was the same theory on which Mr. Hoover proceeded when he was Secretary of Commerce.

Mr. WAGNER. I do not want to get into that kind of a discussion.

Mr. WHEELER. I know that was true. That was the same theory Secretary Hoover followed when he was Secretary of Commerce. That was the same theory on which Attorney General Daugherty defended his failure to prosecute violations of the Sherman antitrust law when he came before the investigating committee of the United States Senate. The Senator will recall that during that investigation the charge was made in the Senate, and it was made before the committee, that Attorney General Daugherty had failed to prosecute violators of the Sherman antitrust law.

Mr. WAGNER. If I may interrupt the Senator, the charges were that he permitted monopolies to exist and monopolistic practices to continue without the intervention of the Government. In the present legislation we preserve and emphasize all the safeguards against monopoly, so that nothing can be done under this act which will create a monopoly or permit anyone to indulge in monopolistic practices. Therefore we are not apart on that proposition.

Mr. WHEELER. The difference between the Senator and myself is this, that I have not any faith in the organization which will be set up for the purpose of stopping monopolistic practices, when we permit them to agree upon prices and to arrange their own code. The Senator knows these industries just as well as I do, and he knows perfectly well that if they are given any kind of a free hand under this bill there will be all kinds of practices. Mark what I say, and let me make this prediction, that inside of the 2-year period there will be a clamor in the Senate of the United States for the strengthening of the Sherman antitrust law, because if there is an opportunity—and there will be opportunities—for abuses to such an extent under this bill, in my judgment the people of this country will demand that a change be made.

Mr. WAGNER. What the Senator fears can result only from a faithless and disloyal administration of the act. It cannot come as a result of the enforcement of the act, and I am sure the Senator, along with the rest of the Senate and myself, will be on guard to see that these diversions do not take place.

Mr. WHEELER. I know that the Senator will be on guard, because I know that he will be just as much opposed to flagrant violations of the Sherman antitrust law as I myself would be. I know that is true. But I think we should serve notice upon whoever is to administer the act that if these practices are permitted, we will see to it that whoever is in charge is checked up, and we should give them notice that when we passed the law it was not the intent of the Congress of the United States to give any industry a free hand to go out and violate the provisions of the Sherman antitrust law as it might see fit.

Mr. WAGNER. Mr. President, I think there have been a number of instances which have demonstrated the vigilance of the United States Senate both to prevent and to expose any deliberate violations of its mandate.

Mr. WHEELER. Mr. President, I do not know Mr. Johnson, who, it is said, will be the administrator of this bill should it become a law; but statements have been made upon the floor of the Senate to the effect that his connections are such that he would not be diligent in the administration of the law; that he has been so tied up with great financial interests that he would not protect the interest of the public. It does seem to me that the man who is appointed to administer this law should be absolutely free of all connections with any great financial institutions or with persons who are interested in great financial institutions, so that the people of the country may know, at the outset, that the man who is appointed to the position is going to see to it that the public interest is protected.

Mr. WAGNER. Mr. President, I do not want to make personal allusions, because I have no information, aside from mere rumor, as to who is to be the head of the administra-

tion of this portion of the legislation. But I want to say that I do know General Johnson, and, so far as I am concerned, I have the utmost confidence in his integrity as well as in his exceptional ability. I feel certain that if he should be put in charge the law will be administered in the interest of the public, and the public alone.

Mr. President, I wish briefly to develop the suggestion I made as to the difference between monopoly and "restraint of trade."

Monopoly is excessive control over a product. "Restraint of trade" includes a much wider range of situations. According to court decisions, restraint of trade is any lessening of absolutely free competition among parties, any agreements which might seek to direct the course of trade.

As the court said in the case of *United States* v. *Whiting* (212 Fed. 416):

> An attempt to monopolize means an attempt to get control of the industry in which the defendant is engaged. * * * There may be, I think, an unreasonable restraint of trade which does not constitute a monopoly, though there can be no monopoly which does not constitute an unreasonable restraint of trade.

Mr. LONG. Mr. President, will the Senator from New York yield to me?

The PRESIDING OFFICER (Mr. BAILEY in the chair). Does the Senator from New York yield to the Senator from Louisiana?

Mr. WAGNER. Yes.

Mr. LONG. I want to call the Senator's attention to a few lines which seem to be somewhat appropriate just now when we are trying not entirely to unfasten these gentlemen. The Senator from New York will remember the little lines—

> The devil was sick, the devil a monk would be;
> The devil was well, the devil a monk was he.

When we turn these gentlemen loose it is going to be an entirely different thing.

Mr. WAGNER. We will all be watching to see that the public interest is protected. I have confidence in the President of the United States. I have known him for many years. I have not only that confidence in his integrity which is held by all of us, I have confidence in his unusual ability and in his interest in the public welfare. If this bill shall be enacted into law he will see that it will be administered for the public welfare. I do not think we need have any further discussion about it.

Mr. President, I want to point out the probable results of putting into this act a prohibition of "price fixing." The term "price fixing", according to court decisions, has very wide connotations. It includes much more than monopolistic price fixing. It includes any concerted efforts to deal with the price problem in any way, to bring price stabilization, or even to engage in such other sorts of industrial cooperation as might tend to prevent harmful price fluctuations.

For these reasons, a prohibition of "restraint of trade and price fixing", as these phrases have been interpreted by the courts, would stand in the way of the most salutary effects which the bill is designed to accomplish.

For instance, exchange of information, which serves to make competition rational instead of blind and destructive and which thus expands trade and commerce, would be prohibited. It was declared an illegal restraint of trade in *United States* v. *American Linseed Oil* (1923) (262 U.S. 371).

Price stability, as distinguished from monopolistic price fixing, is a universally recognized necessity in order to achieve economic welfare, and yet it would be made practically impossible by the Borah amendment. This amendment would prevent even the publication by businesses of their own price schedules and their adherence to these schedules even for short periods of time. Such a practice was declared an illegal restraint of trade in the Linseed case. Yet such practices might be necessary to prevent unfair price cutting and other destructive price manipulations.

The amendment would prevent treatment of the problem of price cutters who sell below cost.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Kentucky?

Mr. WAGNER. I yield.

Mr. LOGAN. I desire to ask the Senator if this bill be properly administered will it not afford a much more speedy and effective protection against destructive competition to the small business man than the Sherman antitrust law has afforded him in the past?

Mr. WAGNER. The Senator was not here when I began my discussion. That is the very point I emphasized, because under this proposed legislation the small business man will have for the first time a voice in the government of industry. Today he not only has no say; in addition, the larger enterprises absolutely destroy him and dictate to him. He is told, "Join a merger, sell out to us, or get out of business entirely."

Mr. LOGAN. Now he has no escape except to go to the courts, and that is naturally a slow process. But under the codes that might be adopted or under the proper administration of the law he could keep the big fellow off him immediately without having to go to court.

Mr. WAGNER. Precisely, and even if he goes to court, I may say that he is at a great disadvantage in a contest with a large industry—the big enterprise. And I am not speaking theoretically; I am speaking realistically.

One of the largest monopolies in this country rules by ruthless methods, such as selling below cost, employing people long hours, and paying starvation wages. There is no remedy in court to prevent that sort of thing today, and yet on the platform during campaign time we all condemn that kind of practice and the industries that indulge in it. Apparently we are in a different forum now.

I do not want to pursue this question much further. I could recite any number of practices which should be stopped, and which could not be prevented if we accept the amendment of the Senator from Idaho. Selling below cost is an example which I have given earlier in my talk. Decisions of the courts show many other practices which would fall under the prohibition of "price fixing." These would include code provisions in reference to discount practices, although discount schemes frequently give unfair preference, conceal the true state of industrial transactions, and are of a destructive nature. The amendment would prevent code provisions as to credit transactions, although credit terms are frequently so discriminatory and deceptive as to be pernicious in their effect. We have heard about that time and time again.

I have already pointed out that this amendment, if incorporated in the law, might prohibit provisions by agreement for a minimum wage, because that is price fixing; it is fixing the price of labor. It would prohibit codes dealing with the problem of distress selling and buying, one of the most pernicious practices, involving the dumping of goods upon the market. There are any number of other salutary things which the amendment of the Senator from Idaho would prohibit. So I hope that the report will be adopted, because if it were sent back to conference and the amendment originally offered by the Senator from Idaho were incorporated in the bill, there would be a nullification of the purposes of the proposed act. I reiterate for the last time—I will promise not to say it again—that I am in accord with the objectives of the Senator from Idaho, but I feel that the amendment as the conferees have written it in the bill will absolutely provide the safeguard which he seeks and the objectives which he desires to reach.

Mr. BORAH. Mr. President, the Senator from New York calls attention to the fact that under the Sherman antitrust law there has been great concentration of wealth. I agree to that statement of fact. It has been so because neither one of the old parties has ever had the will or the purpose to enforce the Sherman antitrust law. Both the old parties, as their platforms disclose, have denounced the failure to enforce the Sherman antitrust law during the campaign, but both have failed to enforce the law after the election was over. For years the great trusts and combines of this country have furnished the sinews of war for the campaigns; they have made their heavy contributions to the campaigns of both parties; and some of them have testified before committees of the Congress that they have contributed to both parties for the purpose of being on the ground floor after

the election was over. That has undoubtedly, in my opinion, had its effect in the failure to enforce the Sherman antitrust law. These great combines have for years purchased their freedom from prosecution, they are now securing what they have wanted for years—a repeal—for that is what it amounts to. All this is happening after a campaign in which the successful party pledged the people to enforce the antitrust laws.

I recall what Governor Smith said in 1928, which states the situation, I think, forcefully and correctly. I have no apology to make for the party of which I am a member for its failure to enforce the Sherman antitrust law.

Mr. WAGNER. Will the Senator say which party? [Laughter.]

Mr. BORAH. Said Governor Smith:

> During the last 7 years, under Republican rule, the antitrust laws have been thwarted, ignored, and violated so that the country is rapidly becoming controlled by trusts and sinister monopolies, formed for the purpose of wringing from the necessaries of life unrighteous profit. These combinations are often formed and conducted in violation of law, encouraged, aided, and abetted in their activities by the Republican administration, and are driving all small tradespeople and small industries out of business. Competition is one of the most sacred, cherished, and economic rights of the American people. We demand a strong enforcement of the antitrust laws and the enactment of other laws, if necessary, to control this great menace to trade and commerce, and thus to preserve the right of the small merchant and manufacturer to earn a legitimate profit from his business.

Mr. Smith was of the opinion that there had been a failure to enforce the Sherman antitrust law and that by reason of the failure to enforce that law small business had been embarrassed if not utterly destroyed. He was further of the opinion that the way to protect the small business man was to enforce the Sherman antitrust law and that, I say, is my opinion at this present hour.

The Democratic candidate for President in 1932 said:

> We advocate strengthening and an impartial enforcement of the antitrust laws, to prevent monopoly and unfair trade practices, and a revision thereof for the better protection of labor and the small producer and distributor.

Mr. President, of course, vast aggregations of wealth have been built up under the Sherman antitrust law, and both the old parties have connived at that thing. Now, after the campaign of 1932, instead of enforcing the Sherman antitrust law, improving the antitrust law, we are suspending the Shermn antitrust law. Again the campaign is over and we have the bold proposal to suspend the laws which the victorious party stands pledged to strengthen and enforce. Of course, there has been concentration of wealth, and there will be still greater concentration under the present program. The attitude of both the old political parties toward the antitrust laws has been indefensible, shameless, and it is getting no better.

At this present time, Mr. President, we are not only suspending the Sherman antitrust law but we are eliminating the two powerful bludgeons which the trusts and monopolies have always utilized for the purpose of destroying the small business man and for the purpose of building up their own great aggregations of wealth by extorting unreasonable prices from the people. Take the story of the building up of the vast wealth of the Rockefellers. What were the powerful bludgeons which they used? First were the combinations in restraint of trade, and they added to the ordinary combinations the agreements which they had with railroads to give them advantages in shipping. The second was their success in fixing prices for their commodities.

Now we are eliminating those two bludgeons, giving the powerful combinations the right, if they can, so to formulate their codes as to restrain trade and as to fix prices. Every telegram which I have received in protest against my amendment—and I think they now run close to 250 in number—has been a protest in effect against denying them the right to fix prices and to restrain trade. If we permit these people to formulate the codes there will be no codes formulated which do not in some insidious way, in some effective way according to their viewpoint, permit the fixing of prices and the restraint of trade.

The Senator from New York [Mr. WAGNER] refers to the fact that we must have the right to insure the manufacturer the cost of production. The Senator from Montana [Mr. WHEELER], it seems to me, called attention to a very pertinent fact in regard to that matter. When we came to fixing the cost of production for the farmer it was said it was impossible because the cost of production in one part of the country might be wholly different from that in another part of the country. So it is with reference to manufacturers. Give these vast combinations the power to fix prices according to the cost of production to them, and we will put out of business the small man who, because of his smaller plant, is unable to produce at the same cost at which the great producer can produce. The cost of production will be determined by the large interests. If the codes formulated by the great industries of the country fix the cost of production, it will be the cost of production to them, to the great industries which are organized for the purpose of production in the most effective way; but the men scattered throughout the country, in different parts of the United States, pursuing the same line of production, may not be able to produce at that cost, and yet if they do not produce at that cost and cannot produce at that cost and consequently violate the codes, they are sent to jail.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from New York?

Mr. BORAH. I yield.

Mr. WAGNER. The Senator knows, I am sure, that the specific amount is not fixed as the cost of production, but there is merely a provision in the code that no industry shall sell below its cost of production. It depends upon the efficiency in each industry as to what that cost of production is. I hope I have not been understood to say that there would be one universal price fixed throughout the country which would be established as the cost of production. No such thing is in the mind of anybody—not anyone who assisted in the drafting of the legislation nor, I am sure, in the mind of the President of the United States.

Mr. BORAH. Then there will be a cost of production for every industrial plant in the United States.

Mr. WAGNER. We simply have a declaration that they shall not sell below cost of production. What that cost is depends upon the efficiency of the particular plant.

Mr. BORAH. And what the cost of production is of a vast enterprise will never be known.

Mr. WAGNER. The bill can provide an accounting system, which I think could disclose it.

Mr. BORAH. Yes; and there are not enough members of the Democratic Party to furnish men sufficient to conduct that system if we should provide it. Just imagine this vast country of ours, with all of its vast enterprises and vast industries, being supervised and censored with reference to cost of production when we give to each one the right to establish its own cost of production. We would have to go into every plant and determine whether or not it has been established according to the cost of production and whether or not it is selling under that cost of production. Shades of Stalin! Stabilization, what crimes are to be committed in thy name!

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Montana?

Mr. BORAH. I yield.

Mr. WHEELER. Let me call attention to the fact that the Department of Agriculture has a bureau which has found the cost of production of agricultural products, as it claims. But in enacting the law we disregarded that bureau because of the fact that the administration said the cost of production could not be found.

However, that is not what I rose to say to the Senator. I wanted to call his attention again to the fact that, notwithstanding the fact that the law remains in effect only 2 years, once the code is established under the supervision of the Government of the United States and we then repeal the

law or it goes out of effect automatically at the end of 2 years, no criminal prosecution can be had for violation of the Sherman antitrust law if they lived within the provisions of the code which they have built up during the 2-year period. When we relax those codes, we are going to relax without question of doubt the Sherman antitrust law. No prosecution can be had criminally as long as men live within the terms of the code, even after the law has been repealed, for the simple reason that the defense of the group or the industry would be, "We did it under the supervision and direction of the Government of the United States, and consequently there could be no criminal intent."

Mr. BORAH. I believe that is true. If business men go in and formulate a code and the Government of the United States approves of that code, and the Government of the United States by approving of it has said it is not monopolistic and does not tend to monopolistic practices or permit them, we could not then go into a criminal court and prosecute a man with whom the Government has agreed that such practice was not monopolistic. This is in practice a repeal of all antitrust, antimonopoly laws. It is giving over to industry the right to combine, to fix prices, to restrain trade, to lay upon the American consumer every cent the traffic will bear.

I want to come back to the question of the fixing of the cost of production and determining whether or not this and that individual is selling under the rule established by the code that he should not sell below cost of production. Let us assume that Mr. Johnson, who has been suggested as the dictator under the provisions of the bill, the coordinator, or whatever we may choose to call him, has been named. Let us suppose that all the industries of the United States have finally formulated their codes, and they go to Mr. Johnson for approval. Do Senators realize the power being given to one individual over all the industries, all the energies, all the brain power of the people of the United States in every activity of life? He will determine what is the cost of production when he finally comes to execute the code, because that is absolutely necessary; otherwise it amounts to nothing. If we establish that a man must not sell below cost of production, we must know the cost of production to know whether or not he is violating it. There cannot be an industry over which there would not have to be constant supervision. In other words, the efforts put forth by the people of the United States in their respective lines of activity are to be censored and passed upon by one single individual or his subordinates, as I presume he will delegate some of this power to others.

As said by the Senator from Montana [Mr. WHEELER], there is no appeal. When he has determined what is cost of production, when he has determined whether or not there is selling below cost of production, and a neighbor over here or a man producing in an adjoining county says he is selling below cost of production, then Mr. Johnson passes upon the question and the citizen of the United States has no power of appeal to the courts or to any other institution provided for the adjustment of affairs between citizens. Not only that; he must not only obey, but if he does not obey he may be sent to jail.

Mr. President, I think we ought to hesitate a long time before suspending the Sherman antitrust law in every instance in which it conflicts with the codes which are thus to be framed and thus to be executed. Instead of giving the citizen a chance to go into the courts of his country, instead of being permitted to make his own showing to impartial judges, he must rely alone ultimately upon the judgment of the man who is appointed to administer the provisions of the bill. He may be in Idaho; he may be in California. The place where he may have to go to determine whether or not he is a violator of the law may be a thousand or 2,000 miles from the scene of his activities, but he must make a showing before the ultimate judge. He must make showing or else he goes to jail for pursuing a legitimate industry under the American flag.

Mr. BLACK obtained the floor.

Mr. HASTINGS. Mr. President, will the Senator from Alabama permit me to ask a question of the Senator from Idaho before he takes his seat?

Mr. BLACK. I yield.

Mr. HASTINGS. Does the Senator understand that under this bill it will be possible to fix a cost below which an article shall not be sold—one cost for California, another for Idaho, another for Mississippi, another for Pennsylvania; that whatever the administrator of the law concludes is fair may be fixed? Do I understand that?

Mr. BORAH. Yes and no, in the language of Andy; but mostly no. [Laughter.] In other words, it may not be only for the State of California and the State of Mississippi, but it may be for southern California and northern California. That is to say, an industry may be conducted in different parts of the State under different conditions which will determine the cost of production.

Mr. HASTINGS. And do I understand that under this bill they can have for one locality one minimum cost and for another locality a different minimum cost?

Mr. BORAH. Yes; because, as I understand the able Senator from New York, we do not propose to say that "thus and so shall be the price which we establish on the question of the cost of production", but we do propose to say, "You shall not sell below the cost of production. Whatever your cost of production is, you shall not sell below that. We will establish your cost of production by going into your plant and finding how much it costs you to produce this article; and, after we have determined that, you may not sell below that." It may be wholly different 100 miles away or 200 miles away. The cost of production in a different plant may be different; but, whatever the cost of production is, they cannot sell below the cost of production. That involves a supervision in the first instance for the purpose of determining what a particular man's cost of production is; and, secondly, whether or not he is selling below it.

Mr. HASTINGS. I wonder if any account is to be taken of the cost of getting the product from Pennsylvania, for instance, to California, in competition with somebody who is manufacturing in California. I assume that would be taken into consideration, also.

Mr. BORAH. That is a mere incident.

Mr. HEBERT. Mr. President——

Mr. REED. Mr. President, we spent a long time, both in the Finance Committee and in the conference committee, trying to find out just what this proposal was; and it was impossible to get any definite answer from those who were going to be charged with the administration of the bill. First they would say generally, "We are going to prevent sales under the cost of production." Then we would say, "Whose cost of production? If Smith and Jones have adjoining factories, and one can produce at a lower cost than the other, obviously the one with the low cost can sell at that figure and run the other man clear out of business by underselling him, and the no. 2 man cannot even compete." When presented with that absurdity they said, "No; we do not mean that. We mean the general cost of production of the industry." Then we said, "Do you mean the cost of production of the highest-cost producer? Is his inefficient management to be the standard?" They said, "No; we do not mean that."

The long and short of it, as far as I can figure out, is that the administrator is going to take account of regional differences; by which is meant, in plain English, that he is going to permit lower wages to be paid in the South than in the North. That is the plain truth of it. Then, having determined a sort of regional cost of production under which they may not sell, the southerner, having the lower wage cost, will be able to undersell the northerner; and if the northerner tries to compete, he is guilty of a misdemeanor.

That is the way it will work.

Mr. HEBERT. Mr. President, will the Senator from Alabama yield?

Mr. BLACK. I do not yield further. I should like to discuss this matter for just a few minutes. I desire to do so

by reason of the fact that I voted to strike title I from the bill. One of my reasons for so doing was in connection with the matter now under discussion.

I wish to say in the outset that it is manifest that the amendment of the Senator from Idaho does, as stated by the Senator from New York, nullify the purpose of the bill.

The Sherman antitrust law is inconsistent with the present measure. It is plain to anyone who is familiar with the bill and familiar with the Sherman antitrust law that both of them cannot be in effect at the same time as the law. They are thoroughly inconsistent. The Sherman antitrust law is a law to prevent combinations in restraint of trade. This bill, it is admitted, if it is to be effective—and I do not say that with any argument against the idea at this time—will create combinations in restraint of production. That is one of the objects—to destroy what is called "cutthroat competition." So the bill plainly will permit combinations in restraint of production.

The bill also will permit combinations in restraint of low price. No one can deny that. If it gives the power and authority to combine for the purpose of preventing the sale of goods below the cost of production, it necessarily means a combination for the purpose of preventing the sale of goods at low prices.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from New York.

Mr. WAGNER. While the prevention of cutthroat competition and exploitation of labor—which is practically the same thing—in a particular industry may reduce or, indeed, perhaps altogether prevent production, industry as a whole will benefit by its prevention, and therefore ultimately production will be increased.

Mr. BLACK. I am not making any argument on that proposition. I propose to reach that in just a few moments. I am not arguing now as to the beneficial effects of the measure or its lack of beneficial effects. I was simply calling attention to the manifest truthfulness of the statement that the adoption of the amendment offered by the Senator from Idaho will nullify a part of the objectives of the measure. I agree with the Senator fully and completely on that. At the same time, I voted for the amendment of the Senator from Idaho; and I desire to explain why I voted for that amendment and why I voted to strike out title I.

There is no question but that the sweatshop should be abandoned in this Nation. It will not be abandoned voluntarily. Therefore, I have reached the conclusion that its abandonment must be compelled by law. With that objective I am 100 percent in accord.

There is no question, in my judgment, but that the hours of labor must be shortened. With that objective I am in complete accord.

There is no doubt but that wages must be increased if the purchasing power of the people is to keep pace with the power of production. With that objective I am in complete accord.

I am frank to state that I should prefer to reach these objectives by direct legislative means rather than by turning over the matter to the representatives of the industries who are themselves the chief offenders; but I am perfectly willing to go along and adopt the other method if, in my judgment, the chief objective shall be accomplished, which is to increase the proportion of the joint products of capital and labor, both in the factory and on the farm, that goes to labor.

I see no advantage to be derived from raising the salary of the wage earner unless at the same time we meet the other situation, which is to decrease the exorbitant earnings of capital. I think it follows as a necessary and logical conclusion that whenever we permit the passage of a law which will increase the wages of labor, if we obtain any benefit from a national standpoint, we must decrease the unjust proportion which heretofore has gone to capital. That is very material with reference to the discussion of the Senator from Idaho, for this reason:

I am frank to state that this bill, in my judgment, is an abandonment of the competitive system in part, and in large part. I am further frank to state that in my judgment the time has come when we must not rest on the old doctrine of "Let well enough alone"; and I am perfectly willing to go to the full extent of the law which will abandon it in part, if at the same time there is some restraint to take the place of the competitive system in regulating the prices of products to the people who buy.

What is the object of competition in this country? It is to regulate prices. There is no other object. It regulates prices by having a competitor undersell his neighbor. Sometimes that competitor may, in the just course of competition, undersell his competitor by reason of increased efficiency. Sometimes he may undersell him by selling some of his products below cost. That, of course, has been one of the evils of the competitive system; but the point I am making is that if the objectives of this bill are to be carried out, we must abandon the competitive system in part. When we do that the question I ask is, What remedy the people of this Nation, the men who buy the goods, are to have in place of the regulation of price by competition?

This bill, in my judgment—and that was one of the chief reasons why I voted to strike title I from the bill—stops short of the next logical and indispensable step if we are to protect the consumers of this country.

We are not interested merely in raising wages. That is a desirable thing to do, and it must be done if our economic system is to continue its equilibrium; but we must at the same time decrease the exorbitant earnings that have heretofore gone to capital, and have brought about an unbalanced economic system. It has destroyed the economic equilibrium; and, frankly, I am not personally vitally interested in a bill which does not narrow the gap between the products that go into the pockets of labor and the products that go into the pockets of capital. Unless we can narrow that gap we have not met the situation.

Practically every thinking economist today recognizes the fact that our present condition, and previous depressions of a like nature, have been brought on by reason of the fact that capital has used its money to over extend industrial activities. It has taken its money out of the pockets of the chief people upon whom it must rely to purchase its goods, and has put it into a reservoir for unlimited expansion of industry.

I had an amendment which I had really intended to offer to this bill in the outset. I found that I had no chance of securing its adoption, and therefore did not offer it. It would have added to the part of the bill giving the right to fix the minimum hours of labor and the minimum wages the words "maximum profits." I assert that unless we take the next logical and indispensable step, when we put our hands on industry to control it we have by no means guaranteed protection to the consumers and to the people of this country, and we have simply permitted a continuance of the same unfair distribution of the products of industry and labor which has heretofore caused too much to go into the pockets of capital, and too little to go into the pockets of labor.

I am making these observations at this time by reason of the fact that the Senator from Idaho has been discussing with the Senator from New York his amendment, which would in effect nullify a part of the objectives of this bill. It would not nullify the provisions with reference to combinations to fix minimum hours of labor. If his amendment goes into effect, the industries could still meet and fix minimum hours of labor. If his amendment goes into effect, the industries could still meet and fix minimum wages.

Mr. WAGNER. Mr. President, there is no legal authority for that contention. It has never been held that an entire industry reaching an agreement on wages or on hours of labor may not be in restraint of trade.

Mr. BLACK. May I state to the Senator, then, that I will concede that.

Mr. WAGNER. That is one of my apprehensions.

Mr. BLACK. Let me pass over that with a concession.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. BLACK. I will yield in just a moment. If it does not in its present form permit combinations to be formed for the fixing of minimum wages and for the fixing of maximum hours, the conferees could very easily adopt an amended provision to the amendment of the Senator from Idaho. If they could strike it out entirely, they could modify it. They could provide an additional provision that while these combinations could not be formed in restraint of trade, this should not apply to combinations fixing the hours of labor or fixing minimum wages.

Mr. SHIPSTEAD. Mr. President, if they formed an agreement or combination on minimum wages and maximum hours of labor, would they not then eliminate a great deal of the evil about which we are trying to legislate?

Mr. BLACK. I may state to the Senator that that is exactly the point I am reaching now. I take the position that we could pass a law which would permit combinations to be formed for the fixing of minimum wages and for the fixing of maximum hours. It would not be necessary to go any farther. But when we reach that point we have then reached the point where we must determine between a law which permits the regulation of prices by competition and the regulation of prices by the Government. We have reached the point where we must regulate profits by competition or regulate profits by the Government.

Mr. SHIPSTEAD. Mr. President, is it the Senator's opinion that it is necessary to pass any legislation to permit an agreement for minimum wages or maximum hours of labor? Can it not be done without legislation?

Mr. BLACK. I might state to the Senator that I said in the beginning that, so far as I was personally concerned, I would prefer to have that done by the Congress, where each State has two Representatives to look out for the interests of the State. I would prefer that, as I pointed out a few nights ago, rather than a system whereby we turned over to the elected representatives of the offending industries the right and power to pass the legislation which we, as the people's representatives, could pass in this body. But I am perfectly willing to go along with this administration or any other administration, or with any system of law which, in my judgment, will provide in as short a time as possible the elimination of the sweatshop, which is a disgrace to the United States, the reduction of the hours of labor, and the raising of pay to the wage earners of this Nation.

When I go a step farther, I am confronted with this proposition. This measure does not stop at giving the trade association the power to fix hours of labor and to fix wages. It provides then a system of laws whereby we shall legislatively attempt, by reason of powers delegated to elected representatives of industry, to prevent unfair competition. I am frank to state that in my judgment the time has probably come when that will be done.

Frankly, again, I would prefer to have that done by the Congress, but I am perfectly willing to go on that route in order to prevent the continuation of an intolerable economic situation which calls for aggressive and progressive action, and which calls upon every man not to stand upon any formula of the past, maybe because it has been approved in some past age or by some economist who wrote a hundred years ago. But when we reach that point, we come to this impasse. There is an effort on the part of some to insert in this bill the provisions of the Sherman antitrust law. They might just as well realize now, and they might just as well look at the facts nakedly, stripped of all their camouflage and all of their surplusage, that the Sherman antitrust law is inconsistent with the destruction of what is called "cutthroat competition." One of the two must fall. We must either abandon the competitive system, or we must keep the competitive system. If we keep the competitive system, the competitive system will fix prices. We cannot fix prices by law, we cannot limit profits by law, and at the same time have the benefit of a competitive system. The two just do not fit into our conception or philosophy of government.

Mr. President, the conclusion I reach is this: We must either stop in the powers given in this proposed law at the point where the trade association can fix the hours of labor and the minimum wages—we must either stop there and allow the competition of industry to take its course or we must frankly abandon the Sherman antitrust law, say that competition is antiquated, say that it has outworn its usefulness, say that it has proven itself inadequate to bring about a well-balanced economic situation in this country, and then attempt by legislation to take the place of price regulation by competition and substitute for it price regulation by the Government.

Let those industries which are of the opinion that the people of the United States are going to be satisfied to leave themselves to the tender mercies of combinations of capital as to fixation of prices take warning. It will not be done. I predict that after this law shall have gone into effect, as I think it will, on the very first day of the next session of Congress there will be offered a bill to amend this measure so as to limit the profits of industry. So far as I am concerned, I would be perfectly willing, and would have voted, to keep title I in the bill if it had contained, in addition to the present provisions on providing for a limitation of profits, a provision that any surplus should go into a fund for old-age pensions, for unemployment insurance, and for the use of the people instead of the surplus piling up, as it has in the past, in order to enrich a few favored houses in the large industrial centers of this Nation and to destroy the economic equilibrium which prevents us from having enough purchasing power to buy the goods of industry.

It is as inevitable as the rising of the sun tomorrow that if we abandon the Sherman antitrust law, if we permit codes to fix methods of competition, if we permit trade associations to determine where a new industry shall be located, what shall be its allotment of output, what shall be the price at which it shall sell, either directly or indirectly, it is inevitable that if the people are to be protected we must have some restraining influence on the price at which the industry sells and the profits it makes if we are to protect the purchasers of this country.

What good would it do simply to raise rates of wages if at the same time prices go up in the same proportion and we continue the unfair distribution of the joint products of labor and capital in such way that capital is overpaid and labor continues to be underpaid? A statistician has figured out that if in 1929 all of the products of labor had been equitably divided among the people who aided in producing the products, each family of this Nation would have had an income, on an average, of $22,000 a year. Instead, they had an income of $2,200. What did that mean? It meant that the joint products of labor and capital were being siphoned largely into the pockets of the few, who would not purchase the many things the manufacturers produced, and, as a result, we reached an impasse where the factories must close down because there was no money in the pockets of those upon whom the manufacturers must depend to buy the goods they produced.

Mr. President, I desired to discuss this particular feature of the bill at this time in order that my position with reference to my vote to strike out title I might be made clear. I shall vote against the adoption of the conference report. I believe that the conferees could meet again on this bill and stop this loophole. I believe they could either leave the Borah provision as it is and regulate prices by competition or adopt a substitute which would provide that, in exchange for the boon given the manufacturing interests of a suspension of the antitrust law, there will be some method whereby the public may be protected from the same old system of squeezing the last dollar out of the American public in order to concentrate more of the joint products of labor and capital into the hands of the privileged few. That is possible.

This bill as it is does not reach that desirable objective. It takes from the purchaser of manufactured goods in the city and on the farm the benefit of the regulation of prices they have heretofore received through competition, poorly

as it may have worked. It takes away from them the privilege of obtaining their goods at whatever low price competition may have brought about, and at the same time it offers no substitute of any kind or manner of regulation of exorbitant prices.

I am not complaining about the bill being too revolutionary. I admit that it is revolutionary. There is no question about that. It is a departure from the settled forms of government we have followed in the past. I am not complaining of the fact that the President of the United States, with conditions as they are, has seen, with open vision, a situation which demanded bold and aggressive action. I applaud him with all my heart for being willing not to stand on the outworn and antiquated formulas of past ages to meet past conditions, but being willing to step forward boldly and aggressively in an effort to cure the economic unbalance which exists in this Nation. But I am trying to call attention to the fact that, in my humble judgment, the situation will not be remedied, nor will it be cured, nor will there be much tendency to cure it, if we merely raise the money price of labor, and at the same time take away the only remedy which the laborer has of escaping from unfair and unjust prices and exorbitant profits, by repealing the Sherman antitrust law, which was passed upon the theory that the competitive system of this country was not worn out.

What I want to do is to take one horn of the dilemma or the other. Let us not try to straddle the fence. It cannot be done. We are going to regulate prices by competition, we will have no regulation of prices, or we will regulate prices by the Government, and the time has come now for the decision to be made.

The Senator from Idaho through his amendment proposes to continue the competitive system. The bill in its present form proposes to abandon it, at least in part. One of the chief reasons why I shall vote against the conference report is that we do not face that situation squarely. We strike out the amendment of the Senator from Idaho; we thereby leave no regulation of prices by competition; and, at the same time, we substitute no other method to curb the inordinate greed of the profiteers of this Nation. It is against that that I now protest. Mr. President, that is one of the chief reasons why I shall cast my vote against the conference report.

Let us face the situation as it is. Why attempt to conceal our objection behind a multiplicity of words and a surplusage of language? Title I is rather lengthy, but it could be written in 10 lines.

However, Mr. President, just as certain as we are here we are not going to cure the ills that now beset us; we are not going to heal the disease from which this Nation is now suffering; we are not going to prevent a future recurrence of the same disease, which comes from a contraction of the purchasing power of the people, unless we face conditions fairly, squarely, and honestly, and try in some way to let more of the joint products of capital and labor go into the pockets of the man who labors and less go into the hands of those who employ the labor.

Our trouble is not in the problem of production but results from improper and unfair methods of the distribution of our products. Without expressing any view at this time as to which is to be preferred, the continuation of the competitive system to regulate prices or the system of governmental regulation of prices and profits, let us face the situation squarely and adopt one or the other; and when the conferees, if they should come back—which they may not—should continue to adhere to the abandonment of the competitive system by striking out the amendment of the Senator from Idaho to preserve the competitive system, let them substitute something of some kind or some character that will prevent the fixing of prices by monopoly.

Mr. President, no truer statement has ever been made in all history than the statement made by a famous economist—that when a number of men engaged in manufacturing are permitted to get together in a room and discuss anything with reference to their business, when they come out they will come out with an agreement fixing prices. I do not care whether the bill should expressly authorize price fixing or not; it does not have to; that will be the inevitable and logical result of trade associations. Do you mean to tell me, Mr. President, that they would meet and agree on minimum wages and maximum hours and never discuss, to any extent whatever, the question of the price at which they were to sell their goods?

During the past few years while millions of people have been out of work there have been yearly incomes amounting to millions for one individual. At that time there were men and women living in hovels, living in dirt and in filth, working long hours for low wages.

Without at all abandoning the idea that extra individual initiative should be rewarded, that there is something wrong with the operation of a system under which the people of this country have been impoverished by trickery, by the sale of worthless bonds and worthless securities, by fraud and by chicanery, and unfair exercise of undeserved power. We know that there has been something wrong with the system of distribution and it is my intention to vote to send this bill back to conference with the hope that the conferees will either adopt the Borah amendment and give us price regulation by legitimate competition, or if competitive regulation is to be abandoned, give to the public a workable substitute measure to regulate prices and profits, and protect the public from unrestrained price fixing and illegitimate profits.

Whether from natural causes or unnatural causes the profits from the products of labor and capital have certainly been very unequally distributed. There are those who believe that this is the natural result of the difference in ability, the difference in energy, the difference in thrift and insofar——

Mr. GORE. Mr. President——

Mr. BLACK. Just a moment and then I will yield. Insofar as it can be attributed to that I have no complaint about it. I now yield to the Senator.

Mr. GORE. I agree with the Senator entirely that rewards ought to be apportioned according to talent and energy and thrift and economy, and I agree with the Senator insofar as he implies that privileges—and I will say privileges conferred by the Government—have largely brought about the disparity in our national wealth, building up a group of rich on the one hand, and of poor on the other. I think the Government has contributed to that disastrous situation so far as that is concerned——

Mr. BLACK. I thoroughly agree with the Senator.

Mr. GORE. And, so far as the Government can do so, it ought to remedy and rectify that condition, in my judgment; not by adding other privileges, but, so far as it can, by subtracting or revoking those which have been granted. That may be impossible.

Mr. WHEELER. Mr. President, will the Senator from Alabama yield?

Mr. BLACK. I yield.

Mr. WHEELER. I understood the Senator from New York to say that we must work out something that would permit price fixing, or, in other words, stop dumping. The Senator from Idaho took the position that this bill, without his amendment in it, permits unlimited price fixing, and I think he is absolutely correct as to that; it seems to me there cannot be any question about it; but if the Senator from New York and those who are advocating price fixing or the cost-of-production theory wanted to cure the evils and still protect the public, it seems to me that they could have amended accordingly the provision which was written into the bill. I should like to suggest to the Senator from Idaho that if the Senator from New York wanted only to accomplish the result that manufacturers should not sell below the cost of production, that could have easily been done by modifying the amendment of the Senator from Idaho so as to provide that price fixing should not be permitted except to prevent sales below cost. In other words, that would have accomplished what the Senator from New York says he wants to accomplish under this bill, and at the same time it would have prevented industries fixing costs at any point they wanted to fix them.

Mr. BORAH. I think the Senator is correct, but that would have been as objectionable to those engaged in industry as was my amendment.

Mr. WHEELER. Of course, that would be objectionable to these people who want to fix unlimited prices.

Mr. BORAH. Exactly.

Mr. WHEELER. But if the conferees wanted to accomplish only what the Senator from New York says they did want to accomplish under this bill, they could have accomplished that purpose without leaving the door wide open. I hope the bill will go back to conference, because of the elimination of these amendments, which in my judgment safeguarded the bill to some extent. With those amendments eliminated I cannot see my way clear to vote for the conference report.

I agree with the Senator from Alabama entirely in his philosophy with reference to this bill. I want to state further that this bill seeks to set up a dictatorship in industry. I submit to the Senate of the United States that it is an impossibility to have a dictatorship of industry work satisfactorily in a democracy. We cannot have a democracy on the one hand and a dictatorship of industry working within that government at the same time. That never has worked, and it never will work.

Mr. BLACK. Mr. President, so far as the Senator from New York and his objections are concerned, I pay my highest tribute to the Senator from New York. I know of no man who has a keener grasp of the ideas of social justice and who has worked more diligently in an effort to bring them about. I cannot speak for the Senator from New York, but I feel sure that if he were to express himself upon the suggestion that if we control industry and give them permission to fix prices we must at the same time provide some way to regulate profits. I cannot believe that it would run counter to his views.

Mr. President, in closing, I wish to say that this is not a recently formed opinion on my part. Shortly after the 30-hour week bill had passed this body I was called into the reception room by a very prominent business man of the Nation and was given a proposed bill with the request that I study it and introduce it in this body, with the expression that the sentiment that had been crystallized with reference to the passage of the 30-hour bill would make its passage possible. It provided for the creation of trade associations. It provided for the suspension of the antitrust laws. It provided for permission to be granted for fixing hours of labor for trade associations under supervision of the Government and for fixing minimum wages.

After I had studied the bill, I asked the gentleman what provision was made with reference to protecting the other interested parties, the public, who were to purchase the goods, and what suggestion could be made with reference to the fixing of profits to a limited extent. The reply was that that could be done by an income tax. I am more satisfied than ever, since the recent revelations to this body, that I was correct when I said then that we could not regulate profits by an income tax. It may be we could do so by an excess-profits tax, but I stated then that I would not be interested in introducing a bill that left unprotected the millions of people who are called upon to buy the product of industry in this Nation.

That exact view I have stated here today. What I should like is to have the bill go back to conference and the amendment of the Senator from Idaho [Mr. BORAH] retained or so modified that there would be some guaranty to the people who purchase the goods of industry in the United States that unfair prices shall not be extorted and unfair profits shall not be piled up in the hands of the favored and privileged few.

Mr. LA FOLLETTE and Mr. LEWIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. LEWIS. Does the Senator from Wisconsin desire to proceed at this time?

Mr. LA FOLLETTE. I shall be glad to yield if the Senator from Illinois wishes to address the Senate.

Mr. LEWIS. I would have the Senator understand that what I am about to say does not touch the bill, and I do not wish to intrude upon the time of the Senator from Wisconsin if he wishes to discuss the bill.

Mr. LA FOLLETTE. I would really prefer to have the Senator proceed.

Mr. LEWIS. I do not hesitate in what I shall say except from the point that I may be disturbing the debate on the particular issue before the Senate. Does the Senator from Idaho [Mr. BORAH] expect to address the Senate on the pending question?

Mr. BORAH. Mr. President, I expect later to discuss it further.

Mr. LEWIS. Then I do not disturb any arrangement if, for a few minutes, I take the floor?

Mr. BORAH. Not so far as I am concerned.

Mr. LA FOLLETTE. I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

THE LONDON ECONOMIC CONFERENCE

"THE VINDICATION" OF THE CHARGES MADE IN SPEECH BY MR. LEWIS, OF ILLINOIS

Mr. LEWIS. Mr. President, I rise to express the deserts of a self-vindication. I stood on this floor 2 months ago and boldly warned this honorable body that the pretense of an "economic conference" then presumably to be called at London had for its real object a mere assemblage in which to undertake, under the mask of "economy in trade", the revision of the international debts, and the injecting of new issues of money and credit. I meant and said the cancelation or the demolishment of the general debt of which we speak as the foreign debt due to the United States and the discrediting of our American dollar.

Upon another time, not long since, I told this body that the proposition of release would be presented to the United States when it entered into this Conference; that our Nation would find itself embarrassed either to enter upon the matter of the cancelation of the debts or, entering upon it, to have our people put before the world as again having been tricked in a sleight-of-hand performance called "diplomacy."

A third time—a week or so now gone, I took the floor again, and taking my information from the public press as expressed through cables, by the eminent European statesmen who were guiding the prospects of the Conference. These had asserted that there would be nothing done whatever until the matter of the debt revision or cancelation should be taken up. That this must precede anything looking to an adjustment of what is called the 'tariff question.

Upon each occasion when I made bold to assert to my colleagues of the Senate that this form of imposition would be tried and possibly succeed; it seemed impossible. I must confess that to the Senate my observations seemed not justified. Mr. President, I believe they were accepted by the Senate as one of the courtesies which they have often extended as indulgence of me than in the belief that such course as I charged would really be attempted.

At another time I had occasion to present to this honorable body the repeated threat. It was when after the international envoys, who had visited our President, had reached their homes in England and in France. They gave statements, published as being given out, saying that "there was an understanding between these representatives and the President of the United States that the matter of the debt question was to be taken up" and "was to be taken up as an essential to the convention that was called for economic trade adjustment." I then, sir, made free to assert that these uttered assurances were directly contrary to the only proposition which had been made as between the President of the United States and these eminent foreign diplomats. So far as the debt question was concerned I stated that it was agreed that debts were not to be taken up. I said, sir, that there was no foundation for the European official statements that there had been any such understanding between the President and these eminent envoys. I charged that the only statements which were made respecting the debts, as to

their discussion or handling at this particular meeting, was that there should be nothing done whatever at the London meet. That that meeting was to be the economic meeting or the meeting of delegates with the object of adjusting something of a fruitful modification in what was called the embarrassing and barricading tariff regulations reared by state and nation against state and nation.

This morning, Mr. President, the distinguished Senators of the United States coming from the different States of the Union are compelled to read the concurrent and unanimous expressions vindicating my accusations. They now read as coming from these eminent gentlemen who open what is called the "conclave" in behalf of the economies which the Conference is assumed to present; is an assertion on the part of the distinguished delegates from England, concurred in by a negative statement by the representative from France, all of which to the single point that, nevertheless and notwithstanding, all the past understandings to the contrary, there was a thoroughly established agreement that the debts were now to be taken up at this Conference at London and entered upon as the first business.

It will be recalled that previously to this meet there was added the qualification that if the debt question was to be taken up for some form of revision, modification, or change from where it stood by previous arrangement—the special session for the purpose of debt negotiation—would be held here in Washington City in America.

I made myself audacious enough to assert that justification for that demand was that we might avoid that peculiar form of international seduction which in European nations began first with the invitation to one's family to some elevated social undertaking, on the assumption that there in the gleam and glitter of the lights which surrounded the scene and the bewilderment of the juggling world, the temptation would be surrendered to, and all asked yielded, because of the "lovely entertainments they have given the families of our delegates." [Laughter.] I said then that the next step would be a gathering together in the moulded spirit of condescension the delegates of America. They now being grateful that their families have received an invitation to the garden party from the King himself, and another, sir, from Buckingham Palace were presumed to be ready for surrender. That the United States ladies arrayed in their glory previously prepared in America with a view to dazzle England. Or, sirs, in such gauzy gushedness purchased at London from the immediate couturiers who had prepared their different workshops to adorn the American lady that she might vie with the lily of the field as she curtsied in obeisance to the Queen, and acknowledged the exciting wonderment of the King. [Laughter.]

Sir, I said that in this particular atmosphere, bewitching as it would seem, the American spirit would cease to assert and the nature would become one of immediate compliance. That in the surrender they would fondle any attitude our foreign debtors chose to dandle before them, and that in this delirium we would carry on to the end what they desired all, sirs, as a proof again of the bounteous and generous nature that has ever influenced America at any time where any other people have demanded that we surrender ourselves for the service of our rivals or our opponents as proof of the liberal spirit inviting "hands across the sea."

Sir, again in the expression of something of an increasing audacity on my part I dare make the accusation that this ridiculous posture would be the course. I had said from time to time to this Senate that if this were attempted, and the question of the debts were to be brought up, despite the honorable understanding that they were not to be in any wise intruded upon this occasion, it would be a proof of bad faith. I said it would be in violation of an understanding, and would do too much to deprive the American people of any respect, much less confidence, in whatever else this international gathering might undertake or conclude.

Mr. President, it is not agreeable to me that I am compelled to observe from the public announcements that all these prospective hatcheries of designing schemes, with their twirling catch phrases and their multiplications of acrobatic action as alluring seduction should be again multiplied for the seventh and eighth time against the American people. Sirs, the attempt now to return to the device, is upon the assumption that the American people either have not ordinary wisdom enough to see the fraud that is again to be played upon them, or that they lack the manhood and courage of a real nation to oppose and defeat the projects.

Mr. President, I took this moment, yielded by fellow Senators from the subjects to which they were appropriately addressing themselves, to express an impending fear—the fear of injustice to be done our delegates. Now, sirs, I invite you to recall that some months ago—under the guise of what was called "disarmament conventions", when there had been an agreement between those who met at Lausanne that certain defined subjects would not be taken up, and these subjects nevertheless were, by chicanery, taken up; and a form of treaty threatened, the represenatives of Germany walked out of the assemblage.

It might have been deplored that such action broke up the convention and left it with the record of nothing accomplished. Here we recall that in something of a short while after, when the delegates for a specially assigned reason were summoned to a meeting, the representatives of Italy, feeling that they had been somewhat overcome; first by pretense and then by boldness of deception; by which was attempted in the gathering that which was a direct violation of the understanding of the call; the Italians, who felt they were deceived, walked out from the place of assembly.

The result was that an agreement was had for another meeting to be held at a separate place. This, as my eminent colleagues will recall, took on a final consummation by the later proposition by the head of the Italian Government, speaking politically, of something of a proposed agreement as a peace pact between France, England, Italy, and Germany making the fourth. This, we are told, is still pending in some form. What will be the result we cannot say, but we may hope for the best. This is now "signed up" on July 15 at Rome.

But, Mr. President, I wish to bring you now to the complete crux of my rising at this moment.

I make bold to advise and warn the eminent representatives of America that there is afoot, on the part of these eminent sources to which we have united ourselves in presumably an economic conference, that this question of the debts will be first injected upon the proceedings. That then will be projected the debt dispute upon what they call the "agenda", for nothing could induce these eminent diplomats to use the word "program." It is too American. [Laughter.] "Agenda" is a fascinating word. It reminds one of the dear lady who declared her perpetual admiration for her pastor because of the manner in which he pronounced "Mesopotamia." [Laughter.] But it is in this agenda they are to project the question of the debts at once, and America is to be put in the position as follows:

Our United States, acting through delegates, out of courtesy and consideration for what might be the amenities of the occasion, must enter into that which has now become the principal object—first of conversation, then of conference, then of debate, then of disposal of the final judgment against us—the debts. Then, if the United States shall be silent, she is to be put before the world as the actor of very disrespectful conduct. We will be charged of having emulated what was done by the delegates of Italy upon the occasion to which I have alluded, and the action of the delegates of Germany. Those who arose and walked out rather than to surrender to the position where they could be entrapped. Sirs of the United States, it is expected that by yielding we will subject ourselves to be bound by what may be decided there. Sirs, we are to be condemned to obedience, irrespective of the previous understanding that the subject matter of the debts was not at the London meet to be entered upon; and that if under any circumstances the debt was to be entered upon anywhere; it is to be at America, in Washington——

Mr. FESS. Mr. President——

The PRESIDING OFFICER (Mr. McCARRAN in the chair). Does the Senator from Illinois yield to the Senator from Ohio?

Mr. LEWIS. I do.

Mr. FESS. I was impressed with what the Senator said in reference to Germany's delegates walking out, and also in reference to the Italian delegates walking out on another occasion. I was wondering whether the Senator was contemplating the suggestion that if, after it was understood that the debts were not to be considered, they decided to do it, our delegates ought to do what the other delegates did on other occasions and whether the Senator is contemplating offering any resolution here making that suggestion?

Mr. LEWIS. I reply to the eminent Senator from Ohio by saying that the very subject to which he has appropriately drawn my attention was the justification of my rising and assuming to address this honorable body upon the subject of my remarks. These gentlemen, the foreign delegates who are dealing with America, and statesmen of the countries which they represent, know full well that the very temper of American good manners, the gentle spirit of American accommodations, the kindly nature that holds our fellow men close to friendships wherever possible, will make it impossible for the United States of America to do the thing which could be imputed before the world as a breach between nations, and disclosing enmity within itself against assembled friends. Such would invite all the nations of earth to conclude that a very serious barrier has arisen as between the United States and all other nations engaged at the council table. Conscious, as our debtors are, that we would not allow such construction, if possible to avoid, to put our people in the exact position which I say to the distinguished Senator from Ohio, is the foreign debtor's object. They know that we would not retire, nor our delegates withdraw, and give the semblance of newly awakened enmities which would shatter the hopes of those who dream of peace and long for a new revived friendship of the world. The foreign debtors know that such evil presumption would follow. They know that to avoid this semblance we would sit supinely, or, if you please, sir, resignedly, without opening a conflict, until our debtors had concluded whatever propositions upon the matter of debts they desired to present. Then, sirs, the embarrassment to America would be how she would respond to it. Would our Nation take it up to deal with it by delegates unauthorized, or treat it in silence, and proceed on the subjects which was the sole occasion of the gathering?

Sirs, I proclaim that because of the consciousness of the eminent foreign representatives from abroad and of the conviction that the United States would not walk out, and would not do that which would give the evidences of a newly lighted hatred among people; we are threatened with being imposed upon by having the subject put before us in the very manner which some of us—myself particularly—had assumed, and which we had advised our countrymen we neither would endorse nor forgive.

I say to my learned and able friend from Ohio that I rise now to strike again a note of warning to our American delegates as I accuse that the whole scheme is now based anew upon the theory that as the United States delegates would not break up the convocation by rising and leaving the chamber it is assumed that they would be compelled to endure to the end whatever propositions may be presented, and then leave our country in the embarrassment—possibly the following:

First, for our delegates to wait in their places for the announcement of our situation to be conveyed here to the President. Then await his response, or that of whatever committee shall be adopted as the source of authority. Then, sirs, in that length of time necessary for response the effort will be made and continued by propaganda for the conversion of the delegates, one by one. This through the slow processes, but the ever-sure conclusion, of social amenities, social favors, royal advances. These have ever been the timely and very appropriate proceedings that ever bewilder the senses, gladden the nature, lift up, as it were, the flattered America, to yield all in turn for her people having been entertained with nourishing and multiplied compliments. Sirs, during all this time it is believed by our debtors that a spirit will seize and animate the American delegates into accepting the very thing that they were forbidden to enter upon at first, or ever surrender to at all.

I feel that an advantage has been taken of the American delegates by the demands expressed at the opening of such proceedings as are now reported, the debts and the revising our money policy. Here, sir, I make bold, in this honorable body, to trust that our voice may go out to our people and to our representatives at London petitioning that in the discharge of their duties, in the execution of their excellent sense as we appeal to them that they will hold strong to their patriotism and not forget their duty to this, their dear homeland. Let them continue having ever before them the wish of America that debts due her shall be paid and true justice done her.

Sirs, from this eminence, this United States Senate, we inform our delegates that if there shall be any qualifications to the terms, figures, or dates in the contract of performance, it will not be at the present London meet for trade adjustment. Sirs, we may sympathize with the situation of any foreign country in debt to us, we may believe in its professed inability to pay, yet we should treat the question, when the reasons of that inability have been presented, and at a proper place—as responds to the kindness of our nature, as fulfills the generosity of our spirit—and as is the nature of the United States.

Sirs, now to have the advantage taken of us in the manner as now reported is inexcusable. Our surrender to the intimidation would be on our part a form of cowardice. Speaking for my confidence I can hardly conceive that those who as Americans represent us will fail to note that this peculiar entrapment has as its object placing the United States in such an embarrassing position that we could not refuse to enter into a discussion on the subject, because we are now the guests of our host, sitting at his table, breaking his bread, drinking the beverage of his hospitality.

In my concluding utterance may I pray Heaven's guidance to the delegates from the United States, that there shall be no time when weakness would surrender their sense of justice. No form of adulation or flattery beguile and seduce them from that which is the duty of Americans. That each and all will stand up, stand out, fixed in patriotic resolve to protect and preserve this, our immortal America.

Mr. ROBINSON of Indiana. Mr. President, I have been very much interested, as I always am, in what has been said by my distinguished friend the Senator from Illinois [Mr. LEWIS]. I agree with him that a very unfair advantage has been taken of the American delegates to the Economic Conference.

The question of the debts was not to be taken up at this convention. It was not on the agenda, as my learned friend has suggested. But the effort throughout the years, both here and abroad, to have the foreign debts canceled has been so persistent, so insidious, and, in many respects, so deceptive that some of us suspected that the first thing that would be thrown into the discussions of the Economic Conference would be the debts; and here they are.

I agree with my friend that it would be utter cowardice on the part of the American delegates there to surrender to the foreign viewpoint; no discussion of the debts at this Conference should be permitted. I see nothing for them to do except boldly and courageously to state to the representatives of other powers that under no circumstances will they discuss the debts. If it is insisted that the debts be taken up, then our representatives should immediately return to the United States, as our representatives returned from the Geneva Conference in 1927 when the American viewpoint was completely rejected by Britain and others.

In the first place, our representatives over there have no authority to discuss the debts. That is a problem which lies wholly with the Congress of the United States. It is a

question of national policy. The Congress has adopted a resolution which outlines our national policy on that question, and only Congress can alter that policy. We have stated as a Nation, through the Congress, that there will be no revision, no cancelation, of the debts. That is the mandate of the only authority which can state a mandate on the subject. Consequently all our representatives there have to do, or all the President needs to do in any official message, is simply to state that there is nothing to discuss. Our policy is plain: They owe us the money, we have their bonds, they are in our Treasury, they can either pay or default; but there is no ground for discussion of any kind. If foreign powers insist on discussing the question, anyhow, then the only honorable thing our delegates can do is to return to the United States forthwith, withdrawing from the Conference.

Foreign diplomacy is steeped in deception. There was an understanding definitely agreed upon that the debts would not be discussed, and the very opening statement of the British Prime Minister contains the suggestion that nothing can be done without a settlement of the debt question. Then, it seems to me, our delegates might as well come home. We have enough trouble here. A great American humorist and wit has said that we never lost a war and never won a conference, and that will be true in this case.

I fear that when our delegates come back perhaps Uncle Sam will not have a shirt left.

Mr. President, I think, too, that all foreign powers dealing with our delegates ought to know that the latter have no authority on debts. Let us not permit them to be misled. Only Congress can decide this question. Congress has decided it, and these foreign powers are just wasting their breath now trying to talk to delegates over there without authority about the settlement of a question with which they have nothing to do.

CALL OF THE ROLL

Mr. NYE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Robinson, Ind.
Ashurst	Cutting	King	Russell
Austin	Davis	La Follette	Schall
Bachman	Dickinson	Lewis	Sheppard
Bailey	Dieterich	Logan	Shipstead
Bankhead	Dill	Lonergan	Smith
Barbour	Duffy	Long	Steiwer
Barkley	Erickson	McAdoo	Stephens
Black	Fess	McCarran	Thomas, Okla.
Bone	Fletcher	McGill	Thomas, Utah
Borah	Frazier	McKellar	Thompson
Bratton	George	McNary	Townsend
Brown	Glass	Metcalf	Trammell
Bulkley	Goldsborough	Murphy	Tydings
Bulow	Gore	Neely	Vandenberg
Byrd	Hale	Norris	Van Nuys
Byrnes	Harrison	Nye	Wagner
Capper	Hastings	Overton	Walcott
Caraway	Hatfield	Pope	Walsh
Carey	Hayden	Reed	Wheeler
Clark	Hebert	Reynolds	White
Connally	Johnson	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 5909) to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, and it was signed by the Vice President.

HOUSE BILL REFERRED

The bill (H.R. 5909) to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district, was read twice by its title and referred to the Committee on the Judiciary.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

RETURN BY THE PRESIDENT OF RAILROAD RELIEF ENROLLED BILL

The PRESIDING OFFICER (Mr. McCARRAN in the chair) laid before the Senate a message from the President of the United States, which was read and ordered to lie on the table, as follows:

To the Senate:

In compliance with the request contained in Senate Concurrent Resolution 5, agreed to June 12, 1933, I return herewith the bill S. 1580, an act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 13, 1933.*

NATIONAL INDUSTRIAL RECOVERY—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

Mr. LA FOLLETTE. Mr. President, as a substitute for the motion made by the Senator from Mississippi [Mr. HARRISON], I move to recommit the report to the committee of conference.

The PRESIDING OFFICER. The Chair is advised that the motion of the Senator from Wisconsin is not in order, because the House has agreed to the conference report.

Mr. LA FOLLETTE. Very well. Mr. President, I intend to make some reference to the manner in which the Senate conferees handled certain amendments which were adopted by this body while the bill was in conference.

We have had upon several occasions at this session discussions of the manner in which amendments adopted by vote of the Senate have been eliminated or emasculated in conference. One such reference was made in connection with the so-called "Johnson amendment", relating to the exemption from taxation of publicly owned electric light and power plants under the emergency tax bill. In that connection I wish to quote briefly from the remarks of the distinguished Senator from California [Mr. JOHNSON] on June 6, which are to be found at page 5086 of the RECORD. He said:

> Before, sir, discussing the proposition that is involved in this bill I want to refer very briefly and, I trust, very respectfully to the manner of legislation which has grown up in this body—a system, sir, which I think at the very earliest opportunity that presents itself should be abrogated and eliminated.
>
> Here was an amendment to an important bill, an amendment which means much to about 100 municipalities in this land. It was adopted by a very considerable majority of the Senate. It was an amendment which exempted, as governmental activities have ever been exempted in the past from tax bills, the municipally owned or publicly owned power plants which generated electricity and sold that electricity to the people.
>
> The amendment, thus agreed to, went to conference. It went to conference—and I say this not in any invidious way—presented by those who were opposed to it, and necessarily, although I have no doubt they did all they could do under the rules of the Senate, under those circumstances an important bit of legislation had ultimately perhaps very little chance.

Continuing to quote from the senior Senator from California:

> Mr. President, this is a system which has grown up in this body for which none is responsible, and against which, perhaps, we ought not too severely to inveigh; nevertheless, it is a system which ought not to be tolerated. Where legislation is passed by the Senate, in conference it ought to be in the hands of those who

are friendly to it rather than in the control of those who are unfriendly to it.

In the past out of that system certain things have resulted which none of us like to recall, and the mode by which legislation in conference is accomplished—and accomplished at variance with the will of the body which passes it—is a system which should not, as I insist, be continued here, and which I trust in the very near future we may be able to abrogate entirely.

Mr. President, I subscribe in toto to the criticism which the Senator from California directed on that occasion against the conferees in connection with the so-called "emergency tax bill."

In connection with the pending conference report the Senator from Mississippi stated on the floor of the Senate before the bill went to conference that he intended to make a fight for "some of the amendments." In my judgment, Mr. President, that remark should have disqualified the Senator from Mississippi from service upon the committee of conference. This body is entitled to have made on its behalf a fight for every amendment which the Senate adopts to proposed legislation.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Mexico?

Mr. LA FOLLETTE. I yield to the Senator from New Mexico.

Mr. CUTTING. May I call to the attention of the Senator, along the lines he is pursuing, the fact that Mr. COLLINS of Mississippi in the House made a motion to instruct the conferees to accept the so-called "Borah amendment", and that the motion to instruct was defeated on account of the statement of Mr. BYRNS, to this effect:

Let me say to my friend from Mississippi that we have a request from one of his own Senators, Senator HARRISON, saying it was most important that all of these amendments go into conference, and I hope the gentleman will not insist on his motion.

In other words, if Mr. BYRNS was correct in his statement, one of the Senate conferees made objection to the House accepting the amendment adopted by the Senate.

Mr. LA FOLLETTE. Mr. President, the Senator's remarks add force and effect to what I have already said. We are confronted by a situation in which the Senator from Mississippi, the chairman of the conference committee, called the House leader and asked him to prevent the House from going on record on any of the amendments agreed to in the Senate, in order that they might be in conference and then, as the Senator from Idaho suggests in an aside to me, be abandoned.

Mr. President, this is a very important issue, and I think one which the Senate should frankly face. Unless we are to have on the part of the conferees representing the Senate a whole-hearted and determined effort to secure the adoption of amendments which this body places upon pending legislation, then, in truth and in fact, we might just as well abandon any further legislative effort in this Chamber; we might just as well delegate all the power which may be exercised by this body to a committee of conference and permit them to write our legislation in the first place, as we now find they are writing it in the second and most important phase of legislative procedure.

Mr. President, it took a long fight in this body in an effort to check and to curb the unjustifiable practices of conferees. It was a common practice years ago for conferees to exceed their authority by taking into consideration matters which were not actually in conference. To guard itself against that practice the Senate was forced to adopt a rule which made conference reports subject to a point of order if the conferees went outside the field of difference between the two Houses. Insofar, however, as matters relating to this conference are concerned, the conferees have not violated that rule. In my opinion, however, they have violated all the unwritten rules of the Senate, in that they have frankly and obviously abandoned the position of the Senate because, forsooth, a majority of the Senate conferees were not in sympathy with the attitude of the Members of this body.

We often suspect such a situation with regard to important legislation, but it is seldom that we have evidence of it in the written record and can prove it by words of House members of the conference committee. The amendment to which I am about to refer may perhaps not seem to be such an important one, but it illustrates the case in point and evidences just as flagrant a violation of the responsibility and the duty of the conferees as though it were an amendment which went to the heart of this bill. I have in mind the amendment submitted by the Senator from Montana [Mr. WHEELER], which provided for the creation of a liaison officer in the Civil Service Commission to represent the interests of the Federal employees. I now refer to the RECORD of June 10, and I shall in a moment quote from page 5697.

Mr. President, what was the duty, what was the responsibility, what was the obligation of the Senate conferees with respect to that amendment? Clearly, under all the ethics of long parliamentary history, it was the responsibility, it was the duty of the Senate conferees to enter that conference whole-heartedly in favor of every amendment which the Senate had placed upon this bill, to make the best fight they knew how to make for the amendment, and to urge upon the conferees representing the other House, first, acceptance of the Senate amendment; second, if that were not possible, to endeavor to arrive at some compromise. Did the Senate conferees discharge their responsibility, did they discharge their obligation to the Senate with respect to the amendment offered by the Senator from Montana? They most certainly did not. I read:

Mr. CONNERY. It has been brought to my attention that a liaison officer was provided by a Senate amendment, who was supposed to represent the Federal employees and act as a sort of advocate for employees who might be discharged without cause or something of the sort. I understand that that was stricken out by the conferees. What was the purpose of that?

Mr. TREADWAY. Mr. Speaker, I cannot tell the gentleman the purpose of striking it out. It was an amendment from which the Senate receded. The House conferees were not asked to adopt that Senate amendment.

It was inserted in the Senate, and before there was any opportunity for action the Senate conferees receded and left us with nothing to do.

Mr. CUTTING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Wisconsin yield to the Senator from New Mexico?

Mr. LA FOLLETTE. I yield.

Mr. CUTTING. Has the Senator called to the attention of the Senate the language used by Mr. RAGON with regard to the Senator's amendment?

Mr. LA FOLLETTE. I am coming to that.

Mr. President, as a matter of principle, if this body has any desire to guard jealously its prerogatives, it would send the conference report back and ask for a further conference, if there were nothing else involved in the whole conference report. It presents the issue foursquare to the Senate as to whether or not we propose longer to tolerate this sort of action on the part of our representatives, solemnly appointed and solemnly obligated under all the traditions of parliamentary history to stand in behalf of amendments adopted by the body which they represent.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Mississippi?

Mr. LA FOLLETTE. I yield.

Mr. HARRISON. As one member of the conference, may I say, as to that proposition, that the statement that is made in the RECORD as read by the Senator is not based upon facts. I am sure every other Senate conferee would make the same statement.

Mr. LA FOLLETTE. I will accept the Senator's statement, of course, but it seems to me very strange that such a statement should have been made by a responsible Member of the House of Representatives without justification. I am sure the gentleman who made it will no doubt desire to correct it now that it has been called to his attention.

Mr. President, the Senate adopted to this bill an amendment which I happened to offer. It was an amendment which was originally offered in 1921 by my illustrious father. It was offered on another occasion by the distinguished

Senator from Nebraska [Mr. NORRIS] who is recognized as the leader of the progressive group in this Chamber. Prior to offering the amendment I conferred with him concerning it and inquired whether or not he intended to offer it. Upon learning that he had been so pressed with other matters that he had not had an opportunity to prepare the amendment, I prepared and offered it.

There was no question that the Senate of the United States fully understood the entire amendment which I had offered and the principle which it sought to write into the law. It was not one of those amendments which under certain customary procedure, not justified by the rules, are sometimes accepted on the part of Senators in charge of bills with the understanding that they will be taken to conference. The amendment was written into the bill after it had been debated fully. It was adopted by a record vote. The amendment was agreed to by an overwhelming majority of the Senate. The vote is to be found on pages 5420 of the RECORD of June 9. The yeas were 56, the nays were 27, and not voting 13. The amendment providing that income-tax returns shall be public records and open to inspection was adopted by more than a 2 to 1 vote. It was adopted because the overwhelming majority of the Members of this body believed that the provision would be effective in closing the gaps in our income-tax laws and in compelling income taxpayers in making out their returns to give an honest and a fair statement of their incomes.

There is no question in my mind but that the investigation conducted by the Senate Committee on Banking and Currency and the evasion of the tax laws revealed by that investigation had great weight in determining Senators that they would vote for the amendment. In other words, the amendment may not be brushed aside as unimportant. It was regarded by 56 Members of this body as one of the most effective means which could be employed to stop tax evasion upon the part of those who possess large incomes.

The conferees reported the amendment with an amendment. As it passed the Senate it was in identical language with the language which had been previously adopted in 1924 as offered by the Senator from Nebraska [Mr. NORRIS]. It proposed to amend section 55 of the Revenue Act of 1932 by inserting before the period at the end thereof a semicolon and the following:

> Except that all returns made under this act after the date of enactment of the National Industrial Recovery Act shall constitute a public record and shall be open to examination and inspection.

The conference report strikes out the amendment and inserts the following:

> And all returns made under this act after the date of the enactment of the Industrial Recovery Act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President.

Mr. President, to some Senators giving a casual reading to that amendment it may seem that some advance has been made from the point of view of those who desire to see income-tax returns made public records in order that we may stop the wholesale and flagrant violation of income tax laws by those with large incomes. I want to refer to the act of 1926, which in the act of 1928 and in the act of 1932 was continued in full force and effect. It is section 257 of the income tax law of 1926:

> Returns upon which the tax has been determined by the Commissioner shall constitute public records, but except as hereinafter provided in this section and section 1203 they shall be open to inspection only upon the order of the President and under rules and regulations prescribed by the Secretary and approved by the President. Whenever a return is open to the inspection of any person, a certified copy shall, upon request, be furnished—

And so forth.

> The Secretary and any other officer of the Treasury Department, upon request from the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a select committee of the Senate or House especially authorized to investigate returns by a resolution of the Senate or the House, or a joint committee so authorized by concurrent resolution, shall furnish such committee, sitting in executive session, with any data of any character contained in or shown by any return.

Mr. President, while it may seem upon a first reading that the amendment reported by the conferees is a substantial gain, it is shown by reference to the existing law that as a matter of fact it is not a substantial change, because the conference report does not provide that the regulations concerning the examination and inspection of income-tax returns shall be promulgated by the President. Oh, no! What it provides is that income-tax returns shall constitute public records and shall be open to public examination and inspection "to such an extent as shall be authorized." Obviously and clearly, this can be construed only as conferring upon the President the right to determine what portion and how much, if any, of an income-tax return may be examined and inspected. It confers upon the President not only the power to provide that public inspection and examination shall be made at reasonable hours and under reasonable safeguards, but it goes to the substance of the whole question. We already have in the act authority on the part of the President to grant the right to inspect these returns.

This language must be further construed and must be judged by the Senate in the light of a further fact: The Treasury Department is honeycombed with appointees of the past administration. They are unalterably opposed to making any part of income-tax returns public records. They have already sought to bring this matter to the attention of the President of the United States in an unfavorable light.

So much for the manner in which the Senate conferees and the House conferees have changed the language of my amendment. Now, let me refer to this interesting RECORD of June 10, in which the House conferees were responding to interrogation concerning the fate of certain amendments adopted by the Senate.

This is not the same gentleman who spoke concerning the attitude of the Senate conferees on the Wheeler amendment. This is Mr. RAGON speaking. The Senator from Idaho suggests that he will soon be a Federal judge. I read from page 5694:

> Mr. KVALE. As far as the gentleman knows, did the House conferees feel that it was fair to the House and to the Senate to ask them to delegate this important power to the Executive instead of specifically providing in the bill what measure of publicity should be granted, and in the report which the conferees brought back to the House?
>
> Mr. RAGON. I may say to the gentleman from Minnesota that we did not have time, as he knows, especially when we were told by the leaders on both sides that we wanted to adjourn tonight—

That was on Saturday—

> to consider every amendment as thoroughly as we would have liked. We felt that if we could turn over the gigantic industries of this country to the President and delegate the tender interests of the laboring classes of this country to the President of the United States we certainly could depend on him for the little thing of promulgating rules that would give to the man who had the right to look at them the right to inspect the income-tax returns of the country.
>
> Mr. KVALE. Will the gentleman yield for a further question?
>
> Mr. RAGON. I yield for a question if it is not a statement. I am very tired.
>
> Mr. KVALE. Is the gentleman willing, as one of the conferees, to grant the House the privilege of expressing its will regarding publicity on income-tax returns?
>
> [Here the gavel fell.]
>
> Mr. DOUGHTON. Mr. Speaker, I yield the gentleman from Arkansas 5 additional minutes.
>
> Mr. RAGON. The gentleman knows I am not going to impose my frail form here in front of the House of Representatives if it wants to rush headlong without consideration into this matter, but I do suggest to the gentleman as a practicable proposition that we fought for 2 hours over that provision and this is the best we could get in the way of a compromise at this time. We are not writing a revenue bill here, Mr. Speaker; we are trying to put to work 12,000,000 people and save the broken-down industries of this country. That is the prime consideration to remember in this bill.
>
> Mr. KVALE. Then the Senate conferees did not sustain the position of their own body?
>
> Mr. RAGON. That is a thing they will have to take up over there, I may say to the gentleman.

Mr. LONG. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. Yes.

Mr. LONG. As I read that—I should like to attract the attention of the Senator from Mississippi [Mr. HARRISON] at this point—as I heard the Senator from Wisconsin read that statement, Mr. RAGON was called to task over in the House as to why they had not kept the La Follette amendment in the bill; and Mr. RAGON said, "We did our best to keep it in there, but the Senate conferees did not seem to want it."

Mr. LA FOLLETTE. He did not say the Senate conferees did not seem to want it. What he said was:

But I do suggest to the gentleman as a practicable proposition that we fought for 2 hours over that provision and this is the best we could get in the way of a compromise at this time.

Mr. CLARK. Mr. President——

Mr. LA FOLLETTE. Obviously, the statement made by Mr. RAGON must be read and interpreted in connection with the second interrogatory of Representative KVALE, and Mr. RAGON's reply, which was as follows:

Mr. KVALE. Then the Senate conferees did not sustain the position of their own body?

Mr. RAGON. That is a thing they will have to take up over there, I may say to the gentleman.

Mr. LONG. If the Senator will yield further, reading language as I have been taught to understand the niceties of grammar—though they do not entirely govern—it seems that both the niceties and the spirit are that Mr. RAGON said, "We could not get any better publication than this"; and when Mr. KVALE said, "Then they did not sustain the Senate position?" he said, "They will have to answer to the Senate for that, and not to us."

The Senator from Mississippi probably wanted to say something on that matter, and I was hoping that we might find out just what the bug under the chip was—just how it occurred.

Mr. HARRISON. Mr. President——

Mr. LA FOLLETTE. I yield.

Mr. HARRISON. I will show the Senator the bug under the chip when the Senator from Wisconsin has finished his speech, and when the Senator from Missouri [Mr. CLARK] has finished his speech. I hope the courtesy will be shown the conferees of permitting them to close the argument on this subject.

Mr. LA FOLLETTE. Mr. President, I submit that no person can read the RECORD to which I have adverted without coming to the conclusion that the impression which Mr. RAGON desired to leave, and the impression which he did leave upon his interrogator, Representative KVALE, was that the House conferees had fought for 2 hours for this amendment providing that income-tax returns should be made public records, and that this was the best compromise which the House conferees fighting for a Senate amendment could obtain from the Senate conferees.

Of course it is not necessary, I presume, to point out that the Senator from Mississippi [Mr. HARRISON], who was in charge of the conference, voted against the amendment which I had offered in the Senate.

Mr. President, another important amendment was agreed to in the Senate—the one offered by the Senator from Missouri [Mr. CLARK]. I shall not, in the course of my remarks, refer to his amendment, although I think it clearly evident that the Senate conferees abandoned his amendment, as they did the amendment offered by the Senator from Montana [Mr. WHEELER], prior to the time when the conferees had their first meeting.

I want also, Mr. President, to get clearly before the Senate the issue concerning the amendment which I offered.

Had the conference report provided that the income-tax returns should be public records and open to public examination and public inspection under rules and regulations to be promulgated by the President, I should have been perfectly willing to accept that amendment; but the conferees went further. They wrote into the law that these income-tax returns should be public records and open to examination and inspection to such extent as might be provided in rules and regulations promulgated by the President.

Mr. President, I debated this question upon its merits when it was before the Senate.

I stated to the Senate that we have had an experience in Wisconsin under our State income tax law, under provisions now existing concerning Federal income-tax returns; namely, that they are secret and are not open to inspection. We have also had an experience in the last 10 years during which returns have been public records, just as property-tax returns are public records, just as other records concerning public transactions are matters of public record.

In the period between 1914 and 1920 we had secrecy of income-tax returns in Wisconsin, and an audit of the years 1916 to 1920 when secrecy prevailed resulted in the assessment and collection, in that one State alone, of $3,500,000 in additional taxes, due to the fact that corporations and individuals making income-tax returns under the veil of secrecy had willfully, wrongfully, and unlawfully underestimated their actual incomes.

As a result of those disclosures, in 1923 income-tax returns in the State of Wisconsin were made matters of public record. Since that time, during the last 10 years, there has been no such willful, flagrant and general understatement of income and willful evasion of taxes. It has accomplished two purposes, the same two purposes which would be accomplished if such a provision were written into the Federal law. On the one hand, it has put upon the individual and the corporation, sitting down to make out their income-tax returns, an additional spur to be accurate, honest, and fair with the State government in making out the returns. In the second place, it has put an additional spur behind those who are in the employ of the Wisconsin State Tax Commission. Knowing that these returns are a matter of public record, knowing that any citizen who desires to do so may go to the office and, under proper safeguards, examine those returns, the auditors and those responsible for the enforcement of the law are put upon their mettle to make certain that they do not make any errors or any mistakes, either willfully or otherwise.

Mr. President, there is not a Senator here who, in my opinion, down in his heart would not be willing to recognize that if we had had this provision in the law during the past 10 years, so far as the Federal Government is concerned, these flagrant, willful, and unconscionable evasions and understatements of income revealed by the investigation of the Senate Banking and Currency Committee would never have taken place. Is there any man in this Chamber who thinks that Charles E. Mitchell would have sat down and made out his income-tax return and gone through a hocus-pocus, slight-of-hand transaction with his wife in order to escape his fair share of the burden of government, if he had known that that income-tax return, and the one of his wife, were to be matters of public record, and open to public inspection? Of course not. The answer is inevitably in the negative.

Does anyone in this Chamber suppose that the J. P. Morgan partners would have indulged in the practices in which it has been revealed they indulged if they had known, as they sat down across the table from their high-priced tax counsel, that the returns which they were making out were matters of public record and would be open to the inspection of citizens, under proper safeguards?

In this connection I want to read an editorial appearing on the front page of the Washington Daily News, the Washington publication of the Scripps-Howard newspapers—

VITALLY IMPORTANT

The Senate last night voted full publicity for income taxes and to tax securities heretofore held tax-exempt.

There are rumors that one or both of these amendments may not survive the tax conference between the two Houses.

The large and decisive vote by which the Senate included these provisions in the national recovery bill cannot be ignored by the Senate conferees, and, we believe, will not be ignored by the House conferees. The White House obviously recognizes these proposals as part of the new deal.

The publicity clause is of particular importance now when investigations are revealing some of the very wealthy as having paid no income tax the last 2 years. Tax evasion will be made harder by full publicity.

Legalistic arguments revolving about the taxation of Government bonds should not deter the tax conferees. The Senate finally has recognized that this rich source of Federal revenue must be tapped. We believe the courts will do the same. In any case Congress can do no less than put the issue to the test.

Mr. President, appearing upon the front page of this morning's Washington Herald, the Washington newspaper published by Mr. Hearst, there appears this editorial:

INCOME-TAX EVILS

Congress in the closing hours of its present session can strike a double blow at pernicious evils of the income-tax system.

1. It can and should make all income-tax returns, individual and corporate, subject to public inspection, as proposed by Senator LA FOLLETTE in his amendment to the national recovery bill.

2. It should return to the same bill the amendment of Senator CLARK which would make all bonds issued by the Federal, State, or municipal governments subject to taxation. This proposal was stricken from the bill in conference between the Senate and the House.

The income-tax publicity clause should be made more explicit. It should make the publicity compulsory, instead of leaving determination of this point in the hands of the President.

A President with the interests of the people at heart would make them public, but a President who wished to protect the tax dodgers would not make them public.

There is no reason why tax returns should not be made public.

The evil that comes from secrecy in tax returns has been dramatically portrayed to the Nation through the Morgan inquiry.

Secrecy regarding tax payments permits the income-tax system to continue as a virtual racket, one of the most costly rackets to which the country is being subjected.

The public is entitled to fullest knowledge about anything that it is as much interested in as the taxes it pays.

It is a piece of impudence on the part of the Government to attempt to withhold such knowledge.

Only the influence of high financiers—high in the sense of their ability to evade Government taxes—is responsible for this withholding of information the public should have.

The devices and artifices, the bordering-on-illegality methods by which enormous income taxes are evaded all serve to emphasize the value to the Nation at large in income-tax publicity.

At least then the public will have knowledge of those who are honorably and fully meeting their tax obligations, and of those who are escaping. Upon this knowledge proper measures can be instituted either for collecting taxes which have been evaded or for bringing the tax dodgers within the law.

Thus, if returns are made fully public, the injustices and incongruities of tax returns would bring the whole income-tax system into the discredit which it deserves.

Of a kind with the income-tax secrecy is the present opportunity affording big incomes to avoid taxes by the simple expedient of investing in tax-exempt securities.

There is no reason for opposing Senator CLARK'S amendment, unless the Government wishes to afford the big tax dodgers legal opportunities to evade their taxes.

Taxation of income from present tax-exempt securities would probably add several hundred millions of dollars to the national revenues.

Prohibition of tax-exempt securities would also end an unjust situation which is tantamount to class legislation.

I could go on at much greater length to buttress the argument for the rejection of this conference report and for sending the bill back to conference and for asking the House conferees to give the House of Representatives an opportunity to express themselves upon this vitally important amendment.

I endeavored to offer, as a substitute for the motion to agree to the conference report, a motion to re-refer it to the committee; but I find that the House has already agreed to the conference report, so that such a motion is not any longer in order. But if we reject this report and ask for a further conference with the House, we can within a very short space of time obtain a record vote in the House of Representatives upon the three important amendments which have either been eliminated or emasculated by the conference committee.

I have made what I believe to be a careful investigation of sentiment in the House of Representatives, and I state my judgment upon this floor, that if the House of Representatives has an opportunity to vote upon this amendment to provide for making income-tax returns matters of public record, they will adopt it by an overwhelming vote.

Mr. President, when the conference report comes up for vote, Senators will have to decide whether or not they wish to afford an opportunity to the Members of the House of Representatives to vote upon the Borah amendment, to vote upon the amendment offered by the Senator from Missouri [Mr. CLARK], providing for taxation of heretofore tax-exempt securities, and the amendment which I have offered, providing that income-tax returns shall be matters of public record.

I want to reiterate that if the conferees had been willing to amend my amendment, simply providing that income-tax returns should be matters of public record, open to public inspection, and had provided that the President should have the right to issue rules and regulations in order to make sure that the privilege should not be abused, I would have had no objection; but they have written in the words that these returns are to be matters of public record to the extent to which the President of the United States may determine.

I know the kind of advice the President of the United States will obtain from the experts in the Treasury Department. He will have no opportunity to weigh this question. The rules and regulations will be written in the Department by individuals who are unalterably opposed to the principle of making income-tax returns public records. Some of them might well be, for, if I remember correctly, it was revealed that, insofar as some of the returns of the Morgan partners were concerned, there was written in red pencil across the face of one of those returns the statement, "O.K. No investigation", and the initials of some employee of the Treasury Department. Does anyone suppose that this would have been done by that individual, employed to protect the interests of the Government, had he known that the return would be open to public inspection?

Mr. President, I am not urging the rejection of this report for any other purpose than to secure an opportunity for the House of Representatives to vote upon these amendments, and thus afford a fair opportunity for these important amendments which the Senate adopted in good faith and by overwhelming majorities, and which, I submit, the record demonstrates, did not have a fair chance in conference.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5661) to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The message also announced that the House had concurred in the concurrent resolution (S.Con.Res. 2) providing for the printing, with an index, of the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence.

NATIONAL INDUSTRIAL RECOVERY—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

Mr. NORRIS. Mr. President, in the brief time which I shall occupy the floor I want first to call attention to an amendment agreed to in the Senate and which has gone out in conference. It is amendment numbered 44, found on page 19. The bill provided, in subsection (b) of section 202, as follows:

(b) Conservation and development of natural resources, including control, utilization, and purification of water, construction of sewage-disposal plants, widening of streets, prevention of sewers and soil or coastal erosion, development of water power, transmission generation, transmission, and distribution of electrical energy.

An amendment was inserted on the floor of the Senate, to add after the word "transmission" the words "generation and distribution." I supposed, when that addition was made, that there could be no possible objection to including those words. I do not yet see how anyone who

would be willing to put in the word "transmission" would not also agree to having inserted the words "generation and distribution."

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Nebraska yield to the Senator from Mississippi?

Mr. NORRIS. I yield.

Mr. HARRISON. I was in entire sympathy with the amendment offered by the Senator, and tried to retain it as it was written in the bill, but the conference was told that that was included in the other provisions of the bill; that there was not the slightest doubt about the generation and distribution, as well as transmission, being taken care of under the general provisions of the bill.

Mr. NORRIS. Mr. President, of course, I accept the Senator's statement at 100 percent, but, as a matter of fact, while I think the position taken by the Senator's informant as to generation being included by construction may be tenable, there is absolute certainty, it seems to me, that distribution will be omitted from the terms of the bill. In the electrical world there are two distinct things that happen as to the electricity which is generated; first, there is the transmission; then there is the distribution. It is generally understood, so far as I know, without exception, by engineers that transmission does not include distribution. Transmission means the carrying of electricity from the place where it is generated to the place where it is distributed. That is transmission. For instance, if electricity were generated at Great Falls, and the electricity were brought to the city of Washington, the bringing of the electricity to the city would be transmission, but when it was furnished to the people within the city that would be distribution and would not be included in the term "transmission"; so that, as it now stands, I do not believe there would be any authority for a municipality which wished to distribute electricity to its own citizens to come under the terms of the bill.

Mr. HARRISON. May I say to the Senator that we inquired specifically of General Johnson, who was present, as to that, and he said there was no question about it. That was the only reason why the word was stricken out. May I say to the Senator also that I was for including it in the bill because it was so plain?

Mr. NORRIS. I talked the matter over with the Senator from New York before I offered the amendment. It then had his full concurrence, and I have no doubt the Senator yet entertains the same view.

Mr. WAGNER. I will say to the Senator that I think the term should have remained in the bill as the Senator proposed it; but, after all, under a general provision of the bill I am sure any public project of a municipality, State or any other political subdivision is included, and as the bill now stands there is certainly authority for the loan of money for the purpose of building transmission lines such as the Senator has in mind.

Mr. NORRIS. The building of a transmission line is an entirely different proposition from the building of a distribution line.

Mr. WAGNER. I mean there is ample authority also for the building of a distribution line. I refer to section 202.

Mr. GEORGE. May I call the Senator's attention to the language in section 202?

Mr. NORRIS. I yield to the Senator from Georgia.

Mr. GEORGE. In section 202, line 5, after describing public works, the language is:

> And any publicly owned instrumentalities and facilities.

Mr. NORRIS. Where is that language found?

Mr. WAGNER. That is the section I wanted to call the Senator's attention to.

Mr. GEORGE. It is section 202 of the bill, page 19, line 5.

Mr. NORRIS. The language of the bill, beginning in line 2, page 19, is as follows:

> (a) Construction, repair, and improvement of public highways and parkways, public buildings (including the remodeling of buildings hereby authorized to be purchased for Federal purposes), and any publicly owned instrumentalities and facilities.

Mr. WAGNER. I think that language covers it.

Mr. NORRIS. I do not believe that includes the distribution of electrical energy; and, Mr. President, even if it did, we should thereby lay the way open for an injunction, to start with, by privately owned power companies. I do not see any escape from it. Why not add the word "distribution"? "Transmission" is already in the bill. Why include transmission if it is already included under the general terms of the bill? And, if transmission be included, why not permit the electricity to be distributed after it has been transmitted?

Mr. WAGNER. Of course, my opinion always has been that these special provisions were unnecessary, in view of the general provision to which the Senator's attention has been called.

Mr. NORRIS. If the general provision applies, Mr. President, then none of this language should have been put in. It was put in by the other House; it was in the bill when it came to us, so far as transmission was concerned; and yet, if the Senator's theory is correct, it was already in in lines 5 and 6, and specific inclusion was absolutely unnecessary. The very fact that the word "transmission" was inserted and the word "distribution" was omitted, it seems to me when it comes to construing the proposed act will be assigned as a reason to show that "distribution" was intentionally omitted.

Mr. WAGNER. Of course, I do not know what was in the minds of the conferees when the word was omitted, but I will say, as one who had a good deal to do with the legislation, that, so far as I am concerned, I feel very certain—and I do not see how any court or anyone construing the act can reach any other conclusion—that under the general terms "publicly owned instrumentalities and facilities" transmission and distribution lines are adequately covered.

Mr. NORRIS. I hope those who construe the act will follow that construction, but if they do they will realize how inconsistent have been the committee and the House and the Senate in putting in the word "transmission" and omitting the word "distribution."

I call the attention of the committee to this matter in case the bill goes back to conference; I mention it because it has not, so far as I know, been mentioned in this debate; and if the bill goes back to conference, I hope the committee will make the correction and remove that uncertainty.

Mr. President, it is not my intention to take up much time on two other amendments which, to my mind, justify us in sending this bill back to conference. I refer to the amendment in regard to the taxation of tax-free securities and the amendment in regard to the publicity of income-tax returns. On one of these questions, the publicity of income-tax returns, the Senate has gone on record on several occasions in prior years, and in connection with tax bills, has put in a provision providing for publicity of tax returns. Such a provision has always gone out in conference; it has always been rejected by the House; it has been rejected by the House without a formal vote in the case of this particular item, but rejected on the general theory applied to most bills where there are many amendments that all amendments be disagreed to and the bill be sent to conference. So that, so far as I know—I may be wrong about it—the House during all these years has never been permitted to vote directly on an amendment of this character.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. CLARK. Does the Senator have any doubt, from information at hand and from his conversation with Members of the House, that if the House were afforded an opportunity, as the Senate necessarily is, to vote upon the proposition of publicity of income-tax returns they would vote for it overwhelmingly?

Mr. NORRIS. I have not any doubt of it in the world, I will say to the Senator.

Now, Mr. President, laying aside disagreements that may exist on this question—and I concede there is an opportunity for disagreement; I concede that disagreement may arise from different viewpoints of Senators and individuals—we are confronted now in this country with a condition that has never confronted us before. We have now a constituency covering the entire United States who are in rather a suspicious attitude, and justifiably so. I am one of those who entertain such a suspicion, which is generally entertained among our people because they know that men of great wealth, men who control monopolies and combinations and trusts, have an undue preference given to them in the way of taxation. That is a general consensus of opinion, and recent developments before the Banking and Currency Committee have accentuated that impression. It has been shown from that investigation that some of our wealthiest men have paid no income taxes whatever; it has been shown that they have resorted to methods which I think are unjustifiable, plainly illegal, plainly dishonorable, and, without question, unpatriotic to avoid paying any contribution to the Government under whose laws they have accumulated fortunes that stagger the imagination.

We now hear men, conservative men, talking about the evils that come to us on account of the accumulation of great aggregations of capital and of money. Honest men, who have not given it consideration before, are now wondering if, after all, the men who control the big fortunes through monopolies and through contributions to political parties, enabling them to control the Government from top to bottom more or less, shall escape tax free while the poorer class of people, bent down with burdens, some of them facing starvation, others enduring sufferings of various kinds, must pay the burdens of government.

Some people probably have exaggerated ideas about the tax-exemption features of our laws. Personally I believe that in a time of peace there ought not to be any such thing as tax-exempt bonds or notes. I am not finding fault with the men who have purchased them; men must buy such bonds, both Federal, State, county, and municipal. In my limited way I would want them, and I own some of them now, but it does not seems to me that ought to relieve the holder from paying an income tax on the income which he receives from that kind of securities.

On the other hand, publicity of income-tax returns will, in my judgment, as I have often said on this floor, bring to the coffers of the United States Government hundreds of millions of dollars every year. We have seen how men just before the tax year commences transfer to their wives or to some other relative or friend millions upon millions of securities at such a rate as on their books will show a loss and buy them back the next day after the new year starts at a price fixed by themselves. In reality no transfer has taken place; nothing has happened; the ownership has not in reality changed. It is a method that men of wealth have resorted to to escape paying to the Government their contribution.

I had a talk a week or two ago with one of these wealthy men, a very patriotic man, who condemned the methods that had been invoked and said that it is a common practice amongst men of great wealth to sell just before the tax year closes to their wives large amounts of stock. They get away with it, and some of them think it is legal, perhaps. They buy their securities back the first day of the next year; sometimes they go through the formality of selling them on the stock exchange and buying the same amount back the next day when the new tax year commences. They sell them at a loss, and they buy them back at the same figure the next day, so they have in reality the same stocks or bonds which they had before, enabling them to get the profit that may come later on.

This man told me that he himself was the owner of a yacht. He said he told his wife a year or so ago that business was getting poor and that he would have to sell the yacht. He told some of his associates, other wealthy men, that he did not feel he was able to pay the necessary expenses of keeping up that yacht. They laughed at him. They said, "Why do you not charge it off on your books and have it deducted from your income-tax return?" He said he never dreamed of such a thing. They said, "Why, it is perfectly legitimate; all you have to do some time during the year is to get some of your customers, some of the men you do business with, some of the men that buy your securities or sell securities to you—give them a trip on your yacht. That is an expense in your business. You are entertaining your own customers. The same thing is true of the man who goes out to beg for the sale of bonds of the waterworks in a little town out in Indiana. He gets the town board together the night before and gives them a dinner. He has all of the necessary things surrounding the dinner to make it entertaining. It probably costs $50 or $100 or $500. That is all charged up to the expense of the business." They said, "Why not do it with your yacht? I have done it. All the other fellows that have yachts do it. It will go through. There will be no objection."

This man told me himself that he did that thing in the very next return he made, and he said, "I have charged off the expense of maintaining that yacht every year since in my income-tax returns." I do not know how general that is. He gave me to understand that it is the general practice. If we had publicity of income-tax returns, no business man in the country would undertake to do that. They would be held up to scorn. No official, however friendly he might be in secret in the Revenue Bureau, would dare to permit such a thing to pass under his eye with approval.

Publicity of income-tax returns will be one of the big assets that will go far, if not completely, toward eradicating and wiping out the deficits about which we have heard so much for years. I believe there is not another thing we could do that would bring more revenue in proportion to the Government. Whom does it hurt? In one's home town, a merchant running a little store makes a tax return every year. He itemizes just how much stock he has on hand and all the profits. The farmer itemizes every bit of his stock, cattle, horses, and so forth. Anyone can go to the records and find out just what his neighbor owns. It is public and has been for a hundred years and has not hurt anybody. Why should we not apply it to millionaires? Why should it be applied to you, Mr. President, and to me, when we make our income-tax returns, so that the world could see whether or not we have been receiving anything that was unlawful or questionable? Give it publicity, and publicity will cure more of the evils in our tax system than any other one thing on earth.

It seems to me, therefore, Mr. President, that we ought to send this report back in order that the House of Representatives may vote upon the two items—publicity of income-tax returns and doing away with tax-exempt securities. If on a roll call in the House they vote it down or modify it I would be inclined to accept the report of the committee, but we have not gone as far as we ought to go. We have not yet given the House an opportunity to go on record as we have gone on record several times in the Senate. I believe they are anxious to go on record. If we could get the Members away from their leaders far enough so they could have a separate vote upon these two great propositions, I believe there would be no doubt as to the result.

I know we cannot always get what we want, but we have a right to demand that the House should go to the same extent we have gone. When they go that far and refuse to agree with our idea, I am willing to respect their judgment and to accept the conference report; but until that is done I do not believe we have done our full duty.

Mr. CAPPER. Mr. President, I am in sympathy with the position taken by the Senator from Oklahoma [Mr. GORE] relative to the conference report eliminating from the industry recovery bill the Gore amendment authorizing the Reconstruction Finance Corporation to make loans, upon adequate security, to farmers' cooperative oil pools. This was section 303, title III, of the bill. I find myself unable to understand why the conferees agreed to strike out this section. The authority given was purely permissive. These

cooperative pools are self-liquidating in fact, if they are capable of giving the adequate security required in this section.

The amendment had the approval of the Department of Agriculture and the Department of the Interior, I understand from Senator GORE. It had the approval of the national farm organizations, and particularly the Farmers' Union, whose subsidiary organizations have organized such pools. There is a Farmers' Union cooperative oil pool in Kansas. There are similar pools, I am informed, in Texas, Oklahoma, and New Mexico. The provisions of the section were the result of a 3-year study and investigation authorized by the Senate itself, when it authorized the Department of Agriculture to investigate and report the extent and value of minerals as farm asset and how farmers could best preserve that asset. My understanding is that the cooperative pools were recommended as the best means of accomplishing this result.

I would like to see the Senate instruct its conferees to insist upon section 303, title III, which is of importance to agriculture in the oil-producing States, being retained in the bill.

Mr. CLARK. Mr. President, it is naturally with some trepidation that an ordinary Senator at this stage of the session rises to take even a moment of the time of the Senate. The distinguished Senator from Arkansas [Mr. ROBINSON], majority leader, is quoted in the afternoon paper as charging that a conspiracy exists on this floor to prevent adjournment of Congress, and this despite the fact that in sessions of the Senate from early morn until midnight this body in 3 days and nights last week passed a revolutionary measure, a measure of vast complexity, a measure completely changing the economic and governmental life of the United States. I do not think it is fair, after that effort, to say there is any filibuster. The devotion of Senators in their attendance did not indicate any desire to postpone adjournment.

The newspapers repeatedly carry the statement that there is a revolt on in the Senate to prevent adjournment of Congress. On yesterday morning in the New York Times appeared an article by Mr. Arthur Krock, in which he stated that adjournment had been prevented on Saturday night by a combination between the Senator from California [Mr. JOHNSON], the Senator from Idaho [Mr. BORAH], the Senator from Wisconsin [Mr. LA FOLLETTE], and myself and 2 or 3 other Senators, who were each prepared to speak at great length, to an aggregate extent of 18 or 20 hours, to prevent adjournment of Congress.

So far as I am concerned, without assuming to speak for any of the other Senators mentioned—all of whom are capable of speaking for themselves—I desire to say that the statement of Mr. Krock that I was here with a long speech for the purpose of filibustering is not only without authority but it is purely and wholly in error.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. CLARK. I yield.

Mr. LA FOLLETTE. Since the Senator has brought up the subject, I wish to say that, so far as I am concerned—and I think the Senator from Mississippi [Mr. HARRISON] will bear me out—I have endeavored to assist him in orderly and speedy action upon the bill.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Louisiana?

Mr. CLARK. I yield.

Mr. LONG. Inasmuch as the matter has been brought up, let me say that Mr. Krock is a friend of mine.

Mr. CLARK. I will say that he is likewise a friend of mine.

Mr. LONG. In fairness to him, I want to say that, while neither of the Senators mentioned had any such motive, I, myself, was going to speak long enough for Members of the Senate to have time to read the report that had been brought here, and there would have been no need for anybody else to speak. We were not going to adjourn until Senators had a chance to read the report.

Mr. CLARK. The Senator from Louisiana speaks for himself.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from New Mexico?

Mr. CLARK. I am glad to yield.

Mr. CUTTING. Does the Senator from Missouri know any particular reason why we should adjourn on some special date or at some special hour?

Mr. CLARK. I am not informed of any such reason.

Mr. CUTTING. I ask the Senator the question particularly in view of the fact that I notice on the front page of the CONGRESSIONAL RECORD which was published this morning there is a notice by the Joint Committee on Printing stating that "the last issue of the daily CONGRESSIONAL RECORD for the first session of the Seventy-third Congress will be published not later than Monday, June 26, 1933." I was wondering if the Senator could inform me how the Joint Committee on Printing came into possession of information which had not been divulged to the Membership of the Senate as a whole?

Mr. CLARK. I am unable to inform the Senator whether there has been any agreement made for adjournment at any particular time.

So far as I am concerned, in the brief time I have served in this body I have never knowingly or wittingly contributed to wasting one minute of the Senate. I think I have put in as much time on the floor of the Senate during the actual sessions of the Senate as any Member of the body since I have been here. Whether I favor legislation or not, I have always been perfectly willing to contribute in any way possible to the expedition of the consideration of pending legislation by every legitimate parliamentary means. On several occasions when the Vice President had necessarily to be absent from the Chamber I have been requested by him to preside during the consideration of some of the most important legislation enacted at this session because of my known disposition to expedite business. I have no desire to delay consideration of the business now before the Senate or to delay final adjournment of this special session, and yet I believe the bill should be sent back to conference even though it does slightly delay final adjournment.

With particular reference to the amendment involved in the discussion which has been proceeding, I believe as a matter of ordinary self-respect, to say nothing of the momentous issue involved, we should maintain our position and secure at least the consideration by the House of legislation along that line. The Senate owes it to its own self-respect to send it back to conference for that purpose. We have heard much talk in the country in the past on government by caucus or government by committees. We have reached the stage now where certainly we do not have legislation by Congress and we do not have legislation by caucus. We are not even permitted to have legislation by committees. We are having legislation by conferees, because the conferees of the Senate and of the House make no bones about setting at defiance the known will of the bodies which they are supposed to represent.

Mr. President, many important amendments were placed in the pending measure, some of them in committee, some of them on the floor of the Senate, and yet the overwhelming preponderance of the judgment of the administration and of the Senate apparently influences the conferees not at all in making their report. It is generally recognized by the country that the three principal leaks which have been demonstrated to exist in our income-tax system are the capital-loss section, the tax-exempt section, and the failure, under the present law, to have publicity of income-tax returns. Amendments were offered on the floor of the Senate, one by the Senator from Wisconsin [Mr. LA FOLLETTE] to close the leak having to do with nonpublicity of income-tax returns. That was placed in the bill over the opposi-

tion of the chairman of the committee, and for that matter, I think, of every member of the conference committee appointed on behalf of the Senate.

Mr. GEORGE. No, Mr. President; I know the Senator does not want to do anyone an injustice. I voted for the amendment. I was one of the conferees, and I insisted strongly on the retention of the amendment in the committee. I warned the committee that just exactly what is happening now would happen; that there would be prolonged debate if this amendment was even modified.

Mr. CLARK. I beg the Senator's pardon. I had no intention, as he knows, of doing him any injustice. The point I was trying to make was that over the opposition of the leaders of the committee on this proposition, the Senate, by a vote of more than 2 to 1, placed that amendment on the bill.

I offered an amendment to close the leak which existed by reason of the so-called "tax-exempt securities." That was placed on the bill on a roll call, over the opposition of the chairman of the committee and the leaders of the committee, though not by so wide a margin as the amendment of the Senator from Wisconsin. I am frank to say that I do not think the merit of the amendment which I offered is as outstanding, as conclusive, as the merit of the amendment of the Senator from Wisconsin, and the vote of the Senate did not indicate that the Senate thought so; but by a substantial majority my amendment was placed on the bill.

The Senator from Idaho [Mr. BORAH] offered an amendment which was not even opposed on the floor of the Senate, which those in charge of the bill accepted, and which I do not believe a Member of this body will say could not have been placed on the bill by an overwhelming majority if the committee had desired to contest it.

I say that the Senate was entitled to fair play. When this bill went into conference, I realized fully, of course, that on a measure of this vast complexity, on a measure involving so many diverse and entirely unconnected subjects, it would be almost humanly impossible that all the conferees, or even a majority of the conferees, would have agreed with all the amendments placed on the bill while it was under consideration in the Senate. It so happens—I am quite certain as to the accuracy of this proposition—that all of the conferees on the record vote voted against the inclusion of my amendment. Nevertheless, Mr. President, I feel that in such a situation as that, where the Senate of the United States has unmistakably expressed its opinion and given a mandate in no uncertain terms, where the conferees personally happen to disagree with the position of the Senate, they are in honor bound fully and adequately to present the views of the majority of the body which they are sent into conference to represent.

Mr. President, I hope that nothing I may say on this subject may be taken as in any sense a personal reflection upon any of the conferees who represented the Senate on this bill. They are all my personal friends. Some of them have been my friends for a great many years. With the distinguished Senator from Mississippi [Mr. HARRISON], the Chairman of the Finance Committee, I have enjoyed relations of intimate personal friendship for more than 20 years. I would not have anything I might say taken as a reflection on any member of that conference; but I oppose the system which has grown up here as essentially a vicious system.

Now let us see what happened on some of these amendments placed in the bill in the Senate of the United States.

I read from the Associated Press dispatch carried in the Washington Star of Saturday afternoon and in almost every other paper in the country Saturday afternoon and Sunday morning:

> Chairman HARRISON of the Senate Finance Committee said today the conference on the industrial control bill probably would eliminate the Clark amendment removing exemption from taxation on all Government, State, and municipal securities. On hearing of a bond market decline—

Certainly Senators have been able to observe in past years attempts upon the part of those in control of bond markets and stock markets to influence legislation by convenient slumps and rises in those markets, depending on legislation pending in Congress.

I will say to the Senator from Mississippi that at the same time he heard of the decline in the bond market following the adoption of my amendment on Friday night he could also have heard, if he had read the newspapers, as I assume he did, that there were threats on all sides among manufacturers to close their factories and not attempt to continue in business if this industrial dictatorship bill should be enacted into legislation; and there was just as much justification for the Senator from Mississippi refusing to bring in any conference report at all, and defeating the whole legislation, as for him to yield on the amendment I introduced by reason of a rumor of a decline in the bond market.

I quote further from the same article:

> On hearing of a bond-market decline presumably on account of the amendment, HARRISON, as chieftain of the Senate and House conferees adjusting differences between the two branches on the huge measure, expressed his opinion. The Clark amendment to subject to taxation all outstanding securities which carry tax-exemption clauses was adopted by the Senate last night on a 45-to-37 vote. HARRISON made his statement as the conferees got together.

In other words, Mr. President, the amendment put on by the Senate the night before, on a record vote, was not even taken to conference; and that statement was incidentally made on the floor of the House in the debate over there on the conference report—that the amendment having to do with tax-exempt securities had not been taken to conference because the Senate conferees receded before the conference met.

> Predictions were also made that the amendment of Senator LA FOLLETTE, Republican, of Wisconsin, for full publicity of all income-tax returns would be stricken out in conference.

Mr. President, it has already been stated here, on the authority of the CONGRESSIONAL RECORD, by the Senator from Wisconsin [Mr. LA FOLLETTE], that one of the principal House conferees stated on the floor of the House, when this conference report was under consideration, that after a few hours' struggle the weak, wobbly, and ineffective substitute adopted for the amendment of the Senator from Wisconsin was the best compromise the House conferees were able to get. I want to read that again:

> Mr. KVALE. Is the gentleman willing, as one of the conferees, to grant the House the privilege of expressing its will regarding publicity on income-tax returns?
>
> * * * * * * *
>
> Mr. RAGON. The gentleman knows I am not going to impose my frail form here in front of the House of Representatives if it wants to rush headlong without consideration into this matter, but I do suggest to the gentleman as a practicable proposition that we fought for 2 hours over that provision and this is the best we could get in the way of a compromise at this time.

Mr. CUTTING. Mr. President, I beg to call the Senator's attention to the fact that the best they could get was something that was already provided by law.

Mr. CLARK. I agree entirely with the Senator in that remark.

That should be read in connection with the following statement:

> Mr. KVALE. Then the Senate conferees did not sustain the position of their own body?
>
> Mr. RAGON. That is a thing they will have to take up over there, I may say to the gentleman.

I say the only inference that possibly could be drawn from that colloquy was that the House conferees were struggling for 2 hours to accept the amendment offered by the Senator from Wisconsin, and voted by the Senate by a 2-to-1 majority, and that they were being opposed by the Senate conferees, supposed to represent the will of this body.

Traveling along further, Mr. President, another matter that has been referred to by the Senator from Wisconsin is the statement that the amendment which was proposed on this floor by the Senator from Montana [Mr. WHEELER], having to do with the liaison officer with reference to the

Civil Service employees—an amendment which did not have the opposition of a single Member on the floor of the Senate, which had the endorsement of the Civil Service Commission, of the Civil Service Committees of both the House and Senate, of the great organizations of Civil Service employees, and which never had been openly opposed by a single Member of this body or the body at the other end of the Capitol—that amendment was stricken out in conference, and the testimony of the House conferees was that it was stricken out because the Senate conferees receded before the bill ever got to conference.

There are some other amendments in this measure that were stricken out apparently without a struggle, amendments which did not have the affirmative action of the Senate on a roll call for the reason that no roll call was demanded; amendments which were put into the bill in the Senate Committee on Finance over the opposition of the chairman and some of the other conferees upon a roll call showing an overwhelming majority in the committee for those amendments.

Amendment no. 4 is a limitation on the appointing power in these words:

Provided, That no officer or employee receiving a salary in excess of $5,000 per annum shall be appointed or designated under this title except with the advice and consent of the Senate; but the provisions of section 1761 of the Revised Statutes shall not apply to any person so appointed or designated, and the salaries of such officers or employees shall not be increased for a period of 6 months after confirmation.

Mr. President, that would have been the only limitation on the enormous powers of spending money and of creating a political and administrative machine authorized in this act.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CLARK. I yield to the Senator from Louisiana.

Mr. LONG. I did not know that that had been stricken out. Did the Senate conferees recede on that amendment?

Mr. CLARK. The Senate conferees receded from that amendment, and also from the two amendments, on pages 16 and 17, imposing similar provisos in title II of the act.

Mr. LONG. I was wondering if what the Senator said relative to these others applied to this amendment. This is the only amendment, as I understand, by which we simply retain in the Senate the right to pass upon the competency of the men who draw more than $5,000 a year.

Mr. CLARK. That is true.

Mr. LONG. And that has been stricken out also?

Mr. CLARK. That has been stricken out also.

Mr. LONG. I thought that had been kept in the bill.

Mr. CLARK. It has not.

Mr. President, we talk here about balancing the Budget. We cut the compensation of the disabled veterans to the bone as a measure of economy. We abolish a few offices as a measure of economy. We cut the salaries of Government employees as a measure of economy. Then we turn around in the face of that and pass an act authorizing the administrator appointed by the President to employ an army of employees, if he may so desire, at salaries to be fixed by himself, in his own discretion and his own whim, without any limitation whatever; and no Senator, no Representative, no other person, can stand up and come within $100,000,000 of estimating the cost of administration which may be incurred under this broad authority that we are granting. Then when the Senate comes along in the Committee on Finance and imposes a simple amendment that any official whose duties are sufficiently important to receive a salary of $5,000 a year or more shall have his qualifications passed on by the Senate and shall be confirmed by the Senate, it is stricken out in conference without a fight!

Mr. President, I dare say that if the Senator from Mississippi [Mr. HARRISON], who voted against that amendment in the committee and was overwhelmingly defeated on a roll call, had made a fight in the Senate against that provision, he would have gone to conference instructed by a 3-to-1 vote in favor of it on a record vote in this body. The same thing applies to the amendments on pages 16 and 17. The same thing applies to the amendment offered in the committee by the Senator from California [Mr. MCADOO], providing for a board to administer the public-works program instead of a single dictator or administrator.

Certainly nobody in the United States has had more experience than the Senator from California [Mr. MCADOO] in administering great public works of that sort; and he gave it as his opinion that it could be much more effectively and much more equitably administered by a board than by a single administrator.

That amendment also went out in conference without a struggle.

Mr. President, I have taken more time than I intended to take, because I know the Senator from Mississippi wants to speak. I simply want to say in conclusion that in view of this whole procedure on the part of the conferees, I think it is only a matter of fairness that this bill should be sent back to conference and that the House of Representatives should be given an opportunity to vote on these propositions. I am willing to gamble that if the House of Representatives ever gets an opportunity to vote on these amendments it will adopt by an overwhelming majority the amendment proposed by the Senator from Wisconsin, the amendment I proposed, and possibly some of those other amendments.

I realize that one body of Congress cannot dictate to another body. I have no such thought in my mind. If these questions are submitted to the House of Representatives and an opportunity to vote on them is accorded to the House of Representatives, and they come back with a rejection, I certainly shall not ask that the matter be further submitted to a conference.

Mr. GORE. Mr. President——

Mr. CLARK. I yield to the Senator from Oklahoma.

Mr. GORE. The Senator from Missouri has not referred to the one amendment whose fate I most regret. I mentioned it last night. It was an amendment adopted in the Finance Committee upon my motion, and concurred in by the Senate, which authorized the Reconstruction Finance Corporation to make loans upon adequate security to farmers' cooperative oil royalty pools.

There are popular cooperative movements in my State, in Kansas, Texas, and New Mexico. They enable farmers to liquefy what might be regarded as a frozen asset. The amendment was permissive in its terms, and not mandatory. It had the support of the Department of Agriculture, the Department of the Interior; and so far as I know, there was no opposition to the amendment.

Mr. CLARK. As I understand it, the amendment to which the Senator from Oklahoma refers was the first proposition in the history of the United States that had the full support of all three of the big farm organizations. I think it should have been retained in conference.

The article by Mr. Krock is as follows:

IN WASHINGTON—SENATE RULES A STUMBLING BLOCK TO ADJOURNMENT

By Arthur Krock

WASHINGTON, June 11.—In future discussions of why Congress last night refused to adjourn despite the President's almost frantic efforts to that end, the blame will probably be laid to his eleventh-hour dispatch of the message on Government reorganization. But it is the opinion of this observer that the real reason was the same one that has blocked other adjournment plans in the past—senatorial individualism protected by the Senate rules.

Under those rules, as is well known, a Senator may speak for hours on anything. There is a provision for cloture. But a cloture petition must be circulated, signed by 27 Members and then lay over for 2 full days before being voted. The effect of this move would not have been to accomplish but rather to defeat the wish of the administration.

As late as 10:30 o'clock the President was responding affirmatively to suggestions from his Capitol advisers that the Senate be held in session until dawn. He agreed that it probably would be worn down by that time. But 15 minutes later he as completely agreed to the advice of Senator ROBINSON of Arkansas, the Democratic leader, that a recess until Monday was the wisest move.

That recommendation and that decision were based on Mr. ROBINSON's experience, gained under the Senate rules. There were not more than 5 or 6 Senators out of 96 who were prepared to resist adjournment. But each of them has demonstrated the ability to speak for several hours. By the time Senators BORAH and LONG had completed their remarks it could easily have been 5 o'clock in the morning. That would have left Senators JOHNSON,

LA FOLLETTE, CLARK, and ROBINSON of Indiana, who could have kept on for 10 or 12 hours more. In the face of a situation like that the Senate majority is helpless. And the fact that—though the clock would have been turned back—the calendar day would actually have been Sunday, played its part in the decision to recess.

HOUSE FOLLOWS THE PRESIDENT

The House, which earlier in the day was expected by Senate leaders to prove the stumbling block to June 10 adjournment, finished its business long before midnight. Even after the Democrats in the House knew that the Senate had recessed and final adjournment was therefore out of the question, they voted down a Republican adjournment motion. As on every other point in the administration's program at this session, save for insisting on more money for the veterans than the President wanted to allow, the House carried out the wishes of the President.

The majority in the Senate, ready to do the same, was equally large. But in a race against time it is not the Senate's majority but its rules that count. The handful of Senators determined not to end the session last night were animated by various motives. One of them would like to sit until June 15 so that the President may be less likely to make any accommodation for our foreign war debtors. Another wants to be in session when Secretary of State Hull addresses the World Economic Conference, so that he may have the Senate sounding board against which to launch his reply. A third was angry because the conference committee had rejected and changed certain amendments to the National Industrial Recovery Act. At least two others saw an opportunity to annoy and perhaps to embarrass the administration, and thus avenge themselves for personal grievances.

IRRITATION OVER PATRONAGE

But a large group of Senators who took no part in the obstruction and were willing to end the session last night lent silent and moral support to the tactics of delay. This attitude on their part springs from a number of reasons. Many of them resented the act of the President in sending in his reorganization program at an hour when deliberation was impossible. Others objected to certain aspects of the proposed reorganization. Still others feel that the White House has been arrogant. And running through the entire body is irritation over patronage.

It has been the exception, not the rule, for Senators to be consulted in advance over appointments of constituents. Many appointments have been delayed. The President has named Republicans to several important posts. Last night provided a good opportunity for Senators affected by these various currents of dissatisfaction to get back at the administration. Those who did not venture openly to rebel spoke gently to the rebels. And they were impressed with Senator JOHNSON'S objection to the Senate's being told by a President that it must clear out at a certain hour on a certain day.

If adjournment comes by Tuesday, the rebellion will have been a hollow victory. It seems probable that important moves of foreign policy can be delayed until then. Also, there is no doubt that, though the administration cannot now change the Senate's rules, it retains its large Senate majority. But the rebels are not pleased the less because their triumph was a small one. And some Democrats today are pointing cynically to the fact that Progressive Republicans, whom the President has sedulously courted, led last night in upsetting his plans.

Mr. HARRISON. Mr. President, I have only a few moments before we will take a vote on the conference report.

Of course, one who is willing to serve on a conference must be thick skinned, because naturally some are disappointed in not being able to get what they desire in any conference report. I am very sorry the Senator from Oklahoma was not able to get his amendment in the bill. It does him no good for me to say that I tried to keep it in; but we were unable to do so, and it was stricken out.

I appreciate the nice things which my friend the Senator from Missouri [Mr. CLARK] says about me, and I know there is nothing personal in the fight he is making to sustain his position. I did not know that he was really so earnest about this tax-exempt proposal. When he offered the amendment on Friday night, when we were trying to shove the bill along in the hope that we might adjourn within a reasonable time, I did not know that he was so interested in the amendment.

The Senator will recall that not a word was spoken upon the floor of the Senate in opposition to the amendment. I had assumed that this body would not accept an amendment which might be retroactive in character, which sought to have the Government impose a tax on tax-free municipal, State, and county bonds. I just assumed that the Senate would not stand for that proposal at all, because I could envision, if such an amendment as that should be enacted, the little towns in my State, and in all the States of this country, being unable to finance themselves in the future because they could not sell any such bonds.

I am perfectly willing to vote at any time, and will be glad to vote, for an amendment to the Federal Constitution making it legal to tax tax-exempt securities, because I have no faith in that class of people who would harbor themselves behind tax-exempt securities, and criticize other people, and want to take everything they have. So we are pretty well together in principle. But Mr. President, this bill has certain set objects—and it is impossible in its consideration to thwart its purposes and destroy its effect in the consideration of every other proposal, even though many proposals may be meritorious in character. We cannot have our way about everything.

I am not going to discuss what happened in conference. I think it is bad policy to state what happened between conferees. I know that in the enthusiasm of debate sometimes a conferee, whether speaking on the floor of the House or on the floor of the Senate, may say some things which are not exactly in conformity with the facts. But with reference to the remark the Senator from New Mexico seems to glorify in, which he has read from the RECORD about the amendment with reference to the liaison officer and the Civil Service, that I was willing to accept it. I brought it to the attention of the conference time after time. I do not say that the House conferees would not accept it, because it would not be in good grace for me to say that.

Let us be fair about this matter. This is a great piece of legislation. It is legislation proposed by this administration in the hope that it might help to revive business; that it might help to call the unemployed into employment and might increase the purchasing power of the United States. I do not know whether it will be a success or whether it will be a failure. I had some doubt about it in the beginning, but I was willing to try it, because we are living in a time of experiment. It may be a noble experiment. I hope so.

Mr. LONG. Not like the last noble experiment. [Laughter.]

Mr. HARRISON. I have just a few minutes, and I trust the Senator will desist from interruption.

We hope it will do that which the framers of it believe and hope it will do. None in this body has been more zealous, and none has more whole-heartedly applied his fine spirit of loyalty and constructive statesmanship to advance it, than the distinguished Senator from Wisconsin. In committee, and on the floor, he has cooperated with those of us who have been trying to press the bill to an immediate conclusion. I have no fault to find with that Senator.

I do say that I believe there is so much good, that there are so many possibilities, in this legislation that I regret that my friend now halts and will not go the whole way and continue his fine cooperation for the passage of the legislation. I do not know why the distinguished Senator from Wisconsin, in the Committee on Finance, when we were drafting the bill, did not see the great importance of publicity of income-tax returns that he sees now. He did not hint it in the committee. He had every opportunity to do so. The amendment was not offered by him when the other tax bill was before the Senate. Why, now, should this great issue be confused through the injection of publicity of income-tax returns, which is a question that has always provoked sharp differences of opinion? Mr. President, the question of the publicity of income-tax returns has been before this body ever since I have been a Member of it. It was an issue back in the Civil War days, when they passed a law providing for publicity; but as soon as the war was over, it was repealed, because it was found that it was affecting the revenues of the Government.

In 1924 we wrote into the law a very broad publicity provision, and Senators will recall how at tea parties and everywhere the women would gossip about how much this man and that man was paying in the way of income taxes. It was the talk of every community, and the press of the country began to make fun of it. In 1926, just as soon as the Congress could get to it, this body and the other body repealed the law. The question of the publicity of income-tax returns is no new thing.

When the question came before us, the Senate conferees tried to stand by what the Senate had done. I told the conference that the distinguished Senator from Wisconsin believed in this proposal; that he had a conviction about it. The Senator from Georgia made similar statements, and we stated that its defeat might delay the enactment of the bill. I did not say it would endanger it, because it was inconceivable to me that a man who believed in the purposes and philosophy of this legislation, and saw all the good which might come from it, would be willing to vote against it and defeat it because of rejection of an amendment providing for the publicity of income-tax returns.

We did modify the amendment, we did amend it, so as to say to the President in effect, "We are vesting you with great powers here. All the labor of this country is committed to your keeping. Big and strong industry is committed to your hands. If we are willing to do that, we will turn over to your tender mercies the question of income-tax returns, and give you the power to say whether income-tax returns shall be broadcast through the radio, the press, or what not."

I do not know what the President will do, but he will have the power as soon as this law is enacted to make a regulation providing that income-tax returns may be seen by Jim, John, and Harry, that the curious of the country may go and fill the corridors of the Treasury and look over anybody's income-tax return, that they will be broadcast to the world. He will have that right, if he wants to exercise it, under the provisions of this measure.

The Senator talked a good deal about what happened in the debate in the House, merely trying to criticize the conferees, who had a very difficult job. We worked hard. We went into the conference on Saturday, and we stayed there, with only a few minutes' interruption for lunch, in order to perform our duty, to carry out the wishes of the Senate, and bring back this great piece of legislation in order that the Congress might be adjourned.

The Senator read from the RECORD to show that Mr. RAGON said on the floor of the House that it was up to the Senate, and this quotation was read:

> And this is the best we could get in the way of a compromise at this time.

Ascribing that to the House conferees, leaving the impression upon the people that they did their part, but that it was up to the Senate, and that they could get no better.

Why did not the Senator from Wisconsin, in his usual fairness, read in the RECORD what Mr. RAGON said before that? Is it possible that it was overlooked, or is it possible the remark did not carry out the Senator's idea? This is what Mr. RAGON said in answer to a question, the following question, from Mr. CELLER:

> Mr. CELLER. Will the gentleman tell us whether the amendment passed by the Senate concerning the publication of taxation returns is still in the bill?
>
> Mr. RAGON. I will read that just as soon as the experts can find it. That provision was modified. The House took the position that the Senate provisions were rather drastic, and the Treasury experts suggested it would be a very cumbersome thing for them to properly administer.

Does not that put a different construction upon the Senator's interpretation of it?

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. LA FOLLETTE. I merely wish to say that it does not put a different construction upon it, because the gentleman from Minnesota who interrogated Mr. RAGON got the same impression from his remarks that I drew from them.

Mr. HARRISON. I am not responsible for the reasoning or conception of the gentleman from Minnesota, but any man who will read that will see that Mr. RAGON said that the Senate amendment was too drastic and that the Treasury experts objected to it, and then he said that all the compromise was a compromise by giving to the President the authority.

Mr. GORE. Mr. President, will the Senator yield to me?

Mr. HARRISON. I yield.

Mr. GORE. Did I understand the Senator to say that the Clark amendment was drawn by him in such a way as to authorize the Federal Government to tax State and municipal bonds?

Mr. HARRISON. Yes.

Mr. GORE. I merely wish to observe that the Supreme Court of the United States has repeatedly held that neither sovereign can tax the securities of the other, and in the income-tax case of 1895 the members of the Supreme Court divided on several issues in that case, but a united court held that Congress had no power to tax a State bond or a municipal bond, or the interest arising from such bonds.

Mr. CLARK. Mr. President, if I may interrupt for just a moment, I should simply like to suggest to the Senator from Oklahoma that since the decision he talks about the sixteenth amendment to the Constitution of the United States has been adopted, setting out in specific terms that the Congress has the power to tax income from whatever source.

Mr. GORE. The Senator is mistaken——

Mr. HARRISON. I have only 1 minute left.

Mr. GORE. The Supreme Court has not held that, and the income-tax amendment did not provide that. The same principle has been repeatedly announced since that decision.

Mr. HARRISON. I will say just a word in answer to the criticism of the Senator from Missouri, who conscientiously has been against this bill all the time, and I have no fault to find. He has acted beautifully, he has not tried to obstruct in any way, but he has been against the bill, and he offered some amendments to it which would not have tended to promote the measure.

The Treasury Department informed the conference that they had just sold $900,000,000 of bonds, that they were to be delivered next Thursday. They said they were advertised to be sold with the tax-exempt features included, and that if this provision remained in the bill and was enacted, it would destroy the sale of those bonds, that they were already receiving telegrams from everywhere because of the adoption of the amendment.

Your conferees think they performed their duties, they tried to carry out in good faith the wishes of the Senate. We have brought in the best report we could, and let us all hope the report will be agreed to, that the bill will be enacted, and that it will hasten economic recovery in this country.

The PRESIDING OFFICER. The hour of 4 o'clock having arrived, under the unanimous-consent agreement the question is on agreeing to the conference report on House bill 5755, the so-called "industrial recovery bill."

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG. Mr. President, a motion has been made to recommit the bill.

The PRESIDING OFFICER. That has been held not to be in order. The question is on agreeing to the conference report. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEWIS (when the name of Mr. COOLIDGE was called). I announce the pair between the Senator from Massachusetts [Mr. COOLIDGE] and the Senator from New Hampshire [Mr. KEYES]. If present, the Senator from Massachusetts would vote "yea", and the Senator from New Hampshire would vote "nay."

Mr. FESS (when his name was called). On this vote I am paired with the senior Senator from New York [Mr. COPELAND]. Were he present, he would vote "yea," and were I permitted to vote I should vote "nay."

Mr. WAGNER (when his name was called). On this vote I am paired with the senior Senator from Missouri [Mr. PATTERSON]. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and vote "yea."

The roll call was concluded.

Mr. HEBERT. The Senator from Missouri [Mr. PATTERSON], if present, would vote "nay" on this question. He is paired with the Senator from New York [Mr. WAGNER].

Mr. KING. I have a general pair with the senior Senator from Minnesota [Mr. SCHALL], and therefore withhold my vote.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Massachusetts [Mr. COOLIDGE], the Senator from New York [Mr. COPELAND], and the Senator from Nevada [Mr. PITTMAN] are detained from the Senate on official business.

The result was announced—yeas 46, nays 39, as follows:

YEAS—46

Adams	Byrnes	Logan	Steiwer
Ashurst	Capper	Lonergan	Stephens
Bachman	Davis	McAdoo	Thomas, Okla.
Bailey	Dieterich	McGill	Thomas, Utah
Bankhead	Dill	McKellar	Thompson
Barbour	Duffy	McNary	Trammell
Barkley	Fletcher	Murphy	Tydings
Bratton	George	Overton	Van Nuys
Brown	Harrison	Robinson, Ark.	Wagner
Bulkley	Hayden	Russell	Walsh
Bulow	Kendrick	Sheppard	
Byrd	Lewis	Smith	

NAYS—39

Austin	Dale	Hebert	Reed
Black	Dickinson	Johnson	Reynolds
Bone	Erickson	La Follette	Robinson, Ind.
Borah	Frazier	Long	Shipstead
Caraway	Glass	McCarran	Townsend
Carey	Goldsborough	Metcalf	Vandenberg
Clark	Gore	Neely	Walcott
Connally	Hale	Norris	Wheeler
Costigan	Hastings	Nye	White
Cutting	Hatfield	Pope	

NOT VOTING—11

Coolidge	Fess	King	Pittman
Copeland	Kean	Norbeck	Schall
Couzens	Keyes	Patterson	

So the report was agreed to.

FOURTH DEFICIENCY APPROPRIATIONS

The VICE PRESIDENT. According to the order of the Senate, the Chair lays before the Senate the fourth deficiency appropriation bill.

The Senate proceeded to consider the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

REGULATION OF BANKING—CONFERENCE REPORT

Mr. GLASS. Mr. President, I ask unanimous consent that the unfinished business may be temporarily laid aside in order that the conference report on the so-called "banking bill" may be considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the unfinished business is temporarily laid aside.

Mr. GLASS. I now ask unanimous consent for the present consideration of the conference report.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5661) to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the report.

Mr. BORAH and Mr. VANDENBERG addressed the Chair.

The VICE PRESIDENT. Does the Senator from Virginia yield; and if so, to whom?

Mr. GLASS. I yield first to the Senator from Idaho.

Mr. BORAH. I simply want to ask if the report may be explained briefly with reference to the deposit guaranty provision?

Mr. GLASS. That I intend to do briefly.

The VICE PRESIDENT. The Chair will say to the Senator from Idaho that the report was printed in the RECORD of yesterday in the Senate proceedings.

Mr. BORAH. Yes; I understand it was.

Mr. GLASS. Mr. President, I should like briefly to explain to the Senate what the conferees have done. The bill as reported to the Senate, I would say conservatively, contains 98 percent of the bill as passed by the Senate. The differences among the conferees causing so long a delay related to the insurance of deposits provision of the bill. There was a readjustment of what was known as the "Vandenberg amendment" which was accepted by me with the express understanding with the proponent that if it should occur that the bill would be endangered by the inclusion of the Vandenberg amendment providing temporarily for insuring deposits up to $2,500 until the permanent provision of the bill should go into effect, I would feel obliged to agree to some modification of the amendment. That the conferees finally agreed to do because it seemed certain to the conferees that the Vandenberg amendment, as accepted by me and by the Senate, would endanger the passage of the bill.

We have so modified the Vandenberg amendment as that, instead of immediately insuring deposits up to the amount of $2,500 in the member banks and in such State banks as were willing to avail themselves of the privilege of the provisions by the payment of the required fee, we provide for the insurance of deposits up to $2,500 on the 1st day of January 1934, next January, insuring such member banks as may then have been licensed to conduct the business by the Secretary of the Treasury and such nonmember banks as may be approved by the corporation charged with the administration of the insurance provision of the bill.

We did this for the reason that we were assured by the President and by the Treasury and by the authorities of the Federal Reserve Board that it would be disastrous to undertake an immediate insurance of deposits up to $2,500, for the reason that 90 percent of the depositors in banks are persons who deposit less than $2,500, and it would be a physical impossibility to prepare for the insurance provided in the Vandenberg amendment. Therefore we modified the amendment as I have indicated. That was done, I think I am accurate in saying, by the unanimous decision of the conferees of both Houses. It became our conviction that the best that could be done by us was to have this insurance go into operation on the 1st day of next January after there had been suitable provision for it.

In addition to that we modified the permanent insurance provision of the bill so as to provide that nonmember banks applying for the privilege and paying the fee exacted might be insured under the $10,000 provision of 100 percent up to $10,000, 75 percent between $10,000 and $50,000, and 50 percent over $50,000.

We extended from 1 year to 3 years the time when nonmember banks might receive such insurance, before they would be required, in order to continue the insurance, to become members of the Federal Reserve Banking System. In short, a nonmember bank may receive the privileges of the permanent insurance provision beginning on July 1, 1934, or sooner if the President should so desire. That also applies to the temporary provision. They may be insured up to July 1, 1936, without applying for membership in the Federal Reserve Banking System. In other words, the nonmember banks are thus given use of Federal Reserve facilities for that period of time without having to become members of the Federal Reserve Banking System. On and after July 1, 1936, all banks availing themselves of the permanent insurance provision of the bill must become members of the Federal Reserve Banking System.

It may be of interest to state to the Senate that the executive authorities at the outset were all thoroughly opposed to the insurance of bank deposits. I may say also that a majority of the subcommittee of the Committee on Banking and Currency having in hand the preparation of the bill were utterly opposed to the insurance of bank deposits. But as sensible men we realized that it was a problem from

which we could not escape. We knew perfectly well that the other branch of Congress by an overwhelming vote had passed a bill providing for a guaranty of bank deposits and we therefore knew that we were obliged to deal with the problem in some way.

That being so, the Senate subcommittee made representations to the executive authorities to that effect and suggested that it will be better to deal with the problem in a cautious and a conservative way than to have ourselves run over in a stampede. After representations of that view to the executive authorities, they were brought to agree that it were better to do the thing in that way than to have it done in a severely unwise fashion.

In this way we brought about complete accord between the executive authorities and between the conferees of the two Houses of Congress. The Senate now has before it the result of the conference.

In one other particular we made an alteration in the administrative feature of the insurance phase. In the bill as passed by the Senate we provided that the funds should be administered by a board consisting of 5 members, 1 of them to be the Comptroller of the Currency, 1 to be a member of the Federal Reserve Board, the 3 remaining members to be selected by the 12 Federal Reserve banks. The House provision provided for 5 members, 1 of whom should be the Comptroller of the Currency, the other 4 to be appointed by the President of the United States. We finally compromised our differences there by providing a board of 3 members, 1 of them to be the Comptroller of the Currency, the other 2 to be appointed by the President, and not more than 2 members of the board to be of the same political party.

There is one other provision of the bill which has been altered that might interest the Senate, and that is the provision relating to double liability of stockholders in the banks. We have written into the bill a provision which does not undertake to interfere with existing liability, but which obviates the double liability for future issues of stock.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Utah?

Mr. GLASS. I yield.

Mr. KING. Does the stockholder escape any liability whatever other than the loss of his stock, should the bank go into the hands of a receiver?

Mr. GLASS. Under future issues he has no double liability on account of his stock. We do not deal with his liability in other respects.

Mr. President, I think that just about explains the more or less important alterations made by the conferees in the Senate bill.

Mr. VANDENBERG. Mr. President, I desire to comment only briefly on the conference report; and I do so because the chief controversy for the past 3 or 4 weeks has revolved around my amendment which undertook to provide immediate and practically universal bank-deposit insurance.

I confess that I have greeted the conference report with mixed emotions. In some degree the proposed formula fails to include some of the propositions that I had felt to be essential. On the other hand, I think the conference report in respect to deposit insurance in general, and in respect to the purpose of my amendment in particular, represents a distinct and paramount victory for a new principle in American banking; and I am glad to join in hospitality to the conference report. We propose, at last, to make the savings of America safe. It has been my objective for months and years.

I should be unable to bring myself to approve the conference report, however, in view of its seeming postponement of the insurance feature under my amendment, except for the inclusion in the conference report of 10 very significant words.

Mr. President, the temporary emergency insurance, it is true, has been postponed from July 1, as was my contemplation, until January 1, 1934; but in addition to that postponement appears the following phrase:

Unless the President shall by proclamation fix an earlier date.

Mr. President, under that language we have created the possibility of immediate deposit insurance if the situation develops in a fashion to require it. We have eliminated July 1, 1933, as a fixed focus, but we have left July 1, 1933, in the bill as a matter of reality if the situation requires. It is my fundamental theory that deposit insurance is absolutely fundamentally necessary to the economic recuperation of the United States. I am absolutely sure in my own mind that if we could have had deposit insurance last New Year's we would have escaped the debacle of last March, and that just so soon as we get deposit insurance of an effective nature we shall escape the hazards of future jeopardy. That jeopardy still abounds. We have not yet answered our banking problem. It never will be answered except on a basis of justified and adequate depositor confidence.

So, when the conferees bring us back a formula which, while tentatively postponing the initiation of deposit insurance until January 1, 1934, nevertheless permits the President of the United States to invoke it at an earlier date, I am satisfied and happy to welcome it as a great landmark on the road to permanent stabilization of the banking function in America. I am satisfied to take it as a substantial fulfillment of my own purposes as expressed in my amendment.

One other point was fundamentally involved in this argument. It was the question of protecting State banks which are not members of the Federal Reserve System.

Many of us have insisted from the very first that if any deposit-insurance system was to be established, it must in the first instance treat the nonmember State banking structure of the country on an equality with Federal Reserve member banks. So the emergency amendment—identified as the "Vandenberg amendment" for easy speaking—which was adopted by the Senate provided for the admission of nonmember State banks to this insurance fund on the certification of solvency by their own State banking authorities.

That provision remains in the conference report, limited only by the subsequent acceptance of that certification subject to examination by the managers of the insurance corporation; and those managers are not the Federal Reserve Board. We are not delivering these State banks into the control of the Federal Reserve System. This management is an independent management, as the Senator from Virginia [Mr. GLASS] has indicated. The presumption of validity will attach to the certificate of solvency as furnished by the State banking authority, and it is subject only to a perfectly proper check. The burden of proof to upset a State certificate will rest upon the managers of the insurance corporation.

Therefore, Mr. President, much as I should have liked to have the temporary emergency fund remain in its initial form, recognizing the tremendous odds which the Senate conferees not only have confronted but have faithfully battled against and triumphantly overcome, feeling that these two fundamental essentials to protect the integrity and the utility of this insurance deposit fund are existent in the conference report, I am very happy to join the Senator from Virginia in urging the adoption of the report.

Mr. LONG. Mr. President, I do not want to take up any time, and I would not if it were not for the fact that I have spoken so many hours on the floor of the Senate, and it might not be understood by many of those who have worked with me why we are so willing to accept this report.

We have only undertaken to secure equal treatment for State banks. Upon being shown a copy of this conference report last evening, I immediately gave my approval that this was a substantial compliance with all we had requested for the protection of the State banks. That having been done, the act goes to the administration of a board composed of three Presidential appointees, one of whom is the Comptroller of the Currency.

The present Comptroller of the Currency, Mr. O'Connor, is the hope of a fair and good banking system in this country, together with the two gentlemen who will be appointed to serve on this board with him. Unless the act is administered wholly without its spirit and without its terms, there

will be no such thing as a banking catastrophe in this country for many years to come.

It is possible for the act to be badly administered; but there is nothing in the terms of the act that would justify anything except a complete protection of the banking system of the United States, including State banks, Federal banks, and national banks.

For that reason we have agreed to support the conference report.

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD telegrams from Governor Landon, of Kansas; from H. W. Koeneke, State bank commissioner of Kansas; from W. W. Bowman, executive vice president of the Kansas Bankers' Association; and from C. Q. Chandler, chairman of the board of the First National Bank of Wichita, Kans.

All of these telegrams—and they are only a few of the many score I have received of the same general tenor, Mr. President—protest against the passage of the banking bill, the conference report on which has been reported to the Senate.

Mr. President, I am aware that there are a number of desirable changes in the banking laws, particularly those affecting investment banking and banking affiliates, which are incorporated in this bill.

But as I understand the conference report, its immediate effect would be to close several hundred small State banks in my own State of Kansas; I am informed, and have no reason to doubt, that one of its underlying purposes is to destroy the State banking systems of the country; that another purpose is to establish firmly branch banking for the entire Nation.

Mr. President, I have voted for several pieces of emergency legislation of major importance this session, practically "sight unseen." The President declared this emergency legislation, these broad powers granted to him were necessary, and I took him at his word.

But this measure is not emergency legislation. It is permanent legislation of the most vital importance to agriculture, commerce, and industry, to say nothing of the banking system itself. It should be considered as such and given more careful consideration than has been possible at this session.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

TOPEKA, KANS., *June 13, 1933.*

Senator ARTHUR CAPPER,
Senate Office Building:

Pending banking bill extremely injurious to State banks and threatens their very existence. It is essential our dual banking system be preserved in order to best serve farm and community interests of Kansas. Urge your active opposition to the guaranty section, which should be entirely eliminated from bill.

ALF. M. LANDON,
Governor of Kansas.

NEW YORK, N.Y., *June 13, 1933.*

Hon. Senator CAPPER:

Banking bill as reported by conference committee would mean enforced liquidation of several hundred small banks in Kansas; insurance provision depending on Federal board would eliminate State banking systems. Appears our only chance is for Senate to not accept report. Your vigorous action necessary.

H. W. KOENEKE.

TOPEKA, KANS., *June 13, 1933.*

Hon. ARTHUR CAPPER,
United States Senator:

Guaranty of deposits feature pending banking bill extremely dangerous, threatening end dual banking system. We urge its entire elimination from bill.

KANSAS BANKERS ASSOCIATION,
W. W. BOWMAN, *Executive Vice President.*

WICHITA, KANS., *June 13, 1933.*

Hon. ARTHUR CAPPER,
Care United States Senate:

Feel you should have following figures in regard to experience of guaranteed or insured deposits. Law adopted in Oklahoma, 1907, repealed in '23 with $12,000,000 of unpaid claims. Adopted in Kansas, 1909, repealed in '29, with $7,000,000 claims unpaid. Adopted Texas, 1909, repealed '27; cost $15,000,000. Nebraska, adopted 1909, repealed '30; cost $17,000,000. Adopted Mississippi 1914, repealed '30; State issued bond issue to liquidate unpaid claims. Adopted South Dakota 1915, repealed '25. Adopted North Dakota 1917, repealed '29; $25,000,000 in red. Washington adopted 1917, repealed in '29. Wisconsin adopted law in 1932, and after 6-month trial it now shows a deficit of $5,000,000. No government, no matter how strong, can successfully carry out an unsound economic program. I appeal to you to protect your country from a major catastrophe which is inevitable if deposit-guaranty principle is included in Glass bill.

C. Q. CHANDLER,
Chairman of Board, First National Bank in Wichita.

Mr. WALCOTT. Mr. President, anxious as I am to hurry on to a vote upon this important measure, I cannot let this occasion pass without adding just a word in appreciation of the rare opportunity I have had in working two and a half years with the distinguished and able Senator from Virginia [Mr. GLASS].

I count it one of the rarest privileges of my life to have been thrown so closely with him on such a momentous subject as this banking bill, which aims at the unification of our entire banking system, which should render impossible a repetition of the cataclysm we have suffered during the last 3 years, no matter what may happen economically to the country, because the financial system of a country may be quite a different thing from the economic prosperity or collapse of a country.

As a result of this work—and hard work it has been, with many hearings—we have evolved a unified banking law, and we have persistently aimed at the adoption of a branch-banking system. The branch-banking plan, as contained in this bill, is embryonic at the present time, but there are in the bill provisions which will enable a branch-banking system to grow as rapidly as the State laws will allow it to grow. It starts out now, or when this bill is signed, will be in 7 or 8 States; I believe that other State legislatures will advance the cause of branch banking rapidly.

The smaller banks of several States have been in dire distress because they have no branch-banking provisions. This should be a very useful and important feature of this bill as a measure of relief and safety. Neither the Senator nor I approve the principle of guaranteeing bank deposits, but the banking bill of 1933 will live to be of great service.

To conclude, I have never in my life seen a man, young or old or of middle age, who had more tact, fighting qualities, thoroughness, and wisdom to persist in a most difficult undertaking and win out, then possessed by the Senator to whom I have referred. All power to my friend the Senator from Virginia [Mr. GLASS].

The PRESIDING OFFICER (Mr. HAYDEN in the chair). The question is on agreeing to the conference report.

The report was agreed to.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1425. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933;

S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended;

S. 1648. An act to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations; and

H.R. 5755. An act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

INVESTIGATION RELATIVE TO RECEIVERSHIPS AND BANKRUPTCY PROCEEDINGS

Mr. ASHURST. Mr. President, I should like to secure permission, out of order, to make a report from the Committee on the Judiciary. If it leads to any debate, I shall withdraw it. I ask the attention of the Senator from Oregon

[Mr. McNARY], if he is in the Chamber. If he is not, I will not make the report at this time.

Mr. STEIWER. I think he is in the President's room.

Mr. ASHURST. I also ask the attention of the Senator from California [Mr. McADOO] to a resolution which has been reported today from the Committee on the Judiciary. I ask that it be read. After it is read, I shall ask unanimous consent for its consideration.

The PRESIDING OFFICER. The resolution will be read.

The legislative clerk read Senate Resolution 78, submitted by Mr. McADOO on May 12, 1933, which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with amendments, on page 2, line 8, after the word "employ", to strike out "counsel and", and on the same page, line 16, after the word "exceed", to insert "$10,000", so as to make the resolution read:

Resolved, That a special committee of the Senate consisting of 5 Senators, to be appointed by the President of the Senate, 3 from the majority political party and 2 from the minority political party, is authorized and directed to make an investigation of the administration of receivership and bankruptcy proceedings in the courts of the United States, with particular reference to the appointment of receivers and trustees in bankruptcy in such proceedings, and the fees received in the course of such administration, and generally of all matters concerning which information would be desirable in order to correct by legislation such abuses as may be found. The committee shall report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee or member thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. McNARY. Mr. President, when this matter was first called to my attention I objected because it had not been reported from the standing committee having jurisdiction. I want to make this inquiry: Has the matter been referred to the Committee on the Judiciary, and has it reported on it?

Mr. ASHURST. I did not hear the question of the Senator.

Mr. McNARY. Has the resolution offered by the Senator from California been referred to the Committee on the Judiciary, and has that committee considered and acted upon it?

Mr. ASHURST. It was first referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which reported the resolution favorably. Then it went to the Committee on the Judiciary, and that committee met today at 2 o'clock, considered the resolution for an hour or more, and authorized the chairman to report it favorably.

Mr. REED. Mr. President, I think that, under the circumstances, I will have to ask that the resolution go over, under the rule, for 1 day.

The PRESIDING OFFICER. On objection, the resolution will be passed over.

Mr. REED subsequently said: Mr. President, a little while ago I objected to the immediate consideration of Senate Resolution 78, offered by the Senator from California [Mr. McADOO]. I have conferred with that Senator, as well as with the Chairman of the Committee on the Judiciary. They have explained to me their purposes in pressing the resolution, and I am entirely in sympathy with those purposes as they have explained them. Therefore I am willing to withdraw my objection, and I now request, in behalf of the Senators I have named and myself, the immediate consideration of Senate Resolution 78.

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the committee.

The amendments were agreed to.

Mr. ASHURST. I move to amend the resolution on page 1, line 7, before the word "with", to insert "in the more populous centers and elsewhere in the judgment of the committee."

The amendment was agreed to.

The resolution, as amended, was agreed to.

SUPPLEMENTAL ESTIMATES—SUBSCRIPTIONS TO CAPITAL STOCK OF FEDERAL DEPOSIT INSURANCE CORPORATION

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department, fiscal year 1933, to remain available until expended, in the amount of $150,000,000 for subscriptions to the capital stock of the Federal Deposit Insurance Corporation, in accordance with the provision of section 12B (c) of the Banking Act of 1933, approved June —, 1933, which, with the accompanying paper, was referred to the Committee on Appropriations.

AMENDMENT OF CRIMINAL CODE—CONFERENCE REPORT

Mr. KING submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5091) to amend section 289 of the Criminal Code, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 3.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "June 1, 1933, and remaining in force at the time of the doing or omitting the doing of such act or thing", and on page 2 of the House bill, line 4, strike out all after the word "punishment", through the word "District", in line 8; and the Senate agree to the same.

WILLIAM H. KING,
H. D. STEPHENS,
WM. E. BORAH,
Managers on the part of the Senate.

HATTON W. SUMNERS,
TOM D. McKEOWN,
J. BANKS KURTZ,
Managers on the part of the House.

Mr. KING. Mr. President, I move that the conference report be agreed to.

The report was agreed to.

CONFIRMATION OF PRESIDENTIAL APPOINTMENTS

Mr. NEELY. Mr. President, I report favorably from the Committee on the Judiciary Senate bill 1869 relating to the manner of appointment of certain officers of the United States, with amendments, and the recommendation that the bill be passed. There was 1 vote in the Committee on the Judiciary against the bill. I ask for immediate consideration of the measure.

The PRESIDING OFFICER (Mr. HAYDEN in the chair). Is there objection to immediate consideration?

There being no objection, the Senate proceeded to consider the bill.

The amendments of the Committee on the Judiciary were, in line 3, after the word "law" and the comma, to strike out "hereafter" and insert "after this act becomes effective"; in line 4, after the word "all", to strike out "persons appointed as officers" and insert "appointments to office"; in line 6, before the words "per annum", to strike out "$3,500" and insert "$5,000"; in the same line, after the words "shall be", to strike out "appointed" and insert "made"; and in line 8, after the word "Senate", to strike out the period and insert a colon and the following proviso: "*Provided*, That the provisions of this act shall not apply to appointments by the President of persons as secretaries or clerks in his service", so as to make the bill read:

Be it enacted, etc., That notwithstanding any other provisions of law, after this act becomes effective, all appointments to office in the executive branch of the Government of the United States at a rate of compensation in excess of $5,000 per annum shall be made by the President, by and with the advice and consent of the Senate: *Provided*, That the provisions of this act shall not apply to appointments by the President of persons as secretaries or clerks in his service.

Mr. LONG. Mr. President, I ask that the bill be immediately passed. I do not think any discussion is required. It is simply a formal matter, that the President's appointments be approved by the Senate. The bill comes from the Committee on the Judiciary almost unanimously, I might say. One Senator said he did not care to participate. I do not understand him to make any objection. I hope that without much discussion we can pass the bill.

Mr. McNARY. Mr. President, my attention was called to another matter, and I do not know what the nature of the request of the Senator from West Virginia is.

Mr. LONG. There is no request. Consent has already been granted.

Mr. NEELY. Mr. President, the bill provides that appointments to the Federal pay roll which carry salaries of more than $3,500 a year shall be subject to the approval of the Senate. That is the purpose of the bill.

Mr. McNARY. Has the matter been before the Committee on the Judiciary?

Mr. NEELY. It has been, and there was but 1 dissenting vote in the Committee on the Judiciary against it.

Mr. McNARY. Let the bill be reported, Mr. President.

Mr. KEAN. Let us have order in the Chamber.

The PRESIDING OFFICER. The Senate will be in order.

The clerk will report the bill for the information of the Senate.

The bill was again read.

Mr. LOGAN. Mr. President, it has been mentioned that one member of the Committee on the Judiciary voted against reporting this bill favorably. That is not exactly accurate. The measure was in the form of a resolution when I voted against its favorable report, but if I had been at the meeting when it was changed into a bill I still would have voted against it.

I think that when the Senate of the United States can find nothing more important to do than to consider 25,000 or 50,000 or 100,000 appointments of clerks and subordinates in the various departments, we have very little to do.

Mr. NEELY. Mr. President, the Senator from Kentucky has a totally erroneous idea of the number of employees who will fall within the purview of this bill. The Civil Service Commission has informed me since noon that there would be fewer than 16,000 of them; that there are 5,000 of that number in the military service, and of course they would be subject to confirmation anyway. I believe it is quite safe to assume—and I want to distinguish between what I am assuming and what the Civil Service Commission has informed me—that at least half of the remaining 10,000 on the civil list are already subject to confirmation, because they consist of United States marshals, United States district attorneys, and officials of that character.

Mr. LOGAN. I take it for granted that there are not many United States marshals who receive less than $3,500. I would not care if there were only one.

If it is the desire of the collector of revenue in my State and of the marshal down in my State to appoint two deputies, or if it is necessary to appoint some clerk in their office, I think it is a very small matter to insist that that appointment be submitted to the Senate for confirmation. It is a matter which is at least deserving of more consideration than we have any opportunity to give it now. I do not know what the effect will be. We are appointing collectors of internal revenue, and they have deputies who receive more than the salary mentioned. The Senate is getting ready to adjourn. I do not know whether we can make the appointments of deputies, or whether we will have to wait until they can be submitted to the Senate next year. I do not know what the purpose of the bill is. I do not know whether those who sponsor it believe that the President is apt to appoint men who are unsatisfactory or not. So far as I am concerned, I am willing to take my chances on having the recommendations made by my colleague and myself followed without it being necessary to provide that they must send the appointments to the Senate. I can see no good reason for the passage of this bill, and I voted against it in the Committee on the Judiciary, and while I shall not ask for a record vote, I want everyone to know that I am against it here. It is too little for us to be dealing with it at this time.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

Mr. BARKLEY. Mr. President, I desire to offer an amendment to strike out "$3,500" and to insert in lieu thereof "$5,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

REORGANIZATION OF EXECUTIVE DEPARTMENTS—PROPOSED CHANGE IN EXECUTIVE ORDER

Mr. McNARY. Mr. President, I ask for the present consideration of Senate Joint Resolution 63, disapproving section 18 of the Executive order of June 10, 1933, relating to the organization of executive agencies, which is now on the desk.

The PRESIDING OFFICER. The clerk will report the resolution for the information of the Senate.

The joint resolution was read, as follows:

Resolved, etc., That notwithstanding the provisions of title IV of part II of the Legislative Appropriation Act, fiscal year 1933, as amended, the provisions of section 18 of the Executive order providing for certain regroupings, consolidations, transfers, and abolitions of executive agencies and functions thereof, transmitted to the Congress on June 10, 1933, and printed in House Document No. 69, Seventy-third Congress, first session, shall not become effective.

The PRESIDING OFFICER. Is there objection to the consideration of the joint resolution?

Mr. ROBINSON of Arkansas. Mr. President, I think the Senator from Oregon should state the effect of the suspension he is proposing.

Mr. McNARY. I shall be very happy to do that. Late Saturday evening the President of the United States submitted a message to the Congress transmitting an Executive order providing for the consolidation, transfer, and abolition of executive agencies. That message has been printed as Document No. 69.

On page 5 appears section 18, which refers to the following functions which are to be abolished in part:

SECTION 18

The following functions are abolished in part:

Cooperative vocational education and rehabilitation, 25 percent thereof.

Payments for agricultural experiment stations, 25 percent thereof.

Cooperative agricultural extension work, 25 percent thereof.

Endowment and maintenance of colleges for the benefit of agriculture and the mechanic arts, 25 percent thereof.

Mr. ROBINSON of Arkansas. Mr. President, I have not been able to hear one word the Senator has said, for the reason that I have been interrupted several times, and the noise and confusion in the Chamber make it impossible to follow the statement of the Senator and what he has been reading. I should like to have a copy of the document referred to by the Senator from Oregon.

The PRESIDING OFFICER. The Senate will be in order. Those desiring to converse will retire to the cloakroom.

Mr. McNARY. Mr. President, the document to which I first made reference was the message of the President of the United States, which was brought to the attention of the Congress late Saturday evening, and which referred to the consolidation, transfer, and abolition of certain executive agencies.

On page 5 of that document is section 18, under which certain functions are proposed to be abolished, which I have read.

Yesterday I introduced Senate Joint Resolution 63, which proposes to eliminate section 18 of the Executive order of June 10, last Friday. If this joint resolution shall be agreed to, it will eliminate from the order of the President that section which would decrease the appropriation for these four agencies by 25 percent and would restore the present appropriation. That is the tenor of the joint resolution, which I move to take from the desk and have considered.

Mr. KING. Mr. President, will the Senator yield?

Mr. McNARY. I yield to the Senator from Utah.

Mr. KING. I am not sure that I fully understand the position of the Senator, but, if I do, his position is that the proposed reorganization plan submitted by the President a few days ago shall be so modified, if not mutilated, as will remove therefrom a number of provisions and items to which the Senator refers in his resolution?

Mr. McNARY. I should not call it "mutilation" at all, I think the action I propose would operate for the benefit of our basic agricultural industry. Section 18, which is the only section on which I make my assault, provides for a decrease or diminution by 25 percent of the appropriation now exigent for the three major activities of the Department of Agriculture. I want the present appropriation to remain; I want no curtailment of the activities of these agencies. I can see, if this Executive order shall be carried out, a great curtailment of the benefits which agriculture should receive, by reason of the decrease in the amount of the appropriation. Consequently it has been my view, and it is my view now, that the only way I can reach the objective is by a bill or a joint resolution. The original act itself reposes in the President the power to abolish or diminish the activities of this Department or any other agency of the Government. That is existing law, and unless the order of the President in some way shall be modified within 60 days it becomes a law unto itself. I reach it not by a motion made here, as ordinarily would be done in the case of a bill, but I believe that it is essential to attack it by a legislative act just as powerful as the original act itself, namely, by an expression of both branches of Congress.

Mr. KING. Mr. President, so that I may be more enlightened—perhaps it is my fault that I am not—I should like to ask the Senator this question: Assume that the measure sent to us by the President is permanent in character, does the joint resolution which the Senator offers affect its permanency, or does it relate only to the ensuing year with respect to the appropriations which are made covering the items mentioned by the Senator?

Mr. McNARY. It takes the activities covered by the joint resolution wholly out of the operation of the order of the President of the United States and restores them entirely to their original status, namely, as provided by existing law under the appropriations now carried.

Mr. KING. Now and forever?

Mr. McNARY. Unless the Congress at some future time should change the act or unless the President should renew his order at some future time.

Mr. KING. Mr. President, may I ask the Senator if it is deemed wise to take from under the provisions of the order submitted by the President the activities to which the Senator refers, what reason is there for not taking from under the operation of the order all other activities and agencies with which it deals? Why differentiate the ones the Senator has in mind from the others?

Mr. McNARY. That is answered by saying that some of the provisions of the Executive order may have merit, but I am addressing myself to a provision which I think will cripple agriculture because of restrictions on agencies now maintained by the Department. Some may say that the transfer of the Shipping Board to the Commerce Department is a wise venture; others may say that the consolidation of purchasing agencies into one organization would be wise; but, Mr. President, I want to say to the Senator from Utah that I am not attacking the whole Executive order; I am attacking one provision which I think is essentially wrong and to the detriment of the rural population of the country and to the disadvantage of agricultural colleges which have given education to the youth in accordance with the philosophy and traditions and the history of this country since 1862, when the first agricultural college was instituted through the land-grant system.

Mr. President, I am not saying that the Executive order as a whole is bad and unwise; I am saying that as to this particular provision I think it should be eliminated; and if affirmative action shall not be taken today or tomorrow, if we shall then be in session, it will become as fixed as the statute itself.

Mr. BRATTON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BRATTON. Will action on the motion of the Senator from Oregon or upon the joint resolution operate to displace the unfinished business?

The PRESIDING OFFICER. The Chair is of the opinion that the motion made by the Senator from Oregon cannot be considered except by unanimous consent. The Senate is now operating under a unanimous-consent agreement.

Mr. ROBINSON of Arkansas. Mr. President, I have made some investigation into this subject, and if the Senator will be content to let the matter be passed over until I can discuss it with him, I think we may, perhaps, come to some arrangement about it that will save time.

Mr. McNARY. Mr. President, I realize that the majority party, through its leader, is entitled to fashion the program, but it had occurred to me that there was a possibility of an early adjournment, and I did not want the time to be reached until I had an opportunity to present this particular and vital matter. I am willing, Mr. President, if it meets with the convenience of the Senator and I will not lose any of my rights or opportunities thereby, temporarily to lay it aside.

Mr. ROBINSON of Arkansas. The Senator is aware that he has not any rights when he asks unanimous consent.

Mr. McNARY. I do not concur in that suggestion at all.

Mr. ROBINSON of Arkansas. Well, the Senator will give me credit for an attempt at humor. The point I am making is that the Senator is, in effect, asking unanimous consent.

Mr. McNARY. No; I am not asking unanimous consent, by any means. This is a resolution that went to the desk yesterday; and when there is nothing before the Senate——

Mr. ROBINSON of Arkansas. But there is a general appropriation bill before the Senate, and the Senator cannot have his resolution considered except either by unanimous consent or by displacing the general appropriation bill. I do not wish to raise any technical objection. The Senator from Idaho has offered a similar resolution in which he suggested that the operation of section 18, having relationship to vocational education and rehabilitation and the payments to agricultural experiment stations, and so forth, be suspended until 60 days after the beginning of the next session of Congress. That is different from the joint resolution of the Senator from Oregon, in that the Senator from Oregon proposes to prevent by his joint resolution section 18 from becoming effective at any time. I merely thought that perhaps it would be in the interest of facilitating a final disposition of the joint resolution if the Senator would let the matter go over until after the passage of the deficiency bill; and I can assure him that, so far as any effort upon my part is concerned, he shall not be prejudiced by that action. I do not believe the Senate would vote to displace a general appropriation bill just at this time for the resolution of the Senator from Oregon.

Mr. McNARY. Mr. President, my attention had been distracted by a number of Senators, and I was advised that the appropriation bill had passed, and that there was no unfinished business.

The PRESIDING OFFICER. The appropriation bill is before the Senate.

Mr. McNARY. I am familiar with the rule, of course, and if there is unfinished business there are only two ways I could proceed, one by unanimous consent and the other

by displacing the unfinished business. I do not intend to do either, and for that reason, and with the assurance of the Senator from Arkansas that he will assist me on some appropriate occasion to get the joint resolution before the Senate, I shall take my seat.

FOURTH DEFICIENCY APPROPRIATIONS

Mr. BRATTON. Mr. President, I ask that we go forward with the appropriation bill. It must go to conference; the amendments must be printed, and time must be afforded to consider them. I desire to accommodate every Senator, but each Senator is familiar with the situation, and I hope the Senate will go forward with the appropriation bill.

The Senate resumed the consideration of the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes.

The PRESIDING OFFICER. The first committee amendment will be stated.

The first amendment of the Committee on Appropriations was, on page 2, beginning in line 3, to insert the following:

For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per 100 words, fiscal year 1934, $100,000.

The amendment was agreed to.

Mr. BRATTON. Mr. President, that amendment, beginning in line 3, on page 2, should be transposed to follow line 17 on the same page. I ask that it be transposed and appear in the bill following line 17.

The PRESIDING OFFICER. Without objection, the amendment will be transposed to the point suggested by the Senator from New Mexico. The next amendment reported by the committee will be stated.

The next amendment of the Committee on Appropriations was, under the subhead "Capitol Police", on page 2, after line 22, to insert:

Salaries: 12 privates at $1,620 per annum each, fiscal year 1933, $17,820; one half of such privates to be selected by the Sergeant at Arms of the Senate and one half by the Sergeant at Arms of the House.

The amendment was agreed to.

The next amendment was, on page 3, line 5, after the figures "1934", to strike out "$625, one half to be disbursed by the Secretary of the Senate and one half by the Clerk of the House" and insert "$1,876.50", so as to read:

For purchasing and supplying uniforms and motorcycles to Capitol police, and for contingent expenses, fiscal year 1934, $1,876.50.

The amendment was agreed to.

The next amendment was, on page 3, after line 7, to insert:

One half of the foregoing amounts under "Capitol Police" shall be disbursed by the Secretary of the Senate and one half by the Clerk of the House.

The amendment was agreed to.

The next amendment was, on page 3, after line 10, to insert:

ARCHITECT OF THE CAPITOL

Senate Office Building: For four female attendants, Senate Office Building, at $1,080 per annum each, fiscal year 1934, $3,960.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Indian Affairs", on page 7, after line 9, to insert:

Compensation to non-Indian claimants, pueblo Indian lands, New Mexico: For carrying out the provisions of the act of May 31, 1933, in settlement of the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith, fiscal year 1933, $232,086.80, to remain available until June 30, 1934, and to be apportioned to claimants within the several pueblos as follows: Tesuque, $1,094.63; Nambe, $19,393.59; Taos, $14,064.57; Tenorio tract, Taos pueblo, $43,165.26; Santa Ana (El Ranchito grant), $846.26; Santo Domingo, $66; Sandia, $5,354.46; San Filipe, $16,424.68; Isleta, $6,624.45; Picuris, $11,464.73; San Ildefonso, $16,209.13; San Juan, $19,938.22; Santa Clara, $35,350.88; Cochiti, $9,653.81; Pojoaque, $1,767.26; Laguna, $30,668.87.

The amendment was agreed to.

The next amendment was, under the heading "Department of State—International Monetary and Economic Conference" on page 11, after line 17, to insert:

Interparliamentary Union: Toward the expenses of the American group of the Interparliamentary Union, including traveling expenses, compensation for stenographic and other clerical services, printing and binding, and other necessary expenses, fiscal year 1934, $10,000, to be disbursed on vouchers approved by the president and executive secretary of the American group.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. BRATTON. Mr. President, in behalf of the committee, I send forward the following amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from New Mexico on behalf of the committee will be stated.

The CHIEF CLERK. On page 4, line 22, after the word "authority", it is proposed to insert the following:

Including reimbursements for any expenses prior to the enactment of this appropriation incurred at the direction of the President.

The PRESIDING OFFICER. Without objection——

Mr. REED. Mr. President, I do object to that most strenuously. If the President has heretofore been spending money without any authority of law, the Congress ought to know what spending he has been indulging in before it ratifies it blindly. To put in the bill any such amendment without giving the Congress information as to what has been done is almost a defiance of the authority of Congress and of the appropriating power.

This amendment was in the bill as reported from the Appropriations Committee in the House; it was stricken out by the House when its attention was called to what was being attempted; and it seems to me that the Senate ought to take the same action as the House took, and not shut its eyes and blindly ratify a lot of spending of Government money without the shadow of authority of law. If our appropriating power is to be respected, it ought to be asserted now.

Mr. BRATTON. I think the senior Senator from Nebraska [Mr. NORRIS] is more familiar with the subject matter of the amendment than I am, and I shall ask him to explain it, if he will do so.

Mr. NORRIS. Mr. President, I believe no Senator will object to the amendment when he knows all the facts with regard to it. The Congress enacted a law providing for the Tennessee Authority, known ordinarily as the "Muscle Shoals bill," which provided for the appointment of three members of the Board.

After one of the members of the Board had been appointed chairman of the Board and confirmed by the Senate, in order to satisfy himself as to the other members of the Board, and as to who they should be and in order to make some necessary investigation so that no mistake would be made in their appointment, the President asked the newly appointed chairman of the Board to make certain investigations. A large number of names had been suggested. It was very important that no mistake should be made in the selection of the members of this more or less technical Board. The President asked Mr. Morgan, and some assistants to Mr. Morgan, to make the investigations. Mr. Morgan went to the Pacific coast, to New York, to Wisconsin, and through several States of the South.

In addition to that, immediately when the bill was passed there came an avalanche of requests of various kinds for information and otherwise. It was absolutely a physical impossibility for Mr. Morgan to give attention to the work that the President asked him to do and at the same time attend to all this correspondence. So he employed quite an office force to take care of the correspondence which

was coming in, letters by the thousands, all kinds of recommendations and suggestions and requests for information.

It was for these purposes that the expenditures were made, the payment of which is provided for by the amendment. In my judgment the President undertook a most systematic method in selecting the members of the Board without regard to politics and in order that he might get good men who were fully qualified to fill the position.

The investigation which was carried on between the time of the appointment of Mr. Morgan and the time that the other appointments were made and while they were pending was one of the most commendable things I ever knew an appointing power to do in order to reach a conclusion that was satisfactory.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. McKELLAR. I agree entirely with all the Senator from Nebraska has said. I want to invite the attention of Senators to the fact that it was necessary to have clerks and employees in one of the offices here to answer the inquiries that were made by Senators and Representatives. There was an avalanche of those inquiries and it was necessary to have somebody at the office before the other members of the commission were appointed in order to answer those inquiries.

Mr. NORRIS. In addition to that some of the investigations made while Mr. Morgan was traveling over the country might have been postponed. For instance, one of the things the Board will have to do will be to select some assistant engineers, men with more or less technical qualifications. While Mr. Morgan was investigating the appointment of the other members of the Board he was also doing work of that kind. He paid his own expenses. He has not been reimbursed.

Mr. President, I believe there has not been a penny spent but that was spent in the interest of economy and good judgment. It would have been a terrible calamity if the President had named a Board not competent to fulfill the duties that this Board has to perform. While he necessarily had to decide against a good many men honestly trying to get this man or that man appointed, many of whom had the necessary qualifications, yet there were only three to be named. Mr. Morgan went over nearly the entire country to investigate. It was necessary for him to look up their work, to make inquiries as to the work these men had done in their various lines. He had continual calls on the long-distance telephone when he was here, and he had to get somebody to look after them when he was not here. He was working 16 or 18 hours a day, and doing it, in my judgment, in the very best of faith and with the best effect.

I do not believe anyone can criticize this particular expenditure if he knows what the facts are. It was done at the request and the instigation of the President at a time when it was necessary to do something quickly, because Congress would probably soon adjourn. If I know anything about it that will enable me to give any further information to the Senator from Pennsylvania, I shall be very glad to do it. I think in a general way I have explained just what the expenditures were.

Technically it was not allowed by law. It was done by the President of the United States through the instrumentality of the man who is to be chairman of the Board, all in the interest of carrying out the purposes of the bill. There were some other investigations that he made which I think would be proper under the law and to which no objection could be made.

The Senator will remember that in the bill there was one section which gave to the President the right and the authority to make an investigation of some things that had been done on the Tennessee River at Muscle Shoals and Dam No. 2 and its connections and other improvements contemplated under the Tennessee River. That had nothing to do with the act itself, but while this man went there he killed three birds with one stone, as a matter of fact. He made a partial investigation of that particular item which we authorized the President to investigate. That is all included in this item of expense.

Mr. REED. Mr. President, the Senator will understand that I do not know anything about the matter, and I am very glad indeed to accept the statements he has made to us. I do not mean to criticize Dr. Morgan, because I have no detailed information whatever of what has been done.

Can the Senator tell us about how much money has been spent so far?

Mr. NORRIS. Yes. In all of these different items, some of which I think would have to be expended anyway—and some of the men employed under an agreement that they are not to be paid unless Congress appropriates—the total amount of all the investigation and other work will be in the neighborhood of $5,000.

Mr. REED. And the amendment now pending will involve only about $5,000 of Government money?

Mr. NORRIS. Yes.

Mr. REED. Will that cover the clerk hire that has been referred to as well?

Mr. NORRIS. Yes; up to the time that the law provides for their employment. That is my information.

Mr. REED. Of course, I do not mean to take the time of the Senate in discussing an item of that size in an enterprise of this magnitude. I do not think it would be dignified to do that. I do believe, however, that the practice of authorizing illegal spending is a very bad one.

Mr. NORRIS. I agree with the Senator.

Mr. REED. I am sure the Senator does agree with me in that respect.

Mr. NORRIS. I most fully agree, but the Senator must remember that here was the condition: Congress was probably going to adjourn in a few days. The Board could not organize until its membership had been appointed and confirmed by the Senate. One of the things I was afraid of all the time was that the nominations would come in so late that Members would for some reason say we were trying to get this man or that man confirmed without notice enough to the Senate.

Personally I want to say to the Senator that, while I did not select any of the three men named, I gave to Mr. Morgan and to the President a list of probably a dozen names which were investigated. I doubt very much whether some of them would have accepted even if the appointment had been tendered, but I gave their names nevertheless.

Mr. REED. The Senator will understand I am not criticizing that matter or his connection with it.

Mr. NORRIS. None of them was appointed. I was advised and consulted about the matter. I believed it was necessary that we do something and do it right away; otherwise we would have to let the matter go over until the next session of Congress.

Mr. REED. Can the Senator from Nebraska understand the storm that would have raised around Mr. Hoover's head if he had done some spending that had not been authorized by prior appropriations?

Mr. NORRIS. It might be.

Mr. REED. I think the roof would have echoed with denunciations.

Mr. NORRIS. I realize the Members of the Senate did not know about this. I am not finding fault in any way with the Senator calling attention to it being a bad practice. If I had not known of the conditions that confronted us I would have advised against doing anything of the kind.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. NORRIS. I yield.

Mr. FESS. I think I ought to say that I made some investigation of this matter because of my connection with Dr. Morgan. I was very much distressed when I found that the item went out in the House. I called the attention of the Senator from Nebraska to it immediately and stated to him that information had come to me from the office

that they were under compulsion to make a temporary organization. They could not defer it. Dr. Morgan had been confirmed many days before the other two names were submitted, and he proceeded on the basis that what he would do would be approved, and if it were not approved he would have to suffer the consequences.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. Certainly.

Mr. ROBINSON of Arkansas. The real question was whether it was necessary and in the public interest? Did it result in a saving of time and economy?

Mr. NORRIS. There is no question about it.

Mr. ROBINSON of Arkansas. There is no doubt that the practice of spending money without authority of law is, as a general rule, to be condemned; but this appropriation, as explained, seems to be justified.

Mr. FESS. I meant to say that to read the statement without having the facts would be rather shocking, but when we know the facts it seems to me it is entirely proper.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I wish to submit an inquiry to the Senator from New Mexico [Mr. BRATTON]. I invite his attention to the language beginning on page 10, line 3, down to and including line 17 on page 11. I wish the Senator would explain what the Mixed Claims Commission is and what it has to do and to whom it reports.

Mr. BRATTON. Mr. President, it is my understanding that the Mixed Claims Commission of the United States and Germany has jurisdiction over claims involving property growing out of the war and that it reports to the Secretary of State. In brief, I understand that to be the duty or the function of the Commission.

Mr. SHIPSTEAD. Can the Senator tell us if there are any claims pending now and for what amounts?

Mr. BRATTON. No, I cannot. The item is for $35,700. I assume that a justification was made in the House showing the need for that amount of money.

Mr. SHIPSTEAD. I notice many appropriations are asked for from year to year for various commissions, but we never see any report from them. I do not know what their particular work is or whether they have any work.

Mr. BRATTON. I join the Senator in that. I assume that this Commission is about ready to conclude its labors.

The Senator will note, beginning on line 17, this language:

> And the expenses of an agency of the United States to perform all necessary services in connection with the preparation of claims and the presentation thereof before said Mixed Claims Commission, and the preparation of a final report.

I assume that that indicates that the Commission is approaching the conclusion of its labors.

Mr. SHIPSTEAD. I take it for granted to be very important that they close their affairs, and a lot of other commissions as well.

Mr. BRATTON. I join the Senator in the belief that some of these mixed claims commissions have consumed too much time. It has been impossible to secure results upon claims submitted to them. I have had that experience. No doubt every Senator has had the same experience.

Mr. SHIPSTEAD. I think the Commission ought to be abolished.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Utah?

Mr. BRATTON. I yield to the Senator from Utah.

Mr. KING. I think the situation does not justify this appropriation.

I had occasion in March of this year to make some investigation of the claims of some American citizens who had communicated with me who had obtained judgments at the hands of the Mixed Claims Commission. The money was in the Treasury of the United States, but the Treasury of the United States did not pay, I think, some twenty-odd million dollars due to American claimants, because it was alleged that notwithstanding the period had expired within which American claimants must submit their claims against Germany they were trying to secure legislation for the purpose of enabling them to obtain an ex parte hearing and an ex parte judgment.

I called up Mr. Martin, of the organization of the Mixed Claims Commission. He told me that all of the business had been completed; that they had to prepare opinions—judgments had practically been made—upon some 14 or 16 cases and then write their reports; that that could be done within a short time, and that thereupon there was no reason whatever for the continuance of the Commission.

Because of the complaints made to me by a number of Americans who had obtained judgments and could not get their money, although it was in the Treasury, on March 31 of this year I wrote a letter to the Secretary of the Treasury, as follows:

> MY DEAR MR. SECRETARY: My attention has been drawn to the present status of the special-deposit account created under the Settlement of War Claims Act of 1928. I am informed that except for a technical attitude adopted by the American Commissioner and American Agent on the Mixed Claims Commission substantial sums, estimated at about $20,000,000, would be distributable out of the special deposit account—

To American citizens.

> In that connection I am informed that there are only a handful of claims remaining on the Commission's docket; that all these cases have been previously passed upon with an adverse finding by the Commission; that they are on the docket of the Commission in the form of petitions for review or rehearing; that the German Agent has made offers of settlement in all the cases on the Commission's docket on terms acceptable to the American claimants and the American Agent; that the German Agent and the German Commissioner take the position that when the docket of the Commission is cleared then the Commission stands functus officio.
>
> From a reading of an agreement of August 10, 1922, which creates the Mixed Claims Commission, I find no provision covering the method of finally liquidating the affairs of the Commission. Under the circumstances it seems to me the attitude of the Germans is entirely fair.
>
> As opposed to this attitude, I am informed that our Government has taken the position that inasmuch as Congress has appropriated enough funds to permit the American Agency and Commission to function until the close of the fiscal year—

That would be the 30th of June of this year—

> That the Commission should not be regarded as functus officio until such date, contending that any time up to January 30 of this year any one of the 20,000 or more cases previously decided by the Commission might be reopened.
>
> It would seem to me that our Government's attitude in the matter is very difficult to defend and clashes with what I regard as the spirit of international arbitration. Having entered into an arbitration agreement with Germany more than 10 years ago, and the Commission created under that agreement having functioned so satisfactorily during all that time, it does seem reasonable that when there is no further business on the docket of the Commission that the Commission should be declared to stand functus officio.
>
> I find it difficult to see why when no further business remains on the Commission's docket the German Government should be obliged to help maintain the expense of the machinery of the Commission in the hope that somewhere a previously decided claim might be submitted for review. What concerns me especially and prompts me to write you at such length at this time, apart from these general international considerations, is the fact that substantial sums could be put in circulation in this time of stress when funds are so badly needed. This is especially so because the funds are lying idle in the Treasury Department, when they could be put to use in various sections of the country to stimulate business in one form or another.
>
> I trust, Mr. Secretary, that you will see your way clear to expedite the closing of the Commission and therefore facilitate the distribution in the special-deposit account at the earliest practicable date.

May I say that there are approximately $20,000,000 which have been awarded to American claimants. The money is in the Treasury and has been there for many months.

Mr. SHIPSTEAD. Why do they not pay it?

Mr. KING. They will not pay it because of the action of certain persons who claim that wrongs have been done by some German spies in connection with what are denominated the "sabotage claims." Although those sabotage claims were decided, as I recall, two or three times adversely to the American claimants, and finally the German Government consented that the matter should be arbitrated finally

by Mr. Justice Roberts of the Supreme Court, and he heard the matter and confirmed the findings of the Commission that there was no liability upon the part of the German Government, nevertheless these persons now are attempting, as I am advised, by ex parte proceedings to get a judgment against the Government.

I saw a bill which was introduced in the House which permitted persons to go abroad in an ex parte proceeding, take testimony, and obtain an ex parte judgment; and then, of course, they would claim that these funds which ought to be distributed to American claimants should be divided up so that these Americans who have judgments in their favor might be compelled to have a reduction made, and a pro tanto distribution of the fund, in order to help some persons who had failed to succeed in the litigation.

Mr. BRATTON. Mr. President——

Mr. KING. I yield to the Senator.

Mr. BRATTON. Since the Senator from Minnesota asked me about the facts relating to this item, I have obtained the testimony given by Mr. Carr before the House committee.

Mr. KING. When?

Mr. BRATTON. On June 9, 5 days ago. Mr. Carr said:

All the work under this Commission was supposed to have been wound up on the 30th of this month, and you appropriated money for that purpose.

Meanwhile, however, the claimants in the so-called "sabotage claims"——

Mr. KING. There you are.

Mr. BRATTON (reading):

amounting to about $40,000,000, have applied for a rehearing of their cases, and the Commission—or, rather in the preparation for the rehearing, Congress passed a bill, which was Senate bill 1581, approved by the President day before yesterday——

Mr. KING. May I say that that bill was passed without anyone knowing about it; at least, most of us did not know a thing about it.

Mr. SHIPSTEAD. Who was the author of the bill?

Mr. KING. I do not know.

I hope the Senator from New Mexico will pardon me for interrupting him.

Mr. BRATTON (continuing reading the testimony):

or, rather, in the preparation for the rehearing, Congress passed a bill, which was Senate bill 1581, approved by the President day before yesterday, providing means by which testimony may be taken under oath in the district courts of the United States, one of the principal purposes of the bill being declared to be to assist in getting satisfactory evidence in the sabotage cases on which to base a consideration of the application for rehearing by the Mixed Claims Commission.

We thought that perhaps they could get through with that collection of evidence before the 30th of June and submit it to the Commission and have the question of the rehearing determined. But they say it is physically impossible for them to get their evidence by that time.

Continuing, Mr. Carr says:

The money will be exhausted on the 30th of June—that is, the amount you appropriated—and they say they cannot possibly get the evidence in that time, and apparently the Department of Justice takes that point of view.

Later Mr. Carr says that it is expected to complete the work of the Commission within 90 days.

Mr. SHIPSTEAD. With due respect to Mr. Carr and the State Department, if that is all there is to the appropriation—these sabotage cases that have been adjudicated and arbitrated and settled—then this appropriation is for nothing except to continue a racket.

Mr. BRATTON. It includes the preparation of their final report and the printing of the final report. Of course, that should be done. The report should be made and should be printed.

Mr. KING. Mr. President, will the Senator from New Mexico permit me to read from the testimony given more than a year ago in regard to this matter?

Mr. Bonynge, as you know, was the American agent. He appeared before the committee, and it appeared from the testimony that there were 16 cases before the Commission at that time. The testimony will be found at pages 112 and 113 of the hearings. The following colloquy took place:

The CHAIRMAN. What are these 16 cases—

That was a year ago—

or what is involved in them? Suppose you tell us something about these cases.

Mr. BONYNGE. They involve principally bond, estate, debt, and exceptional war measure claims, where property was confiscated.

The CHAIRMAN. The *Black Tom case,* as I understand it, has been determined?

That is a so-called "sabotage case."

Mr. BONYNGE. Yes, sir. That is not included in these 16 cases.

The CHAIRMAN. As I understand it, those cases were heard in November.

Mr. BONYNGE. No, sir; only the *Black Tom case* and the *Kingsland case* were heard in November. These 16 cases remain to be disposed of.

The CHAIRMAN. Has the time been set for disposing of them?

Mr. BONYNGE. No particular time has been set, but we have got to dispose of them during the next 6 months.

Mr. SHIPSTEAD. That is a year ago.

Mr. KING. That is a year ago.

The CHAIRMAN. Do you think you can guarantee this committee that the whole thing will be cleaned up by July 1?

That would be July 1 of this year.

Mr. BONYNGE. Yes, sir.

He guaranteed it.

The CHAIRMAN. They will be cleaned up and the records turned over to the State Department?

Mr. BONYNGE. This appropriation will be sufficient to do it. If we go beyond July 1 the language of the appropriation states that we will have to do the work out of this appropriation. It will have to be done under this appropriation, and we will do it under this appropriation.

Of course this Commission is like others in that when there is a chance for immortality—a chance to come back and get their hands into the Treasury again—they find excuses too frequently for continuing their existence.

The CHAIRMAN. There will be no more money asked for that purpose?

Mr. BONYNGE. No, sir.

The CHAIRMAN. How will that be, if you are asking only enough money to carry you until July 1?

Mr. BONYNGE. I figure that we will be able to get through by July 1, but as we go along, if we find that we do not need as many clerks, we will be able to dispense with them—

They have had a very large number of them—

and still finish up the work. If we cannot finish the work by July 1, we can finish it later, but, even if we do not absosolutely get through with the work by July 1, if there still remains some work in connection with turning over the property or making a disposition of the property, including property jointly purchased by the Government of the United States, Germany, and Austria and Hungary, we will do it out of this money.

The CHAIRMAN. How much is involved in these 16 cases?

Mr. BONYNGE. Approximately $2,000,000, including interest.

Let me make a further observation at this point. That was the testimony at that time, a promise, a guaranty that no more money would be sought. During the month of February 1933 negotiations were conducted, and the bases for a settlement of all these 16 pending cases were arrived at in amounts acceptable to every American claimant so that those cases are entirely determined, the settlement being agreeable to the United States agency, and the German agency of the Mixed Claims Commission.

The German agency, in offering to dispose of all the cases, proposed that the Commission enter an appropriate minute to indicate that, with the disposal of all the cases on the docket, the Commission should stand functus officio. The United States agency refused to concur in this proposal of the German Government and insisted that, inasmuch as the appropriation continued the life of the American agency to June 30 of this year, though they could have finished it at that time, in February, and entered in the minutes an order that they no longer existed, they wanted to continue their life until the 30th of June of this year.

I repeat, the United States agency refused to concur in this proposal of the German Government and insisted that, inasmuch as the appropriation continued the life of the American agency to June 30, 1933, the work of the Commission should not be regarded as closed prior to that date, the United States viewpoint being that any one of the 20,000 cases previously decided by the Commission might be re-

opened by petition for a review or rehearing at any time up to June 30, 1933. Under these circumstances the final disposition of the 16 cases on the docket of the Commission has been delayed, in order that the American officials might draw their salaries up until June 30, though they could have concluded their activities in February, at the time this proposal was made.

Mr. SHIPSTEAD. Mr. President, the Senator from New Mexico informs me that this sum of money would last the Commission only for about 90 days, and then they will have to quit anyway. If that is the case, I will not take up the time talking about it any longer.

Mr. KING. Mr. President, the objection I have to making any appropriation is because, first, it is unjust and unfair; second, because of misrepresentations of the Commission; third, because it is an effort to enable litigants who have been defeated time and time again, against whom a judgment has finally been entered by the arbiter selected by them, to wit, a Justice of the Supreme Court of the United States, to reopen the cases decided; because it is a scheme to go ahead and take ex parte evidence, and indeed to take an ex parte judgment. It would look as though, if we should make this appropriation, we would be conniving at what I conceive to be a very improper, unethical, and unjust procedure upon the part of this Commission and upon the part of some American claimants.

Mr. SHIPSTEAD. I think it would be proper to make it plain that none of this money should be spent except for the purpose of winding up the affairs of the Commission. I think it would be improper for the Congress to spend money to go out and get evidence.

Mr. KING. I wish the Senator would suggest an amendment. Would the Senator from New Mexico accept an amendment?

Mr. BRATTON. Mr. President, in view of the testimony that they expect to complete the work within 90 days, and in view of the limited sum, which obviously will expire along in September or October when Congress will not be in session, of course the Commission would have to stop then.

Mr. SHIPSTEAD. Can we be sure that there will not be an appropriation asked for in a deficiency bill next winter?

Mr. BRATTON. Of course, Mr. President, that will be for Congress to decide at that time. As I understand the situation, this appropriation is to enable the Commission to conclude its labors, to print and bind its report, and when that is done the Commission, of course, will cease to function.

On behalf of the committee, I send forward an amendment, which I ask to have agreed to.

Mr. KING. Mr. President, I want to give notice to the Senator that I shall offer an amendment when he concludes.

The PRESIDING OFFICER. The clerk will report the amendment offered by the Senator from New Mexico.

The CHIEF CLERK. On page 22, after line 26, it is proposed to insert as a separate section the following:

SEC. 5. Section 8 of the act entitled "An act to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies", approved June —, 1933, is hereby amended to read as follows:

"SEC. 8. The seventh sentence of paragraph (6) of section 201 (a) of such act, as amended, is hereby amended to read as follows: 'The aggregate of loans made under clause (a) shall not exceed $8,000,000, and the aggregate of loans made under clause (b) shall not exceed $12,000,000.'"

Mr. KING. Mr. President, I should like to have an explanation of the amendment by the Senator.

Mr. BRATTON. Mr. President, this amendment was offered by the senior Senator from Maine [Mr. HALE]. He is in the Chamber, and I should like to have him explain the amendment for the information of the Senate.

Mr. HALE obtained the floor.

Mr. KING. Mr. President, I think I shall raise a point of order against the amendment.

Mr. HALE. I hope the Senator will not do that. Earlier in the session the Senator from California offered a resolution in the Senate providing for relief through loans from the Reconstruction Finance Corporation for the earthquake sufferers in California. I think $5,000,000 was provided in the bill. Later on that was extended to apply not only to sufferers from earthquake but to sufferers from tornadoes, cyclones, and fires.

Mr. KING. When and where?

Mr. HALE. Fires, I said. In my State there have been two very serious conflagrations which have practically wiped out one town and caused very great damage to another. Most of the $5,000,000 has been applied for by the different States. California has already had a million and a half out of the $5,000,000; Maine applied for $1,400,000, and received a million; Kansas has I believe asked for a million or more; Tennessee has a request in now for a certain amount, and I do not know what will be asked for by South Carolina.

Mr. KING. Are these gratuities or loans?

Mr. HALE. Oh, they are purely loans.

Mr. KING. I raise the point of order.

Mr. HALE. I hope the Senator will not make the point of order. We need the money very much.

Mr. KING. There have been cyclones and tornadoes in other States.

The VICE PRESIDENT. The point of order is sustained.

Mr. BRATTON. Mr. President, I send forward the following amendment, and call the attention of the Senate to the fact that it is intended to provide the funds with which to insure bank deposits under the act the conference report on which we adopted a few moments ago.

The PRESIDING OFFICER. The clerk will report the amendment.

The amendment was, on page 13, after line 2, to insert as a new paragraph the following:

Payment for capital stock of the Federal Deposit Insurance Corporation: To enable the Secretary of the Treasury to make payment for capital stock of the Federal Deposit Insurance Corporation in accordance with the provisions of paragraph (c) of Section 12B of the act entitled "Banking Act of 1933", approved June —, 1933, $150,000,000, to be immediately available and to remain available until expended.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. DICKINSON. Mr. President, this new amendment is just an added argument to the type of argument I want to make with reference to this bill.

The Democratic administration has now been in charge of the affairs of the Government for 3 months. Their record is involved in the deficiency report to the Congress, and I want to name several items out of this report:

National industrial recovery and Tennessee Valley Authority, $3,300,000,000.

Revolving fund, section 5, Farm Credit Act of 1933, $40,000,000.

Administrative expenses, establishment, and supervision of production credit association, $2,000,000.

Department of Labor, United States Employment Service, to carry out the act for the establishment of a national employment system, $1,500,000.

Treasury Department subscriptions to paid-in surplus Federal land banks under section 23 of the Emergency Farm Mortgage Act of 1933, $50,000,000.

Payment to Federal land banks to meet reduction in interest rates on mortgages, 5 percent to 4½ percent under section 24 of the Emergency Farm Mortgage Act of 1933, $15.000,000.

Subscription to preferred shares in Federal savings and loan associations under section 5 of the Home Owners Loan Act of 1933, $50,000,000.

Added to that are various items which are regular deficiency items, making a total in this bill, as reported to the House of Representatives, of $3,459,480,000. To that we are now to add $150,000,000 under the guaranty of bank deposits measure, which makes a total of $3,609,000,000. That is an average of $1,203,000,000 per month in the way of authorizations.

We have been fussing around here for several days on the adjustment of the compensation due to the soldiers. It

is a difference of between $75,000,000 and $100,000,000 only; yet we are running along here at a rate of a $1,203,000,000 a month in the way of authorizations.

I want to suggest, further, that most of this authorization is not reimbursable, most of it is a delegation of power to the President to do with as he sees fit, as is shown by the language of this bill.

On page 3, line 13, are these words:

And for each and every object thereof, to be expended—

Get this—

to be expended in the discretion and under the direction of the President, to be immediately available, and except as hereinafter provided to remain available until June 30, 1935, $3,300,000,000.

I want to suggest that no such sum of money was ever put into the hands of any one man by any government, at any time, to be expended under such conditions. That is the reason why I want to make a few remarks with reference to this bill at the present time.

In other words, here we are delegating additional authority, giving additional authorization, all of it being centralized in the President to do with as he pleases. What has been our experience? We delegated one authority, and that was in the matter of the veterans' compensation. What was the result? A reaction in both the House and the Senate that went beyond the control of the party leadership, and now no one knows just what the outcome is going to be.

The next delegation of authority was in the matter of the reforestation camps, and what has been our experience with the reforestation camps? Let me suggest the authority. In Public Document No. 5 we find this provision:

The President is further authorized, by regulation, to provide for housing the persons so employed and for furnishing them with such subsistence, clothing, medical attendance, and hospitalization, and cash allowance, as may be necessary, during the period they are so employed, and, in his discretion, to provide for the transportation of such persons to and from the places of employment.

What do we find? We immediately find that, instead of carrying out the provisions of the law, with no Executive order, certain bureaus of the Government are ordering toilet kits, without any authorization. We now find that they are proceeding to put in orders for radios, orders for libraries, orders for athletic equipment, furnishing this type of supplies:

Four sets of horseshoes.

I thought we were paying these fellows a dollar a day to help reforest the hills. We are undoubtedly going to pay them something for pitching horseshoes.

Two volley balls.

We are going to teach them how to play volley ball.

Two volley ball nets; two sets of boxing gloves.

We are not going to work them hard enough in the daytime so that they will have need of boxing exercises at night, in order, if you please, that their energies may be properly occupied. I can remember the time when the young fellows who went into the woods were able to get all the exercise they needed in the woods in the daytime and did not need any boxing gloves or volley balls or horseshoes at night; but this is a part of the new regime; it is a part of the "new deal."

One dozen baseballs, 1 dozen baseball bats, 1 catcher's mask, 2 basemen's mits, 14 fielder's gloves, 1 catcher's protector, 1 pair catcher's leg guards, 1 scorebook, 1 set of baseball bases.

That is part of the equipment we are going to furnish. We find also that they are going to furnish radios and they say they have already an authorization. I will ask any man who is a student of legislation wherein there is any authorization of law for those in charge to order and buy radios or any welfare equipment whatsoever? It is not provided in the Army regulations; it is not provided in the law which I just read, and yet they are going ahead under this program with an organization that, as I now understand, is going to expend approximately $700,000 along the lines I have just been suggesting. For toilet kits, $280,000; for books for the libraries, $240,000; for radios, $88,000; for athletic equipment $192,000; amounting in all to $700,000.

Not only that, but I understand in order to take proper care of these men when they are transported from one place to another they do not go in the regular ordinary coaches, as soldiers usually do; oh, no; they have Pullman berths furnished them, special trains, going all over the country in order to get these young men to the camps where it is desired to have them go.

We have made an investigation with reference to toilet kits. What did we find. We found, according to the report that there was no fraud in the matter; no, but the committee say:

We find that these negotiations resulted in large purchases without advertising for competitive bids and on representations of a single salesman. We call attention to the danger inherent in such a situation, and believe that steps should be taken to prevent its recurrence.

That is from the report of the Military Affairs Committee. What do we find? We find that instead of buying toilet kits at a cost of probably 50 or 60 cents they bought the best kits that were offered them by a supersalesman coming to the White House at 3:15 in the afternoon, presenting the matter to Secretary Howe, who immediately telephoned to the Budget Director, who in turn got in touch with Mr. Fechner, and at 5:30 this man had his order for over 200,000 kits at the highest price. They were only to cost $1.10, but the going was so easy that he just added on another 30 cents, and a contract was signed for them all. As a matter of fact, that shows the danger of the delegation of power, against which I have been protesting ever since the economy bill was passed.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McKELLAR in the chair). Does the Senator from Iowa yield to the Senator from Pennsylvania?

Mr. DICKINSON. I yield.

Mr. REED. I think the Senator forgets the great benefits the Government is receiving from these camps. I find in this afternoon's newspaper a schedule of the labors of the women who are in the women's forestry camps, and, with the Senator's permission, I should like to submit it to him as showing how valuable this form of activity is to the public and what an important service is rendered for the pay that comes out of the taxpayer's pocket.

Mr. DICKINSON. I will be glad to have the Senator read it.

Mr. REED. This schedule is as follows:

7:15 a.m., rising bell; 8:30 a.m., breakfast; 8:30 to 9:30 a.m., cabin cleaning; 9:30 to 10 a.m., dish washing; 10 to 10:30 a.m., tap dancing instruction—

[Laughter.]

10:30 to 11 a.m., rest; 11 to 12 a.m., waterfront instruction; 12:30 p.m., lunch; 1 to 2 p.m., rest; 2 to 2:30 p.m., calisthenics—

[Laughter.]

2:30 to 3:30 p.m., swimming instruction; 3:30 to 4 p.m., rest; 4 to 5 p.m., hike and nature study; 5 to 6 p.m., play hour—

[Laughter.]

6 p.m., dinner, followed by an evening of indoor recreation.

[Laughter.]

The Senator will readily see the good that the taxpayer is deriving from this disbursement of public funds.

Mr. DICKINSON. Mr. President, can the Senator from Pennsylvania suggest what funds we are depleting which we appropriated for other purposes in order that the program concerning which he has read such an illuminating statement may be carried on?

Mr. REED. We are depleting the fund for public buildings, I believe, for which the money had originally been appropriated.

Mr. DICKINSON. And money for river and harbor improvements and other types of public improvements?

Mr. REED. But the Senator will understand that this is not to be chargeable against the Budget. These items are

extra and are not chargeable to the Budget. There are charged to the Budget all expenses that it is convenient so to charge, but when it comes to a big item like this we say that "does not count"; we put that into a separate column, and so the Budget is balanced. The Senator must understand that this $3,609,000,000 that we are about to appropriate this afternoon without even drawing a long breath goes into the other column; that does not count. If Mr. Hoover had spent it, that would have been a Republican deficit, but now that is put in the other column so that the Budget is balanced. The Senator must not forget that.

Mr. DICKINSON. Let me suggest one thing further——

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Indiana?

Mr. DICKINSON. I yield.

Mr. ROBINSON of Indiana. May I ask the Senator from Pennsylvania a question?

Mr. REED. Certainly.

Mr. ROBINSON of Indiana. I should like to ask the Senator in connection with the schedule of exercises he has read when the tree planting hour comes? [Laughter.]

Mr. REED. They have not come to that yet. I may say to the Senator that this same newspaper article suggests that the critical question there is whether visits from "boy friends" are to be permitted. [Laughter.]

Mr. METCALF. Mr. President, will the Senator yield for a moment?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Rhode Island?

Mr. DICKINSON. I yield.

Mr. METCALF. I hold in my hand some figures that I have gathered. I will not read them all and take the Senator's time, but I am going to ask to put them in the RECORD, if I may.

Mr. DICKINSON. I have more time than anything else, and I will be glad to have the Senator do so.

Mr. METCALF. First I notice that 300 ambulances have been ordered, so that evidently they are afraid that some of the men are going to be sick. Then 300 passenger cars have been ordered. I shall not read the entire list, including pillows and sheets and many other things, but down a little below I find 5,000 stoves, 12,000 tents, 3,000 trucks, and 1,469 typewriters. Those are only a few of the items in the list. I feel sure that the members of the conservation army are going to be carried around very comfortably. I ask to have the list printed in the RECORD, with the permission of the Senator from Iowa.

The PRESIDING OFFICER. Without objection, it is so ordered.

The list referred to is as follows:

Item	Quantity authorized	Quantity awarded	Delivered by contractor
Ambulances, motor	300	300	27
Boots, rubber	47,088	46,486	34,618
Caps, white	1,060	1,521	1,199
Cars, passenger	300	300	300
Cases, pillow	365,400	395,974	337,838
Coats, white	43,450	38,660	24,247
Cots, canvas	180,750	240,441	60,020
Cravats, black	334,500	334,500	299,700
Denim, yards	2,500,000	2,500,000	1,444,451
Drawers, summer	836,800	561,586	439,228
Duck, khaki	1,300,000	0	0
Duck, white	150,000	150,000	0
Hats, denim	167,800	188,270	77,713
Jumpers, denim	972,900	929,836	326,939
Overalls	28,715	28,715	28,296
Pillows	180,700	194,716	124,208
Pins, tent, large	1,666,000	1,861,140	619,138
Pins, tent, small	1,468,200	1,863,340	214,534
Poles, tent (all kinds)	130,770	213,380	10,109
Raincoats	280,576	198,271	135,494
Sheets, bed	500,000	572,094	315,495
Shirts, flannel	611,181	610,393	174,971
Shoes, pairs	598,573	502,601	195,056
Shorts, broadcloth	222,700	274,636	27,940
Socks, cotton	954,092	1,067,187	499,030
Socks, wool	1,244,995	1,353,523	185,436
Stools, mess		18,000	6,800
Stoves, tent	3,000	5,000	1,705
Tents	12,075	6,038	1,827
Towels, bath	400,000	476,020	345,060
Towels, huck	600,000	683,640	484,836
Trousers, denim	632,801	677,096	283,940
Trousers, white	42,500	42,462	21,045
Trousers, wool	426,284	524,966	326,368
Trucks, motor	3,000	3,000	1,060
Typewriters	1,469	(1)	(1)
Undershirts, summer	1,217,660	1,149,314	785,765

[1] Being verified.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Louisiana?

Mr. DICKINSON. I yield.

Mr. LONG. I should merely like to ask the Senator from Rhode Island a question. Did not the Senator support the "sapling" bill. I think the Senator voted for the "sapling" bill, did he not?

Mr. METCALF. The "sapling" bill?

Mr. LONG. Yes.

Mr. DICKINSON. Mr. President, in view of the strenuousness of the lives of the members of the Civilian Conservation Corps, involving the necessity for radio, and for entertainment, and the necessity for athletic goods in order that they may entertain themselves, and in view of the further necessity that they must have magazines and libraries in every camp in the working out of the plan it is found that it is necessary to raise their pay; and so we find now an Executive order issued June 12, as follows:

As announced by Mr. Fechner the new regulations will provide that not more than 5 percent of the authorized strength of any civilian conservation corps company may be paid a cash allowance of $45 a month, while an additional 8 percent may be paid a cash allowance of $36 a month. The previous regulations provided for a flat cash allowance of $30 a month for each enrolled man. The new rate will go into effect on July 1 when 275,000 members of the corps will be at work in forest camps.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Pennsylvania?

Mr. DICKINSON. I yield.

Mr. REED. Does not the Senator think it is eminently just to pay these Civilian Conservation Corps recruits $45 a month when the enlisted men in the Army are now getting the enormous pay of $18.75 a month, minus laundry? Does not the Senator think that these recruits must be worth about two and a half times what the soldiers are to be paid—two and a half times as much?

Mr. DICKINSON. I want to reply by simply suggesting that it is another abuse of the delegation of power. If we wanted to have reforestation camps, Congress should have provided what the men should be paid, just as we provide what the soldiers in the Army and the sailors in the Navy shall be paid.

Mr. REED. Does the Senator realize that at the present time the widow of a brigadier general in the United States Army is paid a pension of $15 a month, under Executive order recently promulgated, while the widow of a Conservation Corps recruit is paid $45 a month if he is killed in one of these camps?

Mr. DICKINSON. The widow of the lowest-paid man would get $30 a month, under the compensation law.

Mr. REED. And that is twice as much as the widow of an Army officer who gave his life to his country's service would receive.

Mr. DICKINSON. That is correct, and yet the Congress passed a law authorizing that be done, although I did not vote for it.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Utah?

Mr. DICKINSON. I yield.

Mr. KING. I should like to ask the Senator from Pennsylvania if it is quite accurate to say that we will pay pen-

sions to the widows of those whom we are giving work in the conservation camps?

Mr. REED. When members of the Civilian Conservation Corps die their widows, if they leave widows, will receive pensions under the Employers' Liability Act as if the men were employed by the United States.

Mr. KING. Where is the authority for that?

Mr. DICKINSON. I will be glad to read it to the Senator.

Mr. REED. It is in the act itself, and is a part of the regulations that the Senator from Iowa has in his hand.

Mr. KING. I have received a number of letters from ex-service men containing such a statement, and I felt inclined to discount their statements and sent replies that that was not accurate. I am amazed to find that it is true, if it is true.

Mr. DICKINSON. Section 3 of the Public Act No. 5, Seventy-third Congress, provides as follows:

SEC. 3. Insofar as applicable, the benefits of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, shall extend to persons given employment under the provisions of this act.

So that absolutely covers, under the provisions of the Compensation Act, all these boys and their dependents.

Mr. REED. Mr. President, will the Senator yield so that we may have the complete picture?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Pennsylvania?

Mr. DICKINSON. I yield.

Mr. REED. Mr. President, one of the Infantry commanders in my own division was Gen. William J. Nicholson. He died a couple of years ago, and his widow has been receiving from a grateful country a monthly pension of $30, but she has received a notice that under a recently promulgated regulation of the President her pension is now cut to $15 a month.

There is the other side of the picture. That is what happens when we delegate vast powers to a single individual who cannot possibly give personal attention to carrying out the details of the scheme.

Mr. DICKINSON. And remember that in the pending bill we are delegating the power to expend $3,300,000,000.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. I read the list of articles submitted for the RECORD by the Senator from Rhode Island [Mr. METCALF]. They are 36 in number, none of which any of us when legislation of this character was being considered would think would be used. My question is this: In view of the inevitably reckless, extravagant, wasteful, and inefficient service which characterize its activities when the Government is turned into an agency to provide employment, whether in time of war or in time of peace, how long does the Senator think $3,300,000,000 will last in providing employment of the unemployed? When we think of the pressure to relieve unemployment, and the Government going into these activities for that purpose, and we see the wide range of expenditures as now indicated by the details which have been brought out, it is safe to predict that this money will probably be all expended before the year is out.

Then the question is what are we going to do for the next year? As I see it, the Government is going into this business and is not going to relieve the unemployment situation except possibly temporarily, because everybody must know that there is no substantial relief of unemployment until business employs. The Government cannot do it. It is only a drop in the bucket. Not only will the Government be unable to do it, but what the Government is doing is further to discourage and make it more impossible for business to do it.

Here we have $3,300,000,000 appropriated. We have obligated ourselves to an additional interest charge on $5,000,000,000 more, as the Senator knows. We have shoved up our annual charge in the form of interest alone since the 4th of March $360,000,000 annually, and we will be compelled to put this burden upon the taxpayers. When we do that we further incapacitate the business man to revive business, not only because we put the Government in rivalry with the business man but because we increase his burden. We will come to realize the necessity for business relieving unemployment under this situation. We will have an expenditure, wickedly wasteful, without any real substantial value, and the problem will have to be met when we have expended this money. This list of expenditures of the money reminds me of the man who said that in the war time we spent money like drunken sailors, and proved it with an illustration of saddles and bridles and halters, saying that we bought enough of them to saddle and bridle and halter every mule from Balaam's ass down to the present time. [Laughter.]

Mr. DICKINSON. Mr. President, the Senator from Ohio is right. I think this approach to the present problem is absolutely wrong. In substantiation of my position I am going to quote the distinguished former Governor of Wisconsin, brother of the equally distinguished senior Senator from Wisconsin [Mr. LA FOLLETTE]. Here is what he said in his radio speech:

What did these people do? They waited until hunger and want made it impossible to wait longer. Then they began to change their way of making a living. Unable to live as skilled workers or farmers, where one must trade with other people, they began to go back to the life where a person can live from his own labor alone.

Within the past 3 years some 750,000 people have moved out of Berlin. Several hundred thousand more have begun to move. Within a radius of 20 or 30 miles of Berlin hundreds of thousands of huts have been built on the land. These people are digging their livelihood out of the soil.

There is one of the things to which I think we are going to come. I appreciate the fact that no one wants to see our people compelled to live in huts. I am not advocating that, but I am citing it as an effort on the part of the people to take care of themselves. Our forefathers said, "Give me a piece of land. I will clear it. The Lord will give me sunshine and rain and I will support my family and help to support the Government." Now we have the land, we have the sunshine, we have the rain, we have the products of the land, and yet everyone is looking to the Government and saying, "Come and help me! Come and help me!" There is our difficulty. We have the wrong viewpoint now. We are expecting the Government to bring relief to everyone and whenever we do so much for the individual that we do more than the Government can afford to do or than the people can afford to maintain by way of taxes, then we not only destroy the Government that supports the individual, but we destroy the individual himself, because when the Government goes the individual goes with it.

This simply means that we are reaching out here now with an additional obligation of $3,300,000,000. I do not believe it will bring any material relief so far as the unemployment situation is concerned in this great country of ours. Washington is the best example I know of in that respect. We have had the same unemployment problem in the District of Columbia that we have had anywhere else in the United States, and yet everyone knows that we are putting on a building program here that cannot be equaled in any other city in the United States or in the world at the present time. But it has not materially affected conditions so far as unemployment in the city of Washington is concerned. Unemployment exists almost to the same extent as if there were no such building program. It seems to me that is absolutely an answer to the situation I am presenting this afternoon.

I want to go a little farther with reference to the increase in pay. Do Senators realize that that increase in pay amounts to $550,000 a month additional obligation for which we have to borrow the money? Think of it, $550,000 a month for that increase in pay alone!

Mr. FESS. And the interest charge is $1,000,000 a day, or $360,000,000 a year.

Mr. DICKINSON. That is right. Let me go a little further. I have a letter that comes to me from Mr. G. A. Harter, of Brooklyn, N.Y., under date of June 12, 1933, in which he says:

In connection with the enclosed clipping, this morning's Herald Tribune suggests that one of the purposes of this increase is to provide a cash incentive for good behavior and better work.

The academic mind on parade.

Yet the academic mind, in telling us how to raise better babies and well-behaved children, decried the habit of bribing children with promises of ice cream, candy, the movies, etc., to make them behave and do simple tasks.

Which reminds us of an installment firm that in an unwary moment committed itself to the policy of rebating a certain percentage of the purchase price where the buyer met each payment promptly and complied in every way with the sales contract. In other words, it was placing a premium on simple honesty.

Of course, the fallacy of the above scheme is self-evident. The company only penalized itself. It still had its dead-beat and collection problems as before.

Now, we find the C.C.C. man being further coddled with extra cash as the bribe.

And the trained soldier is still getting his $17.85 a month.

All of the above leads to but one conclusion, namely, that there exists in the administration a harsh and unreasonable personal feeling against the personnel of the uniformed services and the veterans of our wars. Reason does not suggest any other possible explanation.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. BLACK. I do not exactly understand the Senator. Is the Senator complaining that the soldiers get too little, or that the $45 a month salary is too much?

Mr. DICKINSON. I am not passing on that at all. I am simply passing on the fact that there is an inequality here between the regular soldier and the man who is being put into these camps. I think we are spending this money uselessly for the pay of those who are going into these camps.

Mr. BLACK. I understood the Senator awhile ago, when the Senator from Pennsylvania suggested that we had raised the salary to $45 a month, that the effect of this raise is another instance of the abuse of delegated power. I am wondering if the Senator is willing to state here and now that that $45 a month is too much pay for these men to draw?

Mr. DICKINSON. I am not going to be put in that position at all by the Senator from Alabama.

Mr. BLACK. Does the Senator think it is too much?

Mr. DICKINSON. I am not answering the Senator's question.

Mr. BLACK. Why does the Senator complain?

Mr. DICKINSON. I am simply pointing out the inequality. I am not going to undertake to fix the salaries in the Army or the Navy or anybody else's salary. I am simply suggesting there is an inequality and that it is here because of the delegation of power.

Mr. BLACK. Does the Senator want to reduce the $45 or raise the $18?

Mr. DICKINSON. I am not going to do either one. I would cut off the whole $45 if I had my way.

Mr. BLACK. The Senator wants the inequality to continue if he does not want to do either one. Does the Senator think $45 a month is too much salary to be paying these men? If not, what is his complaint?

Mr. DICKINSON. It is too much to pay for the type of work these men are doing. It is money wasted, in my judgment.

Mr. BLACK. Since they are there working, does the Senator think the salary of $45 a month should be reduced?

Mr. DICKINSON. I would cut it all off and send them home.

Mr. BLACK. Would the Senator reduce below $45 a month those who are doing this work?

Mr. DICKINSON. They are not working. They are just playing.

Mr. REED. Mr. President, will the Senator from Iowa yield?

Mr. DICKINSON. Certainly.

Mr. REED. The Senator realizes that $45 per month is only part of it, because they are receiving housing, clothing, food, medical care, and a great many other things.

Mr. DICKINSON. Yes; including laundry and hospitalization.

Mr. BLACK. I have been reminded of this fact by the statement of the Senator from Pennsylvania. Does the Senator think under these circumstances $45 is too much to pay an American man working as these men are working?

Mr. DICKINSON. For the type of work authorized under this bill, they are not earning anything. They are not working. They are playing.

Mr. BLACK. They are laboring, but the Senator thinks they should be cut down to nothing.

Mr. DICKINSON. Oh, no; I would send them home.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. What is the question we are discussing? [Laughter.]

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG. But what bill is it? What has this discussion to do with it?

The PRESIDING OFFICER. A Senator has the right to discuss anything he desires.

Mr. LONG. But I should like to know what bill is before the Senate.

The PRESIDING OFFICER. The deficiency appropriation bill.

Mr. LONG. I am glad to know what is really before the Senate.

Mr. BLACK. Mr. President, will the Senator yield further?

Mr. DICKINSON. I decline to yield further to the Senator from Alabama.

Mr. ROBINSON of Arkansas. Mr. President, I wish to present and have considered an amendment, if the Senator from Iowa will yield for that purpose.

Mr. BRATTON. Mr. President, will not the Senator from Arkansas let me offer first a committee amendment? We are under an agreement to consider committee amendments first.

Mr. ROBINSON of Arkansas. Very well.

Mr. DICKINSON. I am glad to yield until the committee amendments are finished, if that is the Senator's desire.

Mr. BRATTON. Mr. President, a short while ago I offered an amendment to which the Senator from Utah [Mr. KING] urged an objection. I am led to hope that he will not renew the objection; and so, on behalf of the committee, I reoffer the amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. On page 22, after line 26, it is proposed to insert as a separate section the following:

SEC. 5. Section 8 of the act entitled "An act to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies," approved June —, 1933, is hereby amended to read as follows:

"SEC. 8. The seventh sentence of paragraph (6) of section 201 (a) of such act; as amended, is hereby amended to read as follows: 'The aggregate of loans made under clause (a) shall not exceed $8,000,000, and the aggregate of loans made under clause (d) shall not exceed $12,000,000.'"

Mr. KING. Mr. President, a moment ago, when the amendment was tendered, I raised the point of order which the Chair then sustained. Since that time a number of Senators, who are greatly interested in the amendment, have appealed to me not to insist upon the point of order.

May I say very frankly that I think this is improper legislation. We have passed so many measures that I considered improper, and have been so prodigal in expenditures for objects which I do not think are within the power and authority of the Federal Government, that it seems perhaps a little improper to object to a small item of $8,000,000. It will do some good. It will help some people who are in distress; but I want to say we are establishing precedents here that will affect not only our economic but our political life in the future. We are encouraging cities, counties, States, and individuals to cease relying upon themselves, and they come with hat in hand to beg the Federal Government to look after matters that belong to them. We are

setting dangerous precedents that change the whole current of our political and economic life, and will work serious disaster to our political institutions.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from West Virginia [Mr. HATFIELD] will offer the amendment that I had.

Mr. HATFIELD. Mr. President, I offer the amendment which I send to the desk in behalf of the able Senator from New York [Mr. COPELAND].

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 11, line 24, it is proposed to insert the following:

NINTH PAN AMERICAN SANITARY CONFERENCE

That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $3,000, or so much thereof as may be necessary, for the expenses of three delegates of the United States, to be appointed by the President, to the Ninth Pan American Sanitary Conference, to be held in 1933 or 1934, at Buenos Aires, Argentina, or at such time and place as may be determined hereafter. The expenses herein provided for shall include the compensation of employees, travel, subsistence, or per diem in lieu of subsistence (notwithstanding the provisions of any other act), and such miscellaneous and other expenses as the President shall deem proper, to be expended under the direction of the Secretary of State.

Mr. HATFIELD. Mr. President, I should like to ask the Senator in charge of the bill if he will accept the amendment.

Mr. BRATTON. Mr. President, the amendment is subject to a point of order.

Mr. ROBINSON of Arkansas. No; it is not, if the Senator will pardon me. The Senate passed this resolution during the present session; so I think, under the rule which the Senator has in mind, the amendment is not subject to a point of order.

Mr. BRATTON. Of course, if we have passed the resolution at this session of Congress, the amendment is in order——

Mr. HATFIELD. That is true.

Mr. BRATTON. And I am entirely willing to take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia.

The amendment was agreed to.

Mr. HATFIELD. Mr. President, I send to the desk, and ask to have printed in the RECORD without reading, some data in support of the amendment to which the conferees may refer.

The PRESIDING OFFICER. Without objection, that order will be made.

The matter referred to is as follows:

IN RE SENATE JOINT RESOLUTION 59, TO PROVIDE FOR THE EXPENSES OF DELEGATES OF THE UNITED STATES TO THE NINTH PAN AMERICAN SANITARY CONFERENCE

Hon. Wilbur J. Carr, Assistant Secretary of State, advised over the telephone this morning, June 8, that the State Department is very much interested in the passage of this resolution. This matter was presented to the State Department yesterday for its attention, and there has been very little time in which to advise with the Foreign Relations Committee on this subject. Mr. Carr praised the excellent work accomplished at the preceding conferences in preventing the introduction of epidemic diseases from one American republic into another. Mr. Carr said that the amount of money required for expenses, namely, $3,000, is very small in comparison with the good that comes out of the conferences.

Dr. Boliver J. Lloyd, of the Pan American Union, visited the Foreign Relations Committee room today, June 8, and went into some detail to explain how these conferences had successfully obviated the necessity of placing costly quarantines against infected ports which would operate against vessels and other common carriers and against passengers and their effects; how they had stimulated health authorities in all the American republics to greater effort in the eradication of disease; and how they had been the means of promoting more cordial relations between our country and other American republics. Dr. Lloyd said he would be glad to reiterate these facts before the committee or to any of its members if they so desire. He stated that the American delegation, if the resolution is adopted, would be comprised of Dr. Hugh S. Cumming, Dr. John D. Long, of the Public Health Service, and himself.

Joint resolution to provide for the expenses of delegates of the United States to the Ninth Pan American Sanitary Conference

Resolved, etc., That there is hereby authorized and appropriated, out of any money in the Treasury not otherwise appropriated or allocated, the sum of $3,000, or so much thereof as may be necessary, for expenses of three delegates of the United States to be appointed by the President to the Ninth Pan American Sanitary Conference to be held in 1933 or 1934 at Buenos Aires, Argentina, or at such time and place as may be determined hereafter. The expenses herein provided for shall include the compensation of employees, travel, subsistence, or per diem in lieu of subsistence (notwithstanding the provisions of any other act), and such miscellaneous and other expenses as the President shall deem proper, to be expended under the direction of the Secretary of State.

Approved.

[Translation]

BUENOS AIRES, AGRENTINA, *May 19, 1933.*

Dr. H. S. CUMMING,
Director Pan American Sanitary Bureau,
Washington, D.C.

MY EMINENT FRIEND AND COLLEAGUE: I received your kind letter by air mail, and it gives me much pleasure to tell you that I am taking steps to induce the Government to fix the date for the Ninth Pan American Sanitary Conference in order that the necessary invitations may be sent out.

Although the date of the Conference has not been fixed officially, I presume the Seventh International Conference of States will be held in Montevideo in December. This being the case it is our intention to fix the date for the Ninth Sanitary Conference about the middle of the month of November; thus, there will be 1 month before the Seventh Conference which will permit you and other colleagues to attend the meeting at Geneva and the Office International. I hope if you find this date is not convenient that you will send me a cable saying only "Such date (naming the date) seems preferable to me."

With regard to expenses for social entertainment, I am completely in accord with you; nor is my Government in a position to make such expenditures, and there will not be any "guests of the Government" at sumptuous banquets.

I am very desirious of seeing you here, and with my respects to Mrs. Cumming and to my friends in the office, permit me to reiterate.

Your affectionate friend and colleague,

GREGORIO ARÁOZ ALFARO.

EXCERPT FROM RESOLUTIONS AUTHORIZING THE CREATION OF THE PAN AMERICAN SANITARY CONFERENCES, MEXICO CITY, OCTOBER 22, 1901, TO JANUARY 22, 1902

The Second International Conference of the American States recommends * * * that a general convention of representatives of the health organizations of the different American Republics shall be called * * * within 1 year from the date of the adoption of these resolutions by this Conference; that each Government represented at this Conference shall designate one or more delegates to attend such convention; that authority shall be conferred by each Government upon its delegates to enable them to join delegates from the other Republics in the conclusions of such sanitary agreements and regulations as, in the judgment of said Convention, may be in the best interests of all the Republics represented therein * * * that said Convention shall provide for the holding of subsequent sanitary conventions, etc.

MEMORANDUM ESTIMATE OF EXPENSES FOR THE ATTENDANCE OF THREE DELEGATES FROM THE GOVERNMENT OF THE UNITED STATES TO THE NINTH PAN AMERICAN SANITARY CONFERENCE AT BUENOS AIRES, ARGENTINA

Railroad and Pullman fares from points in the United States to New York and return, 3 at $25	$75
Steamship fares, 2 from New York, U.S.A., to Buenos Aires and return	1,260
Fare by airplane, 1 from Washington, D.C., to Buenos Aires and return	900
Per diem in lieu of subsistence and quarters, 3 delegates, 20 days each, while on duty in connection with the conference	600
For clerical and other work, including translations, mimeographing, and other incidental expenditure	165
Total	3,000

ADDITIONAL INFORMATION CONCERNING THE ACTIVITIES OF THE PAN AMERICAN SANITARY CONFERENCES AND THEIR EXECUTIVE ORGAN, THE PAN AMERICAN SANITARY BUREAU

The principal objectives of the bodies mentioned in the title of this memorandum are as follows:

1. To prevent the introduction of epidemic diseases from one American republic into another.

2. To obviate the necessity for costly quarantines against infected ports which would operate against vessels and other common carriers and against passengers and their effects.

3. To stimulate health authorities in all the American republics to greater effort in the eradication of disease.

4. To secure the prompt reporting of quarantinable diseases in ports and places in all of the American republics, thereby enabling noninfected countries to take such precautions as will prevent the spread of such diseases with a minimum of restrictions on commercial relations.

5. To assist in bringing about more cordial relations between the American republics.

Commenting briefly on these objectives, it may be said that, in times past, no less than 90 epidemics of yellow fever have appeared in the United States, the disease always having been imported from ports and places in Latin America. Until recent years costly quarantines were necessary to keep yellow fever from being reimported, and it was not until the year 1925 that detention of vessels in quarantine during the summer season could be dispensed with. Since that time it has not been necessary to detain any steamer at any port in the United States on account of yellow fever. Prior to that time thousands, even hundreds of thousands, of dollars were lost from year to year in necessary quarantines on account of yellow fever.

This happy state of affairs has not been caused by chance, but is due in great measure to the lowered incidence of this disease in Latin America. The influence of the Pan American Sanitary Conferences and the Pan American Sanitary Bureau has been invaluable in stimulating health authorities, in inducing them to achieve these results with the aid, it should be said, of the International Health Board (Rockefeller Foundation).

Bubonic plague is prevalent in Argentina, Brazil, Ecuador, and Peru, and possibly in other Latin American countries. It may appear anywhere at any time. The combating of this disease is a problem that will occupy the attention of the United States and other countries for many years to come. The Pan American Sanitary Bureau is actively engaged in combating this disease today in two South American Republics, the object being to control the disease where it is rather than rely on quarantine measures by noninfected countries. To make quarantine alone effective in the control of contagious disease would paralyze commerce and industry.

The meetings of the Pan American Sanitary Conferences and of the Pan American conferences of the directing heads of the national departments of health of the American republics are held under the auspices of the Pan American Sanitary Bureau. The deliberations of this latter body at its meeting in Washington in April 1931 were of very material assistance in securing modifications of the proposed international sanitary regulations applying to aerial transportation, a matter in which the United States is vitally interested.

The following concrete examples of how the influence and activities of the Pan American Sanitary Bureau aid the people of the United States while helping other nations will further serve to illustrate its work.

Through its cooperation with the International Office of Public Hygiene of Paris the Sanitary Bureau receives cabled information almost daily, reporting outbreaks of plague, cholera, or yellow fever in countries of Europe, Asia, and Africa, which information is immediately reported to the Surgeon General of the United States Public Health Service.

The national director of health of a South American republic cabled the Director of the Bureau, stating that his people were greatly alarmed because of the alleged ill effects from the consumption of a nationally used foodstuff imported from the United States. He was advised that the product was not only harmless but a wholesome food in use throughout this country, and the fears of his people were dispelled.

Another director of health wrote in to know if he should allow the use of a certain substance in the manufacture of soft drinks, and was told that its use is not advisable.

Another cabled to the effect that a certain company was putting in a sewer system in the capital of his country, and wanted to know if it is safe to use a certain material in wiping the joints. After securing authoritative information the bureau cabled that it is.

Two American Republics quarantined against the Republic of Haiti on account of an outbreak of cerebrospinal meningitis. After investigation by the Bureau the authorities were advised that quarantine, in its judgment, was not necessary, and the quarantine was at once raised.

Cuban authorities were about to establish quarantine against Florida on account of an outbreak of smallpox. Through the good offices of the Sanitary Bureau the health authorities of Cuba were invited to visit the State and investigate conditions and measures being taken and judge for themselves of the necessity for quarantine. They accepted the invitation, made the investigation, returned home satisfied, and did not impose quarantine. On two occasions quarantine against the port of New York on account of cerebrospinal meningitis, and infantile paralysis has been obviated through confidence by other nations in the judgment of the Pan American Sanitary Bureau.

The International Office of Public Health, of Paris, at the request of a European government, cabled the Sanitary Bureau to know whether or not plague conditions in a South American country constituted a menace to trans-Atlantic ports. The Bureau cabled the office that plague existed in rats in two of the republic's ports; that the government of the infected country was believed to be taking reasonable precautions, but that if vessels arrived from these ports with evidence of living rats on board, any government would be within its rights to fumigate the ship for the destruction of rats. Three days later a cablegram was received from Liverpool stating that a vessel from one of the infected ports had been fumigated, and seven plague-infected rats had been found. Later, a vessel arriving at New Orleans from the same port was also found to be plague-infected on fumigation at quarantine.

In conclusion, it may be said that since its inception in 1902 the destinies of the Pan American Sanitary Bureau have been presided over by the Surgeon General of the United States Public Health Service. It is, perhaps, not too much to say that the very existence of the Bureau is dependent almost entirely on the support given by the Surgeon General of the United States Public Health Service, who is, by election, the Director of the Pan American Sanitary Bureau.

Mr. DICKINSON. Mr. President, I should like to ask the Senator from New Mexico whether it is desired to pass this bill tonight so that it can go to conference?

Mr. BRATTON. That is the case.

Mr. DICKINSON. If so, I shall be glad to let the consideration of the bill proceed at this time and conclude my remarks after the passage of the bill.

Mr. BRATTON. I do desire very earnestly to have the bill passed as speedily as possible in order to get it to conference.

Mr. DICKINSON. I yield the floor with that understanding.

Mr. BARKLEY. Mr. President, do I understand that the Senator from Iowa has not concluded his remarks?

Mr. KING. He has not.

Mr. BARKLEY. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 6, after line 2, it is proposed to insert the following:

That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $250,000, or so much thereof as may be necessary, for the completion of the memorial authorized by section 2 of the joint resolution approved May 23, 1928, as amended, to be erected at or near the site of Fort Sackville in the city of Vincennes, Ind., in commemoration of the winning of the Old Northwest and the achievements of George Rogers Clark and his associates in the War of the American Revolution, and for the acquisition and removal of all structures on the site of such memorial, and for the grading, filling, and landscaping of the grounds thereof. Such sum shall be expended by the George Rogers Clark Sesquicentennial Commission in the manner provided in section 2 of such joint resolution, as amended.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky.

The amendment was agreed to.

Mr. McCARRAN. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 4, after line 22, it is proposed to insert a new paragraph, as follows:

The President is authorized to allocate not to exceed $20,000,000 of the amount made available by this section for the maintenance of existing scientific and research activities of the Government and experimental farms maintained by the Government on and in Federal reclamation projects.

Mr. McCARRAN. Mr. President, on yesterday we passed a resolution here requiring the Department of the Interior, the Department of Agriculture, and the Department of Commerce to submit immediately reports with reference to the curtailment or cutting down of their personnel due to the present condition of the appropriations.

I have received copies of some reports. I beg leave to say that unless something is done through the medium of this bill, all of our research and all of our experimental bureaus will lose everything they have accomplished during the past 25 or 30 years. Those who have garnered the information essential under the Bureau of Standards, those who have accomplished results under the Bureau of Public Health, those who have accomplished results under the Reclamation Bureau where experimental farms are being and have been conducted by the Government—all of the results of this

research will be lost unless something is done through the medium of this bill to save them.

It has required in the past approximately $40,000,000 to carry out this work. All we are asking for now is to save the results of scientists who have worked for years to accomplish these results for the benefit of the Nation. We are asking now for an allocation, out of the $3,300,000,000, of $20,000,000 to save the results and carry on the work under a minimized activity, if you please.

In that connection, Mr. President, and without desiring to take up the time of the Senate, I beg leave to submit, to be printed in the RECORD, certain reports coming from a recognized authority on the subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

HEALTH WORK BY GOVERNMENT HAMPERED BY ECONOMY

By Science Service, Washington, D.C., June 12, 1933

If an epidemic of any serious disease should break out in the United States during the coming year it would find Uncle Sam's defenses drastically weakened by the economy program, unless present plans are revised.

It is proposed to clip the $333,650 appropriated by Congress for the prevention of epidemics to less than half that amount—about $157,000. Scientists of the United States Public Health Service, who are administering the funds, stated that the original plan was to distribute the cut equally among all the diseases being fought, but that since the alarming nature of the spread of Rocky Mountain spotted fever was claiming immediate attention, the battle against that malady would go on unabated.

The National Institute of Health, and the laboratory at Hamilton, Mont., where this and other little-understood diseases are being studied, will suffer a cut of about one tenth from the amount already appropriated by Congress. The men who there daily risk their lives in experimenting with strange germs and strange diseases will receive a salary cut of "less than 10 percent" in addition to the 15 percent reductions already made by previous economy measures. Some will be dismissed because the Government cannot afford their essential services.

The funds for field investigations of conditions menacing the health of the Nation—polluted rivers and so on—have been slashed to about $200,000 from the $353,564 appropriated by Congress for the coming fiscal year. That is just half the amount appropriated for the year now ending.

Scientists in charge of the health research are taking this blow to their service in a philosophical spirit and are bending every effort toward making each dollar do its utmost.

"The work will be curtailed, of course, but it will not be destroyed", they say.

RESEARCH AND EDUCATION SUFFER 25 PERCENT CUT IN FEDERAL AID

By Science Service, Washington, D.C., June 12, 1933

Federal grants for science and education made to the States are reduced by $3,917,000 through the reorganization order sent to Congress by President Roosevelt.

The payments for agricultural experiment stations, the cooperative agricultural extension work, and the endowment and maintenance of colleges for the benefit of agricultural and mechanic arts, all educational and research funds granted to the States and Territories by the Federal Government are reduced or "abolished" by 25 percent.

These payments as authorized for the fiscal year 1934 to begin July 1, total $13,119,096 from the Department of Agriculture, and $2,550,000 from the Department of the Interior; a grand total of $15,669,096. Under the curtailment ordered to be effective 60 days from the date of the order, June 10, the funds available will be $11,750,000 in round figures.

Under the Federal grants for experiment stations much of the scientific research for agriculture accomplished in the various States in the past 3 decades has been carried on. The appropriations lost to experiment stations under the order amount to $1,095,222.

The extension work done cooperatively with the States, supported in part by the Federal funds now chopped 25 percent, carried the results of the scientific research to the farmers. County agricultural agents are the embodiment of this educational service. The loss is $1,018,000.

The State universities that have carried higher education to thousands in the opening years of this century are supported in part by the Morrill and Smith-Lever Acts, the funds of which are now cut by a quarter of the appropriated amount. Loss to this educational work is $1,804,024.

Federal aid to land-grant colleges has flowed partly through the Department of Agriculture and partly through the Department of the Interior, the latter having been made the agency of a flat sum of $50,000 for the support of instruction in agriculture and the mechanic arts in each State.

It seems probable that the curtailment of these funds which are of long-standing authorization under the Morrill, Hatch, Smith-Lever, and other acts was made by Executive order rather than under other provisions of the Economy Act passed early in the Roosevelt legislative program because by making it a matter of reorganization the 25-percent cuts can be made effective for subsequent years rather than just for this year.

The fact that President Roosevelt has made reductions of equal percentage in all of the agricultural science and education grants to States, instead of singling out any one activity for more drastic cuts or abolition, will meet a favorable response in many quarters.

CONTINUE SCIENTIFIC RESEARCH

By Science Service, Washington, D.C., June 13, 1933

The progress of science is geared to the advance of our civilization. After food, shelter, clothing, freedom, and the pursuit of happiness, the advancement of knowledge should be man's major concern. In fact, without science and its fruits we would be still scratching the ground with a stick, still starving in offyears when nature is not bountiful, still at the mercy of the elements like mere animals.

America spends perhaps a hundred and fifty million dollars a year on scientific research in industries, in universities, and in Government departments. This is an insignificant sum in dollars, but its results will pay dividends through the ages to come. The cost of thus adding to knowledge is less than the cost of the transitory beautifying of America's pretty faces with cosmetics.

This investment in scientific research must be continued, just as the hungry must be fed and the unemployed must be given jobs.

It is more important to keep the wells of science flowing than to reforest the waste spaces of America. And the profits will be larger.

Uncle Sam in his opulent years expended a mere 30 cents on scientific research on behalf of each of his 122,000,000 children. Of similar magnitude are expenditures for science in universities and industry. These can be trimmed by a few cents, perhaps, but for the sake of posterity they must not be eliminated.

Universities, for the sake of future generations that they serve through research equally as they educate their present students, must be allowed to continue fundamental research in science. The great foundations through which rich men have repaid their profits to their civilization, must continue their wide and important research programs.

Industries that hope to rise again are continuing fundamental research to the best of their financial ability. Stocks of those organizations that are thus sowing seeds for the future should be worth more eventually than those of companies that are merely coasting on past momentum.

Mr. SHEPPARD. Mr. President, I desire to endorse what the Senator from Nevada has most eloquently said. The work to which he refers is of tremendous value, and ought by all means to be continued.

Mr. BRATTON. Mr. President, I feel constrained to make the point of order that the pending amendment constitutes legislation on an appropriation bill.

The PRESIDING OFFICER. The point of order is sustained.

Mr. McCARRAN. Mr. President, may I be heard on the point of order before the Chair makes his ruling?

The PRESIDING OFFICER. The Chair will withhold the ruling if the Senator desires.

Mr. McCARRAN. It is my view—I may be in error in this, and I will take the ruling of the Chair on it—that the appropriation is already made, and that this is merely an allocation, as the amendment designates, out of an appropriation already established by act of this Congress.

Mr. BRATTON. And in that respect it constitutes legislation. I have made that point of order.

The PRESIDING OFFICER. The Chair is of the opinion that the amendment constitutes legislation, and the point of order is sustained.

Mr. KING. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 6, after line 20, it is proposed to insert the following:

PUBLIC UTILITIES COMMISSION

For an investigation of housing conditions and rentals in the District of Columbia by the Public Utilities Commission, including personal services and other necessary incidental expenses, fiscal year 1934, $2,500, and such sum shall be paid out of the revenues of the District of Columbia and the Treasury of the United States in the manner prescribed in the District of Columbia Appropriation Act for the fiscal year 1934.

Mr. KING. Mr. President, this has been approved by the Budget as a joint resolution, and is in support of a measure offered by the able Senator from Kansas [Mr. CAPPER], and to carry into effect in part the very voluminous and ex-

cellent recommendations made by a committee that investigated rents within the District of Columbia. It is desired by the officials of the city.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

Mr. FRAZIER. Mr. President, on Saturday I offered an amendment to the farm credit bill for an appropriation out of the balance left in the seed and feed loan fund of the Agricultural Department for the control and eradication of grasshoppers in North Dakota, Montana, Minnesota, and other States that may have them.

I received a telegram from Governor Langer of North Dakota stating the situation. Since that time, however, I have had a telegram from the president of the agricultural college. He does not seem to think that quite as many counties are affected as the Governor thought, and we have cut down the appropriation from $500,000 to $300,000.

With that statement of the matter, I submit the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 6, after line 20, after the amendment of Mr. KING heretofore agreed to, it is proposed to insert the following:

DEPARTMENT OF AGRICULTURE

Loans for grasshopper eradication and control: For loans to counties for the purpose of aiding in grasshopper eradication and control during the calendar year 1933, to be made by the Secretary of Agriculture, subject to such terms and conditions as he may prescribe, $300,000, to be made immediately available to such Secretary, notwithstanding the provisions of section 5 (a) of the Farm Credit Act of 1933, out of the balances of funds authorized and directed to be made available to the Secretary of Agriculture for seed and feed loans pursuant to the act of February 4, 1933 (Public, No. 327, 72d Cong.), and not used for such loans.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota.

The amendment was agreed to.

Mr. BRATTON. Mr. President, I regret to delay the Senate, but the Senator from Arkansas [Mr. ROBINSON] a few moments ago stated that he desired to offer an amendment to this bill.

The PRESIDING OFFICER. The Chair is informed that the Senator from West Virginia [Mr. HATFIELD] offered that amendment.

Mr. LONG. The Senator from Arkansas gave it to the Senator from West Virginia.

Mr. BRATTON. Very well.

So far as I know, Mr. President, that completes the amendments.

Mr. FESS. Mr. President, just one moment.

A few days ago, led by the Senator from Arkansas [Mr. ROBINSON], some very beautiful sentiments were expressed in honor of the Senator who has just had charge of this bill. No one on this side of the aisle had an opportunity to say anything.

All that was said by the distinguished leader of the majority, and others who followed him, is shared fully by every Member of the Senate on this side of the aisle as well as on the other.

I have only one observation to make. After having watched rather closely the activities and the general demeanor of the Senator from New Mexico [Mr. BRATTON], I am reminded of the story about McKinley.

When President Hayes was in the White House, 2 or 3 weeks following the election of Mr. McKinley to the House of Representatives, he called at the White House to say something to the President. Justice Harlan, the famous jurist from Kentucky, then on the Supreme Bench as an Associate Justice, came into the White House just as McKinley was leaving. Justice Harlan said, "Mr. President, who is that young man?" The President replied, "That is a new Congressman from Ohio." The Justice said, "Watch him! You cannot tell how high that young man will climb."

Mr. BRATTON. Mr. President, it has been my privilege to serve in this body for more than 8 years. They were pleasant but strenuous years. They were years filled with memories which I shall treasure in the future.

Mr. President, I appreciate the many courtesies, the many acts of cooperation, and the many kindnesses extended to me by every Member of this body, as well as the several employees of the Senate, far more than any master of English could express in words.

Perhaps on the eve of my expected departure I may say a few words which could not have been said appropriately heretofore. Some people throughout the country, and some of the papers throughout the Nation, criticize the Senate from time to time. Permit me to embrace this opportunity, under these circumstances, to say that, in my opinion, the Senate of the United States is the one forum left which constitutes the bulwark of the safety of the American people. Let there be one tribunal left in this Commonwealth of 125,000,000 people, where the minority may be heard without restriction as to time or as to relevancy of the subject matter.

When we review history we recall that virtually every step of progress originated with the minority, but, due to their insistence and their repeated efforts and their consistent advocacy of it, it finally became the policy and program of the majority.

Mr. President, virtually every step of advancement made by society originated with the minority. Let there be one tribunal left in this Nation where the minority may speak freely and without proscription, either as to time or relevancy or pertinency of the subject matter.

I repeat, this is the one tribunal left in this country which constitutes the bulwark of the safety of its unorganized, inarticulate masses.

Mr. President, I shall leave the Senate soon with the confident assurance that every Member of this body serves unselfishly, diligently, unflaggingly, intelligently, and effectively. There is not a Member of this body who is unable to enter private life and earn for himself and those dependent upon him far more than the compensation received here. Members of this body, separately and collectively, render an invaluable service to the unorganized and inarticulate people throughout this country.

Mr. President, I cannot express adequately the fond recollections I shall carry with me of association with you. The ties of friendship which it has been my privilege and my good fortune to form here constitute a heritage more valuable to me than dollars and dimes. Although we may be separated, in a sense, I shall be with you in warm friendship, and I shall cherish throughout my allotted threescore years and ten every act of courtesy, every act of kindness, every act of cooperation you individually and collectively have shown me. You have been far more generous to me than I deserved.

Mr. President, I regret exceedingly my inability to tell you how much I am genuinely devoted to each and every one of you, how I shall miss you, how I shall carry as the choice possession of my life the remembrance of the daily association with you.

I may sum up my concept of the Senate of the United States in one sentence: It is the greatest body of men assembled together on the face of the earth. [Applause on the floor of the Senate.]

The PRESIDING OFFICER. The bill is still before the Senate and open to amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. BRATTON. Mr. President, I move that the Senate insist upon its amendments, ask for a conference with the House, and that the Chair appoint the conferees.

The motion was agreed to; and the Presiding Officer appointed Mr. BRATTON, Mr. GLASS, Mr. MCKELLAR, Mr. HALE, and Mr. KEYES conferees on the part of the Senate.

ARTICLE BY ARTHUR KROCK

Mr. CLARK. Mr. President, this afternoon in the course of my remarks I referred to an article which appeared on yesterday in the New York Times written by Mr. Arthur Krock. I have been informed by my friend the Senator from New York [Mr. WAGNER] that Mr. Krock does not feel that the language in his article was subject fairly to the interpretation which I put upon it.

Personally I am unable to read the article in any other way than according to the interpretation in which I referred to it this afternoon; but in justice to Mr. Krock and myself I ask unanimous consent that the article referred to be inserted in the RECORD immediately following my remarks, so that readers may be able to determine for themselves whether or not the construction I put on the article was justified.

There being no objection, the article was ordered to be printed in the RECORD.

Mr. CLARK. Mr. President, I desire to say further just one word, that I had at no time any thought that any statement which I considered a misstatement in Mr. Krock's article was inserted either through malice or through deliberate intent. I have known Mr. Krock a great many years, have been on terms of most cordial friendship with him for almost 20 years, and I regard him as one of the best newspapermen of the country, and one of the ablest publicists in the country. I at no time had any thought that any misstatement he may have made was made through malice, or even intent.

NATIONAL INDUSTRIAL RECOVERY—ADMINISTRATION POLICIES AND EXPENDITURES

Mr. DICKINSON. Mr. President, I shall take just a few moments to conclude my remarks.

I find in the report of the Committee on Military Affairs this additional finding:

> However, we find that lower prices could have been obtained for articles of a quality sufficient to meet all requirements, and that fewer articles would have served all practical purposes of the Civilian Conservation Corps.

Mr. President, the following observation appeared in the Des Moines Tribune:

> New services are being placed in many cases in the hands of inexperienced officials, who will be called upon to purchase supplies in large quantities.
>
> The opportunities offered for dishonest conspirators are without parallel save in time of war.
>
> It would be possible for the entire Government program to be wrecked on the shoals of official dishonesty.
>
> If there was graft in the purchase of the Conservation Army kits, it is fortunate that it has been discovered thus early, and public confidence in administration of the Federal recovery program demands that such offenders be punished promptly and rigorously.

I am not contending that there was anything more than carelessness in the purchase, the inadvisable purchase, as far as these toilet kits were concerned. Again, it is shown that no one man can assume all the authority that is being imposed upon the President of the United States, I care not who he is or where he is or to what party he belongs, and he be expected to supervise in detail all these things, without the very thing to which I am referring this afternoon happening.

My reason for making no statement against the bill was the fact that I do not want to interfere with the President's program or be put in the attitude of interfering with it. It is his "new deal." It is the "new deal" of his party. I did not make a speech against the bill at all. I contented myself with voting against it, and I believe that in the end it will be shown that my judgment was correct.

I desire to go just a little bit farther, and comment upon this industrial recovery bill we have just passed.

I read an editorial from a weekly newspaper published in a town of not in excess of 4,000 people. It is as follows:

> In its largest sense the act is another distinct and startling departure from historic American individualism. Our forefathers came to this country to escape governmental shackles of one kind and another. Up to 30 years ago the ordinary citizen hardly ever came into direct contact with the Federal Government. How different today! Perhaps the change has been necessary, but the growing complexity of government, and the increasing tendency toward governmental regulation of everything, are not without aspects which give thinking observers pause.

Let me suggest this: I represent an agricultural State. We passed an agricultural bill, and it had some far-reaching authority granted in it, but there is no authority given that would insure that the farmer will be able to secure prices for his products sufficiently high to equal the cost of production. There is no way by which he can get an increase in price except by curtailing his acreage, reducing the amount of his produce, and in that way economically force up the price. That is the only relief there is for the farmer. But how different in the case of the industrial recovery measure. The whole machinery of this measure is based on the idea of prices equal to the cost of production. It is proposed to fix hours of labor, to have production allocated, to have the whole of industry put in a Government strait-jacket from top to bottom.

Everyone knows that most of our industries are overcapitalized now. If the trade associations are in the control of the biggest industries, controlling the working conditions and the amount of wages to be paid, we all know that they are going to try to cover into their capital costs every possible bit of capital they can, because their friends own this capital all along the line.

What does that mean? It means increased cost to the consumer; it means a high price level, the highest price level they can maintain. It means that the farming population have only a remedy that is equivalent to saying to them, "You can get an increased cost if you reduce your acreage and reduce the amount of your product. That is the only way you can get it. If, however, you buy the farm implements of the big trusts or buy the automobiles of the big concern, you will pay the cost agreed upon by the trade association belonging to these big organizations."

There has never been such an effort in this country to impose upon the consuming public a shackle from which they are not going to be able to liberate themselves as is imposed in this bill. We have just passed a bill carrying appropriations amounting to $3,300,000,000 and put into the hands of one man the power to carry it out. If anyone thinks we are going to get out from under this legislation easily, he is wrong. It is going to react. It will have the same effect the soldiers' legislation has had. It will have the same effect the delegation of authority for Federal reorganization of Government bureaus has had. Instead of a saving of $200,000,000, we will find a reorganization program coming here, when the highest estimate put on the saving was only $25,000,000, with most of the savings being taken out of items which should not have been reduced, including extension service, vocational education, experimental stations, and agricultural colleges scattered over this country.

Mr. President, let us get the reaction that comes from this legislation. I now quote from an editorial in the Des Moines Register:

> The industrial recovery bill is three things in one:
>
> It is a vast plan for putting over $3,000,000,000 into roads, bridges, railroad grade crossings, and such things. The idea is to provide employment and to stimulate business.
>
> It is a reform of our Federal tax system to some extent. That grows out of the necessity of voting new taxes to provide interest money and a growing fund for eventual retirement of the new $3,000,000,000 debt.

I want to suggest this. Heretofore we have been saying that we are going to have a bond issue for a public-works program. Is this a bond issue? Oh, no; this is a direct appropriation out of the Federal Treasury, which subjects every dollar of revenue that comes into the Treasury to this obligation. Yet it is said we are going to cut the soldiers' compensation 50 percent, 25 percent, 18 percent, or 15 percent in order to balance the Budget. What is balancing the Budget? This is a direct appropriation. This is not a bond issue. Heretofore we have been able to segregate these matters, we have been able to separate them, we put a bond issue on its own footing. Under this condition we may not

be able to sell a bond. It makes no difference whether we sell a bond or not, this $3,300,000,000 is appropriated, and it has to come out of any revenue which comes into the Federal Treasury. I say it is not dependent on a bond issue at all. Next this editorial states:

It is a scheme for basic reorganization of all our industries, making them sustain wages, reduce working hours, and avoid overproduction of goods, and giving the President power to compel every unit of industry to abide by this program or quit operating.

Very well. What is the farmer going to do? I want to suggest this. Suppose he wants to buy a farm implement.

Who is going to regulate it? The board of directors—five of them. I understand that Alex Legge is being favorably considered as one of them; that Mr. Swope, of the General Electric, is another one; that Mr. Sloan, of General Motors, is another one; that Mr. Teagle, of the Standard Oil Co., is another; and that Mr. Richberg, attorney for one of the labor-union groups, is another.

Do you think, Mr. President, the fact that the farmer is not able to sell his crop at a fair price will have any effect on Mr. Legge's desire to reduce the cost of farm implements? No; all he will be thinking about is getting a return on the capital investment of the International Harvester Co. I have great admiration for Mr. Legge; I think he is a very successful and very efficient business man; but I want to say now that if these men are put in authority it will be centralizing the control of the business of this country in the hands of big business to such an extent that the little fellow will never have a chance to look in so long as this law shall remain in operation.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. One of the liabilities incident to this character of Government work is the pressure that is put upon those administering the law by business men to buy their products. As the Senator knows, during the World War a great number of splendid citizens offered their services at a dollar a year, some of them—I would not say all—thereby being given an opportunity to make contracts with the Government, and it was found that a number of these gentlemen were selling to the Government. As I ran over the list which was presented here, including trucks and various other articles, it occurred to me how readily those producing them could come to the Government representatives, set forth that the Government must use these things, and argue that if they could sell them to the Government labor would be employed. So, on the basis that this is an unemployment-relief measure, it is put up to the Government that the Government ought to buy this product or that product in order to employ labor. The result is that the Government is very likely to purchase a great number of things in large quantities that otherwise it could get along without, and do it on the basis of giving employment to those engaged in the manufacturing industry.

That is just as inevitable as it is that the sun will rise in the morning, and the first thing we know we will be indulging in the wildest waste of money, just as we were during the war; we will be spending it like drunken sailors; that is inevitable. Sufficient has already taken place to justify that statement.

Mr. DICKINSON. Let me just say that on page 2, line 21, of the so-called "national industrial recovery bill" there is a provision reading:

To accept and utilize such voluntary and uncompensated services.

There is the dollar-a-year man. He is not going to come here for any other purpose than to be able to promote and to further his own interest; and we all know it.

Mr. FESS. Mr. President, if the Senator will yield further, it just came to my attention yesterday, and I verified it today, that the executive secretary of a great national fertilizer association has accepted employment as an assistant in the agricultural survey work while still retaining his high-salaried position. There is not anything that the farmer will demand more than fertilizer; and, of course, it is most advantageous to have a representative of the national fertilizer association as one of the assistants in the administration of the farm relief law. We ought to make such a thing impossible; and yet that is just what is going on at this hour.

Mr. DICKINSON. It was my intention, I will say to the Senator from Ohio, to move to strike out the words I have just read, but, in the hurly-burly here, I overlooked it. I do not think the Government ought to accept the services of any dollar-a-year man, regardless of who he is, because he has an ax to grind or he would not be here.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Louisiana?

Mr. DICKINSON. I yield.

Mr. LONG. May I ask my good friend from Iowa a question? This seems to be somewhat of a complaining ceremony on the part of my regular Republican friends. I was wondering if it lies within the mouth of the Republican regulars to complain of any mistakes that may have been made? My recollection is that the Republican regulars have prevented amendments wherein we would have liberalized the sections that are mentioned, more or less, and that they have been supporting the inclusion in the law of the things of which they complain. I do not know of any support that could be depended upon for that part of the program that I thought was being criticized as much as that of the regular Republicans. They have been the bulwark of support for things they are now complaining of, and every time we got up something good the Republicans were against it.

Mr. DICKINSON. Let me suggest to the Senator from Louisiana that I know nothing about what the other Republicans thought about this situation, but I know what my record is. I voted against it all along the line; I voted to strike out title I, which is the title I am criticizing now.

Mr. LONG. And the Senator was right.

Mr. FESS. Mr. President, since the Senator from Louisiana made his interrogatory immediately following my observation, I should like to remind him that I did not vote for the agricultural relief bill, to say nothing about the revolutionary measure which we have passed today.

Mr. LONG. That time the Senator from Ohio was right. But it is impossible to get enough Republicans right at any one time to do any good. [Laughter.]

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Kentucky?

Mr. DICKINSON. I yield.

Mr. BARKLEY. The Senator from Ohio and the Senator from Iowa have both cast enough bad votes in the past to make up for any good ones they may have cast more recently. [Laughter.]

Mr. LEWIS. Mr. President, let me say, in view of the suggestion made by the Senator from Louisiana, that the situation which greets us is as broad as it is long. [Laughter.]

Mr. FESS. Mr. President, I think probably the safest way would be to follow the course of the Senator from Louisiana and vote on both sides. [Laughter.]

Mr. LONG. That is right; never make a mistake.

Mr. DICKINSON. Mr. President, I quote further from the Des Moines Register:

That, in brief, is the program.

It is extremely radical from several standpoints.

First, in the amazing speed with which it has been rushed to adoption and in the method of enforcement that it provides. It is not a case of Congress enacting detailed legislation prescribing the conduct of industry. It is a case of Congress agreeing swiftly to certain broad purposes and conferring upon the President almost unlimited powers for a fixed period to dictate. Congress largely abdicates. Instead of the President having merely a negative limited veto power over legislation enacted by Congress, Congress voluntarily puts itself for a period in the position of having only a negative, limited veto power over policies decided upon by the President.

That is another thing I have been complaining about—the transfer of dictatorial power and the centralization of dictatorial power in one man's hands.

Second, the program is radical in that it involves various departures from campaign pledges of the administration, including pledges imbedded in the party platform. The platform, for instance, included the pledge of strict enforcement of antitrust laws, and President Roosevelt went to much more than usual lengths in insisting that the platform must be considered a set of binding pledges. Yet this plank, among others, is unequivocally abandoned. That it may be quite right to abandon it is a proper subject for separate debate. That it has been abandoned is the only point here.

Third, the program is radical as a reversal of the long-fixed attitude of America on the relation of Government to our economic processes, and is especially a reversal of the long-fixed attitude of the Democratic Party.

President Roosevelt has referred to the program as one of "partnership" between business and Government. Others call it Government control. The distinction lacks a difference. There can be no Government partnership—since Government possesses the sovereign power—without Government control. There can be no reason for partnership except to assure control.

Here it might be interesting to note an article which I notice in this morning's Sun, which said that we had had control of the railroads for these many years and that the control has not resulted in anything but excessive expenses and bad management.

I quote from the Baltimore Evening Sun of yesterday as follows:

CAUSE AND EFFECT?

In the statement made by Russell C. Leffingwell, Morgan partner, at the close of the Morgan inquiry Saturday appears this interesting juxtaposition:

"Banks and railroads have been more the subject of legislation and supervision than any other American business activities. The losses of the public in banks and railroads have probably exceeded their losses in any other field."

Since the Washington administration is about to engage in control and supervision of industry on a scale hitherto unapproached, it would be well to give thought to the plight of the banks and the railroads. Mr. Leffingwell's statement may be more than historical; it may be prophetic.

So if it is thought that industries will be secured by having Government supervision, those who entertain that view are wrong. Continuing from the editorial with reference to the partnership of Government and industry:

Now, this kind of partnership is not unfamiliar in other parts of the globe. To some extent it is familiar in even the "democratic" countries. Military reasons are largely back of that fact. To a much greater extent it is familiar in the new type dictatorships that have sprung up since the war. The comparison usually has been made with the Communist dictatorships. It can rather more aptly be made within the Fascist dictatorships.

The fundamental theory in the Fascist countries is that a democratic government based on those principles of "individual liberty" that grew up in the nineteenth century and that are the foundation as yet of our political and economic system, is no longer workable. The theory in the Fascist countries is that, far from maintaining a separation between the functions of government and the functions of business, the greatest task of government is to control the economic processes.

While our experiment in Government control is explicitly declared to be for the period of the emergency and is limited as to time, it is nevertheless an acceptance in a considerable degree of the Fascist view. Nobody knows—nobody can know—how much or how little of the new attitude, the new philosophy of government, the new social doctrine, will remain after the emergency.

To recognize these facts is merely to look without blinkers.

History is on the gallop everywhere in the world, and nowhere more so than in the United States.

I want also to quote from the editorial in the Herald Tribune, of New York, which is as follows:

That peril is that, under the guise of emergency relief, the country will be saddled with a permanent dictatorship of industry from Washington. The most thoughtful minds in Washington view such a danger as too clear a possibility to be a pleasant prospect for anyone who prefers America to Russia.

Mr. President, let me suggest that when we find a lot of business men saying, "Oh, I do not know what we are going to do, but I am for this bill," let me ask why are they for the bill? They are for it because they think it is going to help them fix prices; because they think it is going to help them put their competitors out of business; it is because they think they are going to have their own way, and that all they have got to do is to get the approval of the Government and then they can go ahead and do as they please. We have had too much of that already. I believe we are putting into the hands of this group an authority to do that very thing. I am hopeful that the Supreme Court will still retain some of the fundamentals upon which our Government was founded and hold a great deal of the present bill unconstitutional.

Continuing:

Why else the extraordinary grant of authority in the act? The powers delegated to the President are universal and as complete as any central executive committee of the U.S.S.R. could desire. Under them the President could take charge of each and every industry and regiment it in every essential item of activity. It could allocate business among the going concerns, restricting the output of each; it could direct the prices at which the products could be sold; it could fix hours and wages.

No wonder that Benjamin M. Anderson, Jr., one of the leading economic experts of the country, views the project with dismay. No one mind has the wisdom to administer such a vast and intricate system of control. Not all the economic experts of the Nation possess either the statistical basis or the theoretical conclusions upon which to determine action. If the powers embodied in the act are really used upon the scale authorized, the result can only be disaster. We think Mr. Anderson's view will be endorsed by practical and experienced minds generally.

Such is the colossal and revolutionary change in American industrial life—for owner and worker alike—which Congress is authorizing the administration to make whenever it cares to do so. To be sure, the President now proposes to place at the head of it an able man of large business experience, Gen. Hugh Johnson. No Columbia professors need apply at present! But considering how the President stands between two groups of advisers—the steady men of experience on the right, the professorial radicals on the left—and how quickly he crossed from one to the other in the case of the embargo and inflation, who can be sure that he will uphold a limited, conservative administration of this act? How can anyone feel sure that if the radicals of the "brain trust" gain in influence they may not effect a gradual extension of the control authorized by the act and, under the glib title of a "planned society", fasten permanently upon the country an industrial dictatorship? It is no secret that precisely this is the goal desired by the more radical minds close to the President.

There is the dismaying, not to say terrifying, aspect of the industrial recovery bill. May such fears be disappointed! But it seems to us vitally important that the country should appreciate, even though Congress does not, the risks that are being invited. In the months to come there will be need for all the careful watching, sound criticism, and forthright protest that the wisdom of the country can muster.

Mr. President, the bill is going to become a law. The new organization is going to be set up. Industry is going to be put in a strait-jacket. I am wondering where the little independent fellow who happens to invent a potato digger is going to be able to get within the regulations provided in the bill? His only hope would be to go to a big concern like the International Harvester, or some similar large concern, and say to them, "I have something which I have invented. I have to sell it to you because I cannot manufacture it as cheaply as you can manufacture it. You provide the rules and regulations, under the provisions of this act, and, therefore, I must come to you and delegate to you the power to manufacture and sell the thing that my brain has invented."

The bill will do away with individual initiative. It will do away with the things that have made America great. It will do away with a great deal of the individual initiative that has been the making of the big industries and that has dictated the progress of this country for 150 years. I hope the Supreme Court will set aside most of the law that is involved.

Mr. President, I submit these remarks not as a protest against the passage of the bill but on account of the $3,300,000,000 we have just appropriated out of the general revenues of the Government for the support of this program which I have just described to the Senate.

FIFTEENTH ANNIVERSARY OF INDEPENDENCE OF ARMENIA

Mr. KING. Mr. President, a few days ago in New York City there was a large gathering of American citizens of Armenian birth or descent for the purpose of celebrating the fifteenth anniversary of the independence of Armenia. At this gathering resolutions were adopted, and I have been requested by a number of those participating, as well as by the chairman of the meeting, to offer for the RECORD a copy of the same. I ask unanimous consent that the resolutions so adopted be inserted in the RECORD at this point.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

Fifteen hundred or more American citizens of Armenian birth and Armenians at mass meeting in Webster Hall, New York City, on May 21, 1933, in celebration of the fifteenth anniversary of the independence of Armenia, held under the auspices of the Regional Council of the Armenian Revolutionary Federation, which set up the Armenian Republic on May 28, 1918, subsequently recognized by the war-time Central Powers, including Turkey, the former allied and associated nations, including the United States and Soviet Russia, after having heard the Honorable William H. King, United States Senator, and Vahan Cardashian, of New York, speak, unanimously adopted the following resolution:

"Whereas (a) in November 1917 Russia, having fallen under the control of the Bolsheviki, withdrew from the war and abandoned the Transcaucasus front, including the district then known as 'Russian Armenia', and thus left and exposed the Armenian people, numbering upward of 1,700,000, to the mercy and menace of the Turkish Army;

"(b) In the midst of chaos and many and overwhelming problems, caused by this Russian defection, the Armenian people summoned their supreme spiritual powers; they improvised a government and fighting units; proclaimed their independence on May 28, 1918, and in one of the decisive battles of the World War around Karakliss and Sardarabad, between May 29 and June 3, for 5 days 30 Armenian battalions withstood 50 Turkish battalions, and on June 4, 1918, compelled Turkey to recognize Armenia as an independent state.

"(c) Even as early as December 30, 1917, Lenin, by special decree, had recognized the right of Armenia to independence, and in August 1920 the then Soviet Foreign Commissar, by two long telegrams to the Armenian Premier, reaffirmed Russia's cordial acquiescence in the independence of Armenia.

"(d) Following the armistice the Allied Powers compelled the Turks to retire in favor of Armenia from those portions of former Russian Armenia which the Turks, in the agreements of June and July 1918 with the Armenian Republic, had retained for themselves, and in January and April 1920 the principal allied and associated nations, including the United States, extended a de jure recognition to the Armenian Republic.

"(e) In consideration of military services rendered by Armenians to the allied arms and in fulfillment of their solemn war pledges the principal allied nations allotted to the Armenian Republic, under article 89 of the Sevres Treaty of August 10, 1920, and subject to an arbitral decision by the President of the United States—thereafter duly rendered—about 45,000 square miles in the Provinces of Erzerum, Trebizond, Van, and Bitlis—a tiny corner of historic Armenia, now deserted and lying fallow and prostrate.

"(f) Soviet Russia, pursuant to its political and military conventions of April and June 1920 with the then Kemalist Turks, as also two of the allied nations furnished Kemal with gold and munitions to enable him to thwart the execution of the Sevres Treaty.

"(g) Soviet Russia, having accomplished the occupation and conquest of Azerbaidjan and Georgia in April and May 1920, and, as a means of establishing direct contact with Kemal by land, sought to bring the Armenian Republic under its control; to that end it fomented, in May and August 1920, abortive uprisings in many localities in that Republic and, in September 1920, instigated Kemal to attack it, and then actively cooperated with Kemal in his operations to subdue the Armenian Republic;

"(h) On October 14, 1920, Moscow, for the second time, by an ultimatum, demanded (1) that Armenia offer free passage to Russian troops to join the Kemalists, (2) that she sever relations with the Allies, and (3) that she denounce the Sevres Treaty; which ultimatum Armenia rejected;

"(i) Soviet Russia then sent a special envoy named "Le Grand" to Erivan, and through him solemnly committed itself to the preservation of the territorial integrity of the Armenian Republic, and also gave assurances with regard to Armenian rights against Turkey under the Sevres Treaty, conditioned, however, upon withdrawal by the Armenian Government in favor of a junta designated by Moscow;

"(j) Pressed by great odds, cut off from the rest of the world, and relying upon commitments and assurances by Moscow, the Armenian Government was induced and compelled to withdraw on December 2, 1920;

"(k) Thereafter, in contempt and violation of its commitments and assurances, Moscow, by a treaty with Kemalist Turkey dated March 16, 1921, and under subsequent arbitrary arrangements, decimated the Armenian Republic; alienated major portions thereof, or about 16,000 square miles out of 26,196 square miles, to Turkey, Azerbaidjan, and Georgia; gained absolute control over the remnant through a hand-picked and subservient junta; and, further, denounced the rights of Armenia against Turkey: Therefore be it

"*Resolved*—

"(1) We reaffirm our uncompromising adherence to the independent and united Armenia as recognized and defined by the former allied and associated nations;

"(2) We remind the Government of the Soviet Union that in the light of its direct and active responsibility for the plight of the Armenian people since 1917, as also for the overthrow of the Armenian Republic, considerations of honor and elementary equity impose upon it the plain duty of at least restoring the territorial limits of the Armenian Republic as they actually existed in September 1920, and to that end—

"(a) To invite or force Turkey to retire from the districts of Kars-Ardahan-Ararat; and

"(b) Reintegrate these, together with Nakh-Itchewan, Karabagh, and Akalkalak, in so-called 'Soviet Armenia.'"

ARAM T. PROUDIAN,
Chairman, Meeting.

INDEPENDENT OFFICES APPROPRIATIONS—CONFERENCE REPORT

Mr. BYRNES submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 9, 14, 15, 25, 26, and 32.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 12, 22, 23, 24, 27, 28, 29, 31, 35, 37, 38, 39, 40, 41, 42, and 48, and agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "and notwithstanding any provisions of law to the contrary, the Administrator is authorized to expend during the fiscal year 1934 not to exceed $2,000 for actuarial services by contract, without obtaining competition, at such rates of compensation as he may determine to be reasonable"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In line 8 of the matter inserted by said amendment strike out "$13,950" and insert in lieu thereof "$13,110", and in the same line strike out "$1,800" and insert in lieu thereof "$1,530"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: Omit the matter stricken out and inserted by said amendment; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: Omit the matter inserted by said amendment and restore the matter stricken out amended to read as follows:

"SEC. 10. The President is authorized, in his discretion, to suspend the extra pay or reduce the rate of extra pay allowed to commissioned officers, warrant officers, and enlisted men of the Army, Navy, Marine Corps, and Coast Guard while on flying duty, and to distinguish between degrees of hazard in various types of flying duty and make different rates of extra pay applicable thereto."

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 7, 10, 11, 13, 16, 17, 18, 19, 21, 30, 34, 43, 44, 45, 46, and 47.

CARTER GLASS,
JAMES F. BYRNES,
FREDERICK HALE,
FREDERICK STEIWER,
Managers on the part of the Senate.

C. A. WOODRUM,
JOHN J. BOYLAN,
W. W. HASTINGS,
J. P. BUCHANAN,
Managers on the part of the House.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Louisiana suggests the absence of a quorum. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ind.
Ashurst	Cutting	Kendrick	Russell
Austin	Davis	King	Schall
Bachman	Dickinson	La Follette	Sheppard
Bailey	Dieterich	Lewis	Shipstead
Bankhead	Dill	Lonergan	Smith
Barbour	Duffy	Long	Steiwer
Barkley	Erickson	McAdoo	Thomas, Okla.
Black	Fess	McCarran	Thomas, Utah
Bone	Fletcher	McGill	Thompson
Borah	Frazier	McKellar	Townsend
Bratton	George	McNary	Trammell
Brown	Glass	Metcalf	Tydings
Bulkley	Goldsborough	Murphy	Vandenberg
Bulow	Gore	Neely	Van Nuys
Byrd	Hale	Norris	Wagner
Byrnes	Harrison	Nye	Walcott
Capper	Hastings	Overton	Walsh
Caraway	Hatfield	Pope	Wheeler
Carey	Hayden	Reed	White
Clark	Hebert	Reynolds	
Connally	Johnson	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present. The question is on agreeing to the conference report.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, it is necessary to have a brief executive session. I ask the indulgence of the Senator from South Carolina [Mr. BYRNES], and I move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

COMPTROLLER OF CUSTOMS—JOHN J. KENNEDY

The PRESIDING OFFICER laid before the Senate a message from the President of the United States nominating John J. Kennedy, of Biloxi, Miss., to be comptroller of customs in customs collection district no. 20, with headquarters at New Orleans, La., which was referred to the Committee on Finance.

Mr. REED. Mr. President, I understand that the Committee on Finance has already approved Mr. Kennedy's nomination. I see the Senator from Mississippi [Mr. HARRISON] in the Chamber, and I yield the floor to him.

Mr. HARRISON. Mr. President, I desire to report that nomination favorably.

The PRESIDING OFFICER. The clerk will state the nomination.

The legislative clerk read the nomination of John J. Kennedy, of Biloxi, Miss., to be comptroller of customs in customs collection district no. 20, with headquarters at New Orleans, La.

Mr. HARRISON. I ask unanimous consent that the nomination be considered and confirmed

The PRESIDING OFFICER. Is there objection? The Chair hears none; and, without objection, the nomination is confirmed.

The calendar is in order.

RECONSTRUCTION FINANCE CORPORATION

The legislative clerk read the nomination of Frederic H. Taber, of Massachusetts, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

FEDERAL POWER COMMISSION

The legislative clerk read the nomination of Herbert J. Drane, of Florida, to be a member of the Federal Power Commission for the term expiring June 22, 1937.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

IN THE MARINE CORPS

The legislative clerk proceeded to announce sundry nominations in the Marine Corps.

Mr. ROBINSON of Arkansas. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas? The Chair hears none; and, without objection, the nominations are confirmed en bloc.

That completes the calendar.

LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate return to legislative business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to.

INDEPENDENT OFFICES APPROPRIATIONS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. BLACK. Mr. President, I desire to ask the Senator from South Carolina if the motion is to agree to the conference report which contains the report of the committee receding from Senate amendments numbered 14 and 15.

Mr. BYRNES. Mr. President, those amendments are included in the agreement.

Mr. BLACK. I desire to explain very briefly what I understand the effect of the motion to be.

I take it that the Senate is overwhelmingly in favor of utilizing for American soldiers the Government hospital facilities that were built for American soldiers. That was so manifest a few days ago that we did not even have a record vote. I cannot believe that at least 90 percent of the Senators are not in favor of using American hospitals, built for soldiers, for the soldiers who are sick.

If we vote for this conference report, we vote against using the soldiers' hospitals for American soldiers.

I make that statement for this reason:

A few days ago I made the statement on the floor that there were approximately 15,000 empty beds in the hospitals for soldiers. That included both the hospitals under the Veterans' Administration and the other Government hospitals where veterans heretofore have been taken for sickness. I offered an amendment to the bill which would authorize the use of the Government hospitals for sick soldiers. It was agreed to. Our conferees have receded from that amendment. In other words, if we agree to this conference report, by that vote we approve leaving vacant 15,000 beds in United States hospitals that should be used for soldiers who are sick.

Mr. JOHNSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from California?

Mr. BLACK. I yield.

Mr. JOHNSON. Is the Senator speaking of the amendment that was adopted at his instance when this bill was before us?

Mr. BLACK. The Senator is correct.

Mr. JOHNSON. And that amendment is not in the conference report?

Mr. BLACK. As to that amendment, it has been reported back here by the conferees that they have receded from it.

Mr. WALSH. That is, the Senate has receded?

Mr. BLACK. Yes.

Mr. JOHNSON. Mr. President, I wish to identify the particular amendment.

Mr. BLACK. I will make it perfectly plain.

Mr. JOHNSON. I recall the amendment. I am thoroughly familiar with it, and thoroughly in sympathy with it. That amendment is out of the bill now, as I understand.

Mr. BLACK. The Senate conferees have reported back that the Senate has receded from that amendment.

Mr. JOHNSON. I see.

Mr. BLACK. In other words, let me make it perfectly clear: There are about 15,000 empty beds in the Government hospitals in the United States. In the last 2 months a thousand employees have been discharged in those hospitals. About 9,000 of those beds are in regular veterans' hospitals. The beds are empty. They have been made empty by reason of the regulations adopted.

Mr. FLETCHER. Mr. President, may I ask the Senator a question there?

Mr. BLACK. I yield to the Senator from Florida.

Mr. FLETCHER. The Government has not abandoned all hospitalization of disabled veterans, has it?

Mr. BLACK. The Government has not abandoned all hospitalization.

Mr. FLETCHER. How did this come about? A few years ago they did not have beds enough.

Mr. BLACK. They would not have beds enough now if they would take care of the soldiers who are sick. They did not have beds enough when these rules were promulgated. They had hundreds, and, I understand, thousands, of sick soldiers on the waiting list.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BLACK. I yield to the Senator.

Mr. BYRNES. I do not want to interrupt the Senator, but I assume that the Senator desires to know the situation insofar as the conference was concerned.

Mr. BLACK. I shall be glad to yield to the Senator in order to permit him to state it.

Mr. BYRNES. The amendment offered by the Senator from Alabama was offered on page 50 to a section providing for hospital and domiciliary facilities. By his amendment he added $1,000,000 to the provision in the Senate bill of $1,000,000. The section to which this amendment was offered, and added, provides not for the hospitalization of veterans but for the construction of buildings. The Senate conferees were confronted with the situation that the Senate had added $1,000,000 to a section to carry out the purposes and provisions of an act providing for the construction of buildings when, as the Senator from Alabama says, we have more buildings than we now have use for, more facilities than we actually require.

The conferees on the part of the House called attention to this fact, stating that there was absolutely no necessity for adding $1,000,000 to the million dollars provided in the bill, which million is for the purpose of constructing additional buildings, when, as the Senator says, we now have buildings which are not used to full capacity. The appropriation for hospitalization is contained in amendment no. 7, which was increased by the Senate, and is increased by the bill as it now stands.

Mr. FLETCHER. How much?

Mr. BYRNES. From $85,273,000 to $85,773,000.

The conferees on the part of the House urged, too, that it was an entire departure from the principle of hospitalization that was now being followed. The Senate conferees were confronted with a fact which I know the Senator from Alabama was not aware of, and certainly the Senator from South Carolina was not aware of, at the time the amendment was offered. The conferees on the part of the Senate had to recede.

Mr. BLACK. Mr. President, the amendment not only provides an additional appropriation, but there would have been no difficulty whatever, if the conferees desired to utilize these hospitals, in changing the position of this amendment, because it uses this language:

That not less than one half of $2,000,000 so appropriated shall be used for supplying hospital treatment for veterans, without regard to whether their disability was service connected or not.

Mr. President, the Senator said at the end of his statement that the House conferees thought we were departing from the hospitalization policy. We are departing from the policy in the regulation, but we are not departing from the policy of the law.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from Massachusetts.

Mr. WALSH. In other words, the Senator's amendment changed and broadened the regulation of the President in dealing with hospitalization?

Mr. BLACK. That is correct.

Mr. WALSH. So that the amendment not only included an appropriation but also included legislation extending hospitalization benefits to veterans?

Mr. BLACK. The Senator is absolutely correct. In other words, the regulation has been written in such a restricted form that it emptied the beds.

I do not admit that we have more hospital facilities than we need. I do admit that we have more hospital facilities than we are using. There is a vast difference between having more hospital facilities than we need and having more hospital facilities than we are using. So the question simply comes down to this:

Here are these hospitals, all over the Nation, built with the people's money. They were built and dedicated for the use of the soldiers. They are not being used for soldiers. They are being used now, I understand, for those who are injured in the reforestation camps. I have no complaint against that if the soldiers are first taken care of; but I do insist that it is unjust, and it is little short of inhumanity, when there are thousands of sick soldiers all over the Nation, and there are thousands of empty hospital beds in hospitals for soldiers, to enforce regulations which deprive those sick soldiers of the use of the hospitals which were built for their benefit.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BLACK. I yield to the Senator.

Mr. SMITH. In what respect does the present regulation that the Senator is complaining of differ from the policies and regulations prior to this? Is it true that sick soldiers are denied hospitalization unless the sickness is service connected?

Mr. BLACK. Unless it is service connected, or they have followed one other provision in the bill and hospitalized certain permanent and incurable cases. That is correct.

I take the position that the hospitals have been built with Government money for soldiers. Whether we were right or wrong in building those hospitals, they were built. I think we were right.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BLACK. I yield to the Senator.

Mr. NORRIS. For the purpose of information I desire to ask the Senator whether there is any economy in keeping these beds vacant. I assume that the 15,000 veterans who have been discharged from the hospitals—and, as a result, we have 15,000 vacant beds—must be taken care of somewhere by somebody. If they are taken care of by the county, the county would be borrowing money from the Reconstruction Finance Corporation, or in some other way would have to raise the money to take care of them.

Mr. BLACK. The Senator is correct.

Mr. NORRIS. I am asking the Senator whether it would not be economy—in other words, whether it would not be cheaper—to take care of these 15,000 men in beds that are already provided and are idle than it would be to shove them onto the responsibility of somebody else, in some other way that would have to be provided elsewhere. If we were thinking only of economy and nothing else, would it not be cheaper to take them into these hospitals than it would be to put them out and let the beds be vacant and have them taken care of somewhere else?

Mr. BLACK. I agree with the Senator fully. If all we are to consider is the dollar—if we think of nothing on earth but money, and forget that there is a human being involved, a sick man who served in the United States Army, and think only of the dollar—a sick soldier who is incapable of caring for himself will be treated somewhere. If he goes into a town where there is a charity hospital, certainly that town is not going to let him die for lack of treatment. The probability is that that town will be borrowing money from the Reconstruction Finance Corporation in order to take care of those who need charity.

Mr. REED. The provision of the law which permitted ex-service men suffering from non-service-connected disabilities to be taken into these veterans' hospitals was written in 1924 by the committee of which the Senator from Massachusetts [Mr. WALSH] and myself were members, and we framed the law exactly on the theory that these men were charges upon the community in some fashion; that if the Veterans' Bureau did not take care of them, the counties or the cities or the States would have to; that it was absurd to have beds vacant in Veterans' Bureau hospitals, and turn these men away to be charges on the public in some other respect. The theory suggested by the Senator from Nebraska is just exactly what inspired the writing of that law at the time.

Mr. WALSH. And only those would be taken care of for whom there were facilities.

Mr. REED. Yes; of course.

Mr. WALSH. That is important.

Mr. REED. That privilege was available only when there were vacant beds in Veterans' Bureau hospitals over and above what were needed to care for those who were suffering from their war-time disabilities.

Mr. BLACK. I agree with the Senator in that viewpoint.

Mr. CUTTING. Mr. President, we have heard a great deal, and we still hear a great deal, when a conference report is brought in and the Senate conferees recede from the attitude adopted by the Senate, about the arguments presented by the House conferees. I hope that some arguments were presented by the Senate conferees in this case.

I wonder whether anyone pointed out the fact that for a great many wears we have been granting a statutory award of $50 a month for arrested tubercular cases. That award has gone out in the Economy Act, and a very pitiful substitute arranged therefor. The opinion of everyone whom I know who has given this matter any thought is that those men who were drawing $50 statutory awards will all be charges on the community within a very few months, because they will have to go back to full-time work. They are unable to do that work, and they are going back to be taken care of by somebody. In other words, if the opinion of these men who have studied this matter is correct, there will be far more necessity for hospitalization from now on than there has been in the past. Does the Senator agree with me?

Mr. BLACK. I agree with the Senator fully. Of all times to put men out of the hospitals this is the worst. It is at a time of depression, it is at a time of undernourishment, it is at a time when thousands of men have been deprived of allowances they have heretofore received from the Government. There can be no possible economy in depriving these men of this hospital treatment.

Mr. REED. Mr. President, I have been told that an Executive order has been made quite recently which opens these vacant beds in these same hospitals to men from the Civilian Conservation Corps. Can the Senator tell us whether that is true or not?

Mr. BLACK. I think that is correct. I referred to that a few minutes ago.

Mr. BORAH. Mr. President, I have just asked the Assistant Sergeant at Arms to find for me a telegram which I had placed in the RECORD either yesterday or the day before from the commander of the American Legion at Oteen, N.C., in which he made a statement that a number of these reforestation employees had been admitted into the hospital there, which was denied to the soldiers.

Mr. BLACK. I think that is absolutely correct.

Mr. CUTTING. Mr. President, if the Senator will yield, the telegram which the Senator from Idaho introduced into the RECORD will be found on page 5754 of Monday's RECORD.

Mr. BLACK. Will not the Senator read it?

Mr. BORAH. The telegram reads as follows:

OTEEN, N.C., *June 12, 1933.*

United States Senator W. E. BORAH,
Senate Chamber:

One hundred beds have been ordered available for workers in reforestation camps at Oteen Hospital. Some patients already here, with transportation paid by Government to and from hospital. Men are not ex-service. Veterans of wars to get in hospital must be totally disabled, destitute, and can get in hospital only when Legion or friends pay their transportation. Please use your influence to defeat Presidential compromise passed by House.

D. D. SILVERMAN,
Commander American Legion, Oteen, N.C.

Mr. REED. Mr. President, I should like to have the Senator from Alabama say what he thinks of the situation portrayed in that telegram. The hospital at Oteen, N.C., is intended for tubercular patients. These members of the Civilian Conservation Corps who have been enlisted in this corps within the last 2 or 3 weeks, if they are tubercular, and if they need the care of the hospital at Oteen, should never have been accepted in the first place; whereas the veterans who have been dismissed from that hospital, and sent out without even the carfare to get to their homes, at least have behind them a record of service to their country. It seems to me it is incredible that such an order could have been made.

Mr. BLACK. I said a few minutes ago that, so far as I was concerned, if there were vacant beds in soldiers' hospitals, I would have no objection whatever to those beds being used for the employees of the Civilian Conservation Corps; but I do think that the soldiers of this country should have a prior right in the hospitals which were built for them.

I am not going to discuss this amendment at length. I am going to ask, and hope I shall receive, a record vote. I am curious to know how many Senators there are who will put themselves on record as favoring depriving American soldiers of the use of beds which are now empty, in hospitals which were built to accommodate them when they might become sick. I will note with some interest the vote.

I hope that it will be decisive enough so that all will understand that the Senate intends that the hospitals built to be used for the benefit of the American soldier must and shall be used for his care.

Mr. WALSH. Mr. President, of course, any argument of economy is now obliterated. The question before the Senate is whether we shall choose these Civilian Conservation Corps enlisted men, or whether we shall stand with the veterans for the use of these hospitals.

Mr. BLACK. The Senator is correct. In addition, many of us have had appeals from veterans in our home States who have tried in vain to get into the Civilian Conservation Corps. It was impossible for all of them to get in. I wish it distinctly understood that I do not join in the criticism of this movement. As a matter of fact, I was and I am thoroughly in sympathy with it as a great progressive movement to put men to work; but as for choosing between the two—the American soldier and the members of the Civilian Conservation Corps—with reference to the use of hospitals built for the soldiers, I have no hesitation in making my choice.

Mr. FESS. Mr. President, am I to understand that these hospitals are open to people who are in the reforestation service?

Mr. BLACK. That is a fact.

Mr. FESS. If that is true, how can there be any objection to opening them to the soldier who is sick? I have had some question as to whether we ought to open the hospitals for every person who once served the country, who might be sick, without any reference to his disability being connected with the service, but if we are opening the hospitals for civilians, there certainly is no ground whatever for closing them to the soldiers.

Mr. BLACK. I agree with the Senator. Of course, the Senator understands that, so far as I am concerned, I would have no hesitation in having the Government use the hospitals for any soldier who is sick. I do not question how he became sick. I have no hesitation in stating that I believe that the cities, the counties, the States, or the Nation, should supply hospital treatment to every indigent person in this country who is ill and unable to obtain treatment for himself, and I think the Government can well provide treatment to the men who served in the war.

I am going to ask for a record vote, and I want it understood that the issue is very sharp and very simple. If Senators vote for the conference report, they vote against utilizing the beds in the hospitals built for American soldiers by the very soldiers for whom the hospitals were built. When a Senator votes to approve the report, he votes in favor of the use of those beds for members of the Civilian Conservation Corps, or to let them remain vacant while sick soldiers seek for hospital treatment in vain.

I am going to ask for the yeas and nays on the conference report.

Mr. STEIWER. Mr. President, I do not intend to detain the Senate for a moment, but I think an explanation is in order from me.

As Senators know, my name was added to the list of conferees late yesterday afternoon. I attended the first conference last night. This particualr matter had already been considered, and I was under a misapprehension or misunderstanding as to the action taken. I make no complaint concerning it. I have no fault to find with anyone else, but I was mistaken. I accordingly signed the conference report.

I want it known that I signed the conference report under a misapprehension, because I propose to vote with the Senator from Alabama; and I do not want it thought that I am trifling with the Senate in signing a conference report and voting the other way.

Mr. BONE. Mr. President, I observe in the independent offices appropriation bill an item which was changed by the Senate, which increased the allowance of $5,000 for experimental purposes to determine the value of certain types of treatment to $15,000.

I may explain that in the State of Washington there is a lake known as "Soap Lake", and the waters of that lake were found to be of great benefit in the treatment of Berger's disease. I have just asked the Senator from West Virginia [Mr. HATFIELD], who is a physician, to give me some little explanation of the meaning of that term. It affects the arteries of the body; and it appears that a great many veterans, because of their service and the exposures and hardships incident thereto, have become afflicted with that peculiar and dreaded disease. The waters of this lake are apparently the only remedy that has been yet found that will do any good to those suffering from that disease. That was the reason for the inclusion of this item of $15,000 for experimental work, particularly in that field. But that has been stricken from the bill, and an appropriation of $5,000 substituted in place of one of $15,000.

I merely call attention to that as an example of seeming parsimony in dealing with veterans suffering as a result of their service.

THE LONDON ECONOMIC CONFERENCE

Mr. ROBINSON of Indiana. Mr. President, I do not desire to delay a vote on the conference report. Apparently we are heading straight toward final adjournment. No matter what happens, regardless of any possible injustice to the veterans, Congress must adjourn before Mr. Neville Chamberlain can make his speech in London. I understand that Mr. Chamberlain is now waiting breathlessly for the American Congress to adjourn in order that he may deliver an address to the House of Commons and tell them then what he and the President of the United States have decided on with reference to the war debts.

Of course, all authority for dealing with the debts is lodged in the Congress. Until the Congress alters its policy, if ever—and I hope it never will—there is nothing to discuss with reference to war debts, because Congress is on record as being opposed not only to cancelation but to any possible reduction.

Mr. President, I read in the headlines tonight, in the late edition of the Washington Star, the following:

UNITED STATES TO ACCEPT "TOKEN" PAYMENT ON DEBTS, CHAMBERLAIN SAYS—BRITISH CHANCELLOR INDICATES HE IS AWAITING ADJOURNMENT OF CONGRESS BEFORE ACTING—COMMONS BELIEVES AMERICA WILL AGREE TO SMALL AMOUNT—LONG-AWAITED STATEMENT MADE AS STATE DEPARTMENT RECEIVES NEW NOTE FROM LONDON

A note from Great Britain on the war debts was received at the State Department late today.

It is down there now.

This was announced while Neville Chamberlain, Chancellor of the Exchequer, was explaining his Government's position on the debts to the House of Commons.

Indications were that the text would be withheld until an American reply has been formulated, with both to be made public simultaneously.

This is the Associated Press story.

Mr. BLACK. Mr. President, will the Senator from Indiana yield?

Mr. ROBINSON of Indiana. Not just now.

Mr. BLACK. I should like the Senator to let us have a vote on this motion. I know that he is interested in it.

Mr. ROBINSON of Indiana. I will yield the floor in just a second. Quoting further from this Associated Press article:

LONDON, June 13.—A satisfactory Anglo-American settlement on the war-debt installment due Thursday was forecast tonight by Neville Chamberlain, Chancellor of the Exchequer, in a 3-minute speech before the House of Commons.

The Commons had waited the whole day for Mr. Chamberlain's pronouncement, while the World Economic Conference was torn with dissension over the war-debt issue.

"The British Ambassador today handed the American State Department a note setting out the British proposals concerning the June installment", the Chancellor said.

"We expect to receive President Roosevelt's reply tomorrow.

"We have no reason to suppose it will be other than satisfactory. But as it has not yet reached us, I am not in a position to state its terms."

AWAIT ADJOURNMENT

The American delegation made no comment, but the general opinion was that the Chancellor's announcement to the Commons is being held up and British public opinion is being kept in the dark regarding terms of the proposal until after the American Congress adjourns.

So, Mr. President, evidently the tender which will be made is a tender of 10 percent. They would like to have the debt settled on a 10-percent basis. Apparently they have assurances from the Chief Executive that that will be satisfactory. In the meantime, however, Mr. Chamberlain is breathlessly waiting for this Congress to adjourn so that he can give the glad tidings to Europe.

Mr. President, there is no use for me to take the Senate's time, but these matters should be brought to the attention of the Senate and to the attention of the country. No matter how much injustice we may do to the veterans of the Nation, orders have apparently been issued that Congress must adjourn tonight so that Mr. Chamberlain may make his speech and say to a Europe which is waiting expectantly that 10 percent will be accepted as satisfactory on the war debts.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to a concurrent resolution (H.Con.Res. 23), in which it requested the concurrence of the Senate, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House of Representatives is authorized and directed, in the enrollment of the bill (H.R. 5661) entitled "An act to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes", to make the following necessary changes in the language of the bill:

In the first sentence of the second paragraph of subsection "(y)" of section 12B (added by the bill to the Federal Reserve Act, as amended), insert after "State bank" and before the parenthesis the words ", which term shall also include all banking institutions located in the District of Columbia"; and in the same sentence strike out "State authority" and insert "authority."

In the seventh paragraph of subsection "(1)" of such section 12B, after "Corporation", insert a comma and "or a member of the fund provided for in subsection (y)."

In the last paragraph of such subsection "(y)" strike out the word "title" and insert in lieu thereof the word "section."

INDEPENDENT OFFICES APPROPRIATIONS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

Mr. BYRNES. Mr. President, I desire to say only a few words with reference to this amendment. The amendment which was adopted was offered to a section providing for the construction of buildings, which, as amended, reads:

For carrying out the provisions of the act entitled "An act to authorize an appropriation to provide additional hospital, domiciliary, and out-patient dispensary facilities for persons entitled to hospitalization under the World War Veterans' Act, 1924, as amended, and for other purposes", $2,000,000, to remain available until expended: *Provided*, That not less than one half of $2,000,000 so appropriated shall be used for supplying hospital treatment for veterans, without regard to whether their disability was service connected or not.

The appropriation providing for the hospitalization of soldiers is in an entirely different section of the bill. Two million dollars would be a mere bagatelle compared to the amount that is appropriated for hospitalization. The amount appropriated in this bill for the hospitalization of ex-service men, instead of being $2,000,000, is $85,773,000. So the question is not whether by voting down this conference report and sending the bill back to conference, by agreeing to a million dollars additional we could provide hospitalization for any number of men suffering from disabilities not service connected and who desire hospitalization.

We might as well be frank with each other and be frank with the veterans. By the legislation heretofore adopted in the Economy Act that discretion was placed elsewhere. In exercising it the situation has arisen which has been described by the Senator from Alabama with 9,000 vacant beds in the veterans' hospitals and 6,000 in the Army and Navy hospitals. That cannot be remedied nor can we deceive ourselves or anybody else by contending that by providing a million dollars in the bill we can put 15,000 veterans back in the hospitals. That can only be done by the President of the United States changing the regulations.

The item in this bill for hospitalization carries $86,000,000. By putting a million dollars in a section providing for the construction of buildings we cannot hope to remedy the situation sought to be remedied. The responsibility must rest with the President in the exercise of the discretion vested in him by the Congress. We now have $85,773,000. If he wants to get the soldiers who are suffering from disability not service-connected back into the hospitals, it would take not $1,000,000 but $25,000,000 or $30,000,000 to do it. If we add $1,000,000 to the item for the construction of additional buildings we are not going to put the ex-service men back into the hospitals. We will accomplish nothing. If anyone should attempt to construe such action to mean that under it ex-service men should be put back in hospitals, rather than that buildings should be constructed, it would imply that $1,000,000 would make possible putting back into the hospitals all the men who now are not entitled to hospitalization because their disabilities are not service connected. That would not be reasonable. The thing must be done in a reasonable manner. It would take $25,000,000 or $30,000,000, and not merely $1,000,000 added to a provision designed for the purpose of constructing additional buildings and not to provide hospitalization.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from South Carolina yield to me?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. BYRNES. I do.

Mr. ROBINSON of Arkansas. As I interpret the Senator's remarks, the amendment of the Senator from Alabama merely added a million dollars which may be used in the construction of hospitals?

Mr. BYRNES. Yes; to carry out the purposes of an act to authorize an appropriation to provide additional hospital, domiciliary, and out-patient dispensary facilities for persons entitled to hospitalization.

Mr. ROBINSON of Arkansas. Is it true that it could not be used to make available hospital facilities now existing for the class of patients referred to?

Mr. BYRNES. The Senator from Alabama, since it has been called to his attention, contends that under the language of his amendment it could be so used. I said that if that construction were given to it, there would then be $86,000,000 approximately for hospitalization, and but $1,000,000 appropriated for the hospitalization of ex-service men who are suffering from disabilities not service connected. If we are to give hospitalization to men suffering from disabilities not service connected, it has got to be done in an intelligent and proper way. We would have to provide millions of dollars. The President has authority to do it by changing the regulations, and if he should do that, and if $86,000,000 should not be sufficient, Congress, when it again meets, could provide for that. Certainly $1,000,000 is not going to provide hospitalization facilities for all the men suffering from non-service-connected disabilities. Because that is true, the Senate was forced to recede.

I know my friend from New Mexico is perfectly sincere in his statement as to the references made to the arguments of the House conferees. The conferees on the part of the House, of course, must present their arguments, and the conferees on the part of the Senate, as ambassadors of the Senate, must in conference make their arguments in behalf of the amendments agreed to by the Senate, and then we must recede or the House must recede, or there must be an effort, sincere and honest, to compromise the difference between the two Houses. The conferees can only do the best possible under the circumstances. The conferees on the part of the House insisted on their position in this matter.

The Senator from Oregon [Mr. STEIWER] says he was not present. That is true. The Senator from Maine was. I do not now see him on the floor, but he, too, would state what was argued by the conferees on the part of the Senate in an effort to retain this amendment in the bill. But, confronted with the argument that the Senate amendment was added to a section providing for the construction of additional facilities instead of providing for hospitalization by facilities now available, and confronted also with the argument that it provided only a million dollars for all the men suffering from non-service-connected disabilities, in the compromise that must result in the conference, the Senate conferees receded. I hope the conference report will not be rejected because of the amendment of the Senator from Alabama.

Mr. BLACK. Mr. President, when this amendment was previously under consideration I then stated that I was not much interested in the million dollars. The Senator from South Carolina said at that time on the floor that there was an ample appropriation in the bill to fill every veterans' hospital in the United States without adding the million dollars.

Mr. BYRNES. I will say so again. The President of the United States, by a change in the regulations, and using the $86,000,000, can put into the hospitals the non-service-connected men; and if there shall be a deficiency, it can be taken care of; but I say to my friend from Alabama in all sincerity—and I think he will agree with me—that a million dollars will not put the men suffering from non-service-connected disabilities into the beds of the hospitals, even if there are 9,000 beds instead of 15,000 in the Army and Navy hospitals. The Senator from Alabama will agree with me in that. It would take twenty-five, thirty, or forty million dollars to do it.

Mr. BLACK. I do not agree to that at all. As a matter of fact, Mr. President, all this is aside from the issue. As

the Senator has just stated, there is a sufficient appropriation to put these men in the hospitals; so why talk about $1,000,000? What difference does it make whether this is $1,000,000 or $50,000,000? If they already have all the money, they would spend it; it shows the futility of arguing about a million dollars.

I said before that what I was interested in was the other feature of the bill; and I can suggest a very easy way in which the conferees on the part of the Senate could compromise with those of the House, and that would be to strike out the million dollars and leave in the remainder of the provision. That is what we are interested in. We are interested in having these men put into the hospitals. We are not even interested in the section of the bill to which the provision is attached; it is immaterial to which section of the bill it is attached. We are interested in whether or not these beds are to remain empty while soldiers who are sick cannot get in hospitals. We are interested also in the situation where we find the hospitals being filled with members of the Civilian Conservation Corps while their doors shut in the face of the American soldiers who have served honorably in the wars of this country. We are vitally interested in that.

No, Mr. President, there can be no side-stepping this issue on the part of the bill in which the amendment is found. There can be no evading the effect of the vote on the theory that the money is already there. What difference does it make whether the money is there or not if the men are being deprived of the right to go to the hospitals?

The amendment is not mandatory. I regret exceedingly that it is not. I regret exceedingly that I did not seek to bring about an amendment of the rule so it would have required in language that none could misunderstand that the facilities of the hospitals of the United States should be used for soldiers who are sick and for whom they were built.

Mr. President, this is the plain, simple issue on which the Senate is going to vote. I should like to ask a question of the Senator from South Carolina, because I want to get at this matter in the best way possible. Would a motion to recommit the bill to conference deprive the Senator of the vote which he later desires to get on the other proposals if the motion should prevail? If so, I should not want to make the motion, and should be perfectly willing to let the vote be taken on the conference report.

Mr. BYRNES. Mr. President, I think the inquiry should be addressed to the Chair; but certainly, in my opinion, if the report were recommitted that would be the end of it.

Mr. BLACK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BLACK. If a motion should be made to recommit the bill, and the motion should prevail, would it deprive the Senate of passing upon the other amendments upon which no agreement has been reached?

The PRESIDING OFFICER. It would not, because the conferees have already reported an agreement.

Mr. BLACK. If I should move to recommit, the bill would be recommitted only as to the amendment I have been discussing if the motion should prevail?

The PRESIDING OFFICER. That is correct.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. BLACK. Certainly.

Mr. HATFIELD. How much of the $20,000,000 authorized for the building of hospitals was actually expended for that purpose? Does the Senator remember?

Mr. BLACK. I do not know. I am not familiar with that. At the present time, of course, what we are interested in is trying to get beds used that are not now being used.

Mr. HATFIELD. I understand. These beds were made available for the World War veterans or for any other soldiers, including the Spanish-American War veterans, were they not? The beds that are now available and the hospitals that were constructed were so provided because the Government of the United States wished to take care of our veterans?

Mr. BLACK. That is my understanding.

Mr. HATFIELD. There have been regulations adopted which deprive the soldiers of being cared for. Is not that true?

Mr. BLACK. That is correct.

Mr. HATFIELD. The overhead of these hospitals will go on just the same, whether the hospitals are half full or wholly full?

Mr. BLACK. It would not go on completely, because of the number of employees who have been dropped from the rolls; but that is a comparatively insignificant matter.

Mr. HATFIELD. With the exception of the discharge of a few nurses and a few orderlies, the overhead will go on just the same, regardless of the number of patients in the hospitals.

Mr. BLACK. The Senator is correct.

Mr. HATFIELD. If a public or charitable hospital of some city is to take care of these soldiers, they will not be taken care of as well as if they were afforded the opportunity to be cared for in our Government hospitals, which are properly manned with capable physicians and a capable staff of nurses.

Mr. BLACK. The Senator is correct; but I might add that the probability is the county will borrow the money from the Reconstruction Finance Corporation to take care of them in the county almshouse.

Mr. HATFIELD. Even if the county borrowed the money, the World War veterans will be only half taken care of; and whoever is admitted to one of those improvised hospitals will not have the care that he would have in a well-regulated, well-conducted hospital.

Mr. BLACK. The Senator is correct. It is simply a waste and squandering of the opportunity to give these men medical and hospital treatment which has been provided for them, and which is there ready and waiting for them.

Mr. CAREY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Wyoming?

Mr. BLACK. I yield.

Mr. CAREY. I should like to ask the Senator a question. Does he know whether the Civilian Conservation Corps is paying for the care in these hospitals of the men who are being sent there?

Mr. BLACK. I do not know, but I should imagine that probably they are being paid for by the Conservation Corps; but, after all, it is only a question of taking the money out of one pocket and putting it in the other.

Mr. CAREY. Would it not be taken away from the veterans if they are not paying for it?

Mr. BLACK. Of course, it would, but even then they would draw no pay for their care in the hospitals. Hospitals that were built for American soldiers are being utilized for people who are no less unfortunate than the soldiers, and who need hospital treatment.

Mr. CAREY. I should like to ask the Senator from South Carolina [Mr. BYRNES] if he knows.

Mr. BYRNES. Mr. President, I did not hear the question of the Senator.

Mr. CAREY. I inquired if the Civilian Conservation Corps are paying for the care of their men in the veterans' hospitals, or is that being paid for out of the appropriation for the Veterans' Administration?

Mr. BYRNES. I know it is not being paid for out of the Veterans' Administration appropriation. There is no legal authority for doing so.

Mr. BLACK. With the statement as to the parliamentary situation made by the Presiding Officer that the effect of the adoption of a motion to recommit will be to leave the remainder of the report here and will simply send back to conference the disputed points, it is my intention——

The PRESIDING OFFICER. If the Senator from Alabama will permit the Chair to interrupt, the opinion of the present occupant of the Chair is that if the motion to agree to the conference report is defeated it will carry every item back to conference, those already agreed to and those yet to be considered. If the motion to recommit were carried, it would likewise carry every item back.

Mr. BLACK. Does the Presiding Officer mean that with the parliamentary situation as it is, there is no way to get a separate vote on those items where the conferees have agreed separately and distinct from the items where they have not agreed?

The PRESIDING OFFICER. There is no way to vote on the separate items. If the motion to agree to the conference report is defeated, it will carry back all the items—those upon which the conferees have agreed as well as those upon which they have not agreed.

Mr. BLACK. The Chair stated a few moments ago, in response to my inquiry, that a motion to recommit, if it prevails, would not carry back those amendments as to which no agreement had been reached.

The PRESIDING OFFICER. Upon more mature reflection, the Chair is of the opinion that the motion to recommit, if it should prevail, would carry them all back.

Mr. BLACK. Then the Senate is compelled either to accept the report of the conferees, which deprives the soldiers of their beds, or to send the entire matter back to conference. As I understand the situation, the Senate is compelled to accept the conference report, which would strike out the amendment I have been discussing, or else send all of the bill back to conference, including the matters which have been disagreed to.

The PRESIDING OFFICER. As the Chair understands it, the Senate may pursue either of two courses: First, to vote down the conference report and send it all back, or, second, move to recommit; and if the latter motion prevails it will send back all of the items.

Mr. BLACK. In other words, they all go back either way?

The PRESIDING OFFICER. Yes.

Mr. BLACK. Mr. President, I regret very much being placed in the attiude of having to do that, but it does not change the issue at all. The issue on which we are going to vote here is whether we want to vote in such way that the beds which are now unused in the hospitals of the country will continue to be unused while soldiers are sick and in need. Do we want to vote in such a way that the beds in those hospitals will be used for the benefit of the sick men in the Civilian Conservation Corps, many of whom never saw an army, and at the same time deprive the men who served in time of war of the use of the beds which were built for them?

Mr. President, I move that the conference report be recommitted; and on that motion I ask for the yeas and nays.

The PRESIDING OFFICER. Is the demand for the yeas and nays seconded?

The yeas and nays were ordered.

Mr. BYRNES. Mr. President, I desire simply to reiterate, notwithstanding the statement of opinion by the Senator from Alabama as to the issue, that the Senate should know that the issue is whether we will send the conference report back to conference because $1,000,000 was added to an amendment to provide for the construction of additional hospital facilities instead of being added to the hospitalization section, and that in the bill there is $86,000,000 for the hospitalization of ex-service men. We cannot put sick soldiers back in 15,000 beds with only $1,000,000, even if it should be construed as authorizing the use of the money for hospitalization instead of building the section to which it is attached.

Mr. BLACK. What difference does it make about $86,000,000 if the law is not written in such way as to compel the beds to be used?

Mr. BYRNES. It means that every man who can read knows that we cannot put soldiers back in 15,000 beds with $1,000,000.

Mr. BLACK. Mr. President, I have stated a number of times, and every Senator ought to know, that the $1,000,000 is not what is in issue. I stated that before. I stated it when the bill was passed. It is not a question of the $1,000,000. We could go back and strike out the $1,000,000 so far as that is concerned. It is a question of whether we are going to vote to recede from an amendment which requires the hospitals built for the use of the American soldier to be used for the American soldier instead of being used for members of the Civilian Conservation Corps.

The PRESIDING OFFICER. The question is on the motion of the Senator from Alabama to recommit the conference report.

Mr. FESS. Mr. President, several Senators wanted to be present when the vote came, and for that reason I think we had better have a quorum. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Russell
Ashurst	Dickinson	La Follette	Schall
Austin	Dieterich	Lewis	Sheppard
Bachman	Dill	Lonergan	Shipstead
Bailey	Duffy	Long	Smith
Barkley	Erickson	McAdoo	Steiwer
Black	Fess	McCarran	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Bratton	George	McKellar	Thompson
Brown	Glass	McNary	Townsend
Bulkley	Goldsborough	Metcalf	Trammell
Bulow	Gore	Murphy	Tydings
Byrd	Hale	Neely	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Pope	Walsh
Clark	Hebert	Reed	Wheeler
Connally	Johnson	Reynolds	White
Costigan	Kean	Robinson, Ark.	
Cutting	Kendrick	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-two Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from Alabama [Mr. BLACK] to recommit the bill to the committee of conference.

Mr. RUSSELL. Mr. President, I desire to make just a brief statement in connection with this amendment:

I was appointed on this conference committee late yesterday afternoon. When the committee met last evening, the statement was made that there were no material changes in the amendments that had been agreed to by a preliminary conference. I did not know at that time that this amendment had been adopted by the conference committee at a preliminary meeting. Nevertheless, I shall vote against recommitting the bill on this item, in view of the fact that the chairman of the conference committee advises me that $500,000 has been added to the appropriation for hospitalization that is contained in the bill.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. RUSSELL. Certainly.

Mr. BLACK. Where is that? This is the first time we have heard of that.

Mr. RUSSELL. I was so advised by the chairman of the committee.

Mr. BYRNES. Mr. President——

Mr. RUSSELL. I yield to the Senator from South Carolina.

Mr. BYRNES. On page 44 of the bill the amount of the House appropriation of $85,273,000 was increased to $85,773,000 by the conference report. It does not include the amendment of the Senator from Alabama.

Mr. BLACK. Mr. President, will the Senator yield further?

Mr. RUSSELL. I yield.

Mr. BLACK. The Senator of course will vote as he thinks he should on the measure; but I desire to call his attention to the fact that it was not the amount in which I was interested. It was the question of providing an amendment whereby sick soldiers could be put back in these hospitals, whether their disabilities were service connected or not. That is what has emptied the hospitals. That is what has brought about 6,000 empty beds. The vote here is as to whether or not the Senate desires to approve the method of filling up the hospitals with members of the Civilian Conservation Corps instead of filling them up with American soldiers.

Mr. RUSSELL. Mr. President, I am entirely in sympathy with the position of the Senator from Alabama with ref-

erence to hospitalization. However, the amendment offered by the Senator from Alabama was appended to the portion of the bill which relates to the construction and equipment of hospital facilities, and not to the hospitalization of ex-service men.

Mr. BLACK. Mr. President, will the Senator yield further?

Mr. RUSSELL. I yield.

Mr. BLACK. It does not make any difference about where the amendment is attached. The question is, What is in it? It can be put in one section as well as another. The amendment provides that these hospitals shall be used for the soldiers whether their disabilities are service connected or not. Those who vote against recommitment will vote against using these hospital beds for the soldiers.

The PRESIDING OFFICER. The question is upon agreeing to the motion of the Senator from Alabama [Mr. BLACK] to recommit the bill to the committee of conference. On that question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FESS (when his name was called). On this question I have a pair with the senior Senator from New York [Mr. COPELAND]. Not knowing how he would vote, I withhold my vote.

Mr. WAGNER (when his name was called). Upon this question I am paired with the senior Senator from Missouri [Mr. PATTERSON], who I am informed would, if present, vote "yea." I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and will vote. I vote "nay."

The roll call was concluded.

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I transfer that pair to the junior Senator from New Jersey [Mr. BARBOUR] and will let my vote stand.

Mr. HEBERT. The Senator from New Hampshire [Mr. KEYES] has a general pair with the Senator from Massachusetts [Mr. COOLIDGE]. I am not informed how either of those Senators would vote upon this question.

Mr. LEWIS. Mr. President, I rose to make the announcement which has been made by the able Senator from Rhode Island [Mr. HEBERT]; to which I add that the Senator from South Dakota [Mr. NORBECK] is paired with the Senator from Florida [Mr. FLETCHER]. I am advised that if those Senators were present the Senator from South Dakota would vote "yea", and the Senator from Florida would vote "nay."

I desire also to announce the general pair of the Senator from California [Mr. MCADOO] with the Senator from Vermont [Mr. DALE].

The Senator from Alabama [Mr. BANKHEAD], the Senator from Washington [Mr. BONE], the Senator from Nevada [Mr. PITTMAN], and the Senator from Mississippi [Mr. STEPHENS] are detained from the Senate on official business.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Massachusetts [Mr. WALSH] is necessarily detained from the Senate on official business. If present, he would vote "yea."

I desire also to announce that the Senator from New York [Mr. COPELAND], if present, would vote "yea."

The result was announced—yeas 48, nays 31, as follows:

YEAS—48

Adams	Costigan	La Follette	Reynolds
Ashurst	Cutting	Lonergan	Robinson, Ind.
Austin	Davis	Long	Schall
Bachman	Dickinson	McCarran	Shipstead
Black	Frazier	McKellar	Steiwer
Borah	Goldsborough	McNary	Thomas, Okla.
Brown	Hastings	Metcalf	Townsend
Bulow	Hatfield	Neely	Trammell
Capper	Hayden	Norris	Vandenberg
Caraway	Hebert	Nye	Walcott
Carey	Johnson	Overton	Wheeler
Clark	Kean	Reed	White

NAYS—31

Bailey	Byrd	Dill	Glass
Barkley	Byrnes	Duffy	Gore
Bratton	Connally	Erickson	Hale
Bulkley	Dieterich	George	Harrison
Kendrick	Murphy	Sheppard	Tydings
King	Pope	Smith	Van Nuys
Lewis	Robinson, Ark.	Thomas, Utah	Wagner
McGill	Russell	Thompson	

NOT VOTING—17

Bankhead	Couzens	Logan	Stephens
Barbour	Dale	McAdoo	Walsh
Bone	Fess	Norbeck	
Coolidge	Fletcher	Patterson	
Copeland	Keyes	Pittman	

So Mr. BLACK's motion to recommit the bill to the committee of conference was agreed to.

REGULATION OF BANKING

The VICE PRESIDENT laid before the Senate a concurrent resolution from the House of Representatives (H.Con. Res. 23), which was read as follows:

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House of Representatives is authorized and directed, in the enrollment of the bill (H.R. 5661) entitled "An act to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes", to make the following necessary changes in the language of the bill:

In the first sentence of the second paragraph of subsection (y) of section 12B (added by the bill to the Federal Reserve Act, as amended), insert after "State bank" and before the parenthesis the words ", which term shall also include all banking institutions located in the District of Columbia"; and in the same sentence strike out "State authority" and insert "authority."

In the seventh paragraph of subsection (1) of such section 12B, after "Corporation", insert a comma and "or a member of the fund provided for in subsection (y)."

In the last paragraph of such subsection (y), strike out the word "title" and insert in lieu thereof the word "section."

Mr. LA FOLLETTE. Mr. President, I ask for an explanation before this is voted on.

Mr. BULKLEY. Mr. President, in the rush of work last night some errors were made in preparing the conference report on the Glass banking bill.

The first correction permits banks incorporated under the laws of the District of Columbia to be eligible for insurance, which, of course, everyone intended.

Mr. LA FOLLETTE. I understand that, but the one that struck my ear as it was read was that striking out the words "State authority" and inserting "authority."

Mr. BULKLEY. That is because the banks in the District of Columbia are directly under the Comptroller of the Currency, and he is not a State authority.

Mr. VANDENBERG. Does the Senator state that that applies exclusively to the District of Columbia?

Mr. BULKLEY. Yes; the first correction applies exclusively to the District of Columbia.

Mr. LA FOLLETTE. How about the second one?

Mr. BULKLEY. The language has been carefully checked by the counsel for the Federal Reserve Board and the Comptroller of the Currency.

The second correction relates to banks which have branches in foreign countries. It was not intended to apply the insurance feature to deposit accounts in those foreign branches. By an inadvertence the temporary part of the bill, that part being effective from January 1, 1934, to July 1, 1934, would have applied to those foreign branches except for this correction.

Mr. LA FOLLETTE. The Senator means excepting for striking out the words "State authority"?

Mr. BULKLEY. No; that is a different correction.

Mr. LA FOLLETTE. That is the one which excites my interest.

Mr. BULKLEY. I have undertaken to explain that. That relates to the banks in the District of Columbia, and they are not subject to any State authority.

Mr. LA FOLLETTE. It relates exclusively to them?

Mr. BULKLEY. Yes.

Mr. LA FOLLETTE. In other words, this change in the authority is not a change which applies in any wise, either directly or indirectly, to the State banks?

Mr. BULKLEY. It means State authority in the State where the State banks are located; because the rest of the context is "authority having supervisory power."

Mr. VANDENBERG. Mr. President, the thing we are trying to determine is that this would have no effect whatever upon the original provision in the bill respecting the application of State authority in the States themselves to the insurance section of the bill.

Mr. BULKLEY. Oh, no; the context is "authority having supervisory power." In the State it would be State authority, but the word "State" hade to be stricken out, so as to make it apply to the Comptroller of the Currency in the District of Columbia.

The VICE PRESIDENT. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

INVESTIGATION OF BANKRUPTCY AND RECEIVERSHIP PROCEEDINGS IN COURTS

The VICE PRESIDENT. Under authority of Senate Resolution 78 the Chair appoints the Senator from Arizona [Mr. ASHURST], the Senator from California [Mr. MCADOO], the Senator from Indiana [Mr. VAN NUYS], the Senator from Rhode Island [Mr. HEBERT], and the Senator from Vermont [Mr. AUSTIN] as the members of the Special Committee to Investigate the Administration of Bankruptcy and Receivership Proceedings in United States Courts.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 11 o'clock tomorrow.

The motion was agreed to; and (at 8 o'clock and 50 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, June 14, 1933, at 11 o'clock a.m.

NOMINATION

Executive nomination received by the Senate June 13 (legislative day of June 6), 1933

COMPTROLLER OF CUSTOMS

John J. Kennedy, of Biloxi, Miss., to be comptroller of customs in customs collection district no. 20, with headquarters at New Orleans, La., to fill an existing vacancy.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 13 (legislative day of June 6), 1933

MEMBER OF THE BOARD OF DIRECTORS OF THE RECONSTRUCTION FINANCE CORPORATION

Frederic H. Taber to be a member of the board of directors of the Reconstruction Finance Corporation.

MEMBER OF THE FEDERAL POWER COMMISSION

Herbert J. Drane to be a member of the Federal Power Commission.

COMPTROLLER OF CUSTOMS

John J. Kennedy to be comptroller of customs in customs collection district no. 20, New Orleans, La.

PROMOTIONS IN THE NAVY

MARINE CORPS

Robert B. Farquharson to be colonel.
Howard C. Judson to be lieutenant colonel.
Augustus B. Hale to be major.
Clarence H. Yost to be captain.
Sol E. Levensky to be first lieutenant.

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 13, 1933

The House met at 12 o'clock noon.

The Reverend Clifford Jope, pastor of the Ninth Street Christian Church, Washington, D.C., offered the following prayer:

Eternal Father, with the coming upon the world of this glorious new day may there be in us a new birth of faith and hope and righteous aspirations and the love which thinketh no evil. Touch our minds to a gentler thought, our hearts to a wiser pity, and our hands to a more liberal devising in behalf of those who know the bitterness of want.

Do Thou grant us ministries from heaven today, so that we may know what is the good and acceptable way, so that we may have an increasing love for all that is true, beautiful, and divine, and so that our whole life may move upon an ascending line.

We commend one another to Thy care. For those who deliberately labor for the good of this land we love best and for those men who seek the peace and recovery of the world at the conferences across the sea we humbly ask the Savior's guidance. In His holy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, numbered 1 to 46 and numbered 48; disagrees to House amendment to Senate amendment numbered 47, and insists upon its amendment numbered 47; agrees to the conference asked by the House, and appoints Mr. GLASS, Mr. BYRNES, Mr. RUSSELL, Mr. HALE, and Mr. STEIWER to be the conferees on the part of the Senate.

The message also announced that the Senate had agreed to the amendments of the House to bills of the Senate of the following titles:

S. 1648. An act to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations; and

S. 1425. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933.

BANKING ACT, 1933

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill (H.R. 5661) to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The SPEAKER. The gentleman from Alabama calls up a conference report on the bill H.R. 5661, which the Clerk will report.

The Clerk read the conference report.

(For conference report see Senate proceedings of June 12, 1933, p. 5769.)

Mr. STEAGALL. Mr. Speaker, the conference report upon this bill embodies, without substantial change, the regulatory provisions of what was originally known as the Glass bill, which passed the Senate in a former session of Congress but failed of passage in the House, together with a provision for the insurance of bank deposits. The report accomplishes the greater portion of the things favored by the House, as expressed in the vote by which the House bill was passed. An amendment to the deposit-insurance provision of the bill has been agreed upon, which insures deposits not in excess of $2,500, effective on the 1st day of January 1934. The provision applies to member banks of the Federal System and nonmember banks, trust companies, and savings banks, and they come into the benefits of the insurance fund upon the same conditions and requirements that apply to banks that are members of the Federal Reserve System. Both classes of banks are required to submit to examination before participating in the benefits of the insurance fund.

Of course, no one could expect to have his way entirely in the passage of a measure of such magnitude as is this. I would insure deposits in full and without waiting over 60 days. There are reasons to support the plan to put the insurance provision into effect by gradual processes. The insurance of deposits up to $2,500 affords much greater protection than would be supposed without examining the figures. In this connection I desire to quote from a recent

report of the Comptroller of the Currency covering 4,826 of the 4,836 active member national banks as of May 13:

96.76 percent of the depositors in these banks have 26.71 percent of the deposits and with an average deposit of $183.16 are in the class covered by the $2,500 insurance.

1.78 percent of the depositors have 8.88 percent of the deposits. The average deposit is $3,318.91.

80/100 of 1 percent of the depositors have 8.24 percent of the total deposits, the average deposit being $6,804.04.

53/100 of 1 percent of the depositors have 15.87 percent of the deposits. The average deposit is $19,714.90.

13/100 of 1 percent of the depositors have 40.3 percent of the deposits, the average being $211,846.07.

These figures cover a total of 22,466,060 depositors with total deposits of $14,905,315,000.

These figures indicate that insurance of individual deposits up to the amount of $2,500 leaves less than 4 percent of the number of depositors unprotected.

On the 1st of July 1934 the general provisions of the bill become effective. The general provisions insure all deposits in banks that participate in the insurance funds 100 percent up to the amount of $10,000. On amounts in excess of $10,000 and not above $50,000 the insurance covers 75 percent of the amount of deposits, and on amounts in excess of $50,000 the insurance covers 50 percent of deposits in excess of $50,000. The insurance of deposits in nonmember banks will extend down to the 1st of July 1936, a little over 3 years from this time.

All State banks, regardless of capitalization, whether members of the Federal Reserve System or not, will be permitted to share in the benefits of the insurance fund upon certificates of solvency by duly constituted State examining authorities and submission to examination by the corporation.

Mr. BROWN of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BROWN of Kentucky. When is that examination going to be made by the corporation?

Mr. STEAGALL. I shall try to make clear to the gentleman the matter he has in mind. The purpose of postponing the effectiveness of the insurance provisions of the bill until the 1st of July, 1934, to afford time for proper examination both as to member banks of the Federal Reserve System and to nonmember banks in order that no injurious results may follow from letting in one class of banks in advance of the other class. That provision of the bill is designed to accomplish exactly what the gentleman had in mind in the amendment which he offered to the bill which passed the House.

If the bill is administered in accordance with the legislative intent, as I have no doubt it will be, the purpose the gentleman had in mind will be fully accomplished.

The board to administer the insurance fund will consist of 3 members, 1 of whom will be the Comptroller of the Currency, and 2 members appointed by the President and confirmed by the Senate. It will be remembered that the Senate bill provided for a board of 5 members, to be made up of the Comptroller of the Currency, 1 member of the Federal Reserve Board, and 3 members selected by the Federal Reserve banks. The original House bill provided for a board of 5, 1 of whom should be a member of the Federal Reserve Board, another the Comptroller of the Currency, and 3 members to be appointed by the President and confirmed by the Senate. The House amended the bill so as to require a fourth member to be appointed by the President instead of a member to be selected from the Federal Reserve Board. There were those of us who did not think it wise to leave too much of the control of the insurance corporation under management connected with the Federal Reserve banks, and the conference report offers a better provision than either the original Senate bill or the original House bill in that respect.

It is in effect about the same as the provision that was adopted by the House.

There are to be 3 members, 1 to be the Comptroller of the Currency, 2 appointed by the President, and 1 of the appointive members to be chairman of the board.

I have no doubt that the administration and that the Comptroller of the Currency and members of the board who will be appointed by the President and confirmed by the Senate will administer this law in accordance with the purpose of the Congress and that they will deal fairly and justly with both member banks of the Federal Reserve System and nonmember banks that apply for membership in the insurance fund.

I wish to call the attention of the House to the provisions of this measure which provide relief for depositors in closed banks.

The fund of the insurance corporation is to be made up of $150,000,000 subscribed by the Treasury, in stock of the corporation. This fund, as has been previously stated, represents substantially the amount which has been paid into the Treasury by the Federal Reserve banks in lieu of a franchise tax. Another sum of $150,000,000 will be obtained by requiring Federal Reserve banks to subscribe for capital stock in the insurance corporation in an amount equal to one half the surplus funds of the Federal Reserve banks. A subscription to capital stock in the corporation by member banks and nonmember banks, trust companies, and savings banks participating in the insurance fund will be in the amount of one half of 1 percent of all deposits. This will be in subscription to capital stock in the corporation upon which dividends will be paid at the rate of 6 percent per annum.

Mr. SHALLENBERGER. Will the gentleman yield for a question?

Mr. STEAGALL. In one moment, please.

Assessments both from surplus funds and other subscriptions to capital stock may be called by the Board in installments.

I yield now to the gentleman from Nebraska.

Mr. SHALLENBERGER. I am sure it is with pleasure that the gentleman is able to bring in this conference report, and many of us share that pleasure. The provision which the gentleman is now touching upon is subscriptions required by the banks themselves at this time. Will that subscription be required to be made at once?

Mr. STEAGALL. No. The subscriptions for stock may be called for in installments. It should be remembered that the corporation starts with a fund of $300,000,000, which is a very substantial sum.

Mr. SHALLENBERGER. The reason I ask that, the State of Nebraska at one time had a guaranty fund, and the provision which made the most embarrassment during those very hard times was the subscriptions which the banks were required to make to that fund.

Mr. STEAGALL. We have undertaken to safeguard the interests of the banks in that regard.

Mr. SHALLENBERGER. I am glad to know that.

Mr. STEAGALL. We have permitted assessments to be made by the Board from time to time, based on deposits to replenish the fund in case it becomes necessary to meet the demands of the situation.

Mr. McCLINTIC. Will the gentleman yield?

Mr. STEAGALL. In just one moment.

We provide that the capital stock of the corporation may be expanded three times by issuing obligations of the corporation. The Senate bill provided for expansion to twice the amount of capital. The provisions of the House bill were accepted. This would give a sum of approximately $2,000,000,000, all of which will be used either for protection of depositors in the banks participating in the fund or employed by the board in loans upon the assets of closed banks. This will furnish relief for thousands of depositors in this country who now have five or six billion dollars tied up in closed banks. This provision of the bill has not seemingly received the recognition which I think its value merits at this particular time.

Mr. MOTT. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. MOTT. I do not find in the bill the provision with reference to insurance of deposits of $2,500 and less, which

the gentleman mentioned some minutes ago. Can the gentleman tell me where that is in the bill?

Mr. STEAGALL. The gentleman from Maryland [Mr. GOLDSBOROUGH] or some other member of the committee will find it for the gentleman in a moment. I cannot take time to look up the provision now. The gentleman will find it at the end of the provision creating the deposit insurance corporation.

Mr. McCLINTIC. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. McCLINTIC. I understood the gentleman to say this corporation started out with a fund amounting to $350,000,000. Does that represent a direct appropriation from the Treasury?

Mr. STEAGALL. The gentleman evidently did not hear my explanation. We start with an initial fund of approximately $300,000,000, one half subscribed by the Treasury and one half subscribed by the Federal Reserve banks out of their surplus. Next we require banks participating in the fund to subscribe for capital stock of the corporation in sums not to exceed one half of 1 percent upon deposits. These amounts are callable in installments, and will amount to something like $450,000,000. This amount of capital stock may be expanded three times. The amount will, of course, be increased as the number of participating banks increases.

Mr. HASTINGS. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HASTINGS. When is the assessment on the banks required to be paid in?

Mr. STEAGALL. One half at the outset and the other subject to call.

Mr. HASTINGS. Well, in the next few days?

Mr. STEAGALL. When the board is ready to begin business. Of course, they would not call for a subscription for stock on the part of banks until they are ready to put the insurance plan into operation. I take it for granted the board would call for the first installment on the 1st of January. Meantime they would begin immediately to employ their initial capital and its expansion in affording relief to depositors in closed banks.

Mr. HASTINGS. Then one half will be called perhaps about the 1st of next January?

Mr. STEAGALL. Probably one quarter, and a little later the other quarter.

Mr. HASTINGS. And then one half how much later? At the order of the board?

Mr. STEAGALL. Only one half is provided.

Mr. HASTINGS. Well, all of it might be called for at one time?

Mr. STEAGALL. It might be. But the board is authorized to call for it in installments, and that would be done in order to prevent any unnecessary hardships on the banks.

Mr. HEALEY. Will the gentleman continue to explain the provisions concerning closed banks?

Mr. STEAGALL. I think I have made that fairly clear. The bill does not carry a sufficient sum to grant the relief that ought to be extended to depositors in closed banks. Only a few nights ago, Saturday night, I think it was, the House passed a bill which removed the limitations of the Reconstruction Finance Corporation as to loans that may be made for the purpose of aiding depositors in closed banks.

I may say in this connection I do not think we have gone as far as this Congress should go toward affording relief to people who suffer at this time because of the tying up of deposits in banks that are in liquidation or in the hands of conservators.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. SNELL. If I understood the gentleman's opening statement, we begin the 1st of January next year to insure deposits of all member banks for 6 months up to $2,500.

Mr. STEAGALL. All member banks and all nonmember banks that can qualify.

Mr. SNELL. What happens to them after they qualify; are they examined subsequent to the original examination?

Mr. STEAGALL. The corporation is authorized to examine all banks participating in the fund from time to time to keep check on them.

Mr. SNELL. Then all banks receive the same examination as member banks?

Mr. STEAGALL. That is right; the same examination by the corporation applies to nonmember and member banks of the Federal Reserve System.

Mr. SNELL. Beginning the 1st of January?

Mr. STEAGALL. Yes; and from that time on so long as the nonmember banks participate in the fund. Of course, if they join the Federal Reserve System, they stand in the same category as other member banks of the Federal Reserve System.

Mr. SNELL. Do they have to join the System by July 1, 1936?

Mr. STEAGALL. No; but at that time they shall apply for membership and they stay in unless they are rejected.

Mr. SNELL. But between now and next January no insurance applies to bank deposits?

Mr. STEAGALL. There is no insurance between now and the 1st of January 1934.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. McFADDEN. What becomes of the bank that is rejected?

Mr. STEAGALL. The bank that is rejected receives no insurance, of course.

Mr. McFADDEN. Then it goes out of business.

Mr. STEAGALL. Not necessarily. I may say to the gentleman I have not the slightest doubt there will be a good many nonmember banks that will not desire to apply for insurance and that will continue to serve their communities happily and satisfactorily.

Mr. CELLER and Mr. BECK rose.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. CELLER. Will the gentleman please tell the House what changes, if any, have been made from the Senate bill concerning the Postal Savings System?

Mr. STEAGALL. We leave that as the Senate amended it, but we continue the Postal Savings law. We do provide that deposits shall be drawn out at intervals of 60 days. That is not a provision of the insurance section of the bill, I may say to the gentleman.

Mr. CELLER. I understand. I am making this inquiry because a number of Members of the House are anxious about the Postal Savings System, want it preserved, and de not want too many attacks leveled against it.

Mr. STEAGALL. We have not abolished that at all. We maintain the Postal Savings System, I may say to the gentleman. So far as I am concerned, I am not disturbed about the Postal Savings System. I cannot see the wisdom of a law that contemplates putting a citizen in jail if he does not put his money in a bank to be employed in trade and commerce and then turns around and offers him an inducement to lock it up in a Postal Savings bank, where it is hoarded. But we are allowing that to continue.

Mr. CELLER. Will the gentleman tell us what we do?

Mr. STEAGALL. I have just told the gentleman that we retained the Senate provision.

Mr. CELLER. That makes many changes. Will the gentleman tell us about that?

Mr. STEAGALL. I say we are retaining the Senate provision which I have just explained.

Now I yield to the gentleman from Pennsylvania.

Mr. BECK. I wish to ask the gentleman a few questions in order to clear my mind. In the first place the gentleman speaks of the triple capitalization of this corporation. How is the amount between $300,000,000 and $2,000,000,000 to be raised?

Mr. STEAGALL. First, we increase the capital stock by subscriptions of banks that join the insurance corporation.

Then we provide that the capital may be expanded three times.

Mr. BECK. But how?

Mr. STEAGALL. By selling obligations.

Mr. BECK. That is what I mean, by bond issues.

Mr. STEAGALL. The same as the provision in the Reconstruction Finance Corporation Act.

Mr. BECK. That answers it.

Mr. STEAGALL. That gives us a fund of sufficient dignity to inspire confidence and to dispense with the necessity for assessments against banks imposing undue hardships; also a fund that will do some measure of the work that ought to be done in relieving depositors in closed banks.

Mr. BECK. Did I understand the gentleman to say that in addition to the power to issue bonds the capital stock of banks can also be assessed?

Mr. STEAGALL. No; the gentleman did not quite follow me. I used the word "assessed." We require them to subscribe for stock in the insurance corporation, and such subscriptions as are obtained in this manner added to the initial fund of approximately $300,000,000 constitute the corporation capital and that capital may be expanded to three times its amount.

Mr. BECK. Just one other question. Suppose a bank has been examined and found to be correct and qualified and is, therefore, a part of the insurance scheme and then suppose 6 months later a further examination shows that it is insolvent, what then becomes of it?

Mr. STEAGALL. The gentleman is too good a lawyer to inquire what becomes of a bank that is found to be insolvent if officials do their duty. There are plenty of ways in which to proceed to liquidate such a bank, but, of course, the insurance corporation would be responsible for its deposits.

Mr. BECK. Has the corporation, then, the power to throw it out of the insurance benefits?

Mr. STEAGALL. No; they pay its depositors, but they can have a bank liquidated. The insurance corporation takes over the liquidation of a bank that is closed, and they maintain a deposit bank in the community for a period of 2 years, unless in the meantime sufficient capital is subscribed to open a new bank. This plan avoids the shock and demoralization incident to a bank failure and also affords protection for depositors.

Mr. BECK. I thank the gentleman.

Mr. STEAGALL. This is what is contemplated. There cannot be a bank failure in the usual sense of the word under the provisions of this bill. When a bank closes the corporation goes in and sets up a depositing bank in its place and pays off every depositor in cash. No man can lose his deposits and no man is inconvenienced or harassed by delay in the discharge of the obligations of a bank for the payment of its deposits. [Applause.]

I want to say a word or two more and then I must conclude. I regret that I cannot discuss all the matters in conference and the changes agreed upon. I am trying to cover the matter of chief interest. This bill does not go as far as I would go. It does not accomplish all that I would accomplish. Maybe I am enthusiastic on this subject of bank-deposit insurance. I have worked at it for 15 years. I discussed it in a campaign in my district in 1920. I told my people then that if they kept me in Congress until I became the Chairman of the Banking and Currency Committee of the House I would promise them that sometime a bill would be passed or that sitting in a conference I would be able to secure the enactment of this legislation. The purpose of this bill and is to promote the public welfare protect the interests of depositors. It rests upon the theory that banking which is not safe for depositors ought to be prohibited by law. It is intended to require common honesty in the operation of the banks of this country and to make it possible for banks to employ bank credits in support of trade and commerce in the United States. [Applause.]

We have worked out this problem as best we can, to the end that there may be no discrimination between nonmember banks and member banks of the Federal Reserve System.

We lay down the proposition that banking is not the individual right of a citizen, but that when we charter an institution to engage in banking, to receive the deposits of the public, it is the duty of the law making power of the Government to see to it that the deposits of the public are protected. Common honesty requires this, the public welfare requires it, and the future welfare of the banks requires it. Bank checks constitute the currency with which 90 percent of the Nation's business is conducted. There is no substitute for it. We must revive the use of bank credit.

The United States Department of Commerce in a statement just issued shows that in April 1930 we had $4,518,000,000 in circulation. We had at that time $65,000,000,000 in bank deposits. In April 1933 we had $6,137,000,000 of money in circulation, or more than $1,619,000,000 in excess of what we had 3 years ago; and yet bank deposits had dwindled to the amount of $22,000,000,000 in April 1933. Public confidence has been destroyed. The public has lost confidence in the banks, and the banks have lost confidence in the public. Officers of the banks live in constant dread of mobs at their doors. Every banker in the country is studying only about how to keep liquid and be able to respond to the demands of depositors.

This bill requires all the banks of the United States to unify their resources for the protection and insurance of the deposits of the public. When this bill is enacted there will never be another bank failure with frantic depositors thronging the doors of a bank demanding their deposits. Under this bill every depositor in any bank belonging to the insurance corporation can go to his bank and get his money, so long as depositors in any other bank which is a stockholder in the corporation in any part of the country are able to withdraw their money. That is the result to be accomplished by this legislation. [Applause.]

Mr. HOWARD. Will the gentleman yield?

Mr. STEAGALL. This is a great step toward economic recovery and revival of business. It is the greatest measure for the elevation of banking to a place worthy of a great civilization that has ever been undertaken in the history of the United States. [Applause.] Under this bill and other measures of constructive aid the people of the United States will find their way out of the darkness and into the light of a brighter day. [Applause.]

I yield to the gentleman from Nebraska.

Mr. HOWARD. Quite naturally, the gentleman will understand that many of those of us who have not had opportunity to make close study of this are confronted with many perplexing problems. I have just one. I should like to submit it to the gentleman and ask for his happiest definition of it. My question is this, predicated upon the fact that 1 year ago today the gentleman from Alabama, along with myself and other humble Members of the Congress here, were ridiculed because we dared to advocate guaranty of bank deposits. Today everybody applauds the gentleman from Alabama. [Applause.] What I should like to know is what magic is in the gentleman from Alabama that has created this remarkable change? [Applause.]

Mr. STEAGALL. The gentleman from Alabama has not accomplished it. The wisdom of this legislation has been demonstrated by the sorest and bitterest experience in all the history of the American people, and they have demanded this legislation until, under the new leadership that blesses the Nation, thank God, they have been able to make their voice heard in Congress. [Prolonged applause.]

Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, first let me extend my own felicitations to the chairman of the committee upon the accomplishment of his laudable ambition in respect to the insurance feature of this bill. But for his unwavering enthusiasm, his complete confidence, and his remarkable tenacity, the insurance of deposits would not have won.

Secondly, let me put upon record my appreciation of as fine an exhibition of patriotism and sacrifice as I ever witnessed, that to be found in the action of another member of the conference committee, the gentleman from Maryland

[Mr. GOLDSBOROUGH]. [Applause.] He did an honorable, a loyal, and in view of his convictions a very difficult thing, in waiving his judgment as to one phase of this measure. Without his thus waiving judgment the conference report would not have now reached the floor of the House and the Senate. By putting the public welfare above individual opinion, he did a service to his country.

He has withdrawn the obstacle in the way by consenting to branch banking in States that explicitly permit it for banks chartered under their own laws, such States being now a dozen or so in number. In the controversy over the respective merits of what are known as "unit banking" and "branch banking systems", a controversy that has been alive and sharp for years, branch banking has been steadily gaining in favor. It is not, however, here proposed to give the advocates of branch banking any advantage. We do not go an inch beyond saying that the two ideas shall compete on equal terms and only where the States make the competition possible by letting their own institutions have branches. In short, we say only that if a State invites the race, let the better horse win. That system which proves itself the better able to serve the people will in the end prevail.

Of equal importance was our agreement as to State banks not now members of the Federal Reserve System. According to the latest figures at my command, those of June 30, 1932, there were then 10,455 commercial State banks, and of all the State banking institutions at the end of the year only 805 were in the Federal Reserve System. Taking into account the closings in the last 11 months and more, there may be 8,000, more or less, that as a result of the agreement of the conferees will by July 1, 1936, a little more than 3 years from now, have to decide whether they will stay out of the Federal Reserve System or by coming in will continue to enjoy the benefits of insured deposits. Confident as we are that very many of them will decide for insurance, this will add greatly to the possibility that presently we may have a unified banking system in the United States. [Applause.] Not necessarily the disappearance of State banks, but the union of all banks in the land in that magnificent fiscal structure, the Federal Reserve System.

There were but two points of serious controversy in the discussions of the conferees—those to which I have just referred, branch banking, the membership requirement together with other details of insurance of bank deposits.

In the second matter, I have been unable personally to bring myself to declare as to all particulars full and confident approval. Insurance of deposits is an experiment that where previously tried in some of the States has failed. Possibly failure came for reasons that will not exist when the National Government undertakes this great task. My doubts go to method rather than to principle. I have never understood why it is impossible or even unwise to extend the insurance principle to the insuring of deposits. That seems to me but a short step beyond the insurance of bank officers by surety bonds. I hope the result to be desired can be accomplished. Personally, I should have preferred that it be done by way of a mutual insurance system fostered by the Federal Government, but if the method here proposed can succeed, I shall rejoice.

In these few minutes I may not discuss the details of the bill. Suffice it to say that after many hours of earnest deliberation the conferees have worked out an agreement that we believe will, as a whole, advance the interests of the Government and meet the needs of the people.

Mr. Speaker, there is no great bill that ever comes before the House without regret on the part of each and every Member as to some particular detail. There are things in this bill I would have changed, there are things other Members would have changed, but compromise is of the essence of all legislation, compromise by all those who desire to accomplish the general purpose. Here that purpose is, by an extensive revision of our banking laws, to furnish more protection to depositors and investors, to distribute better the beneficial uses of capital, to discourage its unwise uses, to strengthen the financial structure of the Nation, to help us out of our present troubles, to lessen the likelihood of their return. There is nothing in the bill, no one thing, that should by itself cause any Member to vote against the conference report. There will be other Congresses.

There will be opportunity to change, as the test of these things may warrant the change. Immediate enactment of the bill will add to the restoring of confidence, and that should be the fundamental purpose in all our action in this session. Because I hope and believe this measure will contribute to restoring confidence among the people, I gladly give it my support. [Applause.]

Mr. Speaker, there is a misprint in the report on page 6 in subsection (b). About two thirds of the way down there is the language:

> No member of the Federal Reserve Board shall be an officer or director of any bank, banking institution, trust company, or Federal Reserve bank of hold stock in any bank.

That last word "of" should be "or." Then in the next line the word "duties" is incorrectly spelled. May I inquire how one would proceed at this stage of the proceedings to have that corrected?

Mr. STEAGALL. I suggest that the error is purely clerical.

Mr. LUCE. Yes.

Mr. STEAGALL. Senator GLASS and I had discussed the matter of errors of that kind, and I suggest that when the bill is passed if we find any errors that are in any sense important they can be corrected at that time.

Mr. LUCE. Very well.

Mr. STEAGALL. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, I first want to congratulate the Committee on Banking and Currency, and especially the distinguished gentleman from Alabama [Mr. STEAGALL], the chairman of the committee, for the services they have rendered the country in bringing this bill to its conclusion. We all know that the gentleman from Alabama has labored day in and day out, month in and month out, year in and year out to bring about some kind of law that would guarantee bank deposits throughout the land and restore confidence in our banking institutions.

Charles Darwin, the great scientist, in his Voyage of the Beagle, tells of being in South America in 1835, when that country was visited by a series of terrific earthquake shocks that lasted for many days and shook the Andes Mountains from Patagonia to Panama. He said that for days and months and possibly years after the visitation of that great catastrophe everyone in South America seemed doubtful even of the ground on which he stood. His confidence was so shaken in the stability of the universe that he even walked with fear and trembling. He did not regard the ground as that "sure and firm-set earth" to which another great writer once referred.

Mr. Speaker, we have passed through the greatest economic catastrophe in history. Never in the history of mankind has the confidence of the people been so disturbed as it has in the past 3½ years. Never have they had so little faith in our economic institutions. Nothing we can accomplish will do more to restore that confidence and stabilize conditions than the passage of this law to guarantee bank deposits. For that reason I say it would have been a crime—and I mean a crime—for this Congress to adjourn without passing some kind of a law to guarantee these deposits, restore the confidence of the American people, and help to stabilize our economic structure, in order to take advantage of and get the benefits of the legislation that has already been passed and the reforms that have already been brought about.

Yesterday 100 Members of this House, in the face of all the rush to adjourn Congress, signed a solemn agreement that we would oppose any adjournment until this legislation to guarantee bank deposits was brought out and passed. Others would have signed it, no doubt, if it had been presented to them. I inserted that agreement, together with the names signed to it, in the CONGRESSIONAL RECORD last night so that those men who were willing to manifest that much interest and go that far in attempting to bring about

the passage of this legislation might have that fact known to the American people, or at least to all who read the CONGRESSIONAL RECORD.

Conditions are already improving. The prices of cotton, wheat, corn, and other agricultural commodities have doubled in the last few weeks. With the legislation we have passed, and especially the financial legislation, when this bill becomes a law, when the deposits in our banks have been guaranteed and the confidence of the American people in our economic institutions is restored, you will see America awaken as it were from her terrible nightmare and move forward into a new era of prosperity. [Applause.]

Mr. STEAGALL. Mr. Speaker, I yield the remainder of my time to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. ARENS. Mr. Speaker, will the gentleman from Maryland yield?

Mr. GOLDSBOROUGH. Yes.

Mr. ARENS. On page 25 of the report it states that in order to have any State bank entitled to the benefit of this insurance it would have to increase its capital to $25,000. Is that correct?

Mr. GOLDSBOROUGH. That is correct; yes. In answering that question I want to answer it completely. It can go in on the 1st of January 1934 and stay in until the 1st of July 1936 without increasing its capital stock; but at that time it would have to increase its capital to $25,000 in order to get into the Federal Reserve System, and so continue insurance for its depositors.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. HOEPPEL. Is it not true that the Senate amendment in this bill seeks to destroy the Postal Savings, and that this provision is taking from depositors in the Postal Savings Department their interest unless they give an advance notice of 60 days of withdrawal?

Mr. GOLDSBOROUGH. The provision in the Senate bill was adopted by the conferees. That provision is that a deposit has to stay in a Postal Savings bank for 60 days in order that interest may be received. The reason why that provision was adopted was this:

After this deposit guaranty bill goes into effect there is no necessity of having any Postal Savings System. The deliberate purpose of the conferees was not to do anything to encourage the Postal Savings banks.

Mr. HOEPPEL. Will the gentleman yield for another question?

Mr. GOLDSBOROUGH. I am sorry, but I do not have the time.

Mr. Speaker, the differences between the House bill, which was passed by a record vote and by an overwhelming majority, and the conference report are briefly but substantially these: First, the members of the board, instead of being the Comptroller of the Currency and four members named by the President, are the Comptroller of the Currency and two members named by the President, one of which named members shall be chairman of the board, no more than two members of the board being of the same political party.

The next change is that although State banks can get the benefit of this fund beginning on January 1, 1934, they must come into the Federal Reserve System or make application for admission to the Federal Reserve System on or before July 1, 1936, but they do not have to come in on a $50,000 capital-stock basis. They can come in with a $25,000 capital stock.

I yield to the gentleman from Kansas.

Mr. McGUGIN. In that respect, I admire the frankness of this report, in that it does openly what the bill did in the House by covering it up, but I want to ask the gentleman this question——

Mr. GOLDSBOROUGH. There is no attempt to mislead, I assure the gentleman.

Mr. McGUGIN. Does the gentleman really believe that it is for the ultimate good of this country that all State banks of the United States must be forced into the Federal Reserve System?

Mr. GOLDSBOROUGH. I absolutely do not. I absolutely do not. I am just as much opposed to that as I could possibly be, but I will say to the gentleman that even though it is necessary for State banks to prepare themselves to come into the Federal Reserve System by July 1, 1936, still this law constitutes the greatest advance in banking since the Federal Reserve Act was passed.

Mr. McGUGIN. The gentleman will concede that no State bank can remain in existence which does not come into this guaranty fund, over a period of time?

Mr. GOLDSBOROUGH. That is what I have stated as plainly as I could.

Mr. McGUGIN. And, therefore, in order to come into this fund it must come into the Federal Reserve System, yet the gentleman agrees that is not a good thing, to force all State banks into the Federal Reserve System.

Mr. GOLDSBOROUGH. Of course, the bill is not exactly as I would have it.

Mr. McGUGIN. To make it perfectly clear, we must surrender the State banks over to the Federal Reserve System.

Mr. GOLDSBOROUGH. Now, I cannot yield further. I have stated the facts exactly as they are.

Another difference between the conference report and the House bill is that national banks and member banks may establish branches in any State which has passed or shall pass affirmative legislation permitting branch banking. This provision will immediately allow national banks State-wide branch-banking privileges in about eight States, but I am very frank to say that those who favor branch banking are of the opinion that it will cause a drive on the legislatures of the various States by the national and State banks, so that in a short time branch banking will very rapidly spread. That is their hope.

A question arose as to whether or not the conferees on the part of the House—that is, the conferees on the majority side—were justified in yielding on the question of branch banking, in order to get this bank-deposit insurance legislation. After a great deal of deliberation we were forced to the conclusion that we should yield, because we could not have gotten any sort of legislation if we had not yielded, and I will tell you why. A majority of the House conferees were forced to the conclusion that a majority of the Senate conferees did not want any bank-deposit insurance bill at all, and therefore they would be perfectly satisfied for the whole legislative program to be killed. So we were in the dilemma, that we either had to yield on branch banking or get no bill. We decided that if we had a bank-deposit insurance bill it would not only tend to restore the confidence of the American people in the banks and in the business integrity of the country, but if bank deposits were insured and all the people knew that a reservoir of the assets of every bank in the United States was supporting the deposits in their bank, it would tend to sustain the independent bank and tend to restrain the tendency to branch banking. Therefore, we felt we should yield to the Senate provision.

Now, Mr. Speaker, those are substantially the differences between the House bill and the conference report.

Mr. ADAIR. Will the gentleman yield for a question?

Mr. GOLDSBOROUGH. I yield.

Mr. ADAIR. I want to ask the gentleman whether or not this bill contains the provision which was in the House bill prohibiting people who are engaged in banking from engaging in the insurance business?

Mr. GOLDSBOROUGH. It does not. That was stricken out.

Mr. PARSONS. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. PARSONS. The gentleman has some time remaining. I wonder if he would explain to the House subdivision (n) on page 16, with reference to the relief that this bill gives to receivers of liquidating banks that are now closed? There is no aid given to those that are under conservatorship, to try to save them to reopen, but there is some aid

given to those that are now under liquidation. Will the gentleman be kind enough to explain that? I do not think it has been explained to the House.

Mr. GOLDSBOROUGH. It is the same provision that was in the House bill, and that was all gone into at that time. I hope the gentleman will not interject that discussion at this time.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. TAYLOR of Tennessee. Why was it necessary to postpone the operation of this guaranty system until the 1st of January 1934?

Mr. GOLDSBOROUGH. Because the administration insisted upon it and we could not have gotten any bill at all without it. That is the complete answer.

Mr. GILCHRIST. Mr. Speaker, will the gentleman yield?

Mr. GOLDSBOROUGH. Certainly.

Mr. GILCHRIST. What was done with the provision in the House bill prohibiting officers of banks from writing insurance policies? Is it the same as it was in the House bill?

Mr. GOLDSBOROUGH. No. The provision prohibiting bank officers and banks from writing insurance was stricken out and is not in the conference report.

Now, Mr. Speaker, I cannot yield further. I am very sorry. I have but 3 minutes remaining.

Mr. Speaker, it is said that on one occasion the great Dr. Johnson was strolling in Westminister Abbey with a friend, and that as he gazed upon the tombs of the wise and the great, he used this Latin phrase: "Forsitan et noster nomen miscibitur istis"—"Perhaps our name also shall be inscribed with these."

We all hope and believe that it will be many years before the name of the chairman of this committee [Mr. STEAGALL] becomes a memory, but when that time comes this bill, a legacy from him not only to the people of America but to the people of the world, will serve to inscribe his name among the wise and the great who have performed unselfish public service.

Mr. STEAGALL. Mr. Speaker, I move the previous question upon the adoption of the conference report.

Mr. BROWN of Kentucky. Mr. Speaker, will the chairman of the committee yield for just one question before he moves the previous question?

Mr. STEAGALL. Mr. Speaker, I withhold the motion and yield to the gentleman from Kentucky for a question.

Mr. BROWN of Kentucky. I have not had an opportunity to read the conference report. Will the gentleman inform the House what provision of the bill insures against national banks' participating in the insurance fund before State banks may participate?

Mr. STEAGALL. They all come in at the same time. That is the purpose of delaying putting this provision into effect.

Mr. BROWN of Kentucky. I thank the gentleman.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

Mr. McGUGIN. Mr. Speaker, on that I ask the yeas and nays.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. McGUGIN) there were—ayes 191, noes 6.

Mr. McGUGIN. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and thirty-seven Members are present, a quorum.

So the conference report was agreed to.

On motion of Mr. STEAGALL, a motion to reconsider was laid on the table.

REPORTING OF HOUSE COMMITTEES

Mr. BYRNS. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts, and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 190

Resolved, That the official committee reporters shall serve the Committee on the Judiciary at its meetings in the District of Columbia during its investigations authorized by House Resolution 132 and House Resolution 172.

The resolution was agreed to.

Mr. WARREN. Mr. Speaker, I offer another privileged resolution from the Committee on Accounts, and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 191

Resolved, That the official committee reporters shall serve the Committee on the Civil Service at its meetings in the District of Columbia during its investigation authorized by House Resolution 146.

The resolution was agreed to.

Mr. WARREN. Mr. Speaker, I offer a further privileged resolution from the Committee on Accounts, and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 192

Resolved, That the official committee reporters shall serve the Committee on Ways and Means at its meetings in the District of Columbia during its investigation authorized by House Resolution 184.

Mr. SNELL. Mr. Speaker, reserving the right to object, to ask a question, as I understand, these reporters are paid by the year, are they not?

Mr. WARREN. That is correct.

Mr. SNELL. Then there will be no extra charge?

Mr. WARREN. No.

Mr. SNELL. There is no reason why they should not do this work during the recess?

Mr. WARREN. Not at all. In fact, these resolutions will save money.

The SPEAKER. Without objection, the resolution will be agreed to.

The resolution was agreed to.

Mr. WARREN. Mr. Speaker, I offer a further privileged resolution from the Committee on Accounts and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 189

Resolved, That the expenses of conducting the investigation authorized by House Resolution 145, incurred by the Committee on the Judiciary, acting as a whole or by subcommittee, not to exceed $5,000, including expenditures for the employment of clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House, on vouchers authorized by the committee, signed by the chairman thereof, and approved by the Committee on Accounts.

SEC. 2. That the official committee reporters shall serve said committee at its meetings in the District of Columbia.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. WARREN. I yield.

Mr. SNELL. As I understood, there was a partial agreement that there would be no expense in connection with the investigation under the Celler resolution?

Mr. WARREN. I understood it was brought out during the debate in the House yesterday that the expense of the investigation would not exceed $5,000, and we were requested by the Chairman of the Committee on the Judiciary to make this appropriation. He feels quite sure all of it will not be needed. In the matter of past investigations conducted by the Judiciary Committee under the present chairman, part of the funds allotted have been turned back into the Treasury.

Mr. SNELL. I have no fault to find with the previous work of the committee, but I understood from the gentleman from Missouri [Mr. COCHRAN] that originally it was not in-

tended there should be any expense in connection with this investigation. However, I shall not object.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Certainly.

Mr. BLANTON. The statement was that there would be furnished to the committee by the local bar associations all the legal talent, without charge, that the committee needed. In fact, all the members of the Judiciary Committee are able lawyers themselves, and if they needed any other lawyer it would be furnished without charge. But, of course, they may need an accountant here and there to check up fees that have been paid to trustees, receivers, and their attorneys. I think the action taken by the Chairman of the Committee on Accounts in allowing this fund is reasonable, and when properly expended by the committee will result in saving millions of dollars for the people in the future.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

THE CONSTITUTION OF THE UNITED STATES AND THE DECLARATION OF INDEPENDENCE

Mr. LAMBETH. Mr. Speaker, by direction of the Committee on Printing I send to the Clerk's desk a privileged resolution for immediate consideration.

The Clerk read as follows:

Senate Concurrent Resolution 2

Resolved by the Senate (the House of Representatives concurring), That the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence, be printed as a Senate document, with an index, in such form and style as may be directed by the Joint Committee on Printing, and that 3,500 additional copies be printed, of which 1,000 copies shall be for the use of the Senate and 2,500 copies for the use of the House of Representatives.

Mr. MARTIN of Massachusetts. Mr. Speaker, may I ask the gentleman a question? Will the 2,500 copies that are to be distributed among the Members of the House go to the folding room to the credit of each Representative?

Mr. LAMBETH. Ten to each Senator and five to each Representative.

Mr. BECK. Mr. Speaker, would it not be well to amend the resolution so that the two defunct documents could be enclosed in black borders with a heading "In Memoriam"? [Laughter.]

The concurrent resolution was agreed to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CLARKE of New York, for 3 days, on account of important business.

To Mr. HOEPPEL, for 1 day, on account of official business.

EXTENSION OF REMARKS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that I may be permitted to extend my remarks on the legislative accomplishments of this session.

Mr. SNELL. Reserving the right to object, would it not be a good idea to make a general request?

Mr. BYRNS. I shall do that later. I wanted to specify the purpose of the extension.

Mr. BLANTON. Reserving the right to object, this means the gentleman will put the remarks in the RECORD at this point?

Mr. BYRNS. Oh, no; I will have to prepare them. I could not do that now.

Mr. BLANTON. They ought to go in the main body of the RECORD.

Mr. BYRNS. All the legislation has not been passed, and the remarks will appear after we have adjourned.

Mr. SNELL. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that all Members may be permitted to extend their own remarks in the RECORD.

Mr. GILCHRIST. For how long?

Mr. BYRNS. Until the closing of the RECORD. I do not think we ought to have any other limitation upon the request. This is usually 10 days after the Congress adjourns.

The SPEAKER. Is there objection?

There was no objection.

CONFEREES ON THE BANKING BILL

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

Mr. CONNERY. Mr. Speaker, reserving the right to object, I shall not object to my colleague's request, but after the gentleman speaks, if anyone else asks unanimous consent, I shall have to object.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HILL of Alabama. Mr. Speaker, the magnificent and much deserved ovation which the House accorded my colleague from Alabama [Mr. STEAGALL], chairman of the conference committee on the banking bill, and the generous applause which the House gave the other members of the conference committee shows the appreciation of the House of its conferees on this measure. I have been so fortunate as to have a close insight into the work of my colleague Mr. STEAGALL, and the other members of the conference, and I wish to add my tribute to the words of praise that have been spoken of them here today. The banking bill is the most important piece of legislation enacted by the present Congress, and the only piece of major legislation to be enacted that was not on the President's program. I believe that the House should feel a deep sense of pride in the passage of the bill. The steadfast support and ardent encouragement which the House gave to its conferees enabled the conferees to wage the battle, to bring the bill back to the floor so much in accord with the wishes of the House and to hold inviolate the fundamentals of the bank-deposit insurance provision. This provision will do more than any other possible thing to restore the confidence of the people, to open the flow of credit, to quicken business and industry, and to strengthen the fabric of our financial life.

Surely we appreciate the tireless efforts and fine work of all the conferees. This House could not have been more faithfully or more ably represented than by my colleague from Alabama [Mr. STEAGALL], the gentleman from Maryland [Mr. GOLDSBOROUGH], and the gentleman from Massachusetts [Mr. LUCE]. I believe that I voice the sentiments of each of you when I say that I feel that special tribute should be paid to the chairman of the conferees [Mr. STEAGALL]. The bank deposit insurance provision of the bill is his child. For over 10 years it has been his dream and for all this time he has labored unceasingly to make real the dream. Long ago he envisioned the benefits to the country from such a measure, and had it been on the statute books when the present depression came much of the disaster and suffering which have befallen us might have been avoided. Not a part of the President's program, bitterly fought by some of the most powerful interests in the land, beset by enemies in high places where it should have had only friends, the bill has been passed because of the fine patience, the splendid courage, and the masterful resource of the chairman of the conferees [Mr. STEAGALL].

The country has had nothing comparable to it since the passage of the Federal Reserve Act. It is one of the great pieces of legislation in the history of the Government. It is indeed "the shadow of a great rock in a weary land." [Applause.]

ORDER OF BUSINESS

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 188, a privileged resolution, from the Committee on Rules.

The Clerk read as follows:

House Resolution 188

Resolved, That during the remainder of the first session of the Seventy-third Congress it shall be in order for the Speaker at any time to entertain motions to suspend the rules, notwithstanding the provisions of clause 1, rule XXVII; and it shall also be in

order at any time during the first session of the Seventy-third Congress for the majority leader to move that the House take a recess, and said motion is hereby made of the highest privilege.

Mr. O'CONNOR. Mr. Speaker, may I inquire of the gentleman from Pennsylvania how much time he desires? I hope the gentleman will use as little time as possible.

Mr. RANSLEY. We have requests for about 20 minutes.

Mr. O'CONNOR. Then I shall yield the gentleman from Pennsylvania 20 minutes.

Mr. Speaker, this is the same resolution which was defeated yesterday by the narrow margin of a few votes when we called it up on the day it was reported back to the House and required a two-thirds vote. Today we call it up and only a majority vote is required.

The resolution provides for two methods to expedite the procedure of the House in these closing hours of this special session.

First, the resolution permits the Speaker to recognize Members to move to suspend the rules and pass bills. Our rules provide that such motions to suspend the rules are only in order on the first and third Mondays of each month and during the last 6 days of a session. Of course, the last 6 days of the session cannot be computed unless a joint resolution to adjourn has been adopted. Such a resolution not yet having been adopted, the Speaker is not authorized to recognize Members to suspend the rules and pass legislation which might be of a very important or emergent nature.

The rule also permits the majority leader to move at any time that the House stand in recess. Under our rules we cannot recess at any time except by unanimous consent, for the reason that on the convening of Congress we adopted a rule to meet at 12 o'clock noon on each day, and unless there is unanimous consent we cannot go out of session without adjourning to the next noon hour. That is all this rule does.

Mr. SNELL. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman.

Mr. SNELL. Has the gentleman any real assurance on when we are going to adjourn?

Mr. O'CONNOR. I have no knowledge, information, or intuition about it. [Laughter.] What I have said is all the rule does. The leaders on the majority side felt that it was necessary to expedite business in the closing hours of this session.

So much has been said by the distinguished and enthusiastic gentleman from Massachusetts [Mr. CONNERY] that the American Federation of Labor preferred his bill, the Connery 5-day week and 30-hour week bill, to the industrial recovery bill, I beg to call the attention of the House to the statement of that great American, Mr. William Green, president of the American Federation of Labor, before the Ways and Means Committee of the House of Representatives in the hearings last month on the national industrial recovery bill, pages 118, 119:

This proposed legislation marks a very definite step forward in industrial stabilization, rationalization, and economic planning. The bill is appropriately termed an "industrial recovery measure." It is, in the judgment of labor, the most outstanding, advanced, and forward-looking legislation designed to promote economic recovery that has thus far been proposed. In the opinion of labor it will, when passed and applied, prove to be a real, practical, constructive remedy for unemployment.

Labor is thoroughly convinced that if the real purpose of the Industrial Recovery Act is achieved, and all is done which can be done by authority of this legislation, 6,000,000 unemployed people, who otherwise would be forced to remain idle, can be given employment within a reasonable length of time.

In operation, industry will be permitted to function in a cooperative way, freed from the effects of evil practices destructive of both industrial ownership and labor, and labor will be accorded enlarged and increasing opportunities for employment along with the exercise of a constantly increasing purchasing power.

Based upon the stabilized, substantial foundation created in industry, standards with respect to hours, wages, and conditions of employment can be established, and this in turn will bring a revival of business in every community throughout the land.

The right to organize into bona fide labor organizations, to bargain collectively, to be represented by representatives of their own choosing, is as essential to the well-being of labor as the exercise of the right of capitalists to form corporations and to engage in organized industrial activities is to capital. A summation of the outstanding provisions of the bill clearly shows that industry may organize and through such organization develop cooperation, eliminate unfair competitive practices, prepare a code of fair competition which sets forth standards covering particular trades and competitive practices within industry. The antitrust laws applicable to industry are suspended so that industry may unite and cooperate for the achievement of the purposes set forth in the act.

The bill provides that the code to be prepared by an association or group of employers must stipulate that their employees may exercise the right to organize, to bargain collectively, and that the individual worker's right to join a labor organization shall not be interfered with.

Employers organized into associations, as provided for in the act, must undertake to reduce the number of hours worked per day and the number of days worked per week to the point where, in the judgment of the President of the United States, employment opportunities will be increased. Along with the reduction in the hours of labor must come the establishment and maintenance of decent wage standards.

I am firmly of the opinion that through the exercise of the authority vested in the association of employers and groups of employers, and the further exercise of the controlling power vested in the President of the United States, the 6-hour day and the 5-day work week can become established and operative in the principal industries of the Nation.

Obviously the bill confers upon the President of the United States most unusual, broad, extraordinary powers. Labor is thoroughly conscious of this fact. Justification for such a proposal is found in the existing emergency. Because it is emergency legislation it is quite proper that such extraordinary powers be vested in the President if economic recovery depends upon the exercise of such unusual power.

Mr. Speaker, I reserve the balance of my time. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, there was a little confusion in the House yesterday with reference to what I was trying to do in my effort to get up the 5-day week, 6-hour day bill. Some questions were asked me as to how the American Federation of Labor stood on the proposition. Some Members said they understood that the American Federation of Labor was in favor of the industrial recovery bill and therefore were not in favor of the Connery bill at this time, and some Members asked why we did not get up the 5-day week bill before this after all the hearings of the Committee on Labor on the bill and the work that the committee had done during the 9 days of the hearings which had lasted all day long and sometimes late into the evenings. Now, I want to read something from the hearings before the Ways and Means Committee on the national industrial recovery bill to show the position of the President of the American Federation of Labor on these two bills. Mr. CROWTHER questioned Mr. Green as follows:

Mr. CROWTHER. Then you will feel satisfied while this Connery bill and the similar measure known as the "Black bill" may die a natural death, if favorable action is taken on this bill?

Mr. GREEN. I hope that the Connery bill will be passed, and the American Federation of Labor hopes that it will.

Then later on Mr. CROWTHER asked this question:

Mr. CROWTHER. You are satisfied with it in the Connery bill?
Mr. GREEN. Yes, sir.

This referred to the foreign import clause in the Connery bill, which provided that if a foreign manufacturer refused to go on a 5-day week, just as the American manufacturer would be obliged to do, he could not ship his products into the United States, as he would be refused a license for this purpose.

I will read some excerpts from the paper of the American Federation of Labor of May 20, 1933. This is the official newspaper organ of the American Federation of Labor:

Thirty-hour week bill would organize all production—"Labor is for this bill; it ought to pass."—Green.

The foregoing is the headline. Following is part of the article.

With the Black-Connery 30-hour week bill, officially designated "S. 158", under the wire well ahead of the Wagner bill, which is slated to bear administration approval, the greatest legislative conflict of the new-deal era is under way, with the fate of America's millions at stake.

The Black-Connery bill as amended covers much the same ground as is covered in the Wagner measure, which is being

worked out by the administration "brain trust" and others who have been called into consultation.

Labor is for the Black-Connery bill. "It is a good bill, and it ought to pass", said William Green, of the American Federation of Labor.

President Green withheld all comment on the Wagner bill. "Its contents are too uncertain at this hour", he said. But for the Black-Connery bill he was definite, "it ought to pass."

Mr. Speaker, I have been asked what would be the legislative situation now that the recovery bill has passed both Houses if the Connery bill should be passed by the House today. Senate bill 158, the Black bill, has already passed the Senate and was amended by the Committee on Labor by the Connery bill.

My answer is very simple on that. All that need be done if this bill passed the House today would be to substitute the Connery bill, the 5-day week, 6-hour day bill, the Black-Connery bill, for title I in the industrial-recovery bill. This would not affect the public-works program; it would not affect the taxation measure; and then we would have a real bill for labor. I do not care what you are going to do on this matter so far as your own individual convictions are concerned, but I felt it my duty to bring before this House the difference between these two bills. Remember, strictly speaking, it is not my bill. I have no pride of authorship. The bill which the Committee on Labor reported out was written by labor, by men representing organized labor. I drafted it with those men; we worked long hours to draw up this bill. I am glad that we did. Since the bill was reported out labor throughout the country has said that the bill is the best bill for organized labor which has been reported to this House for 150 years. That is a pretty strong tribute from labor. Remember, I do not say it is the Connery bill; I say it is labor's bill.

The difference between the recovery bill which has passed the House and the Senate, and this 5-day week, 6-hour day bill is that this bill sets up a board of three to be appointed by the President, one of them the Secretary of Labor, the other a representative of the employers, and the third, which is not in the national recovery bill, a representative of organized labor—not a company union man, not a stool pigeon, not an automaton, not a robot, but a human being, representing organized labor, who would stand up and say, "This is what labor wants. We want a fair break."

I am not going to take the time of this House today except to say that if you want a chance under the parliamentary procedure of the House to vote for this 5-day week, 6-hour day bill, you will vote down this rule when it comes up. As I said yesterday, I try to fight fair, and I wanted this rule brought in immediately so that I would not have to keep objecting all afternoon to requests of my colleagues. You know the situation. If there are any questions that any Member desires to ask, I shall be very glad to answer them.

Mr. DUNN. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. DUNN. Does not the American Federation of Labor give support to the industrial recovery bill?

Mr. CONNERY. They said they gave it their support with reservations, and when asked if they preferred the recovery bill or the Connery bill they said that they preferred the Connery bill and that our bill ought to pass.

Mr. DUNN. I think the gentleman is right on that. I thing myself that the Connery bill is the better bill of the two.

Mr. CONNERY. The gentleman is on the Committee on Labor, and he knows both sides of the question.

Mr. SISSON. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. SISSON. Does the gentleman say definitely that organized labor is against the industrial recovery bill?

Mr. CONNERY. I did not say that.

Mr. SISSON. Will the gentleman answer that question "yes" or "no"?

Mr. CONNERY. I shall be glad to answer the gentleman. Mr. Green, the president of the American Federation of Labor, appeared before the Committee on Ways and Means and supported the industrial recovery bill with reservations. I cannot make that any clearer. But when asked which bill he preferred, he said the Connery bill. When he appeared before the Committee on Labor he favored the Connery bill without any reservations. That is what I am telling the House today. Labor, just like the veterans, in many cases has to take what it can get.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. O'CONNOR. The gentleman is comparing two measures that are not in any way equal, because the industrial recovery bill is a complete program of public works and a taxation program. Nobody can say which bill he would prefer. What the gentleman means is to confine his remarks to the features of the bill pertaining to labor.

Mr. CONNERY. Yes, that is true, and that clarifies my answer to the gentleman from New York [Mr. SISSON]. My own personal opinion is that the only reason the Federation of Labor favored the recovery bill even with reservations was because it had $3,000,000,000 in it for public works.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. BLANTON. The gentleman stated that "labor has to take what it can get." Since our able friend from Massachusetts [Mr. CONNERY] has been the Chairman of the Committee on Labor, labor has been pretty well taken care of in the House of Representatives. It takes just about what it wants. It is no stepchild here. The gentleman has been able to put labor's imprint upon practically every bill that has gone through this House. Is not that the fact?

Mr. CONNERY. I thank my good friend the gentleman from Texas. He is always generous to me. I hope that he is right in what he has just said as to my efforts for labor. That is what I have tried to do because I want to protect the exploited great masses of the people as much as I can.

Mr. TAYLOR of South Carolina. I have been interested very much in the labor provisions of the bill. I have read some of the provisions of this bill and some of the other bill. Will the gentleman tell me what protection is given to unorganized labor in this bill, or are they entirely out in the cold?

Mr. CONNERY. Oh, no. We have three sections. The first applies to manufacturers who would get together in their groups where they agree with organized labor, which would be 50 percent organized in their industry, and, showing such an agreement, they would get a license without any red tape. The second is the group of manufacturers that is not 50 percent organized as to labor in their industry, and, if they would agree to pay the same wages as the first organized group referred to, they would get a license. In the third group, where a manufacturer says that he runs an open shop and he does not want to deal with organized labor, the board would say, "Very well; you refuse to pay decent wages and agree to shorter hours so we will fix a minimum wage and shorter hours and you must abide by our decision if you wish to get a license.

Mr. TAYLOR of South Carolina. And there is no effort in any way to force unorganized labor to be organized.

Mr. CONNERY. No. I have stated the difference between the two bills, so far as labor is concerned. I think that the manufacturers will be here next January, in any event, begging us to pass this Connery bill when they see the difference between dealing with their workers on an organized labor contract basis, as provided for in our bill, or being actually controlled by Federal authority without the saving clauses provided in the Connery bill.

Frankly, I would say to my friend from South Carolina [Mr. TAYLOR] in answer to his query as to unorganized labor, that I believe the Connery bill would practically force the manufacturer to deal with organized labor if he wished to get a license. And that I think would be the best thing that could happen to him, because when organized labor signs a contract for hours or wages in ninety-nine cases out of a hundred that contract is sacredly adhered to.

Mr. BLACK. What position does the Secretary of Labor take as between the Black-Connery bill and title I of the recovery bill?

Mr. CONNERY. The Secretary of Labor did not take any position as between those two bills. The Secretary came before the Committee on Labor and offered us suggestions, valuable suggestions. We embodied many of those suggestions in our bill.

The SPEAKER. The time of the gentleman from Massachusetts [Mr. CONNERY] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 2 additional minutes to the gentleman from Massachusetts.

Mr. CONNERY. I will say to my distinguished friend from New York [Mr. BLACK] that I believe the only reason this House has not already taken up this 5-day week, 6-hour day bill is because we put a provision in there that if foreign manufacturers would not put their workers on a 5-day week, 6-hour day, while our workers were on a 5-day week, 6-hour day, their imports would be barred from the United States. They would have to be licensed just the same as our American manufacturers. The necessity, logic, and justice of this seemed very clear to me. The Secretary of Labor visited the President and asked him whether he wanted that provision in. The Secretary then called me up and said the President was against that. The committee saw fit to put it in by unanimous vote, and I think because that provision remained in the bill is the reason the bill was not allowed to come up for action in the House. Otherwise, I think the bill would have been before the House and passed long ago. I said that it seemed to me entirely logical and necessary to put foreigners on the same basis as our American workers by the foreign-import provision. That I was correct in my conclusions is borne out by the fact that the Senate inserted a provision in the industrial recovery bill permitting the President to place an embargo on foreign imports whenever they interfered with the successful administration of the recovery bill. I am expressing my views today. I feel it was my duty to get these facts before the House. If you want this bill before the House, you will have to vote down this rule. If we can get it before the House and pass it, it is a very simple matter in the industrial recovery bill to substitute this bill for title I, because this bill only refers to the labor part of the recovery bill, and you would be doing a great work for labor in the country. Not only that but you would be giving a much fairer deal to the manufacturers and to capital in the United States.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. WEIDEMAN. In other words, one of the advantages that your bill has is that organized labor is properly recognized in these boards?

Mr. CONNERY. Yes.

Mr. WEIDEMAN. It has been the experience of labor that unless you have men representing organized labor, the manufacturers will put on a figurehead as the representative of labor, and it has always worked as a sell-out to the laboring man.

Mr. CONNERY. Yes, sir.

Mr. WEIDEMAN. No matter what anybody may say about organized labor it is only through the constant pounding of organized labor, year after year, that we have been able to reduce the working hours from 10 hours to 8 hours, and this simply reduces it down to 6 hours, to give everybody a chance to labor.

Mr. CONNERY. The gentleman has stated the situation exactly. I thank the House for its indulgence with me, and I hope the House will vote down this rule and give us a chance to get this bill considered. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts [Mr. CONNERY] has again expired.

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

The previous question was ordered.

Mr. BULWINKLE. Mr. Speaker, I make a point of no quorum.

The SPEAKER. The Chair will count. [After counting.] Two hundred and twenty Members are present, a quorum.

The question is on the adoption of the resolution.

Mr. CONNERY. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. All Members who favor taking this vote by the yeas and nays will stand and remain standing until counted.

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. This is a vote on the resolution, is it not?

The SPEAKER. It is.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. CONNERY) there were—ayes 140, noes 49.

Mr. CONNERY. Mr. Speaker, I make the point of order that there is not a quorum present, and challenge the vote on that ground.

Mr. O'CONNOR. Mr. Speaker, I make a point of order on that, to have it settled. The Chair has just counted a quorum. The fact that the vote does not show a quorum does not necessarily prove that there is not a quorum in the House. The count of the quorum was so recent that I do not believe it is proper to demand another quorum at this time.

The SPEAKER. The gentleman from New York is right about it. The Chair has just counted a quorum. The point of order made by the gentleman from Massachusetts [Mr. CONNERY] is overruled.

So the resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

BIMETALLISM BY INTERNATIONAL AGREEMENT

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, if the newspaperman who sent out the story that the House has nothing to do but mark time were to come down on the floor and try to get recognition for 3 minutes he might come to the conclusion that this House is a very busy corner.

Mr. Speaker, the Senate on May 8, by unanimous consent, and without a dissenting vote, adopted a resolution introduced by Senator WHEELER instructing the American delegation to the London Economic Conference to strive for an international agreement for the remonetization of silver at a ratio not exceeding 16 ounces of silver to 1 ounce of gold. Thereupon I introduced the same resolution in the House, which was referred to the House Committee on Foreign Affairs, which committee held extensive hearings thereon.

Thereafter the committee adopted a substitute resolution instructing the delegation to work for the remonetization of silver without fixing any ratio. I thereupon filed a minority report recommending that the resolution adopted be amended by adding the ratio thereto of not to exceed 16 to 1.

Mr. Speaker, when a Democratic controlled committee of this House votes down a resolution favoring the remonetization of silver by international agreement at a ratio not to exceed 16 to 1 and then votes up an indefinite resolution prepared by a minority Member, who is an adherent of the gold standard, I feel that my uselessness on that committee is at an end, and I have resigned my membership thereon. I take this step, Mr. Speaker, in no spirit of personal pique, because the committee very generously consented that I might report the resolution adopted.

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. I had to decline that very generous offer, and I resign with only the kindliest feelings for the very fine group of Members who make up the personnel of this important committee.

During the protracted hearings on this resolution there were no sharp words spoken and there was no high-pitched voice, save perhaps the voice of Hon. South Trimble, the Clerk of this House, and a former Member of the House, who made a most remarkable presentation to the committee, which is a complete history of the coinage and currency laws of the United States from the first session of the First Congress down to the present time, and which in the Senate was inserted in the CONGRESSIONAL RECORD in the issue of June 10. Every Member of this House who wants to inform himself on the history of coinage and currency in the United States should read it.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Colorado. I yield, if I have time.

Mr. MOTT. The Democratic House of Representatives, as well as the Democratic Senate, passed a bill sometime ago giving the President the authority to put into effect the free coinage of silver whenever he pleased. What more can the Democratic gentleman ask than that?

Mr. MARTIN of Colorado. I have just stated to the House that the United States Senate, regardless of politics, has seen fit unanimously to adopt this resolution seeking to secure international action on silver; and the Senate having expressed itself on this highly important matter, I feel it is the duty and the right of the House to do likewise.

Mr. Speaker, I ask unanimous consent to insert my minority report in the RECORD. It does not go into a discussion of the silver question, but briefly summarizes my reasons why, the United States Senate having taken action on this matter, the House should do likewise and in harmony with the action of the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The matter referred to follows:

[Report No. 195, part 2, Seventy-third Congress, first session]

INSTRUCTING THE AMERICAN DELEGATION TO THE INTERNATIONAL ECONOMIC CONFERENCE AT LONDON WITH RESPECT TO THE VIEWS OF THE HOUSE OF REPRESENTATIVES ON THE REMONETIZATION OF SILVER

Mr. MARTIN of Colorado, from the Committee on Foreign Affairs, submitted the following minority report to accompany House Resolution 167:

The minority of the Committee on Foreign Affairs dissent from the views of the majority on House Resolution 167, instructing the delegates appointed by the President of the United States to the International Economic Conference at London with respect to the views of the House of Representatives on the remonetization of silver.

House Resolution 167, favorably reported by a majority of the committee, declares it to be the sense of the House that the delegates to the International Conference shall strive to secure an international agreement for the coinage of gold and silver at a definite fixed ratio.

It is a substitute for House Resolution 141, introduced by Mr. MARTIN of Colorado, instructing the delegates to the Conference to work for the remonetization of silver on a basis of a definite fixed ratio of not to exceed 16 fine ounces of silver to 1 fine ounce of gold.

The difference, therefore, between the resolutions is that one fixes a maximum ratio, to wit, 16 to 1, while the other leaves the ratio to be determined by the Conference.

House Resolution 141, fixing the ratio at not to exceed 16 to 1, which is attached to the minority report, is identical with Senate Resolution 67, introduced in the Senate by Senator WHEELER, of Montana, and taken up in the Senate by unanimous consent and passed without a dissenting vote on May 8, 1933.

The majority of the committee having decided to substitute the indefinite for the definite instruction, generously offered to report the substitute in the name of Mr. MARTIN of Colorado, he being a member of the committee, but he felt constrained to decline the honor, for reasons hereinafter set forth.

The first question to be decided, much discussed in the committee, is whether the House should express itself at all on the matter. During the hearings one of the principal objections to any resolution touching the money question, or any question, was summed up by Will Rogers when he said "this country never lost a war or won a conference." Stated in another way, these objectors looked upon these international conferences as a game of strip poker, from which Uncle Sam comes home in a barrel. As they view it, the cards are stacked against us before the game starts, and, further, that we are only novices pitted against the masters of the game.

A sufficient and complete answer to all these objections is that the Conference has been called, our delegates have been selected and have gone to the Conference, and the Conference will consider as one of the methods to effect stabilization in international exchange and commodity prices the position of silver in the coinage of the world. On this proposition the die has been cast.

In addition, the delegates, as pointed out, have been instructed under the Wheeler resolution as to the views of one branch of the Congress, and that action, insofar as that body is concerned, is final. The question is, Shall they also be instructed by the other branch? If they ought to be instructed by the House, it is respectfully submitted that the instructions ought to be identical or harmonious, unless the House holds different views than the Senate. To instruct differently would be to throw the whole situation into confusion, subject the Congress to merited ridicule, and, in effect, cancel the action already taken by the other body.

It is the opinion of the minority that the House ought to act, and that it should act without fear as to which of these two propositions it will endorse. If the House is not in favor of the remonetization of silver at a ratio not to exceed 16 to 1 by international agreement, it ought to say so, and not leave the conferees to advance any such proposition in the belief that it will receive the sanction of the Congress. If, on the other hand, it does favor the historic ratio, it should throw the weight of the American Congress behind our delegates, who represent the only power among the nations able to dictate terms to the Conference.

No question has so rapidly forged to the front during the depression as the position of silver in the monetary systems of the world and no one will gainsay the great and rapid growth of sentiment for the rehabilitation of silver as a medium of exchange. It is not so much a question whether silver should be restored to coinage, as the ratio to gold at which it shall be restored. It is the view of the minority that it should be at the ratio of 16 to 1, or not lower than 16 to 1, and in support of this view they cite the following uncontroverted facts produced at the hearings:

1. This may be termed the historic ratio. At the time of its demonetization in 1873, and in all silver coinage since that time, and throughout the history of the country, the ratio has been substantially 16 to 1.

2. In all the testimony adduced before the committee no instance was cited in which the ratio fixed by any nation at any time was lower than 16 to 1. In fact, the testimony was uniform that any variance from this standard was in favor of silver, ranging to 15 to 1.

3. The natural ratio in the production of gold and silver in the world since the discovery of America has been 14 to 1. The ratio of production at the present time is only slightly over 12 to 1, and has only slightly exceeded 13 to 1 in the United States for the past 60 years. These figures were taken from the annual Treasury report for 1932 and may be therefore taken as not colored in favor of silver.

It will be seen, therefore, that both the natural and legal ratios indicate that both metals could be coined and stabilized at a ratio not exceeding 16 to 1.

4. Silver has been from time immemorial the sole currency or medium of exchange for three fourths of the population of the world. This is particularly true of China, India, and Central and South America. Witnesses before the committee agreed that the world demonetization of silver and the consequent appreciation of the gold dollar is a material factor both in cheap production and depression of raw commodity prices in silver-using countries and the shrinkage of international trade.

Both the great political parties are committed to an effort to improve the position of silver in the monetary systems of the world.

The Democratic platform of 1932 reads:

"We advocate an international monetary conference called on the invitation of the Government to consider the rehabilitation of silver and related questions."

The Republican platform of 1932 reads:

"We favor the participation of the United States in an international conference to consider matters relating to monetary questions, including the position of silver, exchange problems, and commodity prices, and possible cooperative action concerning them."

It is true these platform declarations do not mention the ratio, but there is nothing in the history of bimetallism to suggest or support a lower ratio than that mentioned in House Resolution 141. No suggestion came to the committee from any source of a lower ratio. House Resolution 141 does not fix a ratio, but merely a limit, and is only an expression of view and an assurance that if the Conference agrees on a ratio not in excess of 16 to 1, this Government is ready to act.

A commonly expressed fear during the hearings was that England, being primarily interested in the low commodity prices caused by the debased position of silver as a medium of exchange, and armed with superior resources in diplomacy, would be able to prevail in the Conference to the disadvantage of the United States and of silver and would never consent to the restoration of silver to its proper place in the monetary system of the world. If there is anything in this view, it is all the more reason why a definite limit should be set in the matter of the expression of the views of the Congress, and it is respectfully submitted that this safeguard will be provided by affirming the action of the Senate by adopting House Resolution 141.

The United States, being now the great creditor Nation of the world, and not a suppliant debtor, as was the case at the time of prior conferences concerning silver, is and of right ought to be

the deciding factor at the International Conference, and a firm insistence upon the complete restoration of silver will settle this great question by giving the people an ample and natural metallic base for the currency of the world.

It is therefore recommended by the minority that the resolution as reported be amended by striking out the period after the word "ratio", the last word in the resolution, and adding the following: "of not to exceed 16 fine ounces of silver to 1 fine ounce of gold"; so that the majority resolution as amended will read as follows (amendment in italics):

"*Resolved*, That it is the sense of the House of Representatives of the United States that the delegates appointed by the President of the United States of America to the Conference shall use their every effort to bring about the stabilization of international exchanges, and with that end in view shall strive to secure an international agreement for the coinage of gold and silver at a definite fixed ratio *of not to exceed 16 fine ounces of silver to 1 fine ounce of gold*."

It is respectfully suggested that the Committee on Rules report a rule for the consideration of the resolution before the adjournment of the special session.

Respectfully submitted.

JOHN A. MARTIN.

DEPORTATION OF ALIENS AND ALIEN SMUGGLING FROM CUBA

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution No. 50, to provide for a select committee to investigate practices used in deportation of aliens, and to study the extent of alien smuggling from Cuba, and in connection therewith I wish to make a statement.

The Clerk read the title of the resolution.

Mr. MAPES. Mr. Speaker, reserving the right to object, has this resolution been considered by the committee?

Mr. DICKSTEIN. It has.

Mr. MAPES. Has it been reported?

Mr. DICKSTEIN. No. The resolution was referred to the Committee on Rules, but they have not reported it. If the gentleman will bear with me a moment, I will explain the situation.

At the request of the Committee on Immigration, I laid this matter before the Committee on Rules, with the request that they report it out, but they did not have time enough to look into it.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. LEHLBACH. Then the gentleman is seeking to discharge the Committee on Rules from the consideration of the resolution by unanimous consent?

Mr. DICKSTEIN. Yes.

Mr. LEHLBACH. Mr. Speaker, I object.

Mr. DICKSTEIN. Mr. Speaker, I move to suspend the rules and pass the resolution.

Mr. MAPES. Mr. Speaker, I think we ought to have a quorum here. I make the point of order there is not a quorum present.

Mr. DICKSTEIN. Will the gentleman withhold that motion until I can make a statement dealing with the subject?

Mr. MAPES. No.

Mr. DICKSTEIN. The gentleman might be very much interested to hear something about the purpose of the resolution.

Mr. MAPES. The Membership of the House ought to be here to hear the gentleman's statement.

Mr. DICKSTEIN. I would be glad for them to hear it, because I do not think there will be any objection to it.

Mr. MAPES. Mr. Speaker, I make the point of order there is not a quorum present.

Mr. LEHLBACH. Will the gentleman withhold that a moment?

Mr. MAPES. I withhold it, Mr. Speaker.

Mr. LEHLBACH. Are not the words "referred to the Committee on Rules" printed on the face of the resolution which the gentleman seeks to bring up?

Mr. DICKSTEIN. That is right.

Mr. LEHLBACH. Has the Committee on Rules reported the resolution?

Mr. DICKSTEIN. It has not as yet; but under suspension of the rules the House has a right to consider this resolution at this time.

Mr. LEHLBACH. Under suspension of the rules; yes.

Mr. DICKSTEIN. I think it is the most vital proposition before the country today. If you gentlemen want to delay it, all right; but the purpose of the resolution is simply to try to stop smuggling. We would like to make some investigation upon which we can check on the steamship companies who are bringing these people in.

Mr. SEARS. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. SEARS. I make the point of order that a point of no quorum has been raised.

The SPEAKER. That is being held in abeyance.

Mr. BLANTON. Will the gentleman from New York yield?

Mr. DICKSTEIN. I yield.

Mr. BLANTON. I should like to call the attention of the gentleman from New York to the fact that one provision in this bill to which there has always been objection is the language "to employ necessary stenographic, clerical, and other assistants and investigators; to have necessary printing and binding done," and so forth. The gentleman should agree to have that language stricken from the resolution, and then there would not be so much objection to it.

This language would entail a tremendous expense, and the resolution contains no limitation whatever on expenditures. The provision that $2,000 is authorized to be appropriated is not a limitation.

Mr. SEARS. Mr. Speaker, I make the point of order there is not a quorum present.

Mr. LEHLBACH. Mr. Speaker, I renew the point of no quorum which was withheld by the gentleman from Michigan at my request.

Mr. BYRNS. Will the gentleman withhold that so that I may move that the House stand in recess?

Mr. LEHLBACH. Yes; gladly.

RECESS

Mr. BYRNS. Mr. Speaker, I move that the House now stand in recess subject to the call of the Chair.

The motion was agreed to; accordingly (at 2 o'clock and 5 minutes p.m.) the House stood in recess to meet at the call of the Chair.

AFTER THE RECESS

The recess having expired, the House was called to order by the Speaker at 5:30 o'clock p.m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5091) to amend section 289 of the Criminal Code.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5661) to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5755) to encourage industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

NATIONAL BANKING SYSTEM

Mr. LUCE. Mr. Speaker, when the conference report on the bank bill was under consideration this morning I made inquiry as to the possibility of corrections, if any occasion arose, and the chairman of the committee said at the time that if such need for correction developed in the course of the day, he and the Senate Chairman, Senator GLASS, had understood that a concurrent resolution to that effect would be introduced, and I have one here that corrects the bill in three particulars where the language does not carry our in-

tent. These corrections have been submitted to the conferees and are approved by all, so far as I understand.

The SPEAKER. The Clerk will report the concurrent resolution.

The Clerk read as follows:

House Concurrent Resolution 23

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House of Representatives is authorized and directed in the enrollment of the bill (H.R. 5661) entitled "An act to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent undue diversion of funds into speculative operations, and for other purposes", to make the following necessary changes in the language of the bill:

In the first sentence of the second paragraph of subsection "(y)" of section 12B (added by the bill to the Federal Reserve Act, as amended), insert after "State bank" and before the parenthesis the words "which term shall also include all banking institutions located in the District of Columbia", and in the same sentence strike out "State authority" and insert "authority."

In the seventh paragraph of subsection "(l)" of such section 12B, after "Corporation", insert a comma and "or a member of the fund provided for in subsection (y)."

In the last paragraph of such subsection "(y)" strike out the word "title" and insert in lieu thereof the word "section."

Mr. BYRNS. Mr. Speaker, I understand this is agreeable to all the conferees.

Mr. LUCE. So I understand; yes.

The concurrent resolution was agreed to.

On motion of Mr. LUCE, a motion to reconsider the vote by which the concurrent resolution was agreed to was laid on the table.

EXPLANATION OF BILL H.R. 6097, FOR SUPERVISION OF MOTION PICTURES

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a copy of a bill which I introduced yesterday.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, under leave granted me to extend my remarks in the CONGRESSIONAL RECORD I make an explanation of the bill H.R. 6097, which I introduced on June 12, and excerpts in connection with same, and the bill.

EXPLANATION OF BILL H.R. 6097, FOR SUPERVISION OF MOTION PICTURES

H.R. 6097, which I introduced on June 12, provides for inspecting, classifying, and cataloging of motion pictures, both silent and talking, before they enter into interstate and foreign commerce. It provides for the Federal supervision of motion pictures by a Federal Motion Picture Commission of nine members, to be appointed by President Roosevelt, of whom four shall be women.

For the last 5 years a very careful study of the effect of motion pictures upon children and the general public has been undertaken by the Payne Fund at the instance of the Motion Picture Research Council, of which Dr. John Grier Hibben, former president of Princeton, was, until his recent death, chairman. This group of scientists, psychologists, sociologists, and educators has made the first comprehensive survey thus far attempted. Macmillan will publish the results of this survey in 10 volumes in June, July, August, and the rest of the year. The first volume, Our Movie-Made Children, by Henry James Forman, has just been issued, with an introduction by Dr. W. W. Charters, chairman of the committee on educational research of the Payne Fund, professor of educational research in Ohio State University. This volume of Mr. Forman's book gives a general outline of the facts which will be explained in greater detail by the nine volumes which are to follow.

The book was written by Mr. Forman after substantially a year's study of all the findings in the course of which the first draft of the manuscript was submitted to the research director (Dr. Charters) who sent copies to each of the research professors asking both for verification of the facts drawn from their several studies and for general criticism. These were obtained from all the research men and studied both by Dr. Charters and by Mr. Forman. Then Charters and Forman met for several days' conference during and after which the criticisms and suggestions were incorporated. The revised manuscript was then resubmitted to Dr. Charters and by him to all the research professors. Final revision was agreed upon by Charters and Forman. In his introduction to the Forman book, Charters says:

He (Forman) shows a thorough grasp of the facts in the complicated material presented in the nearly 3,000 pages which constitute the report of the 12 studies.

NEED FOR BILL INDICATED

The need of this bill is indicated by the fact that six States for many years have had State censorship of motion pictures to regulate the morality of motion pictures—Ohio, 1913; Pennsylvania, 1913; Kansas, 1913; Maryland, 1917; Illinois passed a censorship bill in 1915, but Governor Dunne vetoed it. New York passed a law in 1916, which was vetoed by Governor Whitman. The present New York State law was enacted in 1921, and the law in Virginia in 1922. The popularity and efficiency of the New York State law, which places the regulation of the motion pictures under the direction of the State board of education, was shown at the last session of the legislature, when a bill was introduced to secure its repeal. At the hearing upon the proposed repeal representatives from the State board of regents opposed the repeal bill, also the head of the New York State Congress of Parents and Teachers, Judge Brady, of the Children's Court of Albany, a representative of the State Knights of Columbus, other Roman Catholic organizations, and City Magistrate Brill, of New York City, who spoke of the need of the law as seen by her in her work among children. Without debate, the assembly committee on taxation and retrenchment at the close of the hearing voted unanimously to report against the passage of the bill. Last year the State law paid into the State treasury $161,000 above expenses.

In the 12 years that the law has been on the statute books the net receipts have been $1,356,396.37, or over $100,000 each year.

FILMS HERETOFORE REJECTED

The moral value of our movie regulation law is seen when it is realized that last year 13 films were rejected in toto and 2,580 eliminations were made in 326 films. Of these 2,580 eliminations, 1,116 were made because the scenes eliminated tended to incite to crime, 711 as tending to corrupt morals, 315 as indecent, and 266 as inhuman.

The purpose of this bill is to prevent the necessity of State censorship and to prevent having 48 different standards for the motion pictures. Censorship which provides for elimination after films have been made is expensive and, in the nature of the case, cannot be satisfactory.

BILL FAIR TO PRODUCERS

The bill deals with the proposed film before it has been filmed and before it has been allowed to enter interstate and foreign commerce.

Producers are allowed to submit their scenarios and to show their dramatization to agents of the Federal Commission, for their advice, before they photograph the various scenes in the picture.

This bill will save expense to the motion-picture industry and will raise the confidence of parents in the moral influence of films upon their children.

ENTERTAINMENT VALUE OF FILMS NOT LESSENED

It will not lessen the entertainment value of the films but will increase it. The appeal to the heroic and higher nature will increase, rather than diminish, the attractiveness of films and thus increase the financial receipts of the producers and exhibitors.

This bill will increase our friendly relations with other nations, promote international peace, and increase the respect of foreigners for our manners, customs, and morals; for at least 80 percent of the films shown in foreign nations come from America and give a false and highly distorted opinion of life and morals in these United States.

This bill will lessen the danger of graft possible in local, city, and State censorship boards and secure better moral supervision than merely through such boards alone. It will not abolish such local boards but render their work more effective.

This bill will help parents in protecting their children from movie exploiters of youth.

It will compel the motion-picture industry to conform to the laws and ideals of America.

ETHICAL CODE TO BE ENFORCED

The ethical code embodied in the bill was drawn up by the motion-picture industry and announced by it on April 1, 1930, by Mr. Will H. Hays, which promised in the future to be guided by it in the production of the films.

This code asserts the following general principles:

No picture shall be produced which shall lower the moral standards of those who see it. Hence the sympathy of the audience should never be thrown on the side of crime, wrongdoing, evil or sin.

Ten times the motion-picture industry has promised to reform itself without the assistance of any law, but each time the promises have been broken.

The great religious communions and educational organizations have for many years been petitioning Congress for such a law. The Committee on Education of the House of Representatives twice—in 1915, unanimously, and in 1916 by a vote of 11 to 5—recommended regulation of motion pictures by a Federal commission. (See report of 305 pp. on H.R. 456, Jan. 13–19, 1916.)

RELIGIOUS DENOMINATIONS DEMAND THIS BILL

Eleven years ago in Des Moines, Iowa, the General Assembly of the Presbyterian Church of the United States of America instructed its Board of Temperance and of Moral Welfare to—

Inaugurate a movement which will seek to unite all the moral agencies of America in a concerted request of Congress that such legislation be enacted as will make mandatory production of pictures in accordance with certain well-defined moral standards, this legislation to be applied at the point of production; that is, before the picture is made.

Both houses of the General Convention of the Protestant Episcopal Church, at Denver, Colo., on September 28, 1931, addressed to Congress the following petition:

The General Convention of the Protestant Episcopal Church in the United States of America, in general convention assembled, respectfully petitions your honorable body to enact a law (not censorship) for the Federal supervision of motion pictures in interstate and foreign commerce establishing higher moral standards to be applied before pictures are filmed by means of a Federal commission similar to the method by which the radio, national banks, and railroads are regulated. It is believed that only such a centralized authority as the United States Government can wisely and effectively regulate the centralized motion-picture industry for the whole of the United States and other nations of the world in the interest of world peace and moral standards, because at least 80 percent of all films shown in the nations of the world are produced in our land.

Since then resolutions for Federal supervision of motion pictures requiring definite moral standards to be applied before production have been passed by the North American Congress of Home Missions (under the auspices of the Home Missions Council, the Council of Women for Home Missions, and the Federal Council of Churches of Christ in America), by the Disciples of Christ, the Northern Baptists Convention, National Grange, Women's Missionary Council Methodist Episcopal Church South, Women's Foreign Missionary Society of the Methodist Episcopal Church, and the National Woman's Christian Temperance Union. Beside these national organizations many State groups, synods, conferences, and conventions have taken action, including the New York, Iowa, Illinois, and Columbia River Synods of the United Presbyterian Church; the Philadelphia, New Jersey, and Oregon Conferences of the Methodist Episcopal Church; the Kentucky Parent-Teacher Association; Kentucky Division, Daughters of Confederacy; Southern California and Kentucky Epworth Leagues; Baptist Young Peoples Union of West Virginia; many yearly meetings of Friends; Commonwealth Club of Minnesota; and others. To these resolutions must be added resolutions passed and sent to Congress by over 2,000 smaller groups, some of them, however, representing over 10,000 individuals.

These resolutions came from 39 States and the District of Columbia. Business men's organizations, lodges, patriotic orders, forums, brotherhoods, Young Men's Christian Associations, ministerial associations joined with Federated Women's Clubs, Parent-Teacher Associations, Woman's Christian Temperance Unions, Young Women's Christian Associations, churches, and church societies in sending these resolutions. They came from both Catholic and Protestant groups.

As recently as May 27 the Northern Baptist Convention adopted the following resolutions at its meeting in Washington:

Whereas the motion-picture industry has become so completely commercialized as to seek profit at any price to morals, and persistently ignores their often-repeated promises for pictures of a higher moral tone, according to their own boasted code for "self-regulation"; and

Whereas their pictures become more extreme in overemphasizing sex, glorifying crime, encouraging banditry, and picturing drinking as a common and proper feature of American life; and

Whereas such pictures seriously impair the development of worthy ideals, habits, character, and conduct in the present and on-coming generations; and

Whereas such portrayal of American life in pictures exported gives America an unsavory reputation in other countries; and

Whereas the motion-picture industry has entrenched and fortified itself to such an extent that they have succeeded in preventing legislation aimed at any investigation or regulation of the industry: Therefore be it

Resolved, That as a convention we urge upon Congress a more determined effort for Federal regulation of the industry, and at the source of production, and over exportation, in order to eliminate the evil that now baffles the efforts of citizens and organizations for securing clean pictures; and, furthermore, be it

Resolved, That we commend the Federal Council of Churches, boards of censorship, and other agencies for their work in behalf of better pictures, and urge their earnest perseverance.

I am introducing this bill because I believe that our commercial, industrial, and political depression is due, among other things, in part to moral causes, and because the motion picture is one of the greatest educational influences in our land, which ought to help in the new era of moral and spiritual recovery.

The London Daily Telegraph of July 14, 1931, said "the screen is the great crime builder of today."

INDUSTRY WILL NOT REFORM ITSELF

Whether or not that is true I am not prepared to say, but I am convinced that the motion-picture screen, without lessening its entertainment attractiveness, can be made one of the greatest educators in morals in the rehabilitation of our economic and social life. The only human power that can bring this about I believe is the Federal Government. I see no hope that the industry will reform itself.

I agree with the Presbyterian General Assembly of May 1932, when it said that—

The conviction is growing that all promises and all activities of men of influence working within the producing organizations for clean pictures are ineffective.

SUSPENSION OF MOTION PICTURES

(H.R. 6097)

A bill to provide for inspecting, classifying, and cataloguing motion pictures, both silent and talking, before they enter interstate or foreign commerce, to create a Federal Motion Picture Commission, to define its powers, and for other purposes

Be it enacted, etc.—

DEFINITIONS

SECTION 1. "Dealer", as used herein, means any person or trade association engaged directly or indirectly in the production, exchange, or exhibition of motion pictures in interstate or foreign commerce.

"Commission", as used in this act, means Federal Motion Picture Commission; "in commerce" means in interstate or foreign commerce.

"Person" or "persons" shall be deemed to include individuals, partnerships, corporations, and trade associations existing under or authorized by the laws of either of the United States, the laws of the Territories, the laws of any State, or the laws of any foreign country.

"Trade associations" means any association composed of members who separately are engaged in some one or more lines or branches of the motion-picture business or cognate or contributory industries, whether the association is voluntary or incorporated, except those which are organized and conducted for purely social, charitable, or religious purposes.

"Producer" shall mean any person engaged in photographing scenes, plays, entertainment, events, or scenes of new interest, or historical or educational value, and the like on negative motion-picture film for the purpose of making positive prints therefrom

or otherwise for exhibition in motion-picture theaters, whether or not such person also is engaged, directly or indirectly, in the distribution or exhibition of such film.

"Distributor" shall mean any person engaged in selling, leasing, or renting motion-picture films to exhibitors, whether or not such person also is engaged, directly or indirectly, in the production of such films.

"Exhibitor" shall include any person owning or operating a motion-picture theater or theaters or other place where motion pictures are regularly exhibited as all or part of a program of entertainment, whether or not such person also is engaged, directly or indirectly, in the production or distribution of films.

SEC. 2. That a Commission is hereby created and established, to be known as the "Federal Motion Picture Commission." This Commission is to be composed of nine members appointed by the President of the United States within 60 days after this act has been approved by the President. Three shall be appointed for a term of 6 years, three for 4 years, and three for 2 years; and thereafter at the expiration of their terms all appointments shall be made for a term of 6 years. The President of the United States shall designate one member as chairman.

QUALIFICATIONS OF MEMBERS

SEC. 3. The Commissioners shall be citizens of the United States, qualified by character, experience, and training for the duties of their office. Four of them shall be women. Not more than five shall be members of the same political party. They shall be appointed without party designation and free from party control. The appointment shall not be given to any person who has financial interest with any motion-picture producing, distributing, or exhibiting business or any cognate or related business; nor shall any member of the Commission during his term of office be permitted to have any pecuniary interest in the production, distribution, or exhibition of motion pictures. If any deputy commissioner or employee violates this provision he shall be summarily discharged by the Commission. If any Commissioner violates any provision of this act, he shall be removed after due hearing by the President. No vacancy in the Commission shall impair the right of the rest of the Commission to exercise all the powers of the Commission.

SALARIES; EXPENSES

SEC. 4. That each Commissioner shall receive an annual salary of $9,000, except that the annual salary of the chairman shall be $10,000. The salary shall not be diminished during continuance in office. The Commissioner shall have authority to employ and fix the compensation of deputy commissioners and such other employees as it may find necessary to the proper performance of its duties. Until otherwise provided by law, the Commission may hire suitable offices for its use and shall have authority to procure all necessary office supplies and equipment. All of the expenses of the Commission, including all necessary expenses for transportation incurred by the Commissioners, or by their employees under their orders, in making any investigation or upon official business and as provided in this act, shall be allowed and paid by the Treasurer of the United States on the presentation of itemized vouchers therefor by the chairman of the Commission.

OFFICES

SEC. 5. That the principal office of the Commission shall be in Washington, D.C., but it may establish and maintain offices or bureaus wherever efficiency, economy, and the public interest require. Each bureau or office which is designated by the Commission as a place for the submission of films shall be in charge of a Commissioner or a Deputy Commissioner, who shall be vested by the Commission with authority to issue licenses and permits.

HARMFUL FILMS FORBIDDEN

SEC. 6. It shall be unlawful hereafter to export or to introduce into or to distribute in interstate or international commerce any motion-picture film or any advertisements thereof which, in treatment or subject matter, harmfully portrays the life, manners, or customs of this or any other nation, or which holds up to ridicule or contempt or disparagement any race, nationality, or religion, or which fosters ill will among or toward the people of this or any other nation, or tends to debase or corrupt morals or to incite to crime or to disrespect for law or religion, or which promotes or encourages war against the peace of the world, or which is harmful to the public or any part thereof in any respect.

No film shall be permitted to enter commerce which does not conform to the code of ethics for the production of motion pictures as adopted by the industry and published on April 1, 1930, by the Motion Picture Producers and Distributors of America, as follows:

"PRINCIPLES UNDERLYING THE CODE

"PAR. A. 1. Motion-picture producers recognize the high trust and confidence which have been placed in them by the people of the world, and they recognize their responsibility to the public because of this trust.

"2. Theatrical motion pictures (that is, pictures intended for the theater as distinct from pictures intended for churches, schools, lecture halls, educational movements, social-reform movements, etc.) are primarily to be regarded as entertainment. Mankind has always regarded the importance of entertainment and its value in rebuilding the bodies and souls of human beings.

"3. It is recognized that there is entertainment which tends to improve the race (or at least to recreate and build human beings exhausted with the realities of life) and entertainment which tends to harm human beings, or to lower their standards of life and living.

"4. Motion pictures are an important form of art expression. Art enters immediately into the lives of human beings, the presentation of human thought, emotion, and experience, in terms of an appeal to the soul through the senses.

"5. In consequence of the foregoing facts the following general principles are adopted:

"No picture shall be produced which will lower the moral standards of those who see it. Hence, the sympathy of the audience should never be thrown to the side of crime, wrongdoing, evil, or sin.

"Correct standards of life shall be presented on the screen, subject only to necessary dramatic contrasts.

"Law, natural or human, should not be ridiculed, nor shall sympathy be created for its violation.

"CRIMES AGAINST THE LAW

"PAR. B. These shall never be presented in such a way as to throw sympathy with the crime, as against law and justice or to inspire others with a desire for imitation.

"1. Murder: (a) The technic of murder must be presented in a way that will not inspire imitation.

"(b) Brutal killings are not to be presented in detail.

"(c) Revenge in modern times shall not be justified.

"2. Methods of crime should not be explicitly presented.

"(a) Theft, robbery, safe-cracking, and dynamiting of trains, mines, buildings, and so forth, should not be detailed in methods.

"(b) Arson must be subject to the same safeguards.

"(c) The use of firearms should be restricted to essentials.

"(d) The methods of smuggling should not be presented.

"3. Illegal drug traffic must never be presented.

"4. The use of liquor in American life, when not required by the plot or for proper characterization, will not be shown.

"SEX

"PAR. C. The sanctity of the institution of marriage and the home shall be upheld. Pictures shall not infer that low forms of sex relationships are the accepted or common thing.

"1. Adultery, sometimes necessary plot material, must not be explicitly treated or justified, or presented attractively.

"2. Scenes of passion should not be introduced when not essential to the plot. In general, passion should be so treated that these scenes do not stimulate the lower and baser element.

"3. Seduction or rape: (a) They should never be more than suggested, and only when essential for the plot, and even then never shown by explicit method.

"(b) They are never the proper subject for comedy.

"4. Sex perversion or any inference of it is forbidden.

"5. White slavery shall not be treated.

"6. Miscegenation is forbidden.

"7. Sex hygiene and venereal diseases are not subjects for motion pictures.

"8. Scenes of actual childbirth, in fact or in silhouette, are never to be presented.

"9. Children's sex organs are never to be exposed.

"VULGARITY

"PAR. D. The treatment of low, disgusting, unpleasant, though not necessarily evil subjects, should be subject always to the dictates of good taste and regard for the sensibilities of the audience.

"Obscenity. Obscenity in word, gesture, reference, song, joke, or by suggestion, is forbidden.

"Dances. Dances which emphasize indecent movements are to be regarded as obscene.

"Profanity. Pointed profanity or vulgar expressions, however used, are forbidden.

"Costume. 1. Complete nudity is never permitted. This includes nudity in fact or in silhouette, or any lecherous or licentious notice thereof by other characters in the picture.

"2. Dancing costumes intended to permit undue exposure or indecent movements in the dance are forbidden.

"RELIGIOUS AND NATIONAL FEELINGS

"PAR. E. 1. No film or episode may throw ridicule on any religion or faith.

"2. Ministers of religion, in their character as such, should not be used as comic characters or as villains.

"3. Ceremonies of any definite religion should be carefully and respectfully handled.

"4. The use of the flag shall be consistently respected.

"5. The history, institutions, prominent people, and citizenry of other nations shall be represented fairly.

"TITLES AND REPELLENT SUBJECTS

"PAR. F. Salacious, indecent, or obscene titles shall not be used.

"The following subjects must be treated within the careful limits of good taste:

"1. Actual hangings or electrocutions as legal punishment for crime.

"2. Third-degree methods.

"3. Brutality and possible gruesomeness.

"4. Branding of people or animals.

"5. Apparent cruelty to children or animals.

"6. Surgical operations."

ALL FILMS MUST BE SUBMITTED FOR INSPECTION AND CATALOGING

SEC. 7. Hereafter no motion-picture films or any advertisement thereof shall be exported or introduced or distributed in interstate or international commerce until such film and all advertisements thereof have been presented to the Motion Picture Commission for inspection, classification, and cataloging.

DUTY AND POWER OF THE COMMISSION

SEC. 8. It shall be the duty of the Commission, through its designated assistants, forthwith to inspect, classify, and catalog all motion-picture films and advertisements thereof so submitted to the Commission and, as to any film or advertisement thereof deemed by the Commission to offend or violate any of the provisions of the foregoing law, the Commission shall, within 10 days from the completion of its inspection, notify the owner of the film or his agent that the export, introduction, and distribution thereof in interstate and foreign commerce are forbidden, with the privilege of appeal by the owner to the United States circuit court of appeals. The Commission shall make a factual analysis of each motion picture and shall catalog it according to its title, contents, and producer. The Commission shall have authority, if requested by the producer or his agent, to assist in applying the standards of production, fixed in accordance with this act, at the source of production before the pictures are filmed. It shall have power to give a special mark of approval of such films as are especially beneficial for children and young people, both in their amusement, educational and character-building values, and shall place upon the label as provided by the Commission the words "For family use." Any change or alteration in a film after its approval by the Commission, except the elimination of a part or except upon written direction of the Commission, shall be a violation of this act.

Any person financially interested who feels aggrieved by the refusal of the Commission to permit the transportation of a motion picture in interstate or foreign commerce may apply to the Circuit Court of Appeals in the District of Columbia for a mandatory injunction to restrain interference with the transportation and exhibition of such motion picture and to permit its entrance into commerce; and if upon the hearing it appears that such picture is not immoral or unwholesome and will not be detrimental in its influence upon character, particularly of youth, such injunctions may issue, but in any such proceeding the action of the Commission shall be prima-facie evidence of its lawfulness and propriety, and no injunction shall issue to compel the grant of a permit by the Commission unless the refusal thereof was clearly unreasonable and arbitrary and contrary to the intent of this act.

LABELS FOR FILMS

SEC. 9. The Commission shall furnish for each original film or copy a label of film which shall be a permanent title, portion of each picture of film which shall state whether it is for family use as provided in section 8. The forgery of any label or the use of any label with any film to which it does not belong shall be a violation of this act and, in addition to other penalties, shall forfeit the ownership of the film to the Commission.

The absence of such label from the film of any motion picture shall be prima-facie evidence that no permit for the transportation of the same in interstate or foreign commerce has been issued by the Commission. No motion picture transported in violation of any of the provisions of this act shall be exhibited anywhere in the United States.

FEES

SEC. 10. That the Commission shall collect from each person submitting a film for inspection, except as provided in this section, the fee of $10 for each 1,000 feet or fraction thereof of film, and $5 for each additional copy thereof inspected by the Commission: *Provided, however,* That upon the expiration of 1 year from the date of approval of this act, and from time to time thereafter as circumstances warrant, the Commission may revise and fix the fees at such sums as will produce no larger income than is necessary to support the work of the Commission, including salaries and all other expenses.

FILMS WITHOUT FEES, NEWS REELS AND ELECTION FILMS

SEC. 11. The Commission may, without any fee, issue permits for motion-picture films intended solely for scientific, educational, industrial, charitable, or religious purposes: *Provided,* That the owner thereof, either personally or by his duly authorized representative, shall file a sworn description of the film and a statement that the film is not to be exhibited at any private or public place of amusement.

The Commission shall formulate rules and regulations for the prompt showing without inspection of current events or news films by persons duly bonded not to violate any of the provisions of this act, and also regulations which shall govern films which aim to or do assist in the election or defeat of any political candidate, so that all candidates and political parties shall have equal opportunity for publicity.

REPORTS

SEC. 12. That the Commission shall, on or before the 1st day of December in each year, make a report, which shall be transmitted to Congress and copies of which shall be distributed as are the other reports transmitted to Congress.

PENALTIES AND FORFEITURES

SEC. 13. (a) Any dealer who violates any of the provisions of this act shall, on conviction, be fined not less than $500 nor more than $10,000, or imprisonment for not less than 6 months nor more than 5 years, or both. Each day during which such violation continues shall be deemed a separate offense. All films produced, distributed, or exhibited or changed in violation of the provision of this act shall be confiscated by the Commission and held pending the motion of the Commission or of the court having jurisdiction.

(b) Whenever it appears that any film has been produced, distributed, or exhibited, or received from shipment in commerce, or changed in violation of the provisions of this act, the Commission may cause the immediate seizure of each film while it is in commerce, or held in any State, Territory, or the District of Columbia, and thereupon shall at once cause notice of the fact to be given to the United States district attorney for the district in which the film is seized. Such district attorney shall proceed without delay against such film in any court of the United States in such district for confiscation of process of libel for condemnation. If, in the opinion of the court, the film has been produced, shipped, or received from shipment in commerce, or exhibited in any State, Territory, or the District of Columbia, in violation of any of the provisions of this act, the film shall be immediately disposed of, in the discretion of the court, either by destruction or by delivery to the Commission for its confiscation. The United States shall be entitled to an immediate injunction, to be granted by the district court of the United States for the district in which the violation is threatened, against the further transportation or exhibition of any motion picture transported or exhibited in violation of this act. In any proceeding for an injunction there shall be a prima-facie presumption that any action of the Commission in refusing a permit was lawful, and the burden shall be upon any person resisting the action of the Commission to prove the contrary.

(c) The proceedings in each libel for condemnation shall conform as nearly as may be to proceedings in admiralty and shall be at the suit and in the name of the United States. It shall be the duty of the various district attorneys, under the direction of the Attorney General, to prosecute for the recovery of films and forfeitures. The cost and expense of each prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

(d) Any dealer who knowingly fails to obey any order provided by the Commission under the provisions of this act shall forfeit to the United States the sum of $500 for each offense. Each distinct violation shall be a separate offense, and in case of a continuing violation each day shall be deemed a separate offense. Such forfeiture shall be recoverable in a civil suit in the name of the United States. The circuit court of appeals shall have exclusive jurisdiction to review and to affirm or modify such orders of the Commission, and the decree of such court shall be final except that it shall be subject to review by the Supreme Court of the United States upon certiorari, as provided in section 240 of the Judicial Code, if such writ is duly applied for within 60 days after the entry of the decree.

CONSTITUTIONALITY

SEC. 14. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the validity of the remainder of the act and the application of such provision to other persons and circumstances shall not be affected thereby.

APPROPRIATIONS

SEC. 15. That the sum of $150,000, or so much thereof as may be necessary, be, and hereby is, authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the purpose of carrying into effect the provisions of this act. The amount shall be repaid out of fees collected under this act.

SEC. 16. That this act shall take effect 90 days after its approval by the President, except that the Commission may extend or modify the time for the enforcement of any of the provisions of this act: *Provided, however,* That the time shall not be extended beyond 1 year after this act becomes a law.

Mr. HASTINGS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Five Civilized Tribes.

Mr. O'CONNOR. Mr. Speaker, let us have a definite understanding about extensions of remarks. I understand that every Member has been granted leave to extend his own remarks until the publication of the last RECORD.

The SPEAKER. The Chair so understands, but if any Member wishes to include remarks of anyone else or to include any extracts from documents, and so forth, he must have unanimous consent.

THE LONDON ECONOMIC CONFERENCE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and insert the two speeches made at the Economic Conference in London yesterday.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, I take pleasure in inserting the address of welcome by His Majesty King George V at the opening of the Economic Conference in London on yesterday and also the address of the Honorable Ramsay MacDonald, the British Prime Minister:

THE KING'S WELCOME

LONDON, June 12.—Following is the full text of the speech of King George today opening the World Economic Conference:

"Gentlemen, at this time of wide-spread economic stress, it is with a feeling of deep responsibility that I welcome you to this country.

"I believe this to be the first time in history that any sovereign has presided at the opening of a conference of all the nations of the world. I wish to express my satisfaction that such a gathering has been possible and my confidence that this common endeavor will lead to beneficial results.

"I welcome the representatives of the states, members of the League of Nations. I have always followed the work of the League with keenest appreciation and interest. The League has convened this Conference and has prepared the way for it through the valuable services of the expert committee.

"Without the League and without the ideals of the League, I doubt whether this great meeting could ever have taken place.

"I welcome no less cordially the representatives of those states who are not members of the League. I recognize the spirit of helpful cooperation which has brought them to join in these discussions. I further wish to add a special welcome to the representatives of my dominions and of my Indian Empire."

EXTENDS WELCOME IN FRENCH

At this point the King addressed the delegates in French. A translation of his words follows:

"It is with very profound emotion that I see around me this august assembly which seems so vast, but which represents an infinitely vaster conception—the hope and wishes of the entire world. The world is in an unquiet state, and for you gentlemen who from today begin the work of restoration, the task is heavy. It will not be achieved except through good will and sincere cooperation.

"Messieurs les délégués, I extend my hand to you and with all my heart I wish that your efforts will be brought to a happy result, which the peoples of the world await with impatience."

The King then returned to English.

"I fully recognize the magnitude of the tasks of this conference, but there is evidence of a real desire to reach agreement, which gives me hope. All nations are suffering from a common ill. This is shown only too clearly by the rise in the figures of unemployment. The meaning of these figures in terms of human suffering has been my constant concern in recent years, as it has been the concern of every one of you here today upon whom the responsibility of government has rested.

APPEALS FOR COOPERATION

"In the face of a crisis which all realize and acknowledge I appeal to you all to cooperate for the sake of the ultimate good of the whole world. It cannot be beyond the powers of man so to use the vast resources of the world as to insure the material progress of civilization.

"No diminution in those resources has taken place. On the contrary, discovery, invention, and organization have multiplied their possibilities to such an extent that abundance of production has itself created new problems. And together with this amazing material progress there has come a new recognition of the interdependence of nations and of the value of collaboration between them. Now is the opportunity to harness this new consciousness of common interests to the service of mankind.

"In the firm belief that mutual consultation is the first step toward right action I inaugurate this conference. I shall follow your deliberations with the closest interest and attention, and I pray that the results of your labors will set the world once more on the path of prosperity and ordered progress."

TEXT OF PREMIER MACDONALD'S ADDRESS

LONDON, June 12.—Following is the text of Prime Minister MacDonald's opening speech to the World Economic Conference:

"On behalf of His Majesty's Government in the United Kingdom, I offer you all a most hearty welcome to London. I hope your stay here will be pleasant, above everything else profitable in results, and that when you leave you will have carved the name of the London Economic Conference among those great international gatherings which have brought blessings to mankind.

"The purpose of our meeting is of the gravest importance. His Majesty himself has opened the Conference in a gracious speech which showed his keen appreciation of our work and his deep concern for our success, and I propose to offer him in your name an expression of our gratitude for the honor done to us and the interest he has taken in our objects.

"Sixty-seven governments have been invited, 10 who are not members of the League, and the importance attached to our purpose is recognized by the fact that practically every government invited has accepted the invitation.

"There is greater authority gathered in this hall today than has perhaps ever been brought under one roof in the world's history.

CONFERENCE FACES TREMENDOUS TASK

"The economic life of the world has for years been suffering from a decline which has closed factories, limited employment, reduced standards of living, brought some States to the verge of bankruptcy, and inflicted upon others recurring budgets that cannot be balanced. The machinery of international commerce, upon which the vigor of the human life of the world and the prosperity of the nations depend, has been steadily slowed up.

"The markets are there, the labor to supply them is there, but the labor is not employed and the markets are not filled. When we had less efficient equipment for the making of wealth our national incomes were greater. All the machinery of prosperity is there but it is slowing down. It is not working.

"The briefest reference to the astounding facts will show the magnitude of the problems before us and at the same time direct our thoughts to the points of attack.

"Since 1929 prices have fallen and have kept well below the levels at which production can be remunerative. They have fallen irregularly, moreover, and have distorted the normal relationships upon which economic activity is pivoted. The fall in prices has added oppressively to the burden of the world's indebtedness. In 1932, compared with 1929, production of raw materials had fallen 30 percent and exchange between town and country had been tragically limited.

"National income has fallen seriously everywhere—in some countries by 40 and 50 percent. The general crisis, accentuated by restrictions, by tariffs, quotas, and exchange control, has reduced international trade between 1929 and 1932 to less than three quarters in volume, exchanging at about half price.

"The gold standard has had to be deserted more generally than has been the case in time of peace since it was erected into the international measure of exchange and inevitably, irrespective of fiscal policies and of forms of governments, unemployment has mounted up until the world figure, issued by the International Labor Office, has reached 30,000,000.

"This cannot go on. The world is being driven into a state of things which may well bring it face to face once again—for it has happened on scales of varying extent before now—with a time in which life revolts against hardship, and the gains of the past are swept away by the forces of despair.

"In this drama of deterioration governments and state policy have played an important part.

WAR DEBT QUESTION MUST BE SETTLED

"Behind the subjects I have just mentioned is another in the front rank of importance. It cannot be dealt with here because obviously this Conference is not constituted in such a way as to enable it to consider and settle the matter. I refer to the question of the war debts, which must be dealt with before every obstacle to general recovery has been removed, and it must be taken up without delay by the nations concerned. Lausanne has to be completed and this vexed question settled once for all in the light of present world conditions.

"This Conference is a sequel to the work done at Lausanne last year when, by a conditional agreement on how to deal with war debts and reparations, Europe was saved from immediate financial collapse. It will be remembered that, having finished its own immediate work at Lausanne, the Conference reported that for the clearance of the world crisis a wider conference should be called and that the League of Nations should be invited to take that in hand without delay. Lausanne indicated the subjects which ought to be dealt with and the general steps which should be taken to prepare for the Conference.

"The Council of the League moved at once. In the intervening months of preparation and negotiation the work assigned to us has not been made lighter nor easier. Indeed, the problems which compose our agenda have in some respects been intensified on both the political and economic fields, and we have been advised from some quarters that we should postpone this meeting until circumstances more promising for its success have arisen.

"What prospect is there that these circumstances can arise if the situation is left to right itself or if all that can be done is that each nation independently should take measures to protect itself against catastrophe?

"Indeed, one cause of the later phases of the deterioration is the fact that the nations, left to pursue a policy of national protection, have been driven to resort to measures which, while offering some temporary relief from the pressure which threatens them, add to the general stagnation of world trade and so intensify the influences which increase our trouble.

"If the world is left to right itself without international effort and international agreement, how long is the process of recovery to be? How dark are the depths of misery and the unsettlements which have still to be gone through?

PERIL IN POLICY PURELY NATIONAL

"No one who has surveyed the facts and watched their progress can doubt for a moment that the experiences of the last few years have proved that a purely national economic policy in this modern world is one which, by impoverishing other nations, impoverishes those who pursue it. No nation can permanently enrich itself at the expense of others. Mutual enrichment is a condition of individual enrichment.

"Nationalism in the sphere of politics may be essential to human freedom. Self-sufficient nationalism in economics is the death knell of advancing prosperity.

"The nearer we can make the world an economic unit the better will it be for each nation. In any event international cooperation is our best way to national recovery, and the nation which looks after itself in an international frame of mind will not only lead the world in enlightenment but in well-being.

"We are here, therefore, to pursue the better course of international agreement.

"The Council of the League, on the advice of the Lausanne Conference, appointed a very able and most representative body of experts to report upon an agendum for our business, and it is before you and will be made the basis for your deliberations.

"The heartiest thanks of this Conference are due to those experts for the work and the ability they have embodied in this report.

"The agendum deals only with government policy in relation to recovery, and no one must think of it as being a complete program. We do not profess to touch upon internal machinery and the transactions of business; for instance, hours of labor and rates of wages in relation to production, the destructive effect of speculation and gambling on recovering national credit, or the part played by the middleman in his different activities upon the lowering of wholesale prices.

"We are concentrating on what primarily belongs to the responsibilities of governments as to common action. When we have done our part the various governments must face their own problems of internal industrial policy in cooperation, where that is possible or necessary, with the International Labor Office.

"My thanks are due to the League of Nations for the honor they have done me by inviting me to preside over the Conference. I have accepted the invitation knowing full well how formidable is the work, but relying upon the trust and cooperation of the whole body of delegates and upon the invaluable experience and help of Joseph Avenol, head of the League Secretariat, and his staff from Geneva.

"Mr. Avenol we greet for the first time since his appointment as Secretary General of the League. He will shortly be taking up his duties, and we wish him many years of high endeavor successfully accomplished.

FATE OF GENERATIONS MAY HANG ON RESULT

"I am sure that we are all aware of heavy responsibilities which are upon us and that we have met determined to make the Conference a success. The fate of generations may well depend upon the courage, sincerity, and width of view which we are to show during the next few weeks.

"As the experts have reminded us: 'It will not in our judgment be possible to make substantial progress by piecemeal measures; a policy of nibbling will not solve this crisis.'

"Have we come to deliberate and to decide as though our respective nations were isolated units in the world? Then we shall fail and the world which looks upon us today with expectations will have to drain a bitter cup of disappointment.

"Have we come knowing that the permanent good of each is dependent upon the permanent good of all, and determined to cooperate in coming to agreements which will make a renewal of prosperity possible? Then we shall succeed, and expectations of the world will be justified.

"We must not fail.

"The men who succeed must face their work in the spirit of conquerors.

"We give to the world as the note of our first meeting that we are determined to succeed.

"Nor can we delay. Rapidity of agreement is essential to success. Let the world know that we can show decision and give leadership.

"Our program is intricate and raises subjects upon which we hold views hitherto unreconciled. And yet the needs of the day are so pressing, the experiences of these years have been so illuminating and so tragic, that surely we must approach our work with fresh and flexible minds.

DOGMAS OF PAST ANSWERED BY FACTS

"The facts of our time have answered many of the stiffest theories and dogmas of the past. Statesmanship today will be judged by what it devises to dispel the stern realities of the present and to anticipate the requirements of the future.

"I think that I express the wishes of the great body of delegates when I say that we have not come to discuss mere economic theories and generalities but to make practical proposals to meet urgent necessities. I should therefore invite each delegation to submit its proposals in terms that are definite so that we may enter without loss of time into an examination of what can be translated into action, and begin deliberations on what each of us can do in cooperation with the others either for the emergency or for more permanent purposes.

"Let this London Conference put new heart and new confidence into the world, and let it mark the end of the years of uncertainties and of policies which have brought this distress upon us all.

"Let us see to it that before we disperse we shall have revived hope and energy and opportunity. For those the world waits, and it is in our power to provide them."

POLITICAL AND CIVIL RIGHTS OF CITIZENS OF PUERTO RICO

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein some documents from the Legislature of Puerto Rico.

The SPEAKER. Is there objection?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, ladies and gentlemen of the House, for the first time in the history of the country, a law passed by the Legislature of Puerto Rico, and vetoed by the Governor, is going to be considered and decided by the President of the United States whether it will finally become a law of the island or not.

The law involves matters of democratic principles and the guaranties of the civil and political rights of the citizens of Puerto Rico.

Intended to banish forever deplorable ills of the past, the Legislature of Puerto Rico passed an electoral law granting rights to the former parties that took part in the last election with equal rights of representation in the insular board, the registry boards, and at the polls. Governor Beverley vetoed the law, and the legislature passed again such law over the veto by two-thirds majority of the senate and house of the Legislature of Puerto Rico.

Now, in accordance with section 34 of our organic law of Puerto Rico, the matter has to be finally decided by the President. The report is going to be presented by the acting chief of the Bureau of Insular Affairs, General Parker, to the Secretary of War, who will place the matter before the President.

What the President may decide nobody knows, but one thing is certain, that if the President upholds the Legislature of Puerto Rico, it will serve the purpose of fomenting and fostering the civil rights and the American institutions of education, freedom, and democracy, and it will cause joy to the great majority of the people of Puerto Rico who are lovers of the American institutions in the island. On the contrary, should the President uphold the veto, it would cause a great disappointment and retard the advancement of the American institutions.

Since the people of Puerto Rico have enjoyed the rights of a civil government there has never been a more clean and honest election than that held last November—1932—because every party had the opportunity and guaranty of being represented.

I desire, now, for the information of the Members of Congress, to insert into the RECORD all the documents concerning the history of the case—the veto of the Governor and some reports of the Legislature and of the President of the Senate of Puerto Rico:

GOVERNMENT HOUSE,
San Juan, Puerto Rico, April 14, 1933.

The Honorable the SENATE OF PUERTO RICO,
San Juan, Puerto Rico.

GENTLEMEN: I am returning herewith without my approval senate bill no. 2, entitled "An act to amend sections 1, 13, 14, 47, 49, 62, and 80 of Act No. 79, entitled 'An act to establish the law of registrations and elections', approved June 25, 1919, as subsequently amended on June 18, 1924, and July 6, 1932, to insure permanent, equal, and just electoral representation to political parties, and for other purposes."

The general purpose of this bill is to increase the membership of the present insular board of elections and all local election boards from three to five members, giving full representation in each case, under the present circumstances, to every party which nominated general tickets in the last elections.

Under the present election law, as amended by Act No. 3, approved July 6, 1932, the insular board of elections is composed of the general supervisor of elections, appointed by the Governor, with the advice and consent of the senate, who serves an indeterminate term, and, in addition, of representatives of the two parties which in the last general elections secured the highest number and the second highest number of votes for their respective candidates for Resident Commissioner to the United States. In case of a fusion or combination of these two principal parties, then any party which received 10 percent of the total vote cast in the last general election, or any party by petition, becomes entitled to full representation on the insular and local election boards in order to protect itself against the combination of the two principal parties. Although the present law still permits two votes to a combination of parties, as happened in 1932, nevertheless, other parties in such circumstances are placed in a position to protect their interests. If the two principal parties do not combine, any party which secured 10 percent of the vote at the last general election and any party by petition is entitled to have observers present at all meetings of the insular and local election boards to take part in and observe all proceedings, and such observers are entitled to all the rights of the members of the board except the right to vote.

The basic theory of the present electoral law and, in fact, of our election law since 1906 has been the two-party system. Since 1919, when the insular board of elections was established to control the conduct of elections in place of the executive council, the law has contemplated that the two principal opposing parties should be equally represented in all electoral machinery, while the general supervisor of elections has held the balance between the opposing interests. The definition of principal parties has not been substantially changed since 1906. The general supervisor of elections, as the impartial and nonpartisan government member,

can, under the present system, decide as he may consider just questions in which the two opposing parties are not in accord. This system, both in theory and in practice, seems to me the best that can be devised if we are to maintain the present idea of election boards. The system of full representation for the two opposing principal parties, with other parties of any importance having the right to name observers, is the healthiest method of conducting elections, and is more apt to insure fairness than a system of having large boards with possible combinations.

The change which the present bill proposes is much more far-reaching and fundamental than it appears to be on the surface, and does not seem to me to be wise for any party concerned, nor convenient to the public interests. Looking at the immediate situation that would result from the approval of this bill, we see that in the elections of 1932 four parties went to the polls with general candidates, the Socialist Party and the Union-Republican Party having nominated the same candidates and thus having combined. In the contest for Resident Commissioner the Union-Republican Party received 110,794 votes, the Socialist Party 97,438 votes, the combination of these parties thus receiving 208,232 votes. The Liberal Party received 170,168 votes and the Nationalist Party 5,257 votes.

At the present time, the insular board is composed of the general superintendent of elections, one representative from the Union-Republican Party, and one representative from the Liberal Party, while the Socialist Party has an observer. As a practical and common-sense matter, so long as the present combination between the Union-Republican and the Socialist Parties endure, the Union-Republican member on the insular board of elections may be said to represent the interests of the coalition of these two parties, which combined won the immense majority of the insular posts. Should the present bill be approved, a peculiar situation would result. The board would be composed of the general supervisor of elections and representatives from the Union-Republican Party, the Socialist Party, the Liberal Party, and the Nationalist Party. The present combination of the Socialist Party and the Union-Republican Party would thus have 2 votes, the Liberal Party 1 vote, and the Nationalist Party 1 vote. The Union-Republican Party would have 1 vote for its 110,794 electors, the Socialist Party 1 for its 97,438, the Liberal Party 1 for its 170,168 electors, and the Nationalist Party 1 for its 5,257 electors. The Nationalist Party, which received slightly less than 1.2 percent of the total vote cast, would have representation equal to that of the Liberal Party, which received somewhat over 37 percent of the total vote cast. A further peculiarity would be that in case, in the elections of 1936 a new party should register by petition it would be forced to secure petitions of over 45,000 electors and then would not have the representation which is given to the Nationalist Party, which in the actual elections secured only 5,257 votes.

Considering the ease with which combinations of parties are made and unmade in the island and considering the numerous changes in political alinements which take place, it is impossible to predict at this time what the actual situation will be on the eve of the elections of 1936, and any amendments at all to the election law at the present time seem to be precipitate and unnecessary.

A further objection to the present bill is the fact that the term of the general supervisor of elections is made 4 years. At present he serves for an indeterminate term, and, considering the delicate nature of his position and work, I am convinced that the indeterminate term is much superior to a specific term. Another point to be noted is that the second paragraph of section 1 as it is proposed to be amended removes all the employees and officers of the insular board of elections from the civil service. Furthermore, in section 47 the appointment of inspectors and poll clerks for the polling places is taken out of the hands of the superintendent of elections and placed in the hands of the political parties. All of these provisions are objectionable.

I believe that any amendments to the election law which may appear to be necessary before the elections of 1936 can most wisely be left to later sessions.

Respectfully,

JAMES R. BEVERLEY, *Governor.*

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, May 26, 1933.

Hon. SANTIAGO IGLESIAS,
Resident Commissioner from Puerto Rico,
House of Representatives, Washington, D.C.

MY DEAR MR. COMMISSIONER: I have received your letter of May 24, enclosing documents relating to the recent veto by the Governor of Puerto Rico of senate bill no. 2 (act to amend certain sections of the present electoral law of Puerto Rico).

The enclosures to your letter—memorandum of the committee on insular and municipal government and elections of the Senate of Puerto Rico, and additional memorandum to the memorandum sent by the Senate of Puerto Rico to Governor James Beverley by the president of the senate, Hon. Rafael Martinez Nadal—will be given careful consideration in this Bureau in connection with the proposed amendments to the electoral law of Puerto Rico, and will be included in the papers to be submitted to the Secretary of War with a view to action by the President upon senate bill no. 2, pursuant to section 34 of the organic act of Puerto Rico.

Very sincerely yours,

F. LEJ. PARKER,
Acting Chief of Bureau.

MAY 24, 1933.

ADDITIONAL MEMORANDUM TO THE MEMORANDUM SENT BY THE SENATE OF PUERTO RICO TO GOV. JAMES BEVERLEY

In re: Governor's veto to senate bill no. 2, entitled "An act to amend sections 1, 13, 14, 47, 49, 62, and 80 of Act No. 79."

Essentially the Governor of Puerto Rico presents four objections as basis for his veto to the senate bill no. 2, to amend sections 1, 13, 14, 47, 49, 62, and 80 of the electoral law in force.

The first objection seems to be directed to the desire of avoiding the two political parties, having the right to be represented in the insular board of elections, from forming a coalition and combining their votes against another party.

The second objection refers to the fact that the new amendment to the electoral law in force provides that the general supervisor of elections will be appointed for a term of 4 years, while at the present time his appointment is of a permanent character.

The third objection is that the new amendment eliminates all the employees of the insular board of elections from the classified civil service.

And the last objection states that section 47 takes away from the hands of the general supervisor of elections the appointment of inspectors and clerks for the polling places and puts them in the hands of the political parties.

We will discuss in this order the objections made by the Governor to the approval of this law.

In the first instant the law vetoed does not increase the number of members of the insular board of elections to five, because it limits itself to the same number of members as the insular board of elections had in the elections of November 1932 by virtue of the proper effect of the law, according with the changes of the political situation and the natural evolution of the political parties.

And this was the natural result of Act No. 1 passed by the legislature and signed by the Governor himself, Mr. Beverley, on December 9, 1931.

The argumentation of the Governor tends, apparently, to avoid what he thinks would be an injustice; that is to say, that two parties would form a coalition and combine their votes against the other. Speaking specially, it refers to the coalition of the Union-Republican Party with the Socialist Party against the Liberal Party.

These parties obtained in the elections of November, 1932, the following votes:

	Votes
Union-Republican Party	110,794
Socialist Party	97,438
Liberal Party	170,168

The Governor, in vetoing this law, thinks in probable, or improbable, future events, and, trying to avoid an imaginary injustice, does a tremendous and positive injustice to the Socialist Party, depriving 100,000 voters the right to be represented, and judges the acts of the majority parties in open contradiction to his former opinions about the matter and his recommendations to the legislature.

In the law he has vetoed there exists no risks of assumed injustice that the Governor has pointed out, because in case the Socialist Party and the Union-Republican Party would repeat their coalition in the year 1936, and combine their votes to realize injustices against the Liberal Party, the vote of the representative of this party, added to the vote of the general supervisor of elections, would constitute 2 votes that would defeat, by tie, any unjust proposition of the coalition parties.

Let us think now that the coalition of the parties of the last elections does not take place, and that all parties would be adversaries at the elections.

What, then, would be the situation of the Socialist Party? Could not the two representatives of the principal parties have an understanding and approve unjust propositions against the Socialist Party? What could the vote of the supervisor of elections, with his sole vote, do against 2 votes of the principal parties to defend the Socialist Party of outrages, when the Socialist Party would not have a vote to add to the one of the supervisor and erect a barrier against the possible injustices of its adversaries?

If it is true that there exists the desire to protect the rights of all the parties, it is absolutely advisable to approve the vetoed law, because in it there exists only imaginary risks, based on fortuitous acts, and avoided by the same law; while, if it is not approved and the probable acts that the Governor suspects occur, according with the law in force, the Socialist Party would be exposed to all risks without representation with voice and vote in the registrations in local boards of elections, in the polling places, and in the insular board of elections. Indeed, this would be an abominable injustice to 100,000 voters, which compose the Socialist Party of Puerto Rico.

On the other hand, the action of the Governor in vetoing this law is in complete contradiction to the doctrines and recommendations which Governor Beverley himself made in favor of the right of representation of all the most important nucleuses of public opinion; still more, he suggested in his message to the Legislature of Puerto Rico, on June 21, 1932:

"In connection with the election and registration law, it has been suggested by independent voters that the Governor be authorized to appoint for the polling places watchers who are members of the poll boards, and whose duty shall be to represent the independent candidates and voters."

These votes to independent candidates came only to a total of 65, from a grand total of 383,722 votes cast in the elections of 1932.

All these events known, the rectification of the postulates of Governor Beverley is really inexplicable, who recommended the convenience of the representation for 65 votes, and who does not feel preoccupations for the right of representation to 100,000 Socialist voters, whom with his veto, leaves them without protection for next elections.

The objection of the fixing of a term of 4 years we believe is trivial and of little importance. It is in conformity with the terms of 4 years fixed by our organic act and with the changes that every 4 years the body of the senate has.

It does not offer risk, because the nominating power is vested in the Governor, and it is presumed that the executive will try always to make the best election of the most proper men for the post.

Never in Puerto Rico were the employees of the insular board of elections embodied in the classified civil service. This year they were included by a drastic and erroneous interpretation, in our judgment, rendered by the president of the civil-service commission.

Section 4 of article 88, regulating the civil service in Puerto Rico, approved May 11, 1931, provides that "all the officials and employees whose annual compensation does not exceed $300", will not be under the classified civil service but under the "not classified."

Now, the subordinate employees of the insular board of elections, during election year, excepting the secretary and chief clerk, do not appear in the budget, nor do they have any annual appropriation, their work being temporary and with small salary. They work on and off, and consequently there is no basis to assert the fixed annual salary that they receive and to establish this action clearly as a basis to the application of the civil service law.

Never in the former 30 years were they on the civil service, neither are they now. They were put into the law by the arbitrary interpretation of the civil-service commission, and, precisely, it was the intention of the legislature to throw down that arbitrariness and maintain the status quo existing from immemorial time.

The last objection of the Governor is based on the fact that the general supervisor of elections is deprived of the faculty to appoint the inspectors and clerks of the polling places in the precincts.

This is not true, the supervisor has never made in Puerto Rico these appointments; in all the history of our electoral laws he has never had that faculty. The political parties select their own representatives and send their names to the supervisor, who automatically appoints them, because the law has put that function in a manner solely ministerial in the hands of a representative of the Government.

Study all our electoral law and you will see that in this matter the political parties are sovereign, and they can appoint and dismiss from office any persons, according with their supreme will and political conveniences.

This objection has more nature of pretext than an argument to justify the veto of the law.

In conclusion, we want to say that the last elections of November 1932 have been the most honest, clean, and just that have ever been held in the island with an insular board of five members; the same form provided in the law vetoed by the Governor, James R. Beverley. Of his own conviction, the general supervisor of elections, a man of many years' experience, favorably recommended the approval of senate bill no. 2.

In spite of this fact the law was vetoed by the executive and we now request you to uphold the legislature of the island by approving the law for the good of the people's rights.

Respectfully yours,

RAFAEL MARTÍNEZ NADAL,
President Senate of Puerto Rico.

MAY 26, 1933.

SENATE OF PUERTO RICO,
COMMITTEE ON INSULAR AND MUNICIPAL GOVERNMENT AND ELECTIONS.

Your committee on insular and municipal government and elections has carefully considered the document sent by the honorable Governor of Puerto Rico to this senate, returning with his veto senate bill no. 2, entitled "An act to amend sections 1, 13, 14, 47, 49, 62, and 80 of act no. 79, entitled 'An act to establish the law of registrations and elections', approved June 25, 1919, as subsequently amended on June 18, 1924, and July 6, 1932, to insure permanent, equal, and just electoral representation to political parties, and for other purposes."

Giving the reasons for his veto, the Governor of Puerto Rico bases his executive action on the following argument: (1) That the bill has increased to five the number of members representing each party on the insular board of elections and on the local boards of elections, giving complete representation to each party; (2) that the vetoed bill on becoming law would destroy what the executive calls the basic theory of the present election law, which since 1906 has established a biparty system, assuring representation only to two opposed principal parties; (3) that the bill is not convenient to public interest, because, according to the Governor, there would be the possibility that in the next elections two parties might be combined, which would give double representation on the electoral bodies, while the said Liberal Party would have only single representation; (4) that it would not give good results to fix a term of 4 years to the appointment of the general supervisor of elections; (5) that it eliminates the employees of the insular board of elections from the classified civil service; and (6) that it would take away from the general supervisor of elections the power to appoint inspectors and clerks for the polling places.

In our purpose of demonstrating the lack of wisdom of the vetoing the bill passed by the legislative branch of our Government, we are going to consider in their indicated order the six objections made by the executive:

(1) The first basis for the veto imparted to said legislation lacks foundation if it is remembered that the electoral law in force, on being applied at the last elections of 1932 in accord with the political situation and the evolution of the parties that participated in the elections, already raised to five, the members on the insular board of elections and on the local boards of elections, giving complete representation to each party, so that the vetoed bill does nothing more than give permanently to all political parties the same representation which they had in the past elections of 1932, in which elections four political parties of Puerto Rico, voted, to wit: The Republican-Union, the Socialist, the Liberal, and the Nationalist, and each one of them had in the last elections the same complete representation on the electoral bodies, five being precisely the number of representatives on said insular board of elections and on the local boards, so that the bill alters in absolutely no respect the representations already had by the same parties as now exist in Puerto Rico. This equal representation of the four parties was granted to them by the provisions of Act No. 1, passed by the Legislature of Puerto Rico and signed by the Governor himself, Hon. James R. Beverley, on December 9, 1931.

(2) The reason that the vetoed bill, on becoming law, would destroy the supposed basic theory of the electoral law also lacks foundation, because that basic theory of biparty representation to which the Governor refers was already destroyed in Puerto Rico, when the electoral law was amended precisely on recommendations made to the Legislature of Puerto Rico by the Governor himself, Hon. James R. Beverley, in his message to the twelfth legislature, fourth regular session, on February 8, 1932, which message inspired the legislative branch of our Government to approve the electoral law mentioned in the preceding paragraph.

We deem it opportune to make certain observations on the theory of electoral representation which has prevailed for many years in Puerto Rico, in order to make it clear that in Puerto Rico, at present, the biparty representation is not the best means to insure to the people of the island a fair and honest election, due to the peculiar tendencies of insular public opinion and to the existence of diverse sectors of opinion which aspire to win public power and to carry out their programs and ideals, it is true that since the American civil regime took effect in Puerto Rico in 1900, until recently, the theory of a biparty representation on the electoral bodies followed the same principle as that maintained in some States of our Nation. The establishment in Puerto Rico of such a theory of electoral representation from 1900 up to 1915, was founded on the fact that, up to that time there existed in Puerto Rico only two big parties, which divided public opinion between them, and which were the only parties organized to participate in the elections and to file their tickets and submit the same to the public will. But in 1915, the labor organizations of Puerto Rico encouraged by the maintenance in the island of the democratic and just institutions of the American people, and, aspiring to better the condition of the laboring masses, within the policy of the American Federation of Labor, created their own political organization by forming a third party, which could not be denied representation in the electoral organizations, for such denial would have implied an attack on democracy and an act of tyranny. In 1917 this third party obtained a considerable number of votes, it having carried some municipalities of the island, electing two representatives to the lower house and one senator to our upper house, who happens to be precisely the same person now elected by the popular vote of Puerto Rico to represent the island officially as Resident Commissioner of Puerto Rico in Washington. The idea that it is not reasonable or fair to talk about biparty representation in a country that pretends to be governed by democratic institutions, when in said country there are more than two parties contending for public opinion, appeals to the most rudimentary human mind.

To maintain the principle of a biparty representation—that is, the exclusive and privileged representation of only two parties, when there are more than two parties contending for public opinion—would be unjust and undemocratic, repugnant to the minds of those persons who desire to insure to all sectors of opinion the necessary guaranties for a free and honest expression of the public will. Despite the foregoing facts, it was in 1924, when it represented a very considerable force in Puerto Rico, that the Socialist Party was for the first time given any representation on the electoral organizations; and this was done in 1924, when the two principal parties combined under the same ticket, one of which principal parties was the same which the present Liberal Party claims to have succeeded. Although the two principal parties combined in 1924, the legislature of that time, then almost wholly controlled by the very party now called the Liberal Party, passed an election law to govern the elections for that year, in which a double repre-

sentation was insured to the two combined parties which nominated the same ticket, and the Socialist Party was given certain illusory representation consisting only of an observer having no vote in the electoral organizations. In the year 1924 four parties took part in the elections, the fourth of which parties did not have any effective representation.

The injustice of that law in 1924, which was the first to unsettle the tradition of the biparty representation, was partly remedied at the 1928 elections, when the Socialist Party had full representation, due to the fact that it had become a principal party by reason of the number of votes cast at the elections of 1924.

We do not deem it necessary to tell of the evolution of the political parties since 1924. In 1932 four different parties took part in the elections, with equal representations, in the same form and to the same extent as this vetoed bill proposed to insure to them in the future. It is true that two of these parties combined or formed a coalition by nominating the same general ticket for both. It is true these two parties assumed a double electoral representation, but it was in accordance with the same election law as is now in force, which was approved by the Governor himself, Hon. James R. Beverley. But it is very venturesome to speak with certainty of the possible combinations of the future. Considering the present electoral situation and thinking precisely of the parties existing in Puerto Rico and of their respective programs and aspirations, the vetoed bill appears to be very equitable and just. There are four parties in Puerto Rico; two of them, the Republican-Union and the Socialist, have many points of contact, especially in their sentiment of appreciation toward the democratic and just institutions of the American people and toward the fundamental rights of the citizen which guarantee their magnificent Constitution, and in their expressed wish that the people of Puerto Rico shall permanently unite their destiny with that of the American people, with the aspiration that our people may in future be a State of the National Federation. In the other two parties, the Liberal and the Nationalist, the sentiment of independence prevails with the aspiration for the future separation of the people of Puerto Rico from the United States, the island to form a separate nation. This ideology of the Liberal and Nationalist Parties makes us logically presume that the future electoral coalition of these two parties is also possible in the future, and, both having the same representation, the honorable Governor could venture to think, with the same logic, that said parties might combine, thus having double representation, equal to that of the other two parties mentioned, and in such possible and natural eventuality the electoral bodies would always be balanced, the government having the fifth vote in the insular and local board of election. The unduly vetoed bill, besides permanently establishing the representation which was a reality in law and in fact, at the last elections of 1932, insures a just and adequate representation to all sections of opinion now existing in Puerto Rico.

Although the Nationalist Party represents a small contingent of only 5,257 votes out of a total of 303,722 votes cast in the elections of 1932, the truth is that the Nationalist Party represents an idea and a legitimate and noble aspiration of a number of Puerto Ricans, and it is just that said trend of opinion should have its adequate vehicle of expression through electoral representation and guaranties.

(3) The Governor objects to the bill because, in his opinion, it is not convenient to public interest inasmuch as there would be a possibility of two parties combining for the next elections, which parties would have double representation on the electoral bodies while the Liberal Party would have only one representation. We have previously argued against this unfounded and unreasonable fear of the Governor of Puerto Rico. For the reasons stated in this connection, we do not believe there is any basis for thinking conclusively that in the future the Liberal Party may have one representation against double representation of two combined parties; but we also wish to state that this idea of the Governor is contrary to the same idea implied by the act of the Governor himself, Hon. James R. Beverley, when he approved, at the close of the year 1932, the election law enacted by the Legislature of Puerto Rico at the second special session of the twelfth legislature.

(4) The fourth objection of the Governor is based on the fact that the bill fixes at 4 years the term of office of the general supervisor of election. We believe this part of the bill to be a detail of no fundamental transcendency and that it is trivial to object to it for that reason. We think that when the Legislature of Puerto Rico fixed at 4 years the term of office of the general supervisor of elections, it did so inspired by the spirit of the organic act of Puerto Rico which provides that the appointments of officers of the government of Puerto Rico shall be made with the advice and consent of the insular senate. We state that the legislature acted in this case inspired by principles of the organic act granted to Puerto Rico by the Congress of the United States because undoubtedly, when the Senate of Puerto Rico was invested with such powers it was the idea of Congress that the popular representation of Puerto Rico embodied by the insular senate should intervene in the appointments of the executive, and it is reasonable to think that the senate could not exercise such prerogative if the officers were appointed for life or for indefinite terms.

Whereas the Senate of Puerto Rico, pursuant to the organic act, is elected every 4 years, it is natural that the Congress wished that the popular will expressed in the senate should intervene in all executive appointments every 4 years, and this principle of the organic act would be violated if it were provided by law that the appointment of an official, especially of the administrative importance of the insular supervisor of elections, should not be submitted to the Senate of Puerto Rico for confirmation by it every 4 years when, pursuant to the organic act, the people of Puerto Rico elect their senate.

(5) The Governor is also opposed to the elimination of the classified civil service as regards the appointment of the employees of the insular board of election. In our judgment, the Governor is mistaken in this matter. Within the principles of a sane democracy it is reasonable and just that the parties should be at liberty to choose their political representatives on the electoral bodies. The employees of the insular board of elections are none other than delegates and agents who do the administrative work prescribed by the board. Such employees must necessarily be men in the confidence of the parties legally represented on the insular board of elections, and from all points of view it would be completely ineffectual and improper that the material and ministerial labor done by the employees of the insular board of elections should be performed by persons who are not in the confidence of the parties represented thereon, and such a thing would practically be equivalent to depriving the parties of their representation.

(6) The Governor also objects to the principle maintained by the election law vetoed by him which empowers the political parties to appoint their representatives on the poll boards or in the polling places. The Governor is mistaken when he says that the act deprives the general supervisor of elections of such power. That act cannot deprive the general supervisor of elections of such power, because in reality said power is not vested in the general supervisor of elections. That power is vested, pursuant to the law in force, in the same political parties to which the law in force reserves the right to present such candidates, who are then approved by a mere formality, not by the general supervisor of elections but by the same party representatives of the insular board of elections. It would be absurd that the political parties should have their representatives at the polling places appointed by an entity foreign to the parties themselves. That would be to deny representation and guaranties to said parties, and the natural and just wish in all countries desiring that the electoral law be a guaranty for the representation of the sectors of public opinion, and in order that such officials who perform the difficult task of watching over the balloting and preparing the election returns may lawfully represent the parties contesting for public power in the democratic elections.

Finally, we wish to state that the election law (S.B. 2) which has been vetoed by the Governor is inspired by the same recommendations made to the legislature precisely by the Governor, Hon. James R. Beverley, himself, in order to offer adequate and just electoral representation to all sectors of opinion. Furthermore, the Governor himself, the Honorable James R. Beverley, who vetoes the bill in question, recommended to the Legislature of Puerto Rico in his official message delivered to it on June 21, 1932, that electoral representation be given not only to the principal and organized political parties but also to any sector of public opinion, and even to independent voters having no affinity, no ideology, no government program, and no common public aspiration.

The Governor of Puerto Rico, the Honorable James R. Beverley, expressed himself as follows on addressing himself to the Legislature of Puerto Rico at the joint session of both legislative houses, held on February 9, 1932:

"There are certain important changes to the election and registration law of Puerto Rico which must be made without delay. There is no higher policy for the government of the state than the way in which the election laws are made and the elections carried out. We must do all that may be necessary in order to insure the fullest and freest expression of public opinion in November. This is not a question of personal antagonisms or of party struggles but a question of principle."

In connection with the thoughts expressed in this report, the Governor himself, Hon. James R. Beverley, also stated as follows on addressing himself to the Legislature of Puerto Rico at the joint session of both houses held on June 21, 1932:

"In connection with the election and registration law, it has been suggested by independent voters that the Governor be authorized to appoint for the polling places watchers who are members of the poll boards, and whose duty shall be to represent the independent candidates and voters."

There were only 65 votes cast for independent candidates at the last elections from a total of 383,722 votes cast in said 1932 elections.

It is seen that if the Governor himself, Hon. James R. Beverley, went to the improper extreme of recommending electoral representation over such a small indefinite number of independent voters, we do not see how he could reasonably veto a bill for an election law insuring representation to the four different organized parties which now arouse the public conscience in the island.

In view of the reasons set forth, and due to the power vested in the Legislature of Puerto Rico by section 34 of the organic act, we recommended to the Senate of Puerto Rico that it pass the bill over the Governor's veto so that, after action by the House of Representatives, in case said bill is again disapproved

by the Governor, it may, pursuant to said organic act, be sent for consideration by the President of the United States.

Done in the assembly room of the Senate of Puerto Rico, on the 14th day of April 1933.

BOLIVAR PAGÁN,
Chairman Committee on Insular and Municipal Government and on Elections.
SIXTO A. PACHECO,
Secretary.

MULTIMETALLISM IN LIEU OF MONOMETALLISM, OR THE SINGLE GOLD STANDARD, A RELIEF FROM OUR PRESENT ECONOMIC DEPRESSION

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include some extracts from a speech by Frank E. Johnesse, on Multimetalism in Lieu of Monometalism, or The Single Gold Standard, a Relief from Our Present Economic Depression.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. WHITE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech by Frank E. Johnesse, M.E., of Boise, Idaho, March 1, 1933, on Multimetallism in Lieu of Monometallism, or the Single Gold Standard, a Relief from Our Present Economic Depression.

The destiny of all nations as well as that of the world in general is under the influence of fundamental laws. As these laws are discovered and their workings better understood, they bring about the adoption of new methods, which in turn alter and improve the results of our efforts. Without following this process of evolution in governmental affairs the system becomes stagnant with deteriorating results. The fact is plainly exemplified by the present status of the existing monetary system of the world which has remained practically the same since the dawn of civilization. We have ignored the very important fact that relativity is a fundamental law.

Monometalism, the single gold standard, should long ago have been thrown into the discard. It is the greatest menace to peace, prosperity, and progress of the world at the present time. There is not enough gold in the entire world to provide a substantial metal backing for the monetary system of our own Nation, to say nothing of the rest of the world. Some 25 nations have technically suspended the gold standard in order to avoid the impossible, but they are in reality carrying on under the same system.

It would require at least 20 times as much available gold to provide anything like a sound backing for the world's gold standard monetary system, and as we cannot hope for an annual increase of more than a few percent of the present supply for some years to come, it should be evident to even the least informed that a broader metal basis must be provided in order to restore the credit of the world.

The principle of our monetary system, which provides for a metal backing thereto, is sound and practical, but our big mistake has been in confining the backing to the one metal of which there is an insufficient supply and not essential to industrial progress, instead of providing the protection of the fundamental law of relativity by including other metals which are indispensable and which together will provide an adequate supply.

Gold is not a necessary metal. Were it not used as a medium of exchange, it would have no intrinsic value. As a metal it has no part in industry, while silver, lead, zinc, copper, and iron are vitally essential to the progress of this scientific and mechanized age. Then why should we not include these other metals along with gold to provide an adequate quantity for a stable backing to our monetary system?

Gold at its present fixed value should be used merely as a unit from which to fix the relative value of the other metals based on the cost of production. The price could be changed gradually from time to time to meet the difference in cost of production of any one or more of the other metals included without making but the slightest difference in the total average value of the several metals included or the purchasing power thereof.

For instance, suppose we were to adopt this proposed sixfold multimetal system and fix the relative price as follows:

That of gold at its present price	per ounce	$20.67
Silver, 16 to 1	do	1.29
Copper, 165½ pounds to 1 ounce of gold	per pound	.12½
Lead, 413½ pounds to 1 ounce of gold	do	.05
Zinc, 459 pounds to 1 ounce of gold	do	.04½
Iron, 13,340 pounds, or 5.17 tons, to 1 ounce of gold	per ton	4.00

Then suppose it was found to the best interest of the system and in justice to the producer to increase the price of copper 2½ cents per pound. It would result in a deflation of less than one quarter of 1 percent of the fixed relative value. Or to reduce the price of lead 1 cent per pound, the relative fixed value would be inflated just one quarter of 1 percent, which would not make the slightest difference in commodity prices.

Under our present system the mere fact that we are exporting or importing a few million ounces of gold, or a report to the effect that a crop shortage is indicated because of drouths, or a rise or fall in stock-market prices would have a decidedly greater effect one way or the other on the purchasing power of gold and interest rates.

There is no way by which we can estimate anything like a fair average of the production cost of gold, but with the industrial metals it is different, and by fixing the price according to the cost of production with a fair profit to the producer, a fair relative price of labor, and all other commodities would very soon be automatically adjusted thereto. Then there would never be but the slightest variation in commodity prices or the purchasing price of the fixed standard.

To put this sixfold multimetalism plan into force and effect, there should be enacted an act to amend the act of March 14, 1900, to read something like the following:

To define and fix the standard of values, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes. It is hereby provided that gold at $20.67 per ounce, together with silver at $1.29 per ounce, and copper, lead, zinc, and iron at a relative price to be fixed by a commission with power to readjust the ratio from time to time, to be appointed by the President, shall together provide our standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity; and all United States notes, Treasury notes and bonds now outstanding, and those hereafter issued, except those now held by foreigners or foreign nations which were made redeemable in gold, as well as all other debts, both public and private, shall be redeemable in any one or more of the said six metals at the fixed relative value, except that wherein the sum is not in excess of, or is less than $100, in which case the redemption must be made in gold or silver if demanded. All metals so used, except gold, must be a product of the United States or nations having the same monetary system, and of a fineness of not less than 99½ percent chemically pure.

It does not require a very close analysis of the world's monetary systems to convince the unbiased mind that to undertake to maintain a stable measure of values under the single gold standard is absolutely impossible.

The fact that we have not broadened and enlarged upon the metal basis backing our monetary system when it has so long been apparent that the world's gold supply is wholly inadequate has been the chief factor in bringing on and prolonging the present world-wide business depression.

Until our own and other leading nations of the world can agree upon a monetary system, founded upon a fixed relative value of essential indestructible commodities such as herein suggested, there can be but slight relief.

Fiat or paper money is out of the question. Therefore, it is a foregone conclusion that there must be provided a broader metal backing for our monetary system to prevent a reoccurrence of extreme credit fluctuation which has proven so disastrous.

We have reached the metal age in our industrial and scientific progress, and without the industrial metals we would very soon become engulfed in industrial stagnation, for they are vitally essential to the progress of this mechanized age. On the other hand, were we to withdraw all gold from circulation and discontinue its production, it would not interfere in the least therewith.

This system would provide a stable and nonfluctuating standard of values on medium of exchange that would prove a safeguard against serious business depressions in the future.

Under existing various national monetary systems the relative price of all metals, as well as all other commodities, is practically the same the world over, no matter how much they may vary from time to time. This is evidence of the fact that relativity is a fundamental law and will obtain under multimetalism.

Under such a system the price of labor, farm products, and all other commodities would very soon become adjusted on a comparative cost ratio from which there would never be but the slightest variation. Very naturally, the local price of different commodities, as well as that of the metals included in multimetalism, would vary to a slight degree in accordance with the difference in the cost of transportation between the points of production and consumption, but on the whole they would at all times strike a near balance that would never vary more than a few percent at most.

Under this system the hoarding of gold by nations or capitalistic combines would in no way interfere with credit or business conditions, so long as there was available in different localities or nations a reasonable supply of one or more of the metals included therein; a certificate of ownership of any quantity of any one of which would be as good security as a gold note under the gold standard.

For a nation or the entire world to endeavor to carry on commercially under a monetary system that has for its metal backing and standard of values a metal of which the world's supply is so limited that it can be controlled by capitalistic interests and its purchasing power made to vary as much as several hundred percent there can be but one result, and that is broad variation in commodity prices at all times and periodical, national, and world-wide panicky depressions with their disastrous results.

The adoption of this proposed plan would at once enhance credit, restore the billions lost in property-value depreciation, stabilize banking, and restore business conditions to normalcy.

Very naturally the remonetization of silver would result in a stride in the right direction, but at any fair ratio with gold, the

two alone would not provide the stability that the inclusion of the other four mentioned industrial metals would. So why stop half way? The situation demands radical and immediate action.

Our President-elect, Governor Roosevelt, has recently said, "The country needs, and unless I mistake its temper, the country demands, bold persistent experimentation. It is common sense to take a method and try it; if it fails, admit it frankly and try another; but, above all, try something. The millions who are in want will not stand by silently forever while the things to satisfy their needs are within easy reach."

There would very naturally be severe criticism of price fixing by the Government, but do we not fix the redemption value of gold, and would it not be far better to have prices fixed by a commission in the interest of the public or all the people than by trusts and combines in their own selfish interest as under the existing system?

It makes no difference to the producer what the price of products are in dollars and cents, so long as the price of labor and all other commodities is on a relative basis.

Adherents of the single gold standard, or monometallism, are strongly opposed to the use of fiat or irredeemable paper money as a legal tender; and yet while functioning under the single gold standard, we are in reality doing that very thing, because there is not available enough gold to redeem as much as 5 percent of the outstanding Federal paper promises, to say nothing of that of the States, counties, municipalities, and individuals.

With a more stable monetary system which can be made to restore the debtor's losses to a large extent at least, by providing a fair value to the collateral backing of their paper promises, we can soon emerge from the existing deplorable conditions.

Nothing we could do would go farther toward farm relief and arresting centralization of wealth.

Right now we are suffering from a ghastly failure of political and industrial leadership and an utter inability on the part of "the powers that be" to comprehend what honest stabilized metallic currency really means, and what will result from a continuation of our present system.

It is quite a difficult problem to induce the general public to enlighten themselves on economic subjects, but it does seem that in times like the present our better judgment would obtain and that some such logical plan would be adopted to pave the way for a return to normal conditions without having to resort to extreme measures.

Ex-President Hoover is quoted as having recently said: "We, the United States, have saved the gold standard." Which he evidently thinks is much to our credit, but which is no doubt the greatest obstacle to the restoration of peace, happiness, and prosperity throughout the world.

Were it not for the fact that we designate gold at $20.67 an ounce as our standard of value, it would have no intrinsic value, because it is not indispensable to our metal age and the progress of science and industry, while practically all other metals are. Therefore, they have an intrinsic value, but being mere commodities the price varies the same as with all other commodities in conformity with the inflation and deflation of the purchasing power of the fictitious value of gold.

Unfortunately, humanity is born of tradition and naturally resents substituting or improving upon established customs, even though they are known to be antiquated, crude, and inefficient. Few, if any, such progressive strides have ever been made by any nation except as a result of revolution. Very naturally, the mere suggestion of the adoption of such a change in our monetary system will meet with strong opposition. Not because it could, without trial, be proved to be impractical or illogical, but merely because it would disrupt an established custom and few will give it the consideration it deserves.

The economic, monetary, or currency systems of the leading nations of the world have been devised by and are instituted and maintained under the domination of plutocracy or the money lenders, without due consideration of the great majority who are of necessity the borrowers. As a result we have the present situation which need not be enlarged upon at this time. It is not a result of overproduction or underconsumption. It is the dearth of real money, the lack of more of those indestructible commodities on which the Government has established a fixed relative price, which would prevent credit from expanding to the breaking point.

Our economic system has varied but slightly since the birth of the Nation, while we have made wonderful progress in industrial, commercial, and scientific methods, and it no longer functions satisfactorily. It must be modernized by adopting a monetary system that will harmonize and react in the interest of all by yielding the greatest good to the greatest number, and not under the absolute control of the predatory interests.

With this proposed change in our monetary system other advantageous changes in our economic system will follow as a natural result.

Unfortunately, we cannot rely upon the moral attitude of humanity and expect the trend thereof to result in an equitable distribution of wealth derived from our natural resources and from labor applied thereto.

As much as we may dislike to admit it, wealth is the main objective in human endeavor, and it therefore follows that a fair, sound, and equitable monetary system is the first essential. In justice to our fellow citizens we must institute laws that will regulate, to some extent at least, the supreme law of nature—that of self-preservation of the survival of the fittest—insofar as it applies to humanity.

Should it not be possible to induce one or more of the other leading nations of the world to join with us in the adoption of such a system, we should act independently, for the civilized world would not be long in realizing the practicability, stability, and many other advantages to be derived therefrom.

The money dealers of all time and all ages have fought for a monetary system they could control. Consistently and persistently they have battled every attempt by the people to maintain control of money. There is one memorable occasion in American history.

During the War between the States President Lincoln succeeded in putting out an issue of "greenbacks" or paper money based upon a reserve of gold and the taxing power of the Federal Government. The money dealers ridiculed and scoffed, and by manipulating the gold drove down the value of the paper money to the point where it required $2.85 of greenbacks to buy one standard dollar.

"I have two enemies to fight", said Lincoln, "the rebel in the front and the banker in the rear, and of the two the rebel is the more honorable."

Mr. Lincoln did not refer to the banker in your town or the small town but the money dealers and manipulators in New York, which even then was the money center of the continent. And the same criticism applies today. In the war with depression the international banker and gold monopolist is the least honorable of the enemies which which society has to deal.

The professional money dealers of Lincoln's day did not care whether the United States remained a union or not. Human misery and suffering meant nothing to them. Nor do the want and poverty that stalk through fair America today, "with the children homeless on the continent, their fathers conquered", mean anything to them.

Within the very recent past the lawmakers of this and other countries have had it pointed out to them in no uncertain terms that a change of system is imperatively demanded and that capitalism is doomed. The politicians and would-be statesmen with the one-track minds are still prone to hold back and fight progression. They seem to be of the opinion that the prevailing upheaval is nothing more than a passing cloud; that it will soon be over and we will return to the old system. Well, they are due for a rude awakening, for unless all signs fail we will within the coming year become adherents of a new system. We must have relief from this sorely depressing condition. Either radical legislation that will harmonize our economic and industrial system, or it will be brought about by revolution. We are nearing a crisis, the dawn of a new epoch. Prompt legislative action along these lines will save an overthrow of the existing governmental system with its attending untold suffering. Tradition and conventionalism must for once be ignored.

THE 3-PERCENT TAX ON ELECTRICITY AND THE EARNINGS OF UTILITY COMPANIES

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein some remarks of my colleague, the gentleman from Pennsylvania [Mr. ELLENBOGEN].

The SPEAKER. Is there objection?

There was no objection.

Mr. SNYDER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article written by Congressman HENRY ELLENBOGEN, of Pennsylvania:

Congress has recently passed and President Roosevelt has signed an act which has made a most wholesome and equitable change in the 3-percent tax on the consumption of electricity.

In the spring of 1932, when the need for additional revenues arose, it was suggested in Congress to levy a tax upon electrical energy sold for domestic or commercial consumption equivalent to 3 percent of the price for which the electricity was sold. It was then proposed that this tax should be paid by the electric utility companies and not by the consumers of electric power. Indeed, it was so voted.

Due to pressure brought by the utility companies this was changed. The 3-percent tax was shifted from the electric companies and placed on the consumers. In that form the act was signed by President Hoover on June 6, 1932.

The situation was most unjust. Electric companies were then charging exorbitant prices for electricity and were making excessive and illegal profits. The burden of this tax should have been placed upon the electric companies, who were well able to bear it, and not upon the consumers.

This injustice has now been remedied. The Act of Congress passed in June 1933 provides that after September 1, 1933, the 3-percent tax must be paid by the utility companies producing the electricity, and not by the consumer.

This will mean a saving for every consumer of electricity. The tax of 3 percent, heretofore borne by the consumer and paid out of his pocket, will hereafter be paid by the utility companies out of their swollen profits.

The utility companies have lobbied against this change, claiming that it will necessitate increasing the rates for electricity. This is not true. There will be no need to revise the rates charged for electricity. Even after paying the 3-percent tax on electricity sold by them, the utility companies will still make grossly excessive and illegal profits.

Electricity is a vital necessity. A utility company engaged in the sale of electricity is engaged in a public and not in a private business. It has a monopoly.

If we desire to purchase other commodities, such as clothing, for instance, we can go to any number of stores which compete with each other. It is this competition which fixes the price of commodities at a reasonable level. But when we need electricity we have no choice. We can buy it from one company only, from the company which has been chartered by an agency of the State to furnish electricity in a given territory. In Pittsburgh, for instance, we must buy it from the Duquesne Light Co. To carry this example further, let us remember that when we buy other commodities we can select those which suit our purse, but when we buy electricity we must pay the price charged by the company or else be denied an essential and vital necessity of life.

Utility companies render a service which is not a luxury but a necessity. They have no competition. The consumer has no choice in the matter. For these and other reasons it was early recognized in the law that utilities are engaged in a public and not in a private business, and that therefore they must be regulated in the interest of the public. About 300 years ago, long before our Government was created, in the reign of King James of England, the law relating to utilities was stated by Lord Hale in a few simple lines:

"Every ferry", said Lord Hale, "ought to be under public regulation, to wit, that it give attendance at due time, keep a boat in due order, and take but reasonable toll."

In more modern language, this means that every utility company furnishing light, heat, gas, transportation, or telephone service should be subject to public regulation, so that the public may be assured of adequate and proper service at reasonable and just rates.

The United States Supreme Court, in the case of *Milheim* v. *Moffat Tunnel, etc.* (262 U.S. 710), in strong terms and unequivocal language, laid down the rule that utilities, whether owned privately or publicly, are engaged in a public business.

The Court there said that—

"Whether the use of the railroad is a public or a private one depends in no measure upon the question of who constructed it and owned it. No matter who is the agent, the function performed is that of the state. Though the ownership is private, the use is public."

For a long time public utilities were regulated by the legislature. But with the number of utilities increasing, a more scientific, a more direct, and convenient method had to be adopted, and in most States the legislatures delegated their functions to public-service or public-utility commissions. In Pennsylvania this was done in 1913 by the creation of the public-service commission.

The legislature is the representative and the agent of the people. When it delegated its power to regulate and control the utilities to a commission, it was decreed, in effect, that the public-service commission should act as the agent and representative of the people in supervising utilities. The Public Service Commission of Pennsylvania was thus charged with the regulation and control of utilities and it was its duty to see that utility companies should—

1. Give reasonable and adequate service.
2. At reasonable and fair rates.

Instead of doing so, the Public Service Commission of Pennsylvania has permitted utility companies to charge exorbitant rates and to make excessive and illegal profits.

Under the law utilities are only allowed a reasonable profit or rate of return on the fair value of the property owned by them. This rate has been fixed at 7 percent in Pennsylvania. Thus utilities in Pennsylvania are legally allowed to earn 7 percent on their investment, or, to put it more accurately, they are allowed a profit of 7 percent on the fair value of the property used by them.

If the Pennsylvania Public Service Commission had represented the people, it would have forced every utility company which earned more than 7 percent on the fair value of its property to reduce its rates until the income of the utility company was 7 percent. But instead of representing the people the Public Service Commission of Pennsylvania was under the domination and control of the utility companies. Had there been no regulation at all, the profits and earnings of these utility companies could not have been any higher. They charged as much as the traffic would bear.

In 1929 the bureau of accounts examined certain reports rendered by electric companies of Pennsylvania and placed before the Public Service Commission of Pennsylvania figures which showed that these electric companies in that year had earned 9.2 percent instead of 7 percent, and had made an illegal profit in 1 year alone of $21,124,674.

The valuation of the electric companies in Pennsylvania in that year, as shown by their own reports, was $937,928,906.

As already stated, the law allows to utility companies a fair return, which in Pennsylvania has been fixed at 7 percent. In that 1 year we find the following earnings:

Earnings derived from operating income	$86,779,697
Compare this with a 7-percent return on the valuation of $937,928,906, shown above, which would be	65,655,023
This shows an excessive or illegal profit made by electric companies of Pennsylvania in that one year of	21,124,674

We must keep in mind that these valuation and earning figures were taken from the reports of the utility companies themselves and were not rendered by impartial experts. These figures included known "write-ups" amounting to $80,273,136.

A "write-up" is an amazing thing. It can best be explained by an example. Suppose a utility company builds a plant for the generation of electric power at an expenditure of $10,000,000. Ten years later the utility company changes its books so that the value of that plant is raised from $10,000,000 to $15,000,000. This is what is known as a "write-up" of $5,000,000.

The practice of "write-ups" is frequently used by utility companies to hide excessive earnings. It is also known as "watered stock."

These write-ups were never justified and are certainly not justified today, in view of the tremendous decrease in the prices of raw materials and real-estate values.

When these write-ups of $80,273,136 are deducted the rate of return in that year for electric companies in Pennsylvania amounts to 10.11 percent instead of 7 percent, and the illegal profit is $26,743,793.

Thus in that 1 year alone electric utility companies in Pennsylvania made illegal profits of at least $26,743,793, which is equivalent to a 7-percent return on an investment of $382,054,186. This, in turn, represents 45 percent of the valuation fixed by the electric companies themselves less known write-ups. In plain language, it means that in that one year the electric companies of Pennsylvania, by their own admission, overcharged the people of Pennsylvania $26,743,793, and thereby reaped a 7-percent return on a nonexistent, fictitious investment of $382,000,000.

If the true valuation of the utilities would be considered, instead of the figures given by the companies themselves, the excessive or illegal return would be even much higher.

Let us consider just one more example—the Duquesne Light Co., of Pittsburgh. During the years for which I have collected the figures the Duquesne Light Co. made the following profit in excess of a fair return of 7 percent:

	Excess
1925	$3,219,381.57
1926	3,687,225.54
1927	3,327,032.22
1928	5,250,000.00
1929	5,810,159.00
1930	5,678,397.00
1931	6,103,559.00
Total excessive profit for 7 years	33,075,754.83

For the years 1928 to 1931 I have excluded a write-up made in 1928 by the Duquesne Light Co. of $14,500,000.

If this write-up is disallowed, the Duquesne Light Co. in a 7-year period from 1925 to 1931 made excessive profits of about $33,000,000.

If the write-up of $14,500,000 is allowed (which should not be done), the excessive profits amount to—

	Excess
1925	$3,219,381.57
1926	3,687,225.54
1927	3,327,032.22
1928	4,000,000.00
1929	4,667,884.00
1930	4,532,214.00
1931	4,945,278.00
Total excessive profit	28,379,015.33

This is an astounding revelation.

If we consider the years of 1930 and 1931 alone, 2 years of adversity and depression, 2 years of misery and starvation for millions of our people, we find that in those 2 years the Duquesne Light Co. made excessive profits of nearly $12,000,000.

It is now known that the Duquesne Light Co. keeps two sets of books containing the valuation of its property. One for rate-making purposes, which shows a valuation of $152,000,000 for its property, and another set of books for tax-paying purposes, wherein its property is valued at only $112,000,000. This is a difference of $40,000,000 on which a legal return of 7 percent amounts to nearly $3,000,000 every year.

It is stated by competent authorities that the excessive or illegal profits in the United States of electric companies alone—not considering gas, transportation, and other utility companies—are at least $500,000,000 every year.

It has been justly said that the overcharges by utility companies constitute the greatest racket in America. Incomplete investigations, conducted by the Federal Trade Commission, show "write-ups" or "water" far in excess of $520,000,000.

On this amount the people of Pennsylvania and of the United States must pay a profit not for a day, not for a year, but, unless some change is made, we and our descendants must pay a profit forever.

When we consider these figures of excessive and exorbitant profits, it becomes quite clear that the 3-percent tax now placed on the utility companies instead of on the consumers will not affect the fair earnings to which utilities are entitled, but will only slightly reduce the illegal earnings which these electric companies have been making.

The shifting of the 3-percent tax from the back of the consumer to the utilities was an act of justice and equity.

This Act of Congress marks only a beginning. The rates for electricity, gas, water, transportation, and telephone must be

lowered. The swollen profits of the utility companies must be reduced to a fair figure. The time has come when the consumer must be given a new deal, a square deal.

EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on what are known as "the four Mapes bills", prepared by our colleague from Michigan [Mr. MAPES], and the fiscal affairs relating to the District and the Government and to incorporate some excerpts therein.

Mr. HOLMES. I object.

The SPEAKER. The gentleman, of course, has permission to extend his own remarks, but not the extracts referred to.

Mr. BLANTON. Mr. Speaker, I have a report that goes back to the time of the Ben Johnson report, which is very enlightening on the affairs of the District, and it backs up the hard work that was done by our colleague from Michigan [Mr. MAPES]. I was asked to make this report, and does anyone object to my putting in these extracts?

The regular order was demanded.

The SPEAKER. Is there objection?

Mr. HOLMES. I object.

Mr. BLANTON. Then I will later on print my report without the excerpts, to which the gentleman from Massachusetts [Mr. HOLMES] objects. But at this time I will avail myself of the privilege granted Members to extend, by calling attention to the nature of my report on fiscal affairs that I will print in the RECORD within the next few days, and earnestly request my colleagues to watch for this report and read it.

In the Seventy-first Congress there was passed House Resolution 285 which directed the Speaker to appoint a select committee, designated as "The Select Committee on Fiscal Relations between the United States and the District of Columbia." The Speaker appointed on this committee our colleagues and former colleagues, Carl E. Mapes, of Michigan, chairman; William P. Holiday, of Illinois; E. M. Beers, of Pennsylvania; Edwin L. Davis, of Tennessee; Ross A. Collins, of Mississippi; and Wright Patman, of Texas, and James A. Frear, of Wisconsin.

This committee was directed by said Resolution 285 to investigate the various elements, factors, and conditions which were deemed pertinent and essential to the accumulation of data and information bearing upon the question of said fiscal relations and to recommend what amount the United States should contribute annually toward the development and maintenance of the municipality of the District of Columbia. This committee was also directed to investigate fully the various forms of municipal taxation and sources of revenue and to recommend to Congress new forms and sources, as were just and fair, and was given specific authority to report bills, carrying out the purposes of such resolution.

This special select committee, presided over by our able and dependable friend from Michigan [Mr. MAPES], began holding public hearings on December 3, 1930, and its printed hearings show that it went into the subject carefully, scientifically, fairly, exhaustively, and justly to all concerned. More than a year was consumed by said committee in its careful and deliberate study of the problems before it. Never before in the history of Congress had there been such a far-reaching, exhaustive investigation of the subject. On December 15, 1931, this select committee, through its said chairman [Mr. MAPES], filed its report, unanimously agreed to and signed by all members of the committee, except that Mr. FREAR filed a separate report far more drastic than that of the others, which is report no. 1, first session Seventy-second Congress; and it would be worth his while for our friend from Massachusetts [Mr. HOLMES], who objected to my filing valuable excerpts with the report I am going to make, to read this Mapes report of 55 printed pages in its entirety, because he has prevented me from quoting any excerpts from it. It is quite an interesting fact to be remembered that Boston is the only city in the United States that receives any contribution from the State because of State property used for State public institutions, Boston receiving from the State of Massachusetts the sum of $32,950 annually.

This Mapes committee showed that there is no inheritance tax or estate tax imposed in the District of Columbia, and it introduced and passed in the House a bill to levy a small estate tax here, but the bill has died in the Senate.

This Mapes committee showed that there is no income tax imposed in the District of Columbia, so it introduced and passed in the House a bill imposing a small income tax here, but this bill also died in the Senate.

The Mapes committee showed that for the past 10 years the tax on gasoline in the District of Columbia was only 2 cents per gallon, while in Virginia the tax is 5 cents on the gallon and in Tennessee the tax is 7 cents on the gallon, so it introduced and passed in the House a bill to impose an additional 1 cent per gallon tax on gasoline, and this bill died in the Senate.

The Mapes committee showed that in the District of Columbia there is a flat rate of $1 registration fee on all automobiles, whether Fords or Pierce Arrows, while in the States citizens have to pay a registration fee of many times the $1 paid in Washington, hence the committee introduced and passed in the House a bill to impose a registration fee on automobiles here in Washington comparable to the lowest fee charged in any of the 48 States, but this bill also died in the Senate.

The Mapes committee showed that the tax rate in the District of Columbia was only $1.70 on the $100, on real and personal property, with an exemption of $1,000 allowed on household furniture, and a rate on intangible property of only 50 cents on the $1,000. While in the city of Boston, Mass., the tax rate was $2.92 on the $100 and that the citizens of Milwaukee, a city comparable in size to Washington, pay 70 percent more taxes than do the people of Washington.

And this next year the tax rate in the city of Washington, D.C. will be only $1.50 on the $100.

The finest water in the world, largely paid for originally by the United States, is furnished here to the people of Washington at a cost of only $8.75 per year to the average family.

At a great cost to the United States Government, Washington enjoys over 1,200 fine parks, counting large and small.

Half of the cost of the Million Dollar Bridge on Connecticut Avenue, the Tiger Bridge, and the many other fine bridges in Washington was paid for by the United States Government. And all of the expense of the $2,500,000 Francis Scott Key Bridge and the $14,000,000 Memorial Bridge spanning the Potomac was paid for by the United States Government.

The United States pays all of the expense of maintaining Howard University, St. Elizabeths and several other fine hospitals here, the Deaf and Dumb Institution, Zoo Park, the United States Park Police force, the White House Police force, the Capitol Police force, the Senate and House Office Police force, and many other civic forces in the District of Columbia.

Yet this Mapes committee showed in its report that the District of Columbia was receiving annually from the Government of the United States a contribution of $9,500,000 in cash toward paying its yearly civic expenses.

In the bill we succeeded in getting passed by Congress the other day we have cut this contribution down for the coming fiscal year to $5,700,000.

The above are just a few of the many, many subjects that I will discuss in detail in the report that I will print in the RECORD shortly. I will show what the District of Columbia received from the Federal Government before the time of Ben Johnson. I will show what it received during the time Ben Johnson was Chairman of the District Committee. I will show what it has received during the many years that have followed the days of Ben Johnson's service. I will show that the citizens of Washington, D.C., have been blessed by living in the Nation's Capital, close to the hearts of Congressmen and Senators, as no other people have ever been blessed before in the entire history of the world. Just why the gentleman from Massachusetts should deny me the privi-

lege of incorporating in my report valuable excerpts from many historical authentic documents that throw great light on the subject I cannot understand. Possibly, when he reflects, he will want this report of mine to be full and complete, and he will withdraw his objection in time for me to incorporate such excerpts in my report. I hope that all of my colleagues will take the time to read it, when it is printed in the RECORD.

Mr. DUNN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DUNN. Mr. Speaker and Members of the House, many Members of this House, like myself, have introduced bills which I believe, if enacted into law, would go far toward solving the economic problems of the citizens of the United States.

I introduced a banking bill guaranteeing all deposits placed in banks. In today's CONGRESSIONAL RECORD there are about 100 names of Congressmen who maintained they would not agree to an adjournment of Congress unless a banking bill would be passed which would guarantee the safety of money placed in the banks by the citizens. I notice my name was not on that list. I would have willingly signed a petition had my attention been called to it. Congressmen MULDOWNEY, KELLY, and BROOKS, all from Pittsburgh, Pa., would have willingly signed the petition. In fact, I would be willing to stay here until St. Patrick's Day in 1940, if necessary, to have enacted into law bills which would benefit the people of our Government. [Laughter and applause.]

Mr. SABATH. Mr. Speaker, I ask unanimous consent to extend my remarks and insert some extracts from the hearings before the Judiciary Committee on the abuses in exchange manipulation.

The SPEAKER. Is there objection?

Mr. BRITTEN. Reserving the right to object, how many pages of the hearings?

Mr. SABATH. Oh, about 4 or 5.

Mr. BRITTEN. There are many pages taken up in the RECORD of hearings that have already been printed at Government expense and for no purpose whatever.

Mr. SABATH. This is a matter that the country is much interested in.

Mr. BRITTEN. I object.

THE "NEW DEAL" FOR WORLD WAR AND SPANISH-AMERICAN VETERANS IS NOT A SQUARE DEAL

Mr. GUYER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include some telegrams, also an extract from a newspaper relative to one soldier's case.

The SPEAKER. Is there objection?

There was no objection.

Mr. GUYER. Mr. Speaker, I wish to add my voice to that of those who have spoken with regard to the cruel injustices in the administration of the Economy Act, both to the World War veterans and to the Spanish-American volunteers. I do not believe the President knows the degree to which the action of his Budget Director has deprived tens of thousands of these Spanish-American soldiers, who are too old and disabled to work, of the last vestige of support in their declining years. I am sure if the President fully realized this injustice he would not object to the provisions of the Steiwer amendment.

I would be the last to censure the President or make his task any more difficult than it is. In recent years I have seen all too much of that indecent partisan rancor that hurled its venom at a President just as conscientious and sincere as any President that ever occupied the White House.

It has been said: "Uneasy lies the head that wears a crown." But not any more uneasy than the one that is pillowed in the White House. That "fierce light that beats upon a throne" is not more fierce than that which flames about the Presidential chair. Upon the gates of the White House should be carved as upon the portals of Dante's Inferno: "All hope abandon ye who enter here." Here the price outweighs the prize. Only a giant can endure its corroding, wasting force. It saps the life like a vampire and like a vampire mocks.

I have been more or less familiar with the last six Presidents. I met each before he was President and during their respective terms, and saw all of them after their tenure of office except President Harding, who died in office. All of them schriveled under its merciless glare like grass before a sirocco. It crushes like a juggernaut and always will.

We thought the serene and unruffled equanimity of President Coolidge would be proof against the corrosion of this devastating experience, but we know now that under that calm and seemingly imperturbable temperament the unrelenting grind and the pitiless and persistent curiosity of the public reduced even the granite resistence of this stoic-souled Puritan, and shortened his years.

The deadly assault upon the then President-elect at Miami was just another reminder that the President is always aware that he may at any moment become the target of the fury of some maniac, so that more and more he is hedged about by secret-service men and deprived of any real privacy by reason of which he becomes a prisoner of public solicitude.

Hence, to all the overwhelming responsibility and everlasting anxiety inseparable from this high office, I would be the last to add to its perplexity by undue criticism; but I feel I must call to the attention of the President, as well as to the country, the pathetic results of the administration of the Economy Act, particularly as applied to the Spanish-American soldiers. It is our last Volunteer Army and deserves a better fate. With the permission granted by the House, I include a newspaper quotation, the like of which is appearing in the press all too often these days:

A MISSOURI VETERAN A SUICIDE

AURORA, Mo., May 31.—The body of Elmer M. Case, 54, Spanish-American War veteran, was found this afternoon by his son, Folda, in his home in Mount Vernon. J. Finis King, coroner, attributed death to suicide. Friends say Case had lost his job in the Bureau of Printing and Engraving in Washington and that his pension had been cut recently.

With the permission granted by the House, I am including the following telegrams from veterans' organizations received by me appealing for support of the Connally amendment:

OTTAWA, KANS., *June 7, 1933.*

Boltwood Camp No. 40, U.S.W.V., urge you to support Connally amendment to independent offices appropriation bill.

C. E. STEELE, *Commander.*

OTTAWA, KANS., *June 7, 1933.*

Boltwood Auxiliary No. 23 urge you to support Connally amendment to independent offices appropriation bill.

MRS. ETTA DEWALD, *Secretary.*

PAOLA, KANS., *June 6, 1933.*

A. V. Ricketts Camp, U.S.W.V., Paola, Kans., as a whole, urge acceptance by House of Connally amendment to independent offices appropriation bill.

IRA N. BRYAN, *Commander.*

PAOLA, KANS., *June 6, 1933.*

Auxiliary No. 24, A. V. Ricketts Camp, U.S.W.V., Paola, Kans., as a whole, urge acceptance by House of Connally amendment to independent offices appropriation bill.

MINNIE M. BRYAN, *Auxiliary President.*

KANSAS CITY, KANS., *June 6, 1933.*

Members of Malolos Camp No. 6, U.S.W.V., are pleading with you to support Connally amendment to independent offices appropriation which limits cut in pension of any Spanish War veteran or widow to 25 percent.

AEBERT LEWIS, *Commander.*

KANSAS CITY, KANS., *June 6, 1933.*

Members and friends of Malolas Auxiliary, no. 16, are urging you to support Connally amendment to independent offices appropriation bill, which limits cut in pensions to Spanish War widows or veterans to 25 percent.

LIZZIE RAINE, *President.*

FORT SCOTT, KANS., *June 6, 1933.*

Forty members of camp urge your support of Connally amendment, independent offices bill, limiting cut in Spanish War veterans' and widows' pensions to 25 percent.

CHARLES P. WARNER,
Commander Howard Olds Camp, No. 26, U.S.W.V.

LAWRENCE, KANS., *June 6, 1933.*

Joseph A. Wahl Camp and Auxiliary urge you to support Connally amendment to independent offices appropriation bill, which limits cut in pension of any Spanish War veterans or widows to 25 percent.

C. J. WINTER, *Commander.*

KANSAS CITY, KANS., *June 7, 1933.*

Respectfully request your support of Connally amendment, independent offices bill.

MRS. RUTH WADDELL.

TOPEKA, KANS., *June 7, 1933.*

Sincerely urge your support of Connally amendment despite administration action. In no other way can we secure adequate relief for disabled.

RED RYAN,
Adjutant, Department of Kansas, American Legion.

FREDONIA, KANS., *June 6, 1933.*

Urge you to work and vote for acceptance Connally amendment.

F. A. HOUX,
Commander, Department of Kansas, U.S.W.V.

These telegrams were not dictated by selfish motives. These veterans are willing to bear their share of the burden of balancing the Budget and of national recovery, but they know that their comrades by the tens of thousands will suffer bitterly if the regulations adopted by the President stand. Thousands of these men have purchased homes and have depended upon the monthly pension to take care of the payments on the home. Then this calamity came upon them, and with it at this time of unemployment many have lost their jobs. Taken altogether, it comprises the most pathetic situation that ever confronted a group of veterans in the history of this country. This Congress should not adjourn until this wrong is righted. This fine volunteer army should not be left exposed to poverty and thus become the object of charity.

The care of the indigent and destitute is a tax on the community. To make these gallant soldiers the beneficiaries of charity is an overwhelming humiliation. This Nation cannot afford to inflict such a rank injustice upon its benefactors in their time of need. A fair and just pension would enable these veterans to retain their pride and self-respect as a reward for honorable service in time of war.

The regulations do not take into account the fact that Army records are incomplete, which makes it an impossibility to establish service connection, and after over a third of a century it is likewise impossible to secure lay evidence to supplement the meager official records. This works a great injustice upon many thousands of men whose records are genuine but who lack the proper evidence to establish their right to benefits which they so sorely need just at this time.

In the early days of this session of Congress I introduced H.R. 5077, which provided for about 50 percent of the old Spanish War pension rates, in the hope of reestablishing the principle of a service pension, thinking that the rates could be increased by amendments in passage, or if not that, then when our financial skies were fairer the rates could be raised. The multiplicity of legislation and the opposition of the executive department to such liberalization has prevented its consideration on the floor this session. Next session I shall introduce a still more liberal bill in the hope that justice will be done.

If this Congress will do justice to these men who gallantly defended their country where the hell of battle plunged, it can return home with more pride for this simple act of justice than for all our far-flung legislative experiments.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5755. An act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes; and

H.R. 5790. An act to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1425. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933;

S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended; and

S. 1648. An act to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval a bill of the House of the following title:

H.R. 5790. An act to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

RECESS

Mr. BYRNS. Mr. Speaker, I move that the House stand in recess subject to the call of the Speaker.

Mr. MAPES. Mr. Speaker, before that motion is put can we have some statement as to the probable hour that the House will meet again?

The SPEAKER. The House will not be called to order again before 8 o'clock, and there will be 15 minutes' notice by bell.

The motion was agreed to; accordingly (at 5 o'clock and 43 minutes p.m.) the House stood in recess at the call of the Speaker.

AFTER THE RECESS

The recess having expired, the House was called to order by the Speaker at 8:15 o'clock p.m.

AMENDING THE CRIMINAL CODE

Mr. McKEOWN. Mr. Speaker, I present a conference report upon the bill (H.R. 5091) to amend section 289 of the Criminal Code, and ask unanimous consent for its present consideration.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent for the present consideration of the conference report. Is there objection? Without objection, the Clerk will read the statement in lieu of the report.

There was no objection.

The Clerk read the statement.

CONFERENCE REPORT

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5091) to amend section 289 of the Criminal Code, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 3.

Amendment numbered 1: That the House recede from its disagrement to the amendment of the Senate numbered 1 and agree to the same with an amendment as follows: In

lieu of the matter proposed to be inserted by the Senate amendment insert "June 1, 1933, and remaining in force at the time of the doing or omitting the doing of such act or thing"; and on page 2 of the House bill, line 4, strike out all after the word "punishment", through the word "District" in line 8; and the Senate agree to the same.

HATTON W. SUMNERS,
TOM D. MCKEOWN,
J. BANKS KURTZ,
Managers on the part of the House.

WILLIAM H. KING,
H. D. STEPHENS,
WM. E. BORAH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5091) to amend section 289 of the Criminal Code, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House bill made the commission of any act or the omission to do any act, not made penal by any laws of Congress, upon any land under the exclusive jurisdiction of the United States, punishable under State, Territorial, or District law making such act penal in the State, Territory, or District in which such lands are situated, provided such law was in force on January 1, 1933; and for such purposes continued such State, Territorial, or District laws in force notwithstanding any subsequent repeal or amendment thereof by the State, Territory, or District. Senate amendment no. 1 provides that the State, Territorial, or District law must be in force "at the time of the doing of such act or thing"; and amendments nos. 2 and 3 provide that for the purposes of the Federal law the State, Territorial, or District law shall continue in force notwithstanding the repeal or amendment thereof "subsequent to the doing of such act." The Senate recedes on amendments with nos. 2 and 3, and the House recedes on amendment no. 1 with an amendment, the effect of which is to make the act or omission punishable by the law in force "on June 1, 1933, and remaining in force at the time of the doing or omitting the doing of such act or thing."

HATTON W. SUMNERS,
TOM D. MCKEOWN,
J. BANKS KURTZ,
Managers on the part of the House.

Mr. McKEOWN. Mr. Speaker, I move the previous question upon the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

INDUSTRIAL RECOVERY ACT

Mr. HARTER. Mr. Speaker, I ask unanimous consent for the present consideration of the following concurrent resolution, which I send to the desk, and ask to have read.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H.R. 5755) to encourage national-industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, the Clerk of the House is authorized to make the following necessary change:

In section 202 strike out the word "therefor" and insert in lieu thereof the words "by the Navy."

Mr. HARTER. Mr. Speaker, this proposed concurrent resolution is introduced for the purpose of clarifying the language and the meaning of a certain part of the so-called "industrial recovery and public works bill." Two amendments were inserted in that bill by the Senate, known as "amendments 49 and 50." Amendment 49 was deleted by the conferees of the House and the Senate and amendment 50 was changed. Some discussion was had of these amendments in the Senate yesterday, but there seems to be some ambiguity as to whether the bill in its present form and language permits the building of lighter-than-air ships.

Mr. RAGON. Mr. Speaker, will the gentleman yield?

Mr. HARTER. Yes.

Mr. RAGON. Just what does the resolution seek to do?

Mr. HARTER. In view of the fact that the joint committee appointed by the Congress to investigate the loss of the U.S.S. *Akron* and the utility of airships in general, is about to file its report deciding that airships do have utility in naval operations and recommending the building of further airships for the Navy, I feel this concurrent resolution should be adopted, because it purposes to put the bill in such shape that the President will be authorized under the terms of the Industrial Recovery Act to apportion money for the building of lighter-than-air ships as well as surface ships.

Mr. RAGON. Mr. Speaker, permit me to say to the gentleman from Ohio that the conferees cut this out for the simple reason that they had in mind that it was covered under another provision of the bill. Secretary Swanson first sent that amendment up to the House Ways and Means Committee, and I think I introduced the amendment myself. The amendment was defeated by the committee upon the ground of the advice given to us there by the proponents of the bill, to the effect that the proposition of the construction of airships was covered by another feature of the bill. That amendment which I introduced for Senator Swanson was defeated. The bill went to the Senate. The amendment was put in there. In conference we had constantly with us General Johnson and were in constant communication with him as to the effect of the different phases of the bill. Finally the conferees decided to cut that out, and I call the gentleman's attention to the language on page 19, beginning on line 2, which reads as follows:

Construction, repair, and improvement of public highways and parkways, public buildings (including the remodeling of buildings hereby authorized to be purchased for Federal purposes), and any publicly owned instrumentalities and facilities.

It was the general consensus of opinion of the conferees that that language covered everything from a martin box to a dreadnaught if it was publicly owned or was a public instrumentality or was a public facility. We thought at the time it would be just cluttering up the bill by inserting those things. There is an old rule of law that whenever you specify you are liable to eliminate. I do not quote it with exactness, but that is what it means. So we avoided, as much as possible, both in the Committee on Ways and Means and in the committee of conference, specifying anything, because we felt that when we specified we put a limitation that might shut off something else. We are leaving it to the discretion of the President of the United States to spend this money for the construction of publicly owned facilities and everything else, and I think that covers the matter. I think it covers the point the gentleman has in mind. That point was discussed at length by the conferees, and after we had discussed it and counseled with our advisers, we decided to eliminate it and let the entire bill rest upon the part I have just read, commencing in line 2, page 19. I do not think you will find half a dozen exceptions in the entire bill to that phrase in the bill.

Mr. HARTER. I thank the gentleman. In referring to the proponents of the bill, does the gentleman refer to the administration?

Mr. RAGON. Yes; those who were in that committee and in the conference.

Mr. McCLINTIC. Will the gentleman yield?

Mr. HARTER. I yield.

Mr. McCLINTIC. If I understood the gentleman correctly, he made the statement that a special committee had decided we should build airships in the future, comparable with the *Akron* which has just been destroyed. Even if the committee did make any such report as that, it does not in any way bind this House. Furthermore, the country knows that two members of the committee of this House were mem-

bers of the Military Affairs Committee and two were members of the Naval Affairs Committee, and that the country is not going to take the views of that kind of a committee as being the views of the taxpayers of this country, and until this subject is gone into in a manner where everybody can be heard, I dare say there will not be any appropriation or authorization for a ship of that size or type in the future.

Mr. DELANEY. Will the gentleman yield?

Mr. HARTER. I yield.

Mr. DELANEY. The committee, composed of 5 Senators and 5 Congressmen, has been investigating this subject now for 3 weeks, and they have finally come to a conclusion. Eight members have signed this report. Senator JOHNSON has not signed, because he was not at the meeting, and Senator KING may file a minority report; but eight members of this committee have decided that we shall continue building this type of ship.

Mr. McCLINTIC. That does not in any way bind the Congress.

Mr. DELANEY. I do not say that it does.

Mr. McCLINTIC. Then the statement that the committee has favorably recommended the construction of this ship is erroneous. Nearly everybody knows that a ship 800 feet long is so large that when it flies into air currents it is liable to have one end pushed up and the other end pushed down, and it is liable to have the same kind of disaster as was had with this ship. I dare say I have been in as many windstorms as any man on this floor.

Mr. O'CONNOR. The House does not know that. The committee has been trying to find that out, and until the committee reports we do not know whether that is true. So when the gentleman says everybody knows, the House of Representatives does not know whether a ship 800 feet long or a ship 600 feet long comes under that circumstance.

Mr. McCLINTIC. The gentleman cut me off before I completed my statement. I want to finish the statement I was making. I have been in probably as many windstorms as any Member on this floor. I have seen half of a room jerked right out of the house and the balance left intact. I have seen every kind of freak that one can think of as a result of a windstorm, and when you build ships of this size you can expect the same thing to happen which took place a few months ago with respect to the *Akron*.

Mr. DELANEY. The gentleman will agree that those ships are now in the experimental stage. We were endeavoring to find out whether they will be practicable or not. In 3 weeks' time we had witnesses from all over the country. We invited everybody there, and at the end we came to the decision that we should build these ships because they were practical and a fine defense for our country in time of war.

Mr. McCLINTIC. I understand the ship broke in two where it was damaged before.

Mr. DELANEY. No. The evidence is just to the contrary.

Mr. McCLINTIC. The evidence has not been brought here yet, and of course nobody knows what took place, anyhow, we know that England and many other nations have abandoned dirigibles. In fact, new ships were taken out and destroyed in order to prevent disasters in the future similar to the one that happened to the *Akron*. I will not be surprised to learn that the *Macon* goes to pieces the first time it ever runs into a storm, as it is too long and its frail superstructure cannot combat a storm condition. Therefore, the taxpayers' money should not be wasted in the future in order to help certain companies that want to secure contracts from the Government.

Mr. DELANEY. The evidence shows the ship was making 60 miles an hour and there was a 40-mile wind behind it.

Mr. RAGON. Will the gentleman yield for a moment?

Mr. HARTER. I yield.

Mr. RAGON. Mr. Speaker, I would suggest to the gentleman from Ohio that this bill will go to the President tomorrow afternoon for his signature. I do not know that this resolution could affect in any way the progress of that bill. I cannot see, not being sufficiently grounded in parliamentary procedure here, how this can affect it. I understand Senator REED also made a statement along the line that I have made here, and in view of this statement I hope that my friend will do nothing to impede the progress of that bill, because I am as sure as I am standing here that it is now sufficiently covered under the law as it passed both the House and the Senate. I have been advised that the bill has even been signed by the Speaker and has been transmitted.

Mr. HARTER. Mr. Speaker, in view of the statement which the gentleman has just made, I will withdraw the concurrent resolution.

The SPEAKER. The gentleman from Ohio withdraws the House concurrent resolution.

PAYMENT TO SEMINOLE INDIANS IN OKLAHOMA

Mr. HOWARD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 554) providing for per capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury.

The SPEAKER. Is there objection to the present consideration of the Senate bill?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to pay to the enrolled members of the Seminole Tribe of Indians of Oklahoma entitled under existing law to share in the funds of said tribe, or to their lawful heirs, out of any money belonging to said tribe in the United States Treasury or deposited in any bank or held by an official under the jurisdiction of the Secretary of the Interior, not to exceed $35 per capita: *Provided*, That said payment shall be made under such rules and regulations as the Secretary of the Interior may prescribe: *Provided further*, That in cases where such enrolled members, or their heirs, are Indians who belong to the restricted class, the Secretary of the Interior may, in his discretion, withhold such payments and use the same for the benefit of such restricted Indians: *Provided further*, That the money paid to the enrolled members or their heirs as provided herein shall be exempt from any lien for attorneys' fees or other debt contracted prior to the passage of this act: *And provided further*, That the Secretary of the Interior is hereby authorized to use not to exceed $2,000 out of said Seminole tribal funds for the payment of salaries of necessary employees and other expenses for the distribution of said per capita payments.

The bill was ordered to be read a third time, was read the third time, and passed. A motion to reconsider was laid on the table.

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. LOZIER. Mr. Speaker, the RECORD of June 6, roll calls 56 and 57, showed that I was not present and did not vote. The RECORD is accurate, but upon that occasion I was not idling. As a member of the special Veterans' Committee, I was in conference with the President at the time those roll calls were taken. I want the RECORD to show this fact.

TERMS OF DISTRICT COURT OF CONNECTICUT

Mr. CONDON. Mr. Speaker, I call up Senate bill 1650, amending section 74 of the Judicial Code, as amended (U.S.C., Annotated, title 28, sec. 147), and ask unanimous consent for its immediate consideration.

The Clerk read the title of the bill.

Mr. BLANTON. Mr. Speaker, we cannot tell from the title what this bill is. I ask that the bill be reported.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the State of Connecticut shall constitute one judicial district to be known as the "district of Connecticut." Terms of the district court shall be held at New Haven on the second Tuesday in February and the third Tuesday in September; at Hartford on the second Tuesday in May and the first Tuesday in December; at Norwalk on the third Tuesday in April; and at Columbia on the first Tuesday in September: *Provided*, That suitable rooms and accommodations shall be furnished for the holdings of said court and for the use of the officers of said court at Norwalk and Columbia free of expense to the Government of the United States.

Mr. SNELL. Mr. Speaker, may I ask the gentleman if this bill has been reported by the Judiciary Committee?

Mr. CONDON. No; this bill has not been reported by the Judiciary Committee, but the chairman of that committee has directed me to ask that this bill be called up in this manner.

The only change made in existing law is the provision for an additional sitting of the court at Columbia, and this is desired by the district judge there and also the bar of the district of Connecticut. It will be a great convenience both to litigants and practitioners before that court and will be no expense whatever to the Treasury.

Mr. SNELL. I know nothing about this bill, of course. I do not want to object, but I think it is poor policy to bring up bills that have not had consideration by a committee of the House.

Mr. CONDON. I may say to the gentleman that it is the practice in the Judiciary Committee to report out these bills when there is no objection on the part of the people in the district and when there is approval by the district judge and it is desired by the bar.

Mr. SNELL. The gentleman means the Judiciary Committee reports them out without any hearing?

Mr. CONDON. Without objection they are reported out with scarcely any more consideration than that.

Mr. SNELL. There is no rule of the House that allows them to do any such thing, I may inform the gentleman.

Mr. CONDON. We have been reporting out bills of this character regularly in this manner.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. CONDON. I yield.

Mr. GOSS. This is a Senate bill the gentleman has called up.

Mr. SNELL. That does not make any difference. It is supposed to receive consideration by a committee of the House; in this instance, the Committee on the Judiciary.

Mr. GOSS. I understand that; but the Chairman of the Committee on the Judiciary is in favor of the bill.

Mr. SNELL. That does not clear the situation.

Mr. GOSS. Possibly not, but had they an opportunity to meet and consider it they would report it out. There is no controversy over the bill.

Mr. SNELL. No doubt the gentleman's statement is correct, but I think it is poor policy to call up bills that have not been regularly reported by the committee and placed on the calendar. That is the general procedure.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I want to ask the gentleman a question. The gentleman probably is not entirely correct in making his statement that holding court at an additional place could not cause any additional expense to the United States.

Mr. CONDON. I did not say that.

Mr. BLANTON. I understood the gentleman to say that this change "will be no expense whatever to the Treasury."

Mr. CONDON. I said I am informed in this particular instance it will not mean any additional expense to the Treasury.

Mr. BLANTON. That is what I want to ask the gentleman about.

Mr. CONDON. That is the general advice the Committee on the Judiciary has received, that it will not cost the Government anything.

Mr. BLANTON. I want to know whether or not the court room, witness rooms, marshal's office, jury rooms, and judge's office, which are necessary for holding court, and the other needed court facilities, will be furnished free to the Government at this particular place where there is to be held this extra session of the court.

Mr. CONDON. That is the information the Senate received and it is so stated in the bill.

Mr. GOSS. Absolutely.

Mr. BLANTON. And the Government will not have to pay for the rental of quarters and things of that kind?

Mr. CONDON. No; nothing of that kind according to our information.

Mr. BLANTON. Then, as one Member, I have no objection.

Mr. DOWELL. Mr. Speaker, reserving the right to object, did I understand the gentleman to say that the only change made in existing law is to provide one additional place for holding court?

Mr. CONDON. Yes; for holding court at Columbia. That is the only change in existing law.

Mr. DOWELL. Mr. Speaker, I have no objection whatever, and I think this is a very proper way to bring this up, as the committee has not had an opportunity to sit and consider the bill. But it seems to me that finally there should be a real revision of the law with reference to the places for holding courts. There are a great many places where courts are now held at great expense to the Government which could be done away with. Court could be held in only a few places instead of the great number that are now distributed over the country. We would save many thousands—yes, many hundreds of thousands of dollars through the elimination of many of these places.

However, I have no objection to the request of the gentleman from Connecticut, and I think this bill is a proper one under the circumstances.

Mr. KVALE. Mr. Speaker, reserving the right to object, will the gentleman permit me to make one observation?

Mr. CONDON. Certainly.

Mr. KVALE. Mr. Speaker, I do not think any minor departures from the accepted rules of the House by any committee are nearly as serious as departures from the rules and the customs of our legislative bodies by conference committees which throw overboard the long service in committee and in the House in the amendment and debate of measures and then bring in measures which forbid us the opportunity of considering and debating upon drastic proposals changing the entire tenor of any matter that we have before us.

I believe the gentleman is justified in departing technically from the rules of the House and in bringing in a measure which would have the entire and absolute approval of every member of the committee.

As these conference reports are brought in here, we should have the right to vote upon the drastic changes that are made affecting the final terms of the measures that have gone through the committees and through the House and have been amended and passed by the Senate and then have gone to conference, and then we find to our sorrow that drastic changes have been made——

Mr. DINGELL. Will the gentleman yield?

Mr. KVALE. I wish the gentleman would permit me to finish my sentence, and then I shall yield.

The regular order was demanded.

Mr. DINGELL. I should like to know what this has to do with holding Federal court in Connecticut.

Mr. KVALE. I thank the gentleman from Michigan for his observation, and I will yield to the demand for the regular order.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

SHIP ISLAND MILITARY RESERVATION IN THE STATE OF MISSISSIPPI

Mr. COLMER. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1813) providing for the sale to Joe Graham Post, No. 119, American Legion, of the lands lying within the Ship Island Military Reservation in the State of Mississippi.

The Clerk read the title of the bill.

Mr. BLANTON. Mr. Speaker, reserving the right to object, we want to know what is in the bill.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That notwithstanding the provisions of the act entitled "An act transferring a portion of the lighthouse res-

ervation, Ship Island, Miss., to the jurisdiction and control of the War Department", approved March 4, 1929, the Secretary of War is authorized and directed to convey by quitclaim deed to Joe Graham Post, No. 119, of the American Legion, Inc., a corporation organized under the laws of the State of Mississippi, all the lands lying within the Ship Island Military Reservation in such State, in consideration of the payment to the United States by such corporation of $15,000; but payment of such sum may be made in equal annual installments over a period of 10 years from the date of such conveyance with interest on such deferred payments at the rate of 5 percent per annum, all interest due to be paid annually. All sums paid to the United States for such land shall be covered into the Treasury to the credit of the military post construction fund. It shall be made a condition of the deed of conveyance herein provided for (1) that the lands so conveyed shall be maintained by such corporation as a national recreational park, (2) that such corporation shall erect and maintain on such lands a suitable monument or other memorial to the veterans of the World War, and (3) that such corporation shall set aside such parcel of land, not exceeding 1 acre in area, within such lands as may be selected by the United Daughters of the Confederacy for the sole use of that organization for the erection and maintenance of a memorial to veterans of the Civil War. If the corporation fails to use such lands for the purposes herein provided or violates any of the conditions of the deed of conveyance or attempts to alienate such lands, title thereto shall revert to the United States.

Mr. PARKER of New York. Mr. Speaker, reserving the right to object, I want to ask if this measure has had the approval of the Lighthouse Department.

Mr. COLMER. It has the approval of the War Department.

Mr. PARKER of New York. The War Department has not control of it, has it?

Mr. COLMER. I will explain to the gentleman further that this portion of the reservation which is proposed to be conveyed to this American Legion post is not the portion reserved for the Lighthouse Service.

Mr. PARKER of New York. In other words, the gentleman states that no land controlled by the Lighthouse Service is involved here?

Mr. COLMER. That is correct.

Mr. BLANTON. Mr. Speaker, I reserve the right to object, merely to make a suggestion. Why not amend the bill and grant, without any charge whatever, an easement to the American Legion, allowing it to use this land until such time as the Government may want to use it? What is the reason for charging the American Legion for using it when the Government does not need it? Why not simply grant them an easement?

Mr. COLMER. I will say to the gentleman that $15,000 is more than the land is worth, to begin with——

Mr. BLANTON. Then why charge them more than it is worth? I am with the gentleman.

Mr. COLMER. They are willing to pay it, and I am sure the gentleman from Texas would not object to anything that the American Legion posts of Mississippi want.

Mr. BLANTON. I am not in favor of charging any ex-service men or any American Legion post anything for anything the Government has that it does not need, and if the United States Government does not need this land, say, for the next 100 years, I am in favor of granting them the free use of it for such period of time as the Government does not need it.

Mr. COLMER. If I understand the gentleman correctly he is in favor of giving something to these American Legion boys?

Mr. BLANTON. Yes.

Mr. COLMER. These boys have agreed that this is what they want, now is the gentleman from Texas going to object to it?

Mr. BLANTON. No; I am not. I am for them. They have earned such consideration from the Government.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS THE FRENCH BROAD RIVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1872) to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport road between Jefferson and Cocke Counties, Tenn., which I send to the Clerk's desk.

The Clerk read the title of the bill.

Mr. DOWELL. Mr. Speaker, reserving the right to object, may I inquire if this is a toll bridge?

Mr. BYRNS. I do not think it is, but I could not answer the question definitely. It is over in the districts of Mr. TAYLOR and Mr. REECE in east Tennessee. The measure has been passed by the Senate and I have been requested to call it up. I have no personal information about it, but I do know that in order to complete this highway it is necessary to have this bridge.

Mr. DOWELL. I have no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport road between Jefferson and Cocke Counties, Tenn., authorized to be built by the Highway Department of the State of Tennessee, by an act of Congress approved February 6, 1931, are hereby extended 1 and 3 years, respectively, from February 6, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. KNUTSON. Reserving the right to object, upon what subject?

Mr. BULWINKLE. I want to make some observations on some remarks made by the president of Howard University.

Mr. KNUTSON. Are they critical or otherwise?

Mr. BULWINKLE. If the gentleman will not say they are correct at this time I will not put them in the RECORD.

Mr. KNUTSON. Is the gentleman going to approve of them?

Mr. BULWINKLE. I think the gentleman will not ask me to go that far before I address the House.

Mr. BLANTON. Mr. Speaker, I make the point of order that the gentleman from Minnesota [Mr. KNUTSON], although he has been here for some years, is not the censor of the gentleman from North Carolina [Mr. BULWINKLE], who has served here since the convening of the Sixty-seventh Congress, and he should be accorded the right to speak.

Mr. MILLARD. Mr. Speaker, I object.

Mr. BOLAND. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. BOLAND. Mr. Speaker and Members of the House, there appeared in last Sunday's paper an article with the heading, New Airship Asked by *Akron* Probers.

I have no criticism to make of the congressional committee that investigated the disaster of the *Akron*. The committee worked hard and strenuously through trying days and heard much testimony regarding the destruction of that airship.

I have no criticism to make except of one particular item that this committee has suggested to Congress in the criticism of the navigation of that ship.

They specifically state in their report no. 2 item that responsibility for the crashing of the airship in the storm conditions when she was destroyed.

I take exception to that particular report, because Commander McCord, who had charge of the ship on that day was only doing his duty and died like a hero.

The ship in my estimation, as I stated a year ago last February before the Naval Affairs Committee after the accident, was out of alinement, was not true, and that was the reason for the destruction of the *Akron*.

Mr. CONNERY. Will the gentleman yield?

Mr. BOLAND. I yield.

Mr. CONNERY. The gentleman showed me a clipping that he had some time ago in which he stated some matters about the *Akron* disaster. Has the gentleman that here now?

Mr. BOLAND. Yes; if the House will bear with me I will make the same statement now that I made a year ago last February.

Over a year ago the *Akron* was damaged to a great extent by the breaking away from her holding wires while being taken out of her hangar for a trip that was to take members of the Naval Affairs Committee for a trial flight. I am a member of this important committee and was present when this accident occurred, and on February 25, 1932, made the following statement at a meeting of this committee:

I was within 40 feet of the *Akron* when she broke away from the guy wires, and I believe from my experience in the building business, and I am in a position to make somewhat of an expert statement on this matter, as I have been brought up in the building business, have been in it all of my life, and am a contractor at the present time, so I have had a lot of experience with buildings in our vicinity there, with the mine caves, so far as the jarring of buildings and things like that is concerned, and I want to make this statement.

I watched that ship when she broke away from the guy wires and followed it until she hit the ground, and I am perfectly satisfied from my experience that the jar that ship got when she hit the ground jarred the whole ship all the way through, and I cannot conceive how anybody can make a statement just now that that ship will ever be the same after that jar.

However, high-power salesmen, experts, and technicians were evidently able to convince the Navy Department that the ship could be repaired and put in airworthy condition and able to withstand any kind of weather. So the ship was repaired at considerable expense and accepted by the Department as in perfect condition. Members of the House, you can readily see how unjust it is to place the responsibility of the disaster by placing a blemish upon the fair name of Commander McCord. At a recent inquiry at Lakehurst by the Navy of the disaster, and after many witnesses were heard, the final result was that the cause of the loss of the *Akron* will always be a matter of conjecture.

And nothing has transpired since to disprove that theory that I have. That ship was jarred in every part of its framework. It was out of alinement, and that is the reason, in my estimation, that that ship crashed. I still claim that the only way the ship could have been put in perfect condition was to have it all torn down and rebuilt so that it would be true in every respect. The reason I am here tonight is to defend the honor of the commander of that ship.

Mr. FADDIS. Mr. Speaker, will the gentleman yield?

Mr. BOLAND. Yes.

Mr. FADDIS. Is it not a fact that the commander of this ship was acting under orders from higher authority?

Mr. BOLAND. There is no question about that. He was acting in the line of duty, and that fact is certainly confirmed by the other fact that the Chief of the Bureau of Aeronautics, for whom I have the highest regard and always will have, was in the ship upon that fatal ride. Commander McCord had 1800 hours of flying experience before he took command of this ship.

It may be knowledge for the House to know that he had more flying experience when he took command of that ship than any previous commander of any airship that the United States has ever owned. So one can readily see that the ship was not in the hands of a novice, and it comes with ill grace from any committee of Congress to cast a stigma upon a record that was so clean. I hope that this Congress will make that committee expunge that part of the report, so that it may never cast a reflection upon the immediate family of that great hero, Commander McCord. [Applause.]

HOWARD UNIVERSITY—COMMUNISM

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. BULWINKLE. Mr. Speaker, I am seldom prone to criticize or say anything about the remarks of anyone that appear in the public print. There is a newspaper for the colored race published in Chicago called the Defender. In that newspaper is the following headline, in the issue of Saturday, June 10, 1933:

Howard U prexy endorses communism. Mordecai Johnson in sermon urges seniors to adopt new plan.

Mordecai Johnson is the president of Howard University. In his speech appears the following paragraph, and I shall insert all of his remarks in the RECORD, with the permission of the House:

This new religion is called "communism" and is based upon the determination to make economic and political institutions, the family life, and personal relations subject themselves and be ordered by this comprehensive belief that is intrusted in the hands of the church.

In this entire speech this man, whom the Government of the United States through a board of trustees has placed in charge of a college for the Negro race, and which is costing the Government of the United States a million dollars for next year, advocates doing away with all religions, because he says both the Protestant and the Catholic religions have fallen down, and that communism is the religion for America in the future. I call this to the attention of the House. [Applause.]

APPOINTMENT OF SPEAKER PRO TEMPORE

The SPEAKER. The Chair will be unable to be here at the convening of the House tomorrow, although he expects to be here later in the session. He designates the gentleman from Alabama [Mr. BANKHEAD] to preside as Speaker pro tempore.

Mr. KVALE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KVALE. Can the gentleman from North Carolina have permission to insert the entire newspaper article in his extension of remarks?

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting therein the newspaper article I referred to.

The SPEAKER. Is there objection?

Mr. KVALE. Mr. Speaker, I reserve the right to object. I have something more important to the people of the United States than the article the gentleman refers to and ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection?

Mr. BYRNS. Mr. Speaker, I object.

Mr. KVALE. Then, Mr. Speaker, I object to the request of the gentleman from North Carolina.

EXTENSION OF REMARKS

LET THE SELLER BEWARE

Mr. CARPENTER of Kansas. Mr. Speaker, under general leave granted by the House today I am having printed in the RECORD my remarks in the form of a speech on the Federal Securities Act that was broadcast from station KFBI, Abilene, Kans., May 19, 1933:

"It isn't the money I've spent I regret, but what I invested and lost." Too often we hear this or a similar statement from the lips of individuals. It isn't a wholesome psychology for the individual thrifty investor, nor for the country at large.

The old axiom, caveat emptor (Let the buyer beware), has now a sister maxim, caveat venditor (Let the seller beware), and it is high time for the seller to assume responsibility for the stocks and bonds he places upon the market for the credulous public to buy.

Through the deliberate action of hired officials of great corporations we have had, during the past 15 years, an amazing inflation of credit. Printing presses were busy turning out bright new stock certificates to be distributed among the stockholders. These

new stocks were often distributed as dividends and then impounded to support issues of bonds. These bonds were offered over the counter of nearly every bank in exchange for the life savings or surplus of the depositors. The printing presses did not slow down until the market for securities was paralyzed through the impoverishment of millions of people. More than $200,000,000,000 in bonds were issued and sold and are now outstanding. Hundreds of billions of dollars in stocks were sold, not as stocks in speculative enterprises but were represented to be evidences of equities in established and going concerns. As a result we have bonds outstanding almost to the amount of the actual wealth of this country.

This orgy of bond selling has imposed upon the physical properties of this country fixed charges far beyond the present productive capacity of the country to meet; it has swept away the life savings of many of our people who invested in these now worthless securities with the expectation of having an assured income for the remainder of their lives, or using a trite saying, "for the rainy day." The rainy day is here now, but we call it "the depression"; and where are these life savings now? They paid for the bright new bonds that the printing presses turned out so lavishly just a few short years ago. These bits of paper are all the buyer received for his money and all he can expect to realize. And it was this wild selling of stocks and bonds that was one of the major causes of this terrible depression.

The buying public cannot be censored for purchasing these securities of doubtful value; the best banking houses of the Nation were selling them not only over the counter but through high-powered salesmen, it is true, who vouched for their value and the integrity and worth of the financial houses they represented.

For example, we have the Insull failure in Chicago, the most colossal failure on record in this country, and it is impossible at this time to determine the amount of losses suffered by the investors. Now Insull, the perpetrator of these gigantic swindles—for such they were—is in Greece, enjoying his freedom, having succeeded in resisting extradition. Again I say, it is time the buyer be informed with reliable information as to his contemplated investments, and then if the prospectuses or registration statements are incorrect the seller must and should suffer the consequences of his acts.

The National City Bank, supposed and always considered one of the greatest, if not the greatest banking house of America, is also guilty of selling worthless securities. The officers and directors of this bank lost all idea of value, discovered they could sell more stock than they had, divided each share into five and sold them as high as $580 a share. When the crash came stock went down to $20 a share. The National City Bank was also the seller of millions of dollars worth of bonds of the Republic of Peru. Their own representative reported conditions bad in Peru; in fact, almost everything but telling the bank not to sell the bonds. However, it sold the bonds, and the people profiting were the Republic of Peru and the National City Bank. The investing public was the loser.

I do not believe that any honest person can think otherwise but that the seller should be held responsible for the stocks and bonds he sells to the people. Many a man in an intemperate moment commits a crime of violence, or in the heat of passion snuffs out the life of his fellow man. Frequently there are extenuating circumstances but there are no extenuating circumstances for the shrewd and crafty crooks who sit around a table and deliberately plan the impoverishment of people of millions of dollars earned by the sweat of their brow.

Congress, in an effort to control these unscrupulous sellers of bad or doubtful securities, has passed a bill known as the "Federal Securities Act", which is now in conference. Its object is to require those who issue securities to be sold to the public through the mails or by the use of instruments of interstate commerce to furnish material information to the public about the securities, or, in other words, to make available to the public the information upon which the public is asked to invest its money.

The Government is not going to put its stamp of approval upon these securities, but does make it necessary for accurate dependable information can to be furnished; then if the registration statement is found to be untrue or a material fact omitted, a penalty accrues; or stating it differently, we demand of the seller that he give full and complete information with reference to the securities offered, under penalty of both civil and criminal liability if he evades or conceals material facts.

Neither does this bill cover every security, as certain classes of transactions and securities by their very nature could not be included in this act, such as municipal bonds, notes, drafts, bills of exchange, etc., which are exceptions therefrom. Neither does the bill make ineffective State blue-sky laws, but merely supplements the State laws and gives to all a uniform protection for every investor in America.

And if our President during his administration succeeds in protecting his people from such sharp investment practices as they have been subjected to in the last decade by men as avaricious and unprincipled as the money changers of old, he will merit and receive the everlasting gratitude of the American people and secure for himself an honored place among the truly great.

NEW DEAL RESTORES CONFIDENCE

Mr. SADOWSKI. Mr. Speaker, restored confidence is the keynote of the Democratic administration with the 19 bills embraced in President Roosevelt's program, most of which are already enacted into law, building a huge machine that has already started slowly to function and is gaining momentum steadily, to perceptibly decrease unemployment and result in increased prices for commodities. The purchasing power of the American people has already been and is steadily being enormously increased. Employment throughout the United States is being rapidly increased and, as this program develops, millions more people will be put back to work in the factories, on the farms, in the shops. Business will grow, new business will spring up, and the people of these United States will enjoy their rightful heritage of a happy home and a good living.

Summarizing these bills that have been enacted into law by the Democratic Congress, under the leadership of President Roosevelt, we have, first, the emergency banking and gold control bill; then comes the legislation for the legalization of beer. Other measures set forth in this program are: The economy bill, which soon will have the effect of balancing the Budget; the reforestation bill, which will put over 250,000 men to work in our national forests; the Muscle Shoals and Tennessee Valley development, where thousands more of this Nation's unemployed will be put to work and at the same time make use of this great dam which was built under the guiding hand of Woodrow Wilson; the Federal emergency relief bill, which will give direct aid to the unemployed of this country; the farm-relief bill, which contains provisions for refinancing mortgages of farmers; the Inflation Act; the supervision of traffic in securities; the Reconstruction Finance Insurance Corporation bill, which has been sent to the White House for the President's signature; the bill canceling the gold clause in existing contracts; the railroad reorganization bill and the home mortgage bill, both of which have been sent to the White House for the President's signature. The public-works program, the independent offices appropriation bill, and the Glass banking bill are expected to be acted upon before adjournment. Never in the history of the American Congress has so much vital legislation been rushed through in such a short length of time. In fact, America's entire economic complexion has undergone a radical change within the short space of 3 months.

The bill to maintain the credit of the Government, known as the "economy bill" perceptibly cut the pensions now being received by the veterans and their dependents. This bill was made necessary by the large expenditures of former Republican administrations. The President of this great country and the Members of Congress do not want to see the men who rushed to arms in defense of our country in time of peril lose their just deserts. An emergency arose. It had to be met. Cuts were necessary on pensions, cuts were made on the salaries of all officials and Government employees, but no one wanted to see those men who were blinded in battle, who lost an arm, or a leg, give up their only means of livelihood. It seems necessary at the present time that some cuts be made, but the President and the Congress are working together so that these cuts will be fair and equitable and that the economy problem before the Government will be solved.

In solving the tax problem some far-reaching taxation measures have been passed or been proposed in this session. Outstanding are the law legalizing beer and taxing it; the Farm Relief Act, with its processing taxes on agricultural products; and the industrial recovery bill, to be financed by special taxes. None of the processing taxes have yet been applied under the farm bill and none are likely until fall, although some may be imposed at any time. The amount of these levies cannot be foretold, but they are expected to be large.

The beer tax is already yielding the Government substantial sums. Breweries were ready for operation when the law was passed, and taxes began to flow into the Treasury almost overnight. The Glass bill to regulate banking in general, which has passed both Houses, would require banks to divest themselves of their securities dealings and would establish a system of deposit guaranties to protect depositors against losses. This will have a far-reaching effect on the people of this country who during the past

year lost their life's savings in bank failures. Employment statistics given out by the American Federation of Labor show a decrease in the unemployed of this country. Every day in the industrial centers of this Nation you see men who have been out of work for 1 year, 2 years, or 3 years going back to work happy and contented. Building construction throughout the United States has increased perceptibly. In the city of Detroit alone construction increased 18.8 percent for April 1933 over April 1932. Building activities have always been considered a guide of prosperity, and if it can be so judged this time, the American people are now at the end of that long, hard trail and have started back up the road to better times again.

For 12 years the American people have been guided by the leaders of the Republican Party. They had been taught that money was cheap, that the false prosperity that hovered over this country was something that could not be taken away from them. They were taught to spend, to buy on installments, that the money would be coming forth to meet these installments; and when the collapse of this system came, they were without a guiding hand to lead them to safety. They went to the polls last November to elect a man they thought might cope with this situation and they elected a leader. Always in time of greatest stress and strain a leader is born and, rightfully, the American people almost unanimously elected Franklin Delano Roosevelt to take over the reins of this Government and lead them out of this mire of financial difficulties. They gave him a Democratic Congress and a Democratic Senate to work with, and with the wisdom of a true leader he started when he took the oath of office.

No one can tell just what far-reaching effects this economic program will have in the future. It is an emergency program and the powers given the President can be revoked by Congress at any time. One thing is known now, however, and that is that the people of these United States have confidence—confidence in their leaders, confidence that business will soon be better, and confidence in themselves. No greater gift can be given to a people than to restore their confidence in their Government and in their leaders.

VETERANS AND ALL FEDERAL EMPLOYEES HAVE BEEN CUT—ARE FEDERAL JUDGES A PRIVILEGED CLASS?

Mr. YOUNG. Mr. Speaker, in these closing hours of a great session of the Congress which, with stern devotion to a solemn duty to the American people in a time of unparalleled distress, has enacted more remedial legislation for the common welfare than any Congress in history, I acknowledge my respect, deference, and devotion to my colleagues.

The first impression of a newcomer in Congress is that here is a body of the friendliest sort of men, serious minded and hard working and truly representative of America. Another observation is that here on the floor of the House a Member who knows his case, as we lawyers say, is listened to with respect and attention. As Congressman at large from the State of Ohio, representing nearly 7,000,000 citizens, I, on May 4, denounced Federal judges who had failed to repay voluntarily into the Treasury of the United States 10 percent of their salaries by reason of the Economy Act of 1932 and an additional 5 percent by reason of the Economy Act of 1933. All the people of Ohio except seven Ohio Federal judges have been compelled to make sacrifices because of this economic disaster. One of my first votes as a Member of Congress was to support the Economy Bill of the President of the United States, thereby reducing my salary and that of my colleagues from $10,000 to $8,500. Under authority granted by us salaries of United States Senators, Cabinet members, Congressmen, and all Federal officials and employees, from the highest to the lowest, except where a constitutional inhibition prevented, were cut.

At the time I took my solemn oath as a Representative in the Congress our country was confronted by the menace of chaos and disaster. The entire financial structure of the United States had collapsed, banks in 48 States were closed, our international trade had been destroyed, our transportation was paralyzed, our factories were shut down, farmers were bankrupt, millions of worthy and industrious men and women walked city streets jobless. Helpless little children were underfed. Light had faded from the eyes of men and women and hope had died in breaking hearts.

This Congress, under a great leadership, sought to lead our people out of a wilderness of chaos and disaster into the promised land of steady employment and economic security. The Economy Act of 1933 was passed continuing and increasing the cuts imposed upon Federal officials and employees by the Economy Act of 1932. In addition, veterans who offered their lives in a time of national peril were called upon to make sacrifices.

Article III of the Constitution provides that the compensation of United States judges shall not be diminished during their continuance in office.

Section 109 of the Economy Act of 1932, effective July 1, 1932, recognizing this, stated:

> SEC. 109. In any case in which the application of the provisions of this title to any person would result in a diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person, and cover into the Treasury as miscellaneous receipts, remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

Mr. Speaker, it is humiliating to me as a Representative from Ohio to admit the fact that not one of the seven Federal judges of Ohio has paid one cent into the United States Treasury under the provisions of the Economy Act of 1932. My investigation at the Department of Justice in regard to 151 United States district judges and 40 United States circuit judges shows that only 3 made any remittance from their salary under the Economy Act of 1932. Article II of the Constitution states that the compensation of the President may—

> neither be increased nor diminished during the period for which he shall have been elected.

Nevertheless, President Hoover voluntarily returned into the United States Treasury 10 percent of the presidential salary under the Economy Act of 1932. President Franklin D. Roosevelt, under the Economy Act of 1933, which supplemented and increased the salary cuts imposed by the Economy Act of 1932, has voluntarily returned and is returning into the United States Treasury 15 percent of his Presidential salary.

Section 7 of the Economy Act of 1933 is identical to section 109 of the 1932 Economy Act.

Federal judges, appointed for life, are secure in the knowledge that until they are 70 years old they may hold forth as judges at salaries of $10,000 and more. Upon attaining the age of 70 they need no longer appear in court, but by reason of the beneficence of our Government may retire at full pay and receive that full pay as long as they live.

May 4 was the date I first denounced all Federal judges except the three honorable, unselfish, and patriotic Federal judges who had voluntarily made remittances into the United States Treasury following the passage of the Economy Act of 1932. These three are Judges Elliott Northcott, United States circuit judge of West Virginia, who paid $250; Alfred C. Coxe, of New York, who paid $166.66; and E. Y. Webb, of North Carolina, who paid $300 and later paid $100 additional by certificate dated May 15, 1933.

At the Department of Justice and Division of Bookkeeping and Warrants in the Treasury Department, where remittances are accepted, I find that following my speech, by certificate dated May 8, on the remittance of Judge William S. Kenyon, of Iowa, $156.25 was paid into the Treasury of the United States; and by certificates bearing the same date, $125 each was paid into the Treasury on the remittances from Judge Paul Jones, of Ohio, and Mortimer W. Byers, of New York. Then by a certificate dated May 9 on the remittance from Judge Samuel H. West, of Ohio, $125 was paid into the Treasury; and following that, $125 each was paid into the Treasury by certificates on the remittances of Judges Charles C. Cavanah, of Idaho, Marcus B. Campbell, of New York, and George P. Hahn, of Ohio. The certificate on the remittance from Judge Hahn was dated May 22, 1933. Only one retired Federal judge made any remittance what-

ever into the Treasury under the Economy Act of 1933 and none under the Economy Act of 1932. I refer to Judge Wilbur F. Booth, of Minnesota, who remitted $156.25 by certificate dated May 18. My examination of the Treasury Department records is searching and complete to June 5, 1933.

Federal judges who refused to accept a 10-percent salary cut under the 1932 Economy Act and an additional 5-percent cut under the 1933 Economy Act have refused to heed the demands of the times. The bailiffs who refer to them as the honorable court, the elevator boys who convey them to their private offices and their court rooms, and the charwomen who on hands and knees in the darkness of the night clean their judicial offices so that they may in all dignity commence their judicial duties in immaculate surroundings, have all had their pay cut. Every United States official and employee, from the President down to the charwomen, have been making, each month since July 1932, their contribution into the United States Treasury to restore contentment and economic security to all our people. Federal judges, except those I have named, have paid nothing whatever. United States judges who have arbitrarily refused to reduce voluntarily their salaries since July 1932 are blind to the demand of the times. Like the Bourbons of old, they cannot forget and do not learn. They should bear their share of the depression the same as all other Federal officials and employees. Those who now make some remittance, but have refused to take a pay cut of 10 percent in conformity with the Economy Act of 1932, place themselves in an inconsistent and indefensible position.

Of course, as soon as the present emergency has passed, salaries of all Federal employees and public officials should be restored. Claims of veterans should be reviewed. All deserving World War veterans who have been compelled to take cuts in their allowance should have their former allowance restored. Spanish War veterans and their widows and also Civil War veterans and their widows who have been compelled to make great sacrifices while Federal judges have not felt the pinch of the depression, should have their pensions restored.

I hope that United States Senators who, in the future, advise and consent to appointments to the Federal bench, will adopt a policy that no Federal judge who has failed to take voluntarily a salary cut, shall, in the future, be considered for promotion on the Federal bench.

Federal judges including all seven from Ohio, should each have paid $749.97 into the United States Treasury to comply with the letter and spirit of the 1932 Economy Act and $125 each month additional beginning with the April 1933 salary, to comply with the letter and spirit of the 1933 Economy Act. Failing to do this, these judges are not making the sacrifice to bring us out of the depression that is being made by every Federal official from President to charwoman.

I have introduced in the Congress a bill to repeal retirement pay for Federal judges. This cannot be considered on the floor of the House during the present extraordinary session of the Congress, but I hope you will pass my bill during the regular session next winter.

Twenty-one Federal judges have been retired on full pay and are receiving $236,000 per annum. These judges had a lifetime job. It is too much of a good thing to require the public to support them now that they are retired. There appears no more justification for retiring a Federal judge upon a salary than there is for retiring other public officials and employees who have contributed their time, energy, intelligence, and labor in the public service.

The Temple of Delphi was scarcely more sacred to the ancient Greeks than the Federal judiciary is to many of our fellow citizens. I respect and admire just, honorable, and patriotic judges. What I have said and done has been in a spirit of duty and not in a spirit of rancor. It pleases me to be able to say that an official of the Treasury Department congratulated me and stated that as the result of the publicity given to my speech of May 4 exposing and denouncing Federal judges for failure to take pay cuts, thousands of dollars would be returned into the Treasury that would not otherwise have been paid by Federal judges. It is a fact that many Federal judges of our country have usurped powers and functions and have too frequently made a mockery of trial by jury.

The Democratic national platform in 1896 stated:

> We denounce arbitrary interference by Federal authorities in local affairs as a violation of the Constitution of the United States and a crime against free institutions, and we especially object to government by injunction as a new and highly dangerous form of oppression by which Federal judges, in contempt of the laws of the States and rights of citizens, become at once legislators, judges, and executioners; * * *.

Chief Justice Hughes recently criticized Federal Judge Lowell, of Massachusetts, for charging in his instructions to the jury the following language:

> And now I am going to tell you what I think of the defendant's testimony. You have noticed, Mr. Foreman and gentlemen, that he wiped his hands during his testimony. It is a rather curious thing, but that is almost always an indication of lying. Why it should be so we don't know, but that is a fact. I think that every single word that man said, except when he agreed with the Government's testimony, was a lie.

We should all adhere to the right of an impartial trial by jury. Our Declaration of Independence indicted the English Crown for its failure, in many instances, to accord the right of trial by jury. Federal judges certainly were not meant to be lawmakers, judges, and executioners all in one, and without responsibility to the people of our country. Usurpation of dictatorship of the Federal courts can be checked by adoption of a constitutional amendment relative to Federal judges and then by appointment or election of these judges for a limited term, say, 6 years, instead of for life.

VETERANS

Mr. SABATH. Mr. Speaker, it is to be regretted that the unparalleled record of the President and the Congress should be marred by certain provisions of the Economy Act which reduced the compensation of some and deprived many other deserving men of all compensation.

I feel confident that in this not only the President but the House itself has been misled by the unwarranted and malicious country-wide propaganda started about a year ago by the so-called "Economy League" and a few other similar nefarious organizations. From painstaking investigations I have made and information that has come to me from other reliable sources I am satisfied that the Economy League and other similar organizations which have, day in and day out, through the press, by made-for-cash speeches, and through interviews, given out this fallacious propaganda, are the spokesmen of the big, publicly condemned tax dodgers, and improperly favored beneficiaries of income-tax refunds of the Nation. I am reliably informed that more than $100,000 has been expended in that pernicious campaign for the employment of expert propagandists, lobbyists, and rhetoricians to make a fatuous country-wide demand that the Budget be balanced by reducing Government expenditures, which, as I have said, actually and unjustifiably pauperizes very many of the Nation's once defenders.

I concede that for 12 years under Republican administration, notwithstanding the pledges of Presidents Coolidge and Hoover looking toward economy, the governmental expenditures unjustifiably rose to fabulous proportions. In fact, never before in the history of the Nation was there such an orgy of coldly calculated extravagance as was practiced by the three Republican administrations of Harding, Coolidge, and Hoover—departments, bureaus, boards, and commissions having been created right and left, every day of every week, for every possible and impossible occasion.

Therefore I am very happy, as was also a great majority of this House, to join with the overtaxed American citizens to eliminate that cruel and crushing waste; but I never dreamed that such a devastating crusade would be launched against the needy, low-paid employees of the Government, war veterans, and their dependents. I have been and am now in favor of eliminating every unnecessary job holder. I am in favor of eliminating all the unnecessary departments, bureaus, commissions, and boards. I am in favor of

purging the pay rolls of the Army and the Navy of many hundreds of now useless and highly paid officers. While we have started to purge the pay rolls of deadwood and to reduce expenditures by the elimination of archaic departments, bureaus, commissions, and boards, still I feel that we have not gone far enough in some respects; yet, on the other hand, we have gone too far in cutting off the compensations and pensions of thousands of deserving Spanish-American and World War veterans and their widows and orphans. I am indeed gratified to realize that to some extent I have been helpful in retaining on the rolls widows and orphans of Spanish-American and World War veterans. Some modifications of veterans' awards have been forced through this House in the last 2 or 3 days, and this House has become convinced that the well-meaning President has been unwittingly ill-advised and misinformed by those to whom he entrusted this important work, and while some of the orders that have been issued may be considered as unfair they will be modified and humanized. The veterans may confidently rely upon that assurance. Having the utmost confidence that the work of the Congress will materially aid in seasonably reestablishing the business of the Nation, and thereby increasing our revenues, I believe it will be possible for us to go much further in righting any possible curtailment of awards for the deserving and needy veterans and their dependents. I now pledge myself to work zealously and unremittingly toward that end.

During my many years' service here I have worked and voted for all the pension, compensation, and hospitalization bills that have been enacted, and I am conscientiously gratified to realize that I have been to some extent helpful in that direction. I advocated and voted, first, for the loans to soldiers, and later I advocated and voted for the complete payment of all adjusted-service compensation certificates. I have always believed that this payment could be satisfactorily accomplished, without increasing the public debt, by the issuance of two billions of Treasury non-interest-bearing notes or currency. I have believed and still believe that putting that amount of money into circulation would not only be a very material aid to the veterans themselves but would greatly facilitate the reestablishment of favorable general business conditions, as much of that money would be used for payment of due and overdue rents, which would enable the owners to pay their taxes and the municipalities and States would therefore receive a large portion of this money, while the remainder of it would be used by the veterans to pay their other debts, to pay their grocers, their butchers, their bakers, and so forth, as they are wont to do when they have money.

Today everybody concedes that we need more money in circulation, and, as a great deal of business is done on credit, this would make possible the extension of credit at least tenfold. Unfortunately, however, this powerful economy lobby has unjustifiably poisoned the minds of many Members and other men in high position and made the bonus payment at this time impossible. However, I still adhere to my original views of this matter and am of the opinion that it should be done even though conditions are improving. The country needs more ready cash, obviously, and this is the way it can be put into circulation to the best advantage to the largest number of persons.

MONOPOLISTIC MASSACRE IN THE OIL INDUSTRY

Mr. FADDIS. Mr. Speaker, at one end of every industry we have the producer. At the other end we have the consumer. Between these two extremes we have the problem of distribution, in which the most important factor is transportation. Wars between nations have ever been fought for the control of the trade routes over which commodities have been carried, because the control of trade routes has ever been equivalent to the control of commerce. The nations most powerful in resources have controlled these trade routes by the force of arms; hence, the principle of "might makes right" has prevailed, with much injustice to the weaker nations.

Economic competition within nations is much akin to armed warfare between nations. In place of armed combat, in order to control the distribution of products there has been substituted an economic combat, which as long as it is under the influence of healthy competition reacts to the advantage of the nation as a whole. However, once the governing influence of competition is removed, this economic combat may, as we have seen, develop into the subjection of the weaker by methods more ruthless and merciless, for this day and age, than were the methods of Tamerlane and Attila in theirs. If we are to assume that it is one of the duties of this Nation to participate in a world conference to guarantee international peace to the end that the human race shall no longer be subject to the ravages of armed warfare and the independence of smaller nations be preserved, is it not our positive duty to our own citizens to guarantee that in our own Nation this ruthless economic warfare shall cease and the rights and independence of the small business men shall be guaranteed? Just as the unequal control of natural resources and trade routes of the world by powerful nations jeopardizes the peace of the world, even so does the control of these factors jeopardize the peace of this Nation. Today we must in this country take steps to curb the economic slaughter of independent business by the Tamerlanes and Genghis Khans of high finance, of which slaughter there is no better example than that displayed in the oil industry.

Up until the last few years the production of crude oil has been an industry wherein the independent producer has been able to continue in business, though often sadly harassed by the heavy artillery of the Standard Oil Co. This was due to the fact that the production of crude petroleum was generally never far in excess of the demand, although of course he was excluded from the refining end of the business because of the transportation problem. During the early days of the development of the oil industry, John D. Rockefeller, realizing the importance of the control of the transportation facilities, secured discriminatory rates for his products over the steamship and railroad lines. To counteract this advantage, the Tide Water Oil Co., an independent concern, constructed a pipe line from northern Pennsylvania to the Atlantic coast. Rockefeller, aided by the railroads with a reduction in rates, at once began a fight against the Tide Water Oil Co., with the result that in a few years the Standard Oil Co. acquired control of the lines of the Tide Water and other independent oil companies. Then the railroads, strange to say, raised the rates on crude oil to the Atlantic seaboard, which prevented the independents from establishing refineries. Thus, with neither pipe lines nor refineries, the independents were at the mercy of the organizations controlling these facilities, as were also the consumers.

In 1906 Congress imposed the obligations of common carriers upon interstate pipe lines which was intended to give equal rates to all producers and refiners. This was contested in the courts and the courts very obligingly held the matter up until 1914. By that time the pipe lines and the refineries were for the most part combined, in which move the railroads aided, by the granting of discriminatory freight rates and rebates. Therefore this move by Congress resulted in no benefit to the independents, because they were still without an outlet for their products, although the Standard permitted them to exist. In the meantime a hoax was put over on the industry in the form of a decree of the Supreme Court of the United States ordering the dissolution of the Standard Oil Co. of New Jersey for "maintaining a combination in restraint of trade in the production and sale of petroleum." Whatever might have been the intent of this decree, the fact that the oil industry has ever since been subject to the most rigid monopolistic control known to any industry leads us to the conclusion that the necessary teeth are lacking in the enforcement of this decree.

With the development of the automobile a change came over the situation. Gasoline and other of the higher products of the distillation of petroleum had before this been waste products, which the refineries had experienced difficulties in getting rid of. Now, gasoline became a very valuable by-product, and since it comprised such a large per-

centage of the raw material should have resulted in a lowering of the other products. Not so here. The industry was under such complete control that the other products were also raised. The monopoly was so extended that at the present time 95 percent of the retailing facilities are controlled by the same monopolies which control the pipe lines and refineries. Not content with the control of the above agencies, these monopolistic Tamerlanes have carried on a bitter campaign of extermination of the independents, to the end that they might have complete control of the raw material, and the skulls of the independent operators forced out of business by expensive line-fights, decisions of influenced judges, sabotage methods, and unfair financial cramping would make a pyramid beside which the one constructed by Tamerlane at Damascus would appear as a mere ant hill.

Throughout all the history of monopolistic massacre, financial piracy, and tribute exaction connected with the oil industry no chapter is so filled with examples of these outrages as is that chapter having to deal with that section of this Nation which produces oils of Pennsylvania grade. Here the oil industry was born, and here is produced the highest and most valuable grade of petroleum—a grade necessary in the production of all high-class lubricants—a grade which contains the most valuable components and less residue than any other grade. Since the petroleum from this section is so essentially necessary to the refining industry, the monopolistic interests have gone to greater lengths and resorted to more subtle finesse to secure control of this field than they have in any other. Situated in a region where the land is cut into smaller tracts than in any other field, where the yield per well is comparatively small and therefore the costs of production relatively higher, it has been a fertile field for monopolistic manipulation. Having had the advantage of a longer period of time in which to perfect their methods of banditry, being nearer the concentrated area for both refining and marketing, these privileged interests, operating in open defiance of the antitrust laws, have succeeded in securing such a complete strangle hold on the independent producer that he is now in his last gasps. With his dying breath he is calling upon this Congress, which is charged with the duty of providing for the general welfare, for help. Knowing full well the utter uselessness of appealing for mercy to the Neros of the amphitheater of oildom, where else can he appeal?

In 1920 the refiners attributed the rapid advance in the price of the various refined products of petroleum as mainly due to the increase in the price of the crude oil. In 1920 Pennsylvania crude reached the high point of $6.10 per barrel and many refineries paid a premium of 50 cents per barrel in addition. The expense of refining is relatively a small factor in the ultimate cost of the refined products of petroleum, with modern methods running less than 10 percent. Lubricants are the most valuable products of Pennsylvania crude. Why is it, then, that although Pennsylvania crude has dropped to $1.42 per barrel that the price of lubricants is still as high or in some cases higher than when the same oil was $6.60 per barrel? Why is it that west of the Mississippi River petroleum is priced on the basis of specific gravity, while east of the Mississippi River it is based on districts and color? Why is it that in the Appalachian oil field the Joseph Seep Purchasing Agency, which is the only purchasing agency in the field, can now manipulate the price of oil by sections and color and even at their will exclude certain operators from pipe-line service, where once all the oil from this section was accepted at a uniform grade? Why is it that the rise and fall in the price of gasoline is not in a definite relation with the price of crude oil? The reason is this: By deft manipulation of the network of pipe lines the independent refiner has been driven out of business, and at the same time the price of oil has been forced down to a point below the cost of pumping the oil.

An oil lease cannot be shut down and let lie idle without serious damage to the property, because of the dangers of the wells sealing themselves shut by the formation of paraffin and the danger of water getting into the producing sands. It must be operated or abandoned. Step by step the small operator in this most valuable field has been forced into bankruptcy and the monopolistic interests are acquiring the properties. Unless they receive the protection to which they are entitled in a very few months the independent operator will be a thing of the past, and the industry will be controlled from one end to the other by these combinations, which are formed with the idea of controlling the prices at both ends of the industry to the everlasting sorrow of the ultimate consumer.

It is the solemn duty of this House to come to the rescue of the small business man and insure that he shall be protected from the rising tide of monopoly. It is our duty to protect the ultimate consumer from the same threatening influences. If we do less than this we are false to the trust which the citizens of this Nation have imposed upon us.

PROTEST AGAINST PERSECUTION OF JEWS

Mr. KELLY of Pennsylvania. Mr. Speaker, every consideration of humanity, Americanism, and Christianity compels an expression by Congress in protest against the persecution of the Jews of Germany by the Hitler regime.

It is true that Germany has the right to select any form of government she desires, without interference from other nations. She has the right to select any rulers she chooses, without let or hindrance.

But when any nation violates the fundamental laws of humanity and follows a course of barbarism toward helpless men and women and children, America will sin by silence if she does not utter a protest.

It was a "decent respect for the opinions of mankind" that led to the publication of the American Declaration of Independence. Today this Nation has a vital influence in creating world public opinion. That fact creates an obligation to state clearly that American public opinion is against the oppression and persecution meted out to the Jews in Germany.

No one can deny that a campaign of hate based upon race and religion is raging in Germany. The Berlin correspondent of the New York Evening Post has summed up the situation as follows:

> An indeterminate number of Jews have been killed. Hundreds of Jews have been beaten and tortured. Thousands of Jews have been deprived of their livelihood. All of Germany's 600,000 Jews are in terror.

Mr. Speaker, such a course of conduct is not alone a Jewish question. It is a human question and one which involves every ideal America has professed. Here is a minority element, which has but 1 percent of the population, and yet it is made the victim of cruelty and devastation. The Jews have been declared aliens in the land of their birth. They have been disfranchised and barred from public office. They have been deprived of free speech, free press, and free assembly. Their religion has been assailed, their synagogues attacked, and their cemeteries desecrated. Having but one out of a hundred in the population, these barbarous actions have been defended on the ground of necessity. Such a claim insults the intelligence of the people of all nations.

When John Bright, the famous English statesman, asked a great American, "What distinct contribution has your America made to the science of government?" the response was, "The doctrine of religious liberty." In every great charter of Americanism there gleams and glows the principle that every man shall be free to worship God after the dictates of his own conscience.

Does not the contribution of Jewry to the world demand justice for the sons of Abraham in every land? This people brought the faith in one God, without which the idea of the brotherhood of man is unthinkable. They gave to the world the Bible and the founder of Christianity. Their ancient laws form the basis for the codes for every civilized nation today.

Not only as human beings with inalienable rights but as members of a mighty family which has formulated the highest spiritual truths yet conceived by mankind, the Jews in Germany must not be compelled to suffer torture and savage mistreatment. By their history down the ages they deserve, not hatred and persecution, but admiration and respect.

It is my belief that it is not only the right of the United States but her obligation as well to make official protest against action which fans the flames of religious and racial prejudice not only in Germany but in other nations. We should adopt the resolution pending before this body as the expression of American purpose to join those world forces of enlightenment and understanding which strive to build a road toward justice and liberty.

ACCOMPLISHMENTS OF CONGRESS

Mr. SABATH. Mr. Speaker, I am indeed gratified at and proud of the wonderful foresight, courage, and determination displayed by President Franklin D. Roosevelt. I am satisfied that when the history of this epochal time is written his extraordinary accomplishments will easily place him as one of the foremost Presidents of our great land.

Moreover, I am immensely pleased with the splendid cooperation of the Congress. When it is considered that we have approximately one third of the House composed of new Members, many of them quite young men, with set views and a zealous and praiseworthy determination to force through legislation that they have advocated, it is indeed remarkable how many of them in a spirit of harmony submerged their honest convictions and aspirations and joined hands in patriotically and manfully aided in enacting speedily the important legislation of this short session.

While I am immensely pleased with what, of greatest magnitude, has been accomplished, yet I, in a measure, regret that we have been unable to enact a more stringent security bill to include all of the outstanding stock issues now listed. Also, I had hoped that we might impose a tax of 1 percent on certain stock-exchange transactions and an additional 1 percent on all short sales, which, I calculate, would have netted the Nation between one hundred fifty million and two hundred million dollars. I regret, also, that we have not enacted a fair and impartial tax on the chain stores and mail-order houses, so as to protect the struggling small, independent merchants throughout the country.

Thirdly, I regret that we could not and did not pass a law that would have taxed all incomes over $500,000 at 75 percent.

Notwithstanding the fact that the Senate Committee on Banking and Currency is investigating certain ramifications and machinations of private and investment bankers, I had hoped that the House itself would authorize the investigation of the stock exchange and its destructive, dastardly manipulations. I am satisfied that a thorough, honest, and fearless investigation of the stock exchange would disclose the abuses that were responsible for the criminal inflation on one hand and the destructive deflation that followed on the other hand. But I recognize that we cannot accomplish in the short period of 3 months all that we desire.

On the whole I am satisfied that the Congress does now adjourn, but I hope that before adjournment we will pass the bank guaranty bill, which would protect especially the small banks throughout the land, and also pass resolutions to investigate the dubious income-tax refunds of $3,300,000,000, the general evasion of taxes by the big men of the land, the Federal Reserve Board activities, and certain loans made by the Reconstruction Finance Corporation. However, if that is impossible at this session, I pledge myself today to continue my efforts to bring about the passage of such a bill and such resolutions immediately after the Congress reconvenes.

PROTEST AGAINST PERSECUTION OF JEWS

Mr. GRANFIELD. Mr. Speaker, I rise to address the House this afternoon in the name of humanity and to protest against the latest outburst of race hatred against the Jew in Germany.

Mr. Speaker, I have in mind a phrase which the framers of our Declaration of Independence used in the preamble of that great document. That phrase is "a decent respect for the opinion of mankind." That phrase, which is given as the necessity for promulgating the entire document, seems to me to be a standard for the conduct of nations and men.

During the past few months the Hitler regime has shown an utter lack of respect—in fact, a disrespect—for the opinion of the rest of the world. The persecution of the German Jews is nothing less than a defiance of every decent sentiment of the world. Whatever may be pleaded in extenuation of offenses committed in the crisis of a revolution, no condemnation can be too strong for racial persecution and organized terrorism.

In speaking of the Jews in Germany it should be borne in mind that they form an integral part of that country, and that they are not newcomers or invaders. There is positive record of settled German-Jewish communities that dates back for a thousand years. Thousands of Jewish families can trace their residence in Germany back for hundreds of years.

During the Great War the German Jews have done their full duty by their country. Twelve thousand of them fell upon the battlefield, and thousands more have been crippled. In this service they were patriotic to the German cause, and I know that the rank and file of the German people are grateful for that service.

Germany is a nation of great cultural achievement, a center of science, literature, music, and art. In each of these fields the Jewish population has been conspicuous in its achievements and by its monumental contributions has in no small degree aided in setting cultural Germany on its high plane.

Of the 30 German winners of the Nobel prize, no less than 8, or over 25 percent of the entire number, have been Jews—equal to 25 times the Jewish proportion of the population of Germany. The history of medicine in Germany is a history full of distinguished Jewish names, and in the modern German literature many of the outstanding figures are Jews. In the theater, many of the great producers and the actors; in music, many of the great conductors, composers, and performers—to all these fields the Jews have given great distinction.

It has been hard to believe that the German Nation, with its 65,000,000 civilized human beings, could be in any way guilty of injuring this valuable element of its fellow citizens. Yet the facts overwhelmingly establish the fixed German governmental policy and campaign of persecution, disfranchisement, and eventual extermination of its citizens of Jewish extraction. There have been rumblings of the coming storm, but we in America had believed that the speeches and writings of Hitler were nothing more than campaign talk and were not being taken seriously by the German people. We did not realize that the desperate plight of the German people made them ready to accept any form of propaganda which promised to aid them out of their troubles.

The platform of the Hitler's Nazi Party, now in control of Germany, contains 25 points. This is called the "Changeless program for the ages." Seven of these points are admittedly directly leveled against the liberty and equality of the Jews as citizens of Germany and are aimed at their destruction. In carrying out this program Hitler and his associates have always stressed that to accomplish their aims they must be brutal, and brutal to the extreme. Typical of these speeches we find Hitler saying in his book, My Struggle:

> For our liberation we need more than an economic policy and industry; what we need is pride, spite, hatred, and more hatred.

A further example is from a speech by Buerger, a member of the government, in Berlin on November 15, 1931:

> We will be in a position to get back the money which has been exported abroad. We need only to act brutally enough. Even though a considerable number, mostly, of course, Jews, will have already disappeared, it will be only necessary for us to seize a few thousand of this kind and make an example of them. If you do not bring back your exported money by this and this time, then we will hang 20 Jews on the gallows. When the first 20 will be

hanged, then the others of this great family will not want to see their brothers waving in the wind; they will bring back the money; otherwise we will continue with our method.

And if this does seem extravagant, I quote again from Hitler's book. He says:

If you wish to win the sympathy of the broad masses, you must tell them the crudest and most stupid things.

In the party instructions we read:

The natural hostility of the peasant toward the Jews must be whipped into a frenzy.

These are but a few of the quotations from Nazi literature and statements from their outstanding literature. I could give dozens more of a similar nature made by Hitler and others high in the councils of the Nazis and in the present Government of Germany. These statements are, however, enough to give a clear indication of the trend of thought of the ruling group of Germany.

This is the sort of propaganda which has been spread throughout Germany. Hundreds of newspapers, millions of books, pamphlets, leaflets, and posters have for years been spreading this sort of inflammatory matter. It is not difficult to understand what followed.

The seeds of hate have been sown with characteristic German thoroughness. The harvest which has been reaped has been summarized in a series of articles in the Boston Transcript by H. R. Knickerbocker, the Berlin special correspondent of the New York Evening Post, as follows:

An indeterminate number of Jews have been killed.

Hundreds of Jews have been beaten or tortured.

Thousands of Jews have been, or will be, deprived of their livelihood.

All of Germany's 600,000 Jews are in terror.

It is impossible to ascertain how many Jews have been killed. The newspapers are suppressed, the opposition is terrorized, and the families of the victims would be the last to utter a protest.

It is only possible to estimate in the vague term "hundreds" how many Jews have been beaten, tortured, and robbed. The only means of information is through personal knowledge, by word of mouth, and in those cases where Jews of foreign nationalities have complained to their consulates.

The foreign Jews whose consulates have protested to the Foreign Office of maltreatment and savage torture number 150. The Polish embassy alone had an imposing list. They comprised more than 100 instances wherein Jews had been attacked in their homes or places of business, robbed at the point of revolvers, and taken to torture chambers, where men in the uniforms of storm troopers have beaten them with leaden balls.

Nine American Jews were beaten or otherwise maltreated. Altogether, since the native Jews outnumber the foreigners by 100 to 1, it is conservative to estimate that hundreds of Jews were tortured.

Under date of April 5, 1933, writing in the New York Evening Post, the same correspondent says:

All cases cited are either confirmed by personal investigation by the Evening Post correspondent or are citations from affidavits filed with diplomatic representatives.

The extremes to which the present Government of Germany is going in its war on the Jews is perhaps best exemplified by the much-heralded book burning which took place on May 10. On that day all libraries were to be purged of all books by Jewish authors.

This event was organized as a student activity, and students were admonished to collect all over Germany the books that were to be immolated in the pyres that were to be lighted in honor of that day. Among the list of authors were such great German names as Emil Ludwig, Lion Feuchtwangler, Arnold and Stephan Schweig, and Erich Remarque, author of "All Quiet on the Western Front." A number of Americans were honored by being included in the list—Sinclair Lewis, Jack London, and Helen Keller.

If this event could be considered as the exuberant prank of a lot of college undergraduates, it might be forgotten and have no great significance. But it received Government sanction, and the address in honor of the day was made by the minister of propaganda in the Government, Goebels, one of the right-hand men of Hitler.

If the purpose was to eradicate the books that were burnt, then the whole thing was futile. It is childish to say that this burning operation destroyed the works of the authors involved. Even if every proscribed volume in Germany found its way to the flames, all of these works still live in the thousands of copies in the libraries throughout the world. And there throughout the world these books will continue to live, for they are among the world's classics.

A book is something more than printed paper bound together by linen thread and glue. It is a living thing, which mirrors thought and life. It is from such classics that literatures are built. To wantonly mutilate a book is an offense. To willfully destroy a classic is a crime.

The world deplores the destruction of the great Alexandrian library by Omar. He burned much that was irreplaceable. We dismiss him in this act as a fanatic from the desert. We cannot account for the actors in this tragedy in these terms. They are fanatics, but they should know the value of books. Such vandalism is not for civilized people.

It is true that the physical violence from which Jews suffered during the first few days of the new regime in Germany has abated, but the campaign of repression and persecution continues. The Government is still carrying out the avowed program of its leaders to eliminate all Jews and persons descended from Jews from public life. All Jewish public officials, Government employees, teachers, and judges have been dismissed. This represents an appreciable number of persons, as Jews were able to hold office with the republic. Most of the Jewish lawyers have been deprived of the right to practice before the courts. As a result of the widespread agitation throughout the world, there has been some easing up on the restrictions against lawyers, although the vast majority of them are out. Not even this concession has been made to Jewish physicians. They have been denied the right to see Christian patients. They have been removed from hospital posts, and through this process some of the world's great specialists have been deprived of the opportunity to continue their work. Jewish physicians have been dismissed from their posts in the Krankenkasse, a sort of socialized form of health insurance. To accomplish this the Hitler Government decreed that these posts were Government positions. This act practically deprived the middle-class physician of the chance of a livelihood. Jews have been debarred from owning or being employed as writers on newspapers. They have been ousted from the theater.

Americans well remember the great production of the Miracle which Max Reinhardt brought to this country. The majesty of this great production was an inspiration to every true Christian. Yet this great producer, together with hundreds of others connected with the theater, have been dismissed. In the allied musical field the same sort of thing has taken place. World-famous symphony conductors, such as Bruno Walter, conductor of the Berlin Symphony Orchestra, was discharged, and another, Otto Klemperer, who is a Catholic of Jewish descent, has been forbidden "in spite of certain contracts" to conduct the state opera again. The results of all this is enough to justify the dispatch which has appeared in the New York Times that the Jewish professional classes have been reduced to beggary.

But what of other activities in this direction. The wholesale discharge of university professors for example. Detailed figures are not available but the number affected must be very large, as is indicated by facts like these: In the Berlin Conservatoire the director, 4 professors, and 4 teachers, 3 professors from Munster University, 6 from Halle, 8 from Breslau, 18 from Frankfort, 9 from Kiel, 6 from Goettingen, and 3 from Koeningsberg. This by no means exhausts the list.

Can there be any justification for a condition which has made it impossible for that great soul, the great world figure, Albert Einstein, to return to his home? And how can any government justify the confiscation of this great man's savings amounting to about $7,000.

Under the guise of coordination Jewish owners and directors of department stores and other business have been ousted. Employers have been forced to discharge Jewish employees. The technical boycott of Jewish business lasted 1 day but the actual boycott of Jewish business continues.

The summary of all this is that the Jews of Germany are by direct and indirect action of the Government and its agencies being deprived of the chance of making a living.

Some of the finest and the best brains of the country are being crushed by the acts of their own Government actuated by race hatred and prejudice.

Mr. Speaker, I have thus far only spoken of the series of acts by which the German Jews are being pauperized, but there is really more than this. It is part of the Nazi program to deprive them of citizenship. This is a clear provision of point no. 4 of their program. Point no. 5 says, "Anyone not a citizen can live in Germany only as a guest and must remain under legislation for foreigners." This places all Jews, no matter how many centuries they and their ancestors have lived in the country, in a position that they are always subject to deportation. Point no. 6 completes the work of depriving the Jew of all civic rights. It reads, "Only a citizen has the right to determine the guidance of the state. Therefore we demand that every public office, no matter what kind, whether in the reich, state, or county, be filled only by citizens." The rights granted by the German constitution are to be abrogated and the Jew is to be put back to the Middle Ages. Thus does the Hitler German nation seek to degrade and impoverish a great element of its citizens.

Can we, the citizens of this great and free Republic, proud of our heritage of religious toleration, sit idly by and see these helpless human beings crushed by the heavy hand of cruelty and hatred? Shall we not rise up and protest?

Mr. Speaker, I feel that I am not transgressing the bounds of propriety. I have no quarrel with the Germans in their choice of a form of government or with their choice of persons to govern them. I recognize that in these matters they have the same rights as we claim for ourselves, to establish their own form of government and to manage their political and economic affairs according to their understanding. But when a nation violates every principle of humanity and denies to any number of its citizens the most elementary of human rights, then it is our duty to protest. Such a denial and such persecution ceases to be solely a domestic question but becomes a question for the world.

Under the old tribal laws crimes against the person were matters between the injured person and the aggressor. Under our modern jurisprudence crimes against the person are the concern of the entire State, and it is the bounden duty of the State through its proper officers, and if need be, through the body of its citizenry, to redress the injury of any citizen, however humble he may be. Likewise the persecution of human beings, whatever their creed or race, has long since ceased to be the private concern of the oppressors, but it is the burden of all humanity. No matter what people are called or what religion they profess, the modern world cannot sit idly by when they are singled out for exceptional punishment when they have committed no crime.

Human rights are as sacred today as when our forefathers proclaimed in the Declaration of Independence "that all men are created free and equal, and that they are endowed by the Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness." These doctrines were ennunciated not alone for us but for the whole world. Upon these fundamentals the War for Independence was fought and won, and they have remained as an inspiration and a guide to liberty-loving men the world over.

We have protested against persecution in Cuba, and when protests were unavailing we fought a holy war to liberate that island from its oppressors. Our people have protested against the Bulgarian atrocities and the Armenian massacres committed by the "unspeakable Turk." These protests had nothing to do with the race of the victims or their language or religious beliefs. The sufferers were looked upon as helpless human beings in lands of cruelty, and that was enough then. It is enough now.

There is ample precedent for protest on the part of our Government. In 1840 the American consul at Damascus reported that some of the most prominent Jews of that city were being subjected to persecution and torture. Instructions were thereupon sent under date of August 14, 1840, by Secretary of State John Forsyth to the American consul at Alexandria, Egypt, that all good offices and efforts be employed to display the active sympathy of the United States in the attempts that European governments were making to mitigate the horrors of the persecution. Instructions were also sent to the United States minister to Turkey to do everything in his power to alleviate the condition of the unfortunates.

In both of these communications the reasons for intervention by the United States are based upon sentiments of justice and humanity, as no American citizens were involved. In the communication to the minister stress was laid upon the propriety and right of intervention by the United States, because its political and civil institutions make no distinctions in favor of indviduals by reason of race or creed, but treat all with absolute equality.

Our Government has interfered on several occasions on behalf of the Jews of Morocco. As early as 1863, when we were in the midst of the Civil War, Secretary Seward instructed the American Consul at Tangier to use his good offices to further the mission of Sir Moses Montifiore, who came to Morocco to aid Jews who were victims of atrocities at Tangier. Mr. Seward based his act on the ground of humanity.

Under the date of November 12, 1880 (foreign relations of the United States 1881, p. 1043), Secretary of State Evarts instructed our Ambassador to Spain to facilitate the work of an American Jewish representative who went to Morocco in connection with the ill treatment of Jews in that country.

That our Ambassador to Spain took an active part is clear from the report which he made to the State Department under date of January 17, 1881 (foreign relations of the United States, 1881, p. 1047). The Ambassador writes:

> Referring to your instructions * * * I have the honor to inform you that Colonel Mathews, Consul at Tangier, has transmitted to me much new and interesting (and horrible) information regarding the treatment which the Jews of Morocco continue to receive. * * *
>
> At a meeting of the foreign representatives lately held at Tangier, it was agreed to present to the Sultan's prime minister * * * a collective note to protest against the actions of the Moorish officials in this regard.

The first paragraph of the collective note, which follows the above, is well worth reading as a precedent for action. The paragraph reads:

> It is with extreme regret that the undersigned representatives have the honor to request to make known to His Majesty, the Sultan, that they cannot any longer abstain from expressing their dissatisfaction and that of their governments themselves, seeing, as they do, that neither the principles of humanity which his Sheriffian Majesty had declared his willingness to adopt forthwith, nor the promises made by His Majesty, through you, for the better administration of his Jewish subjects and the repression of crime throughout the whole extent of the Empire have hitherto been applied in any case.

The most recent precedent is the famous Rumanian note, by Secretary John Hay, found in Foreign Relations of the United States, 1902. On page 914, under date of July 17, 1902, Mr. Hay wrote in confidence to our Minister to Rumania:

> The United States offers asylum to the oppressed of all lands. But its sympathy in nowise affects its liberty and rights to weigh the acts of the oppressor in the light of their effects upon this country and to judge accordingly.
>
> Putting together the facts, now painfully brought home to this Government, during the past few years, that many of the inhabitants of Rumania are being forced by artificially adverse discrimination to quit their native country; that the hospitable asylum offered by this country is almost the only refuge left to them; they come hither unfitted by the conditions of their exile to take part in the new life of the new land under circumstances either profitable to themselves or beneficial to the community * * * the right of remonstrance against the Rumanian Government is established in favor of this Government.
>
> Whether consciously and of purpose or not, these helpless people, burdened and spurned by their native land, are forced by the sovereign power of Rumania on the charity of the United States. This Government cannot be a tacit party to such an international wrong. It is constrained to protest against the treatment to which the Jews of Rumania are subjected, not alone because it has unimpeachable ground to remonstrate against resultant injury to itself but in the name of humanity. The United States may not authoritatively appeal to the stipulations of the Treaty of Berlin, to which it was not and cannot become a signatory, but it does earnestly appeal to the principles consigned therein, because they are principles of international law and eternal justice, advocating the broad toleration which that solemn compact enjoins

and standing ready to lend its moral support to the fulfillment thereof by its cosignatories, for the act of Rumania itself has effectively joined the United States to them as an interested party in this regard.

Rumania came into existence under the Treaty of Berlin, referred to in the foregoing paragraph. The treaty provided for equality of races and guaranteed all subjects of Rumania freedom from persecution and racial or religious oppression.

To meet this condition and to make its protest effective, Secretary Hay addressed an identical note to the Governments of Austria-Hungary, France, Germany, Great Britain, Italy, Russia, and Turkey, as signatories of the Berlin treaty. This note is dated August 11, 1902, and is recorded in full in Foreign Relations of the United States, 1902, page 42. In addition to the matter included in the note to the American Minister to Rumania, Mr. Hay says in his new note that it has seemed appropriate to the President (at that time Theodore Roosevelt) to call attention to this matter to the signatories to the treaty. He adds further, on page 44:

The political disabilities of the Jews of Rumania, their exclusion from public service and the learned professions, the limitations of their civil rights, and the imposition upon them of exceptional taxes, involving as they do wrongs repugnant to the moral sense of liberal modern peoples, are not so directly in point for my present purpose as the public acts which attack the inherent rights of man as a breadwinner in the ways of agriculture and trade.

Our Government could in truth make the same protest today to Germany. All the conditions which moved the great John Hay to make the Rumanian protest exist today.

Mr. Speaker, I am confident that the masses of the recently formed German Republic do not sanction the attitude of the Hitler administration toward the Jew in Germany. The German people throughout the world's history have repeatedly remonstrated and vigorously condemned any action on the part of any people tending to oppression and race hatred. The people of that great nation which gave to America Baron von Steuben, of Revolutionary fame, and sent to our shores thousands of its best citizens, will not place their stamp of approval on such a Hitler anti-Jewish policy. They will cooperate to find a means to end anti-Semitism and solve this problem.

CRITICISM OF CONGRESS BY CERTAIN INTERESTS

Mr. SABATH. Mr. Speaker, I have observed in the newspapers that the prices of stocks and bonds are going up and that some of the stock-exchange manipulators and certain other gentlemen who are pursuing the same course as in 1929, which I fear shortly may likewise end in disaster, are jubilant because the Congress is about to adjourn.

It is amazing to me that after 3 months of most extraordinary effort and toil by the Congress, in an effort to reconstruct and reestablish business, to pull the country out of the abyss into which it was plunged by a Republican Administration, these stock-exchange racketeers, tax-dodgers, and beneficiaries of the $3,000,000,000 improper income-tax refunds—these predatory interests, and other Republican leaders who are in a great measure responsible for this general national destruction, should again display an unmerited antagonistic and contemptible attitude toward a Congress that has within the short period of 3 months enacted more constructive legislation than any other Congress in the history of America.

I concede that some of the legislation enacted is far-reaching and experimental and that nobody can foretell whether it will do all that is hoped for it, but the country should recognize that we have done our utmost to reestablish general confidence, to aid the States and the municipalities feed their unemployed, hungry and starving people, and put 15,000,000 who have been unemployed for 3 years back to work.

Mr. Speaker, that conditions since the Congress convened in extraordinary session have improved, due to its action, no one will deny. At least 20 percent of the unemployed have already returned to work; wages are starting upward; thousands of banks have been reopened; the prices of agricultural commodities have materially increased and in some instances have doubled, creating a much-needed purchasing power for the farmers, which is bound to improve conditions in every industry.

Notwithstanding that, those parasitic forces that brought about the national destruction see fit not only to minimize the efforts of the Congress instead of acknowledging its praiseworthy accomplishments, but to herald to an unhappy, discontented populace that it will be helpful to the Nation if the Congress should adjourn immediately. If they were fair, if they were honest, they would acknowledge and appreciate the constructive, extraordinary, and salutary legislation that we have enacted under the unparalleled leadership of President Roosevelt.

They fail to remember that when President Roosevelt called the Congress into extraordinary session, immediately after he was inaugurated, every bank in the United States was closed; that not more than 3 percent of the banks were solvent; that the life-insurance companies and other insurance companies and outstanding industries were on the verge of bankruptcy. It is the extraordinary ability, determination, and courage that have been displayed by President Roosevelt and the willingness of the Congress to cooperate with the President in the enactment of remedial legislation which the President has recommended that have saved the Nation from complete demoralization and that enabled us to continue to believe that America is still the hope of the world.

But, Mr. Speaker, it was ever thus. Some who have been saved fail to recognize what has been done for them. But I am confident that the American people, aside from these stock-exchange racketeers, tax evaders, and blameworthy income-tax-refund beneficiaries do and will forever gratefully recognize and heartily appreciate the achievements of President Roosevelt and the Democratic Congress.

I concede that these stock-exchange manipulators and the dishonest investment bankers are in a measure resentful of the passage of the security bill; of the Muscle Shoals and the Tennessee Valley improvement legislation, which the power interests especially dislike; of the repeal of the gold clause in all Federal and private obligations making them payable in legal tender; of the increase in our currency; of the investigation of the House of Morgan and its machinations, such as the shameful evasion of taxes—but I know that 99 percent of the American people will unstintedly approve these beneficial moves, the repeal of the eighteenth amendment, including the modification of the Volstead Act, the emergency banking relief, the emergency agricultural relief, the farm-mortgage relief and currency issuance and regulation, including inflation, unemployment relief (reforestation) the Federal emergency relief to States and municipalities, relief of small-home owners, supervision of traffic in securities, railroad reorganization and relief, all of which acts have been passed in the interest of the Nation and its masses, for their protection and their best interests, and, naturally, not in the interest of the few Wall Street manipulators and racketeers who, as I have stated, are in a large degree responsible for the greatest of all great panics this Nation has experienced.

I think it would be proper at this time to insert the well-founded appraisal of Mr. A. A. Berle, Jr., one of the country's most distinguished economists, who is intimately familiar with the activities of the Congress, to contrast some of the would-be defamers of the Congress. Mr. Berle, on June 10, 1933, told a gathering at the Harvard Graduate School of Business Administration, observing its twenty-fifth anniversary, in speaking of the achievements of President Roosevelt and the Democratic Congress:

It will be said, in years to come, that an administration came into office at the precise moment when a crisis almost unparalleled in modern history had reached its peak. It will be pointed out that whenever such a crisis has occurred elsewhere in the world, its swift sequel has been a revolution. In the United States, however, life goes on with no such violent aftermath. American faith in American institutions is surely justified on this record. * * * That body (Congress) throughout the session justified its

existence as never before, not merely by originating measures, but by making them practical, available, and workable * * *. We can now say with some measure of confidence that the success of this effort appears likely.

The economy law, which we were obliged to pass to balance the Budget and preserve the credit of the United States, has caused injustice to many brave men who served the Nation during the World War and the Spanish-American War; but they are patriotic men; they realize the critical situation into which the country has been plunged, and they are ready and willing to make their contributions, even as they patriotically and successfully made their contributions on battlefields, toward the rehabilitation and reconstruction of our common beloved country. I wish to assure these veterans that as soon as conditions permit, which I hope will be in the next session of the Congress, any wrong unwittingly done to them shall be adjusted.

The industrial control and employment bill is far-reaching and experimental, but it is only a temporary expedient, and as soon as business and labor are put upon their feet—and may that be very soon—it will be repealed or modified and any abuses by industries will be righted; so that there will be no flaunting of the protective provisions of the Sherman Antitrust Law. In that connection I wish to say that I am satisfied that neither President Roosevelt nor the Democratic House will tolerate any abuses by industries in connection with price fixing, and I am hopeful that this act will increase wages and reduce the hours of labor. The principal reason I supported that measure is the benefits it will no doubt give to the labor of America. Of course, it is hoped that it will also eliminate the cutthroat, unfair competion and aid in reestablishing business and proper living conditions for American wage earners.

REPUBLICAN VIEW OF THE ECONOMIC CONFERENCE AT LONDON

Mr. FISH. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address delivered by myself over a National Broadcasting Co. network, Tuesday, June 13, 1933:

I deplore the injection of partisanship into the consideration of international issues, conferences, or foreign affairs generally. In the past with few or limited exceptions the conduct of our foreign affairs has been on a strictly nonpartisan basis. The Roosevelt administration has completely scrapped this traditional American policy and substituted a new deal in foreign affairs that has for its main basis unadulterated partisanship and no consultation with the Republican minority or opposition party. I am convinced that this injection of partisanship is a disservice to our country and cannot help but cause dissension and misunderstanding in our dealings with foreign nations.

I am constrained, as the ranking Republican member of the Committee on Foreign Affairs of the House of Representatives, to protest this unfortunate and unwise change of a well-established American precedent, and reluctantly take up the challenge that has been flung in the face of the Republican Party by the "brain trust" and the administration.

Last month, at the request of the administration, several prime ministers and other distinguished foreign statesmen visited Washington to discuss economic, monetary, trade, and disarmament issues. Paraphrasing Julius Caesar, they came, they saw, and they went home. Apparently a good time was had by all, but nobody knows what it was all about, least of all the foreign statesmen who were much feted and presented with extensive formulas composed by the "brain trust." In most of these formulas, Y equaled tariff reductions, Z equaled inflation, and X represented the unknown quantity, or reduction in war debts.

The visiting statesmen on their return home have had much difficulty in explaining these formulas satisfactorily to their governments, and fitting the pieces into the right places in the picture puzzle. Why not, as no Democrat has yet been able to inform the American public whither we were going on the war debts, embargoes, or League of Nations. Of course, no Republican can even venture a solution of the recent conference puzzles at Washington. None of them were invited to attend the conferences or to make suggestions. For the first time in American history, since we became a world power, partisanship was injected into international issues, in spite of our traditional practice and policy to the contrary. The so-called "new deal" as applied to foreign affairs by the "brain trust" was to ignore the sound American policy of permitting partisanship to cease at the water's edge.

The visiting foreign statesmen were guests of the Nation, not of the Democratic Party. Nevertheless Republicans who represent the opposition party were not to be trusted to even meet these foreign statesmen or they might be contaminated. Prime Minister MacDonald was regaled at a big State dinner at the White House without the benefit of any Republicans from the House of Representatives and but one from the Senate. The Democratic program of a new deal on international issues apparently is the old Wilson deal, or internationalism rampant; entrance to the League by the front door, the back door, or the trap door; embargoes to enforce article XVI of the League of Nations Covenant to punish aggressor nations; consultative pacts; bargaining tariffs at the expense of American labor; and as to reduction or cancelation of war debts only time will tell, as the Democrats have ignored the issue and apparently up to date have no definite policy except that "we will confer with you later." In the meanwhile, the war debts have been reduced another 25 percent by going off the gold standard in spite of the Democratic platform pledge to preserve a sound currency at all hazards.

Europe has been informed by Messrs. Hull and Norman Davis that America will surrender her protective tariff, both of whom propose to tear down our tariffs and thus open wide the floodgates of cheap European and Asiatic goods to further create unemployment in the United States.

The Republican Party, although not invited to participate in the Washington conferences, stands on international issues where it has always stood—against international alliances and entanglements, and places the safety and interests of the United States first, last, and all the time. The Republican Party is opposed to entrance into the League of Nations or to giving the President power to place embargoes against an aggressor nation, which would destroy the time-honored neutrality policy of our country proclaimed by George Washington in 1793 and adhered to since then by every President. The Republicans in the House of Representatives regard the proposed embargo on arms power to the President to be dangerous and revolutionary, tending to lead us into war instead of preserving peace.

The Republican national platform of 1932 is explicit in its opposition to cancelation of war debts, and for the preservation of the American standard of living and wages of the American wage earner through an adequate protective-tariff policy. The Republican Party will continue to stand for complete independence of action by the United States on all international issues and against involving our country in European affairs by entering the League of Nations or limiting or abolishing our traditional policy of neutrality. In opposition to the Democratic program, as recently developed, we stand without compromise on international issues, for American independence, American sovereignty, American neutrality, and American interests and safety.

Since 1920, under Republican administrations, such well-known and distinguished Democrats as Oscar Underwood, Owen Young, Bainbridge Colby, Joseph T. Robinson, Democratic leader of the Senate, and Claude A. Swanson, now Secretary of the Navy, have been appointed and served as delegates at important international conferences. With the exception of Senator James Couzens, who has pursued a nonpartisan course in Congress and refused to support the Republican Party candidates in the recent Presidential election, no Republican has been appointed as a delegate to the London Economic Conference.

I admit that if it were not for the blatant partisanship for the first time being deliberately thrust into foreign affairs, I would be reluctant to criticize the Democratic members; perhaps even now the less said, out of kindness, the better. None of the delegates have had any experience in international conferences or European affairs. None have any knowledge of foreign languages or have traveled extensively abroad or understand conditions there. In brief, the American delegation represents the new deal at the international conference, or innocence abroad and, naturally, the London Conference is doomed to failure.

Secretary Hull, a student of the tariff from a free-trade point of view in his many years of distinguished service in the House and Senate, never was on the Foreign Affairs Committee of either House, or showed any interest in international issues except as an advocate of the League of Nations. Senator KEY PITTMAN, of Nevada, the smallest State in population in the Union, has had considerable experience on the Senate Committee on Foreign Relations and may be an important factor in stabilizing currencies and fixing an equitable price for silver by international agreement. The only thing that can be said for the other members is that they are all adherents of the League of Nations and inclined to free trade. Two of the six members come from the State of Tennessee—Secretary Hull and Representative MCREYNOLDS—and in addition there is Mr. Norman H. Davis, our ambassador at large, who hailed likewise from Tennessee. The great States of New York, Pennsylvania, and Illinois are unrepresented, as is also New England.

Of course, the work of our delegates at the London Economic Conference has been considerably lessened as Mr. Norman Davis and Ambassador Robert Bingham have already committed us to scrap our traditional neutrality policy and to join the League of Nations in selecting the aggressor nations. I prefer to leave Mr. Davis to the tender mercies of my colleague, Representative TINKHAM, but cannot refrain from saying a few words about the recent address of Ambassador Bingham before the Pilgrim's Society, at which he declared the Roosevelt message recently delivered in Geneva regarding neutrality marked a definite departure from certain principles maintained by the United States since the Nation was founded. He said: "It does not contain a reservation retained by Great Britain in the Locarno Treaty. But from my standpoint I do not believe there is a 10-year-old child of average intelligence anywhere in the world who could fail in the event of war, to select instantly the aggressor." Mr. Bingham apparently does not realize that historians are still disputing as to which nation started the World War, or that no nation has been agreed upon as the aggressor nation for over a hundred years. It is this remark about the aggressor nation and the 10-year-old child that impelled Mr. Hearst, one of the leading

Democratic campaigners in the recent election, to state publicly that he now understood the reason for the word "ass" in ambassador. Both Norman Davis and Ambassador Bingham have misrepresented the United States and should be recalled.

How can the American people expect anything from an international conference at which we have committed ourselves in advance to destroy our traditional policy of neutrality to enter a consultative pact, to apply embargoes against the aggressor, and to join in enforcing the most iniquitous provisions of the Versailles Treaty and the League of Nations? The conference opened at London yesterday with many social festivities, but it will not get down to serious work bfore tomorrow, when the war-debt payments to the United States are due. France has refused to pay her war debt to us, which only amounts to the sum which we loaned her after the armistice. Great Britain is threatening to default, and so is Italy, although we settled on a basis of 25 cents on the dollar, or much less than we loaned her after the war was actually ended.

William C. Bullitt, now an assistant to Secretary of State Hull, but a few months ago acting as an unofficial ambassador, informed European nations that they would not have to pay more than 10 percent of the war debts to the United States, which means that the American people, already overburdened with taxes, can pay the balance.

President Roosevelt has refused to permit the American delegates to the Economic Conference to discuss the war debts, which is the only big issue in the mind of every delegate atending the Economic Conference from European nations. The Economic Conference without a discussion of the war debts is like Hamlet without Hamlet. There are all kinds of rumors flying around Washington that the debtor nations propose to pay 10 percent of the amount of the installment now due, with the avowed purpose of establishing a precedent for a new settlement on a 10-percent basis for the payment of the principal. Such an offer would be an insult to the American taxpayers, who are already overburdened, and merely transfer the war debts upon their shoulders.

It is well to remember that the American people had no part in the origin of the World War, and that when we were forced into the war by the ruthless attacks of German submarines without warning on ships flying the American flag, we sent 2,000,000 soldiers to the European battlefield and turned the tide of defeat into victory. We asked for nothing and got just what we asked for, nothing at all—no indemnities, no reparations, no plunder, or no conquered territory.

The House of Representatives, in which war-debt settlements must be initiated, has shown no inclination to cancel or even reduce war debts until European nations agree to reduce their huge budgets for military and naval armaments. The overwhelming sentiment of both parties in the House is against any form of cancelation which will unload the financial burdens of the World War on the backs of the American taxpayers.

Secretary Hull has, since he arrived in London, made the most amazing public statement emanating from the Roosevelt administration—that we should loan more money to foreign nations—curiously overlooking the fact that these nations are the very ones which are repudiating their war debts to us. What is the magic of London and the Thames that bewitches the intellects of our American statesmen? Are its waters those of Lethe, that they should benumb the senses and befuddle the brain of our Secretary of State? Is the loan of $50,000,000 made to China, through the Reconstruction Finance Corporation, a part of the Hull foreign program? What is it that comes over an American statesman as soon as he gets abroad? Are the American taxpayers always to be shorn like lambs and pay for European armaments? Why should we loan a penny to any foreign nation until we can balance our Budget, put our own house in order, and pay our just debts to our own war veterans with service-connected disabilities? Germany just a few days ago declared a moratorium on all interprestidigitation further into opposition territory.

Some weeks ago the President declared that he looked upon government as a football team which, if it failed to make gains by certain plays ought to try some others. As this was spoken the American collegiate Cabinet team was in a huddle, trying to devise some new shifts which might advance the ball of its political prestidigitation further into opposition territory.

In addition to our 5 Democratic delegates and Senator COUZENS, there are 45 advisers, economists, statisticians, secretaries, and stenographers, and 15 relatives of members of the party. Numerically we ought to be able to present an entire football team, with Mr. Rexford Guy Tugwell, of the "brain trust," as quarterback.

The backfield has now fallen back to receive the kick-off from Europe. Our plays are to be international, financial, and economic. The game has started and the ball is in the air; but I know of one famous game in the Rose Bowl in California a few years ago where one of the best players caught the ball and ran in the wrong direction, only to make a touch-down against his own team. I fear this is what will happen to President Roosevelt's new team of delegates to the Economic Conference at London; I fear that Norman Davis, Ambassador Bingham, or even Secretary Hull or his substitute, Mr. Moley, may at any moment make a touch-down in Europe's favor. This has invariably happened in these international football games when our team gets its signals mixed with foreign entanglements or forgets to play the game according to sound American principles and traditions.

The American team, composed almost entirely of free-traders and advocates of the League of Nations, are apt to lose their shirts, or, in football language, their jerseys, on the kick-off. There is not a member of our team under 60, and I am afraid they cannot last the first quarter. At any rate, the American team, individually and collectively, will be lucky to emerge from the London Conference gridiron with any more clothes than Mr. Gandhi. We can then have the satisfaction of saying, with true American collegiate spirit, as is often done after the opposition team has triumphed by a score of 50 to 0, "Didn't our boys put up a plucky and courageous fight?" It might be advisable for Congress, before adjournment, to appropriate a thousand dollars of any unexpended sums in the Treasury to furnish barrels free to the American delegation to the London Economic Conference and to its large staff to come home in in case of emergency. The Congress should see to it that these barrels are made in America and no duty or embargoes shall be laid against the reentry of said barrels and contents.

There is scarcely a single foreign policy on which I see eye to eye with President Roosevelt which will be discussed at the London Conference. I am out of sympathy with the attempt of the President to involve the United States in foreign entanglements, consultative pacts, embargoes, or having the United States act as an enforcement agent for the League of Nations and the Versailles Treaty. Every time we stick our fingers in the European pie, instead of pulling out a plum, we are more apt to lose our fingers or pull out some high explosives. We should cease passing moral judgments on other nations and stop meddling in their affairs. There never was a time in our history when it was more important for the safety and welfare of our own people to mind our own business and put our own house in order. Let us cooperate with European nations and all other nations for the preservation of world peace, but let us be sure that we do not become entangled in every foreign dispute and committed to participate in future European or Asiatic wars. Thank you and good night.

MEMORIAL ON SAN JACINTO DAY

Mr. DIES. Mr. Speaker, leave having been granted to Members to extend their own remarks in the RECORD, I desire to place in the RECORD a speech that I delivered to the Texas Club on San Jacinto Day. The speech is as follows:

It is always fitting for Texans to commemorate the immortal victory of San Jacinto. It is especially so today, when the destructive forces of want, hunger, and unemployment are threatening to undermine our economic and political stability. In the midst of this economic upheaval, when our patriotism, intelligence, and courage are subjected to the supreme test, it is right that we should borrow from the past the faith, courage, and idealism that gave to Texas her freedom, to history a new galaxy of illustrious heroes, and to the Union the brightest jewel in her diadem of States.

In spite of the gloom and discouragement of the present, the people of Texas have every reason to be optimistic for the future. No Texan can take a despondent view of the future who considers how our pioneers braved the dangers of the trackless wilderness, laid deep and strong the institutions of freedom, and bequeathed to their children the priceless boon of liberty. The glory of adventure was in their eyes and the glory of hope in their souls. They had the hearts of vikings and the simple faith of a child—men who were strong and resistless, unthrottled by fear or defeat. They were awed but not dismayed by the awful gloom of the forest, and the deep silence only broken by the fierce cry of the panther, the cooing of the dove, or the soft murmuring of winding streams. The forest and plains imparted to them courage and independence. They were imbued with the spirit of self-reliance, and they were dominated in their activities in peace and their valor in war by one master passion, the maintenance inviolate of their liberty and independence. Accustomed every day to the constant presence of dangers and the habitual exercise of courage, they were girt for every combat and strong for the red rage of battle. When Santa Anna sought to extend his despotic sway over Texas, these pioneers rallied to the battle cry of the Republic, and plunged fearlessly into the mad whirlpool of blood. To save Texas from the sumptuary sway of Mexican imperialism which, having enthralled the moral, political, and intellectual life of Mexico sought to fix its greedy talons upon the fair domains of Texas, the pioneers of Texas fought and died and dedicated their lives upon the altar of their country.

By reason of their undaunted courage, rugged faith, and heroic valor, they left to us a great empire. Our natural resources and material wealth are so great that not even the imagination of a poet can picture the inevitable growth and development of our State. But far more priceless than our fertile lands, our rich oil and mineral deposits, and our industrial advantages is the heritage of the Alamo and the San Jacinto battlefield. What we may say in tribute to their memory will soon be forgotten. But never will the world forget, so long as mankind values courage, self-sacrifice, and patriotism as the noblest attributes of the soul, the immortal words of Travis that climaxed his farewell message, "God and Texas, victory or death." These words will ring down the corridors of time to the remotest period and in the darkest hours they will give strength to the weak, courage to the wavering, and faith to the skeptical. At San Jacinto, with the fate of an empire depending upon the issue, our small army of heroic Texans charged and annihilated the flower of the Mexican Army. Our little band began playing the popular song of the time, one verse of which began with, "Will you come to my bower I have shaded for you." Reaching for the crest of the hill, the Texans opened fire and began yelling, "Remember the Alamo, remember Goliad."

The Texans rallied to that cry, and in 18 minutes the proud Mexican Army was routed and Texas became free. Facing, as we

do today, enemies of a different kind, yet equally as menacing, is it not fitting that we should advance toward the summit of the hill with the noble sentiment of Travis in our hearts and the immortal battle cry of San Jacinto upon our lips?

Our foes may appear more insidious and numerous than theirs, but we are enriched by a century of experience, education, and observation that they did not possess. If the little band of Texans in the Alamo, handicapped, as they were, with the shortage of ammunition, men, and guns, could surpass the bravery and heroism of the Greeks at Thermopylæ, certainly we of today, with boundless resources of mind and matter, can acquit ourselves with honor and credit. We do not have Houston and Travis to lead us, but God has blessed us in our hour of need and given us a Roosevelt and a Garner. Under their matchless leadership we, as Americans and Texans, will prove to the world that we still remember the heroic valor, the undaunted courage, and the undying patriotism that the stalwart heroes of Texas immortalized at the Alamo and on the San Jacinto battlefield.

To their idealism and faith we turn once again for inspiration and courage. To their wise precepts we turn for wisdom and knowledge, and from their illustrious examples we seek guidance and courage.

The impossibility of paying adequate tribute to our illustrious dead through mere words persuades me to conclude my brief address. They did not achieve independence and freedom through speech. Action was their motto and guiding principle. Action and not speech is the motto and policy of the present great leadership, and is the only hope for ultimate victory. And in order that we may emulate their example, and have action tonight and not speech, I bid you all au revoir, with my sincere hopes for a happy evening and a glorious sunrise.

THE MARCH OF THE MORGAN MILLIONS

Mr. LUNDEEN. Mr. Speaker, back some twenty-odd years ago Congressman Charles A. Lindbergh, of Minnesota, talked and wrote about the Money Trust. He forced an investigation of that Money Trust, and the record may be read in the congressional report of the Pujo committee in three volumes.

In 1933 another investigation is on, and I venture nothing new of any great consequence will be uncovered that was not already known by the Pujo committee—the same interlocking directorates, the same House of J. Pierpont Morgan & Co., the same Money Trust, and the same wrongdoing and claiming that they are within the law, only later dates and larger figures, until we now learn that the House of Morgan controls more than $20,000,000,000.

I now want to pay tribute to the memory of a friend and a great man, Congressman Charles A. Lindbergh, whose vision and greatness was not fully realized in his day. July 20 is the birthday of this militant fighter for the people, and we ought to gather at Little Falls in the State park created by the State of Minnesota in honor of the Lindbergh family, there to do honor to his name and fame, for he was a great student of public affairs and a great man. He did his best, but the march of Morgan millions did not stop.

Drawn in from every corner of the land, and from every land beyond the seas, these millions came rolling into the coffers of the House of Morgan and other international bankers, and were marshaled and drilled to go forth and conquer America and the whole round globe. At the command of the marshal himself, they rolled forth over hills and mountains, through the valleys, and over the prairies of our fair land, dropping into the tills of great newspapers and magazines, great radio chains, mighty business houses; filling the pockets of lecturers and propagandists—to our undoing. They marched on, these Morgan millions; and for every dollar that rolled forth a string was led back to Wall Street and the lairs of the Money Trust, until free government trembles in the balance and democracy is in danger.

They demand the best blood of our sons to save their investments abroad. Whole cities and States are enslaved, and the Nation itself subjected. Who shall save us from the slavery of the Money Trust? The answer is a great national labor party. I should like to call that party "Farmer-Labor", as we do in Minnesota—a party rooted in the masses. Ninety percent of our people are farmers and workers by hand and by brain, cemented by veterans of all wars. The courage and daring of the soldier is needed now. This is no time to sleep. We must rouse ourselves to the defense of our own America. We must forget entanglements abroad and solve our domestic problems at home. No nation can carry a world on its back, not even at the command of the marshal of the Morgan millions. Stupid diplomacy must cease. Americanism must be revived—the Americanism of Washington, Jefferson, Jackson, and Lincoln. Standing on our own ground in mighty America, we can free ourselves. We can shatter our chains. We shall be free. Liberated by labor, inspired and strengthened, we shall build a greater, better, and happier America, an inspiration and an example to all the peoples of the earth.

THE HOUSE COMPROMISE ON VETERANS' LEGISLATION

Mr. JOHNSON of Oklahoma. Mr. Speaker, one of the first bills passed by this session of Congress, now about to draw to a close, was the so-called "Economy Act." There were some excellent provisions in the Economy Act and there were also some that were at least questionable. Among the several provisions was one reducing all Federal salaries, including a $1,500 reduction of salaries of Members of Congress. One questionable provision was that relating to disabled veterans. Inasmuch as the President of the United States asked for the passage of the Economy Act and at the same time assured this Congress and the country that our disabled veterans would be treated humanely and justly, it was passed almost unanimously and without much debate. Because of my sincere desire to stand by our great and beloved President in his determination to place this Government on a sound and a stable basis and bring about complete economic recovery, and for the further reason that I was pledged to vote for all measures proposing to reduce expenses of government, I supported the Economy Act.

BUDGET DIRECTOR PROMULGATES UNREASONABLE RULES

When that part of the act relating to veterans was turned over to the Director of the Budget, sometimes referred to as the "Copper King", to administer—that gentleman who apparently knows little and cares less about the "forgotten man"—we began to realize that entirely too great a portion of the economy program was destined to fall on the weary backs of our disabled war veterans. But we were shocked and chagrined when the new Budget Director announced his rules relating to our disabled veterans. We saw the sorry spectacle of the halt, the lame, and the blind being turned out of Government hospitals without a moment's notice. We learned, to our amazement, that veterans who were actually bed-ridden, homeless, helpless, and without funds were turned out without mercy on a friendless world. We actually saw blind veterans who were hailed as heroes only a dozen years ago ordered to be kicked out of Government hospitals, where there are now hundreds of empty beds. We learned that this high, mighty, and all-powerful young Budget Director had ordered and decreed, under his merciless and unreasonable rules, that battle casualties have their compensation cut 40 to 80 percent. But he did not stop there. He went to work to cut off or unreasonably reduce compensation of helpless and dependent widows and orphans of our war veterans who died of service-connected disabilities. It is almost unbelievable and inconceivable the crimes that have been proposed to be committed in the name of economy.

MUST LIBERALIZE REGULATIONS

No sooner had those harsh, absurd, and unbearable rules and regulations been promulgated and announced by the Budget Director than a storm of protest came thundering to Washington from all over the land. Both in and out of Congress protests were heard and demands made that those unreasonably harsh rules be liberalized. I am glad to say that I was one of the first Members of this House to demand that we right, as far as possible, the terrible wrong done our disabled veterans in the passage of the Economy Act.

Speaking on the floor of the House on May 5 last, in support of my Concurrent Resolution No. 17, and in opposition to frenzied application of the economy knife in cutting veterans' benefits by the Director of the Budget, I pointed out that Director Douglas had gone far beyond what Members of Congress who voted for the act felt would be the extreme limit of the burden to be imposed on veterans. I demanded that the rules promulgated by Douglas be liberalized at the earliest possible moment.

Continuing to discuss the subject, I said:

Mr. Speaker, I think I am voicing the sentiment of not only the ex-service men throughout the Nation but of all patriotic citizens of all creeds and political faiths when I say that the country will hold to account this Congress and those responsible for this legislation and for administering same if the men who bore the brunt of the World War, as well as Spanish War veterans, are automatically cut off and treated inhumanely and unsympathetically, as Director of the Budget Douglas and General Hines seem determined to do.

SHOULD REMAIN IN SESSION UNTIL CHRISTMAS OR GIVE VETERANS RELIEF

Again I discussed this subject briefly on the House floor, as shown in the RECORD of May 26. Among other things, I said on that occasion:

I desire at this time to enter another protest against the heartless, cruel, cold-blooded, and unreasonable manner in which those officials in charge of administering the veterans' laws propose to deal with our helpless and disabled war veterans. I could give this House dozens of instances of injustices that are proposed to be made in connection with veterans whom I know personally, but I shall not do so at this time. As one who reluctantly voted for the Economy Act because of assurances given me by those in whom I had the utmost confidence, and because of my sincere desire to stand by our great President, I say here and now that I shall insist that this House remain in session until Christmas, if need be, in order to correct the wrong that is evidently about to be done to many of our disabled war veterans unless drastic action is taken before June 30.

May I add that, fearing the President had received much misinformation on the subject of veterans' affairs from some of those whom he trusted, I have taken the liberty to discuss the matter with him on several occasions, and I am glad to say that our Chief Executive has shown deep interest in the disabled veteran, and has insisted from the beginning that he desires to see every service-connected disabled veteran adequately cared for.

HOUSE COMPROMISE BILL

A few days ago, after a committee comprised of several Members of Congress, in whom this House has the utmost confidence, had conferred several times with the President of the United States and had reached an agreement, the House passed a compromise resolution proposing to liberalize considerably the rules and regulations I have referred to relating to our disabled veterans.

This compromise bill that seems destined to pass is not all that many of us had fervently hoped for by any means, but it does propose to place 300,000 service-connected disabled war veterans back on the rolls who had been notified they would be cut off entirely. It proposes to restore 36,325 widows and orphans of veterans who passed to the great beyond because of service-connected disabilities. It keeps on all the presumptives pending a review of their cases by a new board to be appointed by the President, and the burden of proof will fall on the Government to show that such cases are not, in fact, of service origin. And so, feeling that half a loaf is better than nothing at all, I have reluctantly decided to join such outstanding veterans as WRIGHT PATMAN, of Texas, and GORDON BROWNING, of Tennessee, who served on the special committee appointed to confer with the President in supporting the House compromise bill.

The Senate, after much debate, refused to concur in the House resolution and has sent to the House what is known as the "Steiwer-Cutting amendment", which is more liberal in some respects than the House compromise. On the other hand, under the Steiwer-Cutting amendment it would be possible to place back on the rolls every retired officer without cutting his retirement pay a dollar. When Congress passed the Officers' Retirement Act we were told there would be some 700 emergency officers to come in under the law, but because of a decision rendered by the Attorney General of the United States more than 7,000 emergency officers were placed on the rolls, and as a result we have seen many able-bodied men, wealthy or with good positions, driving their expensive cars and at the same time pulling down handsome salaries in the form of retirement pay of from $200 to $800 per month. This retirement-pay abuse has been unreasonable and unconscionable and cannot be defended. Now, however, this pay roll of 7,000 retired officers has been reduced to less than 1,500 under the Economy Act.

Mr. Speaker, I do not hesitate to say that I would much prefer the Connally amendment to the Steiwer-Cutting amendment, or what is known as the "House compromise", but the Conally amendment was never voted on in the House of Representatives, and we were told it awaits a veto if it should be passed by Congress. I do not pretend to say, Mr. Speaker, that I am at all satisfied with the pending compromise, but I am convinced that, so far as the present session is concerned, it is necessary for us to take that or nothing at all. As the old darky said, "I had rather take a little o' somethin' than to get all o' nothin'."

The President has stated flatly that he would veto the Connally or Steiwer amendment, and personally I do not care to accept the responsibility of keeping 300,000 worthy disabled war veterans from receiving compensation nor for aiding in keeping more than 36,000 widows and orphans from the rolls of veterans who died of service-connected disabilities. We also realize that $15 per month is not much for a 55-year-old needy Spanish War veteran who is 50 percent disabled, but is unable to show service connection, and yet that is better than nothing. When such friends of the veterans as PATMAN and BROWNING say this pending compromise is the very best possible to secure now, I am willing to take them at their word and support the compromise. Many veterans in Oklahoma have written and wired me to support the very best bill possible to secure, but to make every effort to prevent Congress from adjourning without doing anything for our disabled veterans, many of whom will be thrown upon charity if cut off entirely July 1.

THERE WILL BE ANOTHER DAY FOR VETERANS

Permit me to say I was deeply impressed with the speech of our beloved and venerable member of the committee from North Carolina, Mr. POU, who reminded us that there is going to be another day; that when Congress reconvenes next January there will be more favorable veteran legislation. Let me say that I give notice here and now that I also expect to join in every reasonable movement to further liberalize the Douglas-Hines rules and also to further modify or repeal that part of the Economy Act that is being administered so unfairly to our disabled veterans and their widows and orphans.

When Congress meets again next January, or possibly before, I am confident it will not be such an uphill fight to secure more favorable consideration for our disabled veterans. But our leaders will no doubt demand to know how and where we propose to get the money. In that connection I call attention to House Resolution 4366 introduced by me in the early part of this session, and which has been sleeping peacefully in the Committee on Ways and Means for several weeks. It proposes to tax sales of stock exchanges and, if passed, would bring into a depleted Federal Treasury about $400,000,000 every year. I here and now, in the closing hours of this session, give notice that I shall renew my fight when Congress reconvenes to force the Wall Street stock gamblers, many of whom were war profiteers, to pay a more just share of the burdens of government, and thus aid in caring for our disabled veterans.

TAX WAR PROFITEERS AND INCOME-TAX EVADERS

If it is only a question of getting the money then I respectfully suggest that Congress might pass a real income-tax bill with teeth in it. If the Mellons, the Mills, the Mitchells, and the Morgans, and other tax evaders and war profiteers will pay their just share of income taxes, there will be no more deficits in the Federal Treasury. If the Wall Street crowd, with its bloated bondholders and those with tax-exempt securities could be brought to justice there would be an unprecedented surplus in the Treasury. All our disabled and battle-scarred veterans could be treated humanely. Widows, orphans, and aged dependents of our disabled veterans could be adequately cared for by this Government, and there would be a sufficient oversupply of money in the Treasury to pay every veteran in the United States of America his bonus in cash.

THE SUPREME PURPOSE OF ALL LAW IS TO ESTABLISH SOCIAL JUSTICE. THE BASIC PROBLEM IN ALL ENLIGHTENED GOVERNMENTS IS AN ETHICAL PROBLEM, AND WHEN SOCIAL JUSTICE AND EQUAL OPPORTUNITIES ARE SECURED FOR ALL CITIZENS AND ALL VOCATIONAL GROUPS, THE ULTIMATE END OF GOVERNMENT SHALL HAVE BEEN ACCOMPLISHED

Mr. LOZIER. Mr. Speaker, recently I received a large number of letters from Columbia, Mo., protesting against any increase in taxes. These letters were written on plain paper, some were from workingmen and workingwomen, and obviously all were from persons in humble stations of life. The similiarity of the language justifies the inference that they were written at the suggestion or by the procurement of some person who was taking advantage of their credulity to create a false impression and perhaps engender a spirit of bitterness or class hatred.

While doubtless all these letters were from good people who perhaps have just complaints against the ever-increasing cost of government, and who have suffered under our highly artificial and maladministered economic system, yet in all probability the writers of these letters pay very little if any Federal taxes, and the taxes of which they complain are levied by the State, county, city, and school districts for State and local purposes, and with the levying of which Congress, the President, or the United States Government has nothing to do.

On reflection the writers of these letters will doubtless realize that taxes on their farms, homes, and personal property are not imposed by Congress, but by the State, county, or city governments, or by school districts. In fact the tax load that is crushing the masses, or so-called "common people or middle classes" are what we call local taxes levied by the States or some subdivision or agency of the State Government. Not one person in fifty pays a Federal income tax. The masses do pay certain excise taxes imposed by the Federal Government, for instance on autos, auto parts, and accessories, trucks, radios and phonographs, mechanical refrigerators, firearms and shells, sporting goods and cameras, matches, candy, chewing gum, soft drinks, toilet preparations, furs, and jewelry. Taxes on these items are least objectionable if we are compelled to resort to excise taxes to help meet our national expenses. These excise taxes yield approximately one half billion dollars revenue, and while many of these taxed articles are in a sense considered necessaries, the bulk of these taxes do not fall on the poor but are paid by the people of wealth, or by the middle classes who are better able to bear this increased burden than the workingman or those in the humbler walks of life. On oil and gasoline a heavy tax is levied, but the major portion of this tax is imposed by States and municipalities, and only a small part of the revenue from oil and gasoline finds its way into the Federal Treasury.

The United States Government for its principal source of revenue relies on import or tariff taxes and on taxes on the net incomes of individuals, corporations, and big business or organizations and on inheritances, estates, and gift taxes. In 1929 only 4,000,000 men and women filed individual income-tax returns, and less than two and one half million had incomes that were taxable; or, to speak with more accuracy, on the face of the returns less than two and one half million persons in the United States had incomes that were subject to taxation. In other words, in the prosperous year of 1929 only 1 person in 50 in the United States paid an income tax to the Federal Government. These two and one half million individuals had a net income of approximately $25,000,000,000.

That same year 509,000 corporations filed returns showing a net income of approximately $11,000,000,000, but only 269,000 showed taxable incomes. The two and one half million individuals who in 1929 had twenty-five billion net income paid the Government $1,000,000,000 income taxes, while the 509,000 corporations that had a net income of $11,000,000,000 paid $1,000,000,000 income taxes.

But I am glad to get these letters from these good people, many of whom are doubtless on the borderland of penury, and who are the victims of social injustice and who are suffering from the evil effects of an economic system that has inequitably distributed the burdens and benefits of Government.

Like them, I am opposed to increasing taxes. Like them, I favor a radical reduction in the expenses of government—Federal, State, and local. I have vigorously cooperated with President Roosevelt in measures that for the next fiscal year will reduce Government expenses one fourth, or $1,000,000,000. In my 10 years in Congress I have consistently and continuously, by voice and vote, endeavored to protect the Treasury of the United States from raids, and have thrown my influence in favor of rigid economy in the conduct of our Government and in the expenditure of public funds.

The supreme purpose of all law is to establish social justice. The basic problem in all enlightened governments is an ethical problem, and when social justice and equal opportunities are secured for all citizens and all vocational groups the ultimate end of government shall have been accomplished.

Our business, economic, and governmental policies should be so impartial, ethical, and equitable that they will not create on the one hand an oligarchy of wealth and privilege and on the other hand produce a sullen mass of rags and misery. The great gulf fixed between those who are exceedingly rich and those who are distressingly poor can and should be narrowed and bridged by sound and just business policies and a more equitable distribution of the benefits and burdens of government.

Unquestionably the American people have a just complaint against the Federal, State, county, and city governments, all of which have in the last 12 years unreasonably increased the cost of government and the burdens of taxation. Before the World War the Federal, State, and municipal governments were, as a rule, conducted on an economical basis and the contribution of the average citizen toward the expenses of government was so small as not to constitute a burden.

But following the World War not only the United States Government but all State, county, and municipal governments embarked on a career of prodigality and wastefulness in the expenditure of public funds which, of course, necessitated an enormous increase in taxation. All governmental agencies seemed to proceed on the theory that money grew on trees and that there was no limit to the capacity of the American people to pay taxes. Federal taxes were increased, State taxes were increased, city taxes were increased, county taxes were increased, an increase all along the lines, to provide funds to meet the lavish and grossly excessive expenses of our local, State, and National Governments.

For 12 years the American people have been living in a fool's paradise, spending money like a crew of drunken sailors, taking no thought of the morrow, and seemingly not realizing that this saturnalia of extravagance, this hurricane or prodigality, this bacchanalian dissipation of our resources could not continue forever, and that sooner or later they would reach the limit of their resources, the dance would be over, and the time would come for them to pay the fiddler.

In 1932 the income of the American people was approximately $60,000,000,000. All governmental expenditures that year approximated $15,000,000,000, or one fourth of the total national income. That is to say, $1 out of every $4 earned by the people of the United States in 1932 was required to pay taxes levied by the Federal, State, city, and county governments, or by other governmental subdivisions of the States. Of the $15,000,000,000 taxes paid in 1932, $4,000,000,000, or approximately 30 percent, were for taxes levied by the United States Government, and $11,000,000,000, or 70 percent, were for taxes levied by States, counties, cities, school districts, and other subdivisions of the State governments.

The increase in the expenses of the United States Government has been much less than the increases in the cost of State, county, city, and local governments. Of the $4,000,000,000 expended by the United States Government in 1932, $3,000,000,000, or three fourths of all expenditures, were on account of war debts, expenses of the Military and Naval Establishments, and for pensions and compensation benefits to war veterans, and $1,000,000,000, or one fourth of

the total governmental expenditures, were for all other Government costs.

In 1932 the major expenditures of the Federal Government were approximately as follows:

One billion dollars, interest on Liberty bonds and other Government securities; $1,000,000,000 to veterans of all wars and their dependents; $1,000,000,000 to Federal employees; $1,000,000,000 for miscellaneous items, including all other Government expense.

Most certainly I favor a reduction of taxes by the Federal Government, but at the same time the people should demand a substantial reduction in State, county, and local taxes, because the larger part of our tax load comes from local rather than Federal taxation. I am glad to know that the park administration has radically reduced State expenditures, which, of course, means a substantial reduction of taxes in Missouri.

Since 1921 the total annual cost of government—Federal, State, and local—has increased from ten to fifteen billion dollars. The chief reasons for the higher cost of government are as follows: In the States one half of all revenues was spent on the public construction of highways and buildings and education. In the Federal Government 70 percent was expended on the war debt, for the maintenance of our Army and Navy, and for pensions and compensation to veterans of all wars and their dependents.

A recent Senate investigation showed that Mr. Morgan and his business associates and many other owners of great fortunes have for many years wrongfully avoided payment of income taxes and have not been contributing their just proportion of the expenses necessary for the maintenance of our institutions.

This indefensible practice, this unpatriotic and unethical conduct has been suspected for many years; but under the sinister and cynical administration of the Treasury Department by Mr. Mellon, tolerated if not directly sanctioned by Presidents Harding, Coolidge, and Hoover, these malefactors of great wealth, these financial pirates, these economic freebooters have been protected by technical Treasury rulings, and by ambiguous and ingeniously constructed provisions in our revenue laws, and thereby exempted from their just and equitable proportion of the tax burdens of this Nation. This long-protracted governmental favoritism, this unconscionable sheltering of predatory wealth from its fair and just obligations to the Government, this thinly disguised covenant between the Republican administrations and tax-evading money kings has excited Nation-wide indignation and shocked the conscience of all right-thinking, right-acting people. It is inconceivable that these great masters of finance and captains of industry who have exploited the American people, maladministered its financial and economic affairs, plundered the poor, and monopolized the wealth and prosperity of the Nation should be so dead to all sense of shame, so ungrateful, unpatriotic, unappreciative, and unwilling to contribute their just share of the funds necessary to maintain the Government that protects them, and under which they have accumulated their colossal fortunes.

In conclusion, may I add that the Democratic Congress has enacted a law to cure the shameful situation disclosed by the Morgan investigation. Under this new law Morgan and his ilk will no longer be able to manipulate their profits and losses so as to avoid income taxes. The Roosevelt administration has set itself to the task of stopping the leaks in the income-tax system to the end that men may pay taxes in proportion to their ability to pay, and in line with the benefits that accrue to them under our economic and governmental systems. Congress is loyally supporting the President in putting over a program that will insure a speedy return of prosperity and normal national life.

THE RECORD OF THE SPECIAL SESSION OF THE SEVENTY-THIRD CONGRESS

Mr. MEAD. Mr. Speaker, no peace-time session of the Congress ever enacted more important and far-reaching legislation than this special session. This program of legislation was enacted under the able and courageous leadership of our President, Franklin D. Roosevelt, who stands out today as the world's greatest statesman. Members of the House and the Senate also share in the credit for this remarkable performance, for by their untiring and ceaseless efforts the emergency program was carried through both Houses with expedition and dispatch.

Every platform pledge has been kept and every preelection promise fulfilled. The economic crisis has been checked, business is already improving, and the American people face the future with faith and confidence. Some mistakes may have been made; others may remain to be corrected; but in the main the "new deal" has brought order out of chaos, and the people will enjoy a new concept in the social order in our economic life and in the fundamentals of government.

As the representative of the people of the Forty-second Congressional District of the State of New York, to whom I have the honor of making this report, I supported the following important measures:

1. The Industrial Recovery Act.
2. The public-works program.
3. The modification of the Volstead Law.
4. The resolution for the repeal of the eighteenth amendment.
5. The emergency banking legislation.
6. The Farm Relief Act.
7. The Muscle Shoals-Tennessee Valley Authority.
8. The Wagner human-relief appropriation.
9. The creation of national employment agencies.
10. The emergency railroad legislation.
11. The Farm Loan Mortgage Act.
12. The Home Loan Mortgage Act.
13. The Securities Regulation Act.
14. Banking and currency reform.
15. The revenue-producing proposals.
16. The reduction of postage rates.
17. The bill authorizing the President to reduce and consolidate Federal agencies.

In supporting the above measures I have a personal feeling of satisfaction because in the main they conformed in their purposes to my ideas. The rights of our workers were recognized and the farmers of our country were given well-merited attention.

I opposed the legislation with regard to the St. Lawrence River because I believe this project to be detrimental to the welfare of my State and the people I represent. I also opposed the provisions contained in the House economy bill and favored the Senate draft of this measure because it was more just and humane.

I desire to comment briefly on a few of the important measures which I have enumerated above.

PROHIBITION

The passage of the resolution calling for the repeal of the eighteenth amendment and the legislation to modify the Volstead Law received my hearty support, for I have been an advocate of repeal and modification ever since this mistaken policy was adopted by our Government. Already revenues are beginning to pour into the Federal and State treasuries, temperance is increasing, and a better order prevails.

NATIONAL INDUSTRIAL RECOVERY

This legislation was designed to increase employment opportunities, to shorten the work periods, to insure a decent wage for our workers, to prevent unfair competition, and to regulate and control production.

I sincerely hope this all-important legislation will receive the enthusiastic cooperation and support of industry throughout the United States.

RAILROAD LEGISLATION

In order to maintain an adequate national system of transportation the President recommended the enactment of the emergency railroad-transportation measure. Included in this legislation are provisions safeguarding the rights of our faithful railroad employees, and the public interest must likewise be given proper consideration in connection with the administration of this act.

MUSCLE SHOALS

Since the termination of the World War attempt after attempt has been made to dispose of this great utility located on the Tennessee River in the State of Alabama. In this session of Congress, under the leadership and with the support of our President, we were successful in creating the Tennessee Valley Authority and endowing that agency with power to operate this giant enterprise in the public interest.

PUBLIC WORKS

As an advocate ever since the beginning of the depression of a public works' program which would give our people opportunity to secure employment, I very enthusiastically supported the public works bill.

This bill carries an appropriation of $3,300,000,000, and it is estimated that by October 4,000,000 of our people who are now without work will be gainfully employed.

BANKING AND CURRENCY REFORM

Among the important accomplishments to be included in the record of this session of Congress should be listed the legislation regulating our banking institutions and controlling the currency.

Under this heading can be listed the approval of the bank holiday, the repeal of the gold clause in an existing statute, the inflation amendment written into the farm bill, the guaranty of bank deposits, the recognition of silver in our monetary system, granting authority to the President to reduce the content of the gold dollar, the regulation of securities in interstate commerce, the suspension of home-loan-bank powers, subjecting foreign bond issues to the approval of the State Department, and the separation of banks from investment affiliates.

Other noteworthy measures include the reforestation project, the creation of national employment agencies, tariff adjustments, and the appropriation of $500,000,000 for the relief of States and municipalities.

Among the legislation which was not enacted, although considered at this session of Congress, were the arms-embargo resolution and the St. Lawrence Waterway Treaty.

I shall not attempt in this statement to go into detail in explaining the provisions of the measures cited above, nor shall I be able to mention each and every bill which was considered; but I believe it is sufficient to say that the program of the President has been adopted, that the Members of Congress—irrespective of party, placing patriotism above partisanship—have won the war against depression, and that Congress can adjourn with the satisfaction of knowing that they have clothed the President and the administration with adequate powers to bring the country back to prosperity again. Under the inspired leadership of our President, Franklin D. Roosevelt, and with the cooperation and support of the patriotic citizenship of the Republic, we are winning the fight.

SUMMARY OF SPECIAL SESSION OF SEVENTY-THIRD CONGRESS

Mr. CROWE. Mr. Speaker, the special session beginning the Seventy-third term of Congress, which was ushered in by President Franklin D. Roosevelt, bids fair to go down in history as a session of the greatest and farthest-reaching achievement of any session of Congress in the history of the United States. President Roosevelt, in my opinion, will be accorded a place in history along with the greatest, if not the greatest, of our Presidents.

It would be too much to think and contend that every piece of legislation proposed by the new President and enacted into law by the Congress and by the President's signature would result in doing all that would be hoped for it. No one is always right on every subject. No batter makes 100 percent every day. The batting average is what counts, and in order to make a batting average one first must play ball. By that I mean there must be activity. The new President, Franklin D. Roosevelt, showed his metal in his inaugural address; that is, he pointed the way, making clear, concise statements, which were followed through the entire special session and which resulted in a dizzy pace, which was responded to by the Congress in a fashion and manner seldom, if ever, witnessed in our history.

The people had grown tired of inactivity. They were tired of the Government sitting idly by while the house was afire. They were tired of seeing water and nourishment put on the leaves of the trees while the roots were starving, and the roots of the trees, by example, may be likened to the individual, to the people in the ranks—farmers, laborers, mechanics; in fact, people in all walks of life—who labor with their hands for a living or salary. Those were the people who were being neglected.

In my opinion, of all the splendid legislation enacted into law in this session the outstanding legislation which the future will record will be the Industrial Recovery Act. The law was designed to put people to work, because as long as we have the many millions of unemployed and without any purchasing power there can be no prosperity and there will not be a market for the products of the farm. I heartily endorsed that measure; in fact, I have stated time and again that either our Government take the lead in finding employment for our people or our recovery would be long and painful. In fact, in an address in Bedford, Ind., on November 19, 1931, I made the following statement:

> I believe a bond issue at this time of from $2,000,000,000 to $5,000,000,000 would bring money out of hiding from those who are frightened, spend it for Federal road building, public improvement, etc., and this would, I believe, break the back of this depression or panic.

Which speech, with this statement, was inserted in the daily CONGRESSIONAL RECORD under remarks of Congressman ARTHUR H. GREENWOOD on January 7, 1932.

It has been stated many times that this depression or panic is equal to or as bad as a state of war. We all know what our Government would do in a state of war. They would not stop for anything. They would not spare any sum of money. Everything would be done with a purpose of winning; and if it cost two billion, five billion, ten billion, or twenty-five billion dollars, the money would be raised and spent to pursue and win the war. This industrial depression and panic is in many respects more devastating than war, so why should we have waited these 3 years to get started doing the things necessary for a return of prosperity?

Following this terrible depression and panic, when the country returns to prosperity and when large institutions begin making enormous sums again, high income-tax returns, so drafted and constructed that they will actually get the money, should be kept in effect and the swollen fortunes and incomes that have made vast sums through and because of the World War be made to pay those immense sums of indebtedness caused by the war, and those enormous profits hereafter made be paid in generous amounts into the Federal Government with which to pay off speedily the immense debt accumulated during the World War and during this panic which we have been passing through which has accumulated additional indebtedness.

GLASS-STEAGALL BANK BILL

The next in importance, in my opinion, will be found to be the new bank bill. This bill is far-reaching legislation, and legislation that this country was sorely in need of. True, it will cause much reorganization of banks, and occasionally here and there may be a bank which will not benefit by the act, or apparently will not, but such banks will be few and far between, and these banks, by adhering to the Government regulations, will in the end profit by same.

The one phase of this in which I was tremendously interested was that small banks and State banks be fairly dealt with. That was one of the hardest fought battles of that legislation, for the reason the big banking interests in the cities were not in favor of legislation which would strengthen the small banks in the small towns. The legislation does not include at the present time everything that some of us desire; but the proponents of the bill, at least the ones in the House whom I have talked to, inform me that banks now in existence which are sound, even though they are smaller in capitalization than is required by the legislation for banks being recognized hereafter, and that banks not now members of the Federal Reserve will be given until

January 1 to carefully go over the situation. They also point out that during the next 2½ years there will no doubt be many clarifying changes and amendments which will be found necessary in order to take care of State banks and all smaller banks of the country.

In going over this with the chairman and ranking members of the committee, I pointed out to them that in many places in smaller communities and sparsely settled sections of the country a bank was almost indispensable to those communities; yet in many of them safe, sound, and prosperous banks are today in existence with very small capital, some as low as $20,000 capital stock and even as low as $10,000. In fact, I know of banks with capital of only $10,000 which are sound and have gone through and remained open and are today solvent and liquid. One in particular is a good illustration. This bank is operated by a personal friend of mine, Mr. N. B. Matthews, of Stanford, Mont., who has a small bank of only $10,000, I believe, capital stock. His bank is open, liquid, and prosperous, has never been closed except during the bank holiday, and is the only bank that has remained open for many miles in every direction. That is only one, but it serves an immense area; and it would not be fair to enact legislation which would cause this or other similar institutions to close or to increase their capital stock, which would cause an overcapitalization, which would not be profitable. I mention this one instance, and there are many such in the country.

Guaranty of bank deposits is a thing that should have been done many years ago. There is no more excuse or reason for not guaranteeing or insuring the depositors' money than there is to not insure one's home, his household goods, his automobile, his jewelry, his safe, or his valuable papers. Scarcely no one today would think of not carrying insurance on many things that can fairly well be taken care of, and that one can be reasonably sure they will not suffer loss on, yet to affect safety, they carry insurance. Banking and the depositors' money has been looked at from a peculiar slant by many. Quite within the law, one could place his money in a bank, the banker permitted and wholly within his rights to loan up to 85 cents on the dollar of that money, and the depositor well within his rights to come back at any time and demand his money. The banks were not expected to have this money in their vaults, hence in times of stress, people called for their money much faster than others deposited their money in the banks, hence the lack of faith and confidence in our banks. This lack of confidence was largely unfounded. The guaranty of bank deposits will do more to restore confidence in our banks and in our financial institutions than any or all other things combined.

The program of the President and Congress certainly exemplifies the return of the Government back to the people. From the beginning, one act after another has been in the interest of the masses and not of special interests. I am sure no one will mistake me in this mention of special interests. I realize as does many or all who have given these matters thought, that money and capital is needed for industry. It is to be desired, but like the powerful machine, it must be properly harnessed and properly controlled. It must not be turned loose to bring havoc and ultimately destruction to itself. This program brings relief to the oppressed farmers. It brings relief to the mortgaged farmers, relief to the home owners in the cities. Industrial relief, and relief will be given by the program to millions who are now unemployed.

The President has stated—

> This relief by business I mean the whole of commerce as well as the whole of industry; by workers I mean all workers, the white-collar class as well as the men in overalls; and by a living wage I mean more than a bare subsistence level. I mean the wages of decent living.

The result of action as against inactivity already shows unmistakable signs of recovery. It is expected that under the recovery act that a million additional men will be employed by October 1. This will start the wheels of industry moving. Already steel, which is one of the surest barometers of business, according to journals which make such surveys, show that the upturn in steel is indicative of such upturns of other years in the past, such as 1907 to 1909, and again 1920 to 1922, and by their charts they show those years and also indicate the upturn this year, which shows conclusively that the return of prosperity is coming surely and steadily. Their charts show April and May 1933 to have made the greatest turn at any time in recent years.

This has been brought about by a President of action, by a Congress which is willing to be led, and not only led but a Congress which is progressive in thought, action, and deed, and through it we are entering the threshold of the greatest and soundest prosperity that this country has known in many years.

A FEW OBSERVATIONS ON GOLD, THE TARIFF, AND THE LONDON CONFERENCE

Mr. KNUTSON. Mr. Speaker, the World Economic Conference at London leads each of us naturally to give some thought to its probable or possible results in relation to our own problems, as contradistinguished from world problems or the problems of other nations. This is not narrow nationalism, but our plain duty. President Roosevelt recognized this in his inaugural address when he said, in substance, that it was our duty to put first things first and to solve domestic problems before taking up international problems, although, of course, the latter were important and must in time be dealt with.

It is in this spirit and from this viewpoint that I approach a common-sense analysis of the questions to be determined by the World Economic Conference. The objectives of the Conference were stated by President Roosevelt on May 16, as follows:

> The Conference must establish order in place of the present chaos by a stabilization of currencies, by freeing the flow of world trade, and by international action to raise price levels. It must, in short, supplement individual, domestic programs for economic recovery by wise and considered international action.

Here we have stated the three objectives: (1) Stabilization of currencies, (2) freeing the flow of world trade, (3) international action to raise price levels. As unquestionably President Roosevelt is intensely interested in the World Economic Conference, we must assume that the three objectives stated are the utmost that he expects to attain from the Conference. We have a tremendous number of people out of work in this country. No one knows the exact number, but the figure being used in contemporary discussion is 15,000,000. It is conceded on every hand that we can have no economic recovery in this country until these unemployed, or the major part of them are restored to employment. This restoration to employment of our unemployed people is our major objective. Until that occurs prosperity cannot return.

Let us, therefore, consider the three stated objectives of the World Economic Conference, having in view at all times our national necessity to reemploy our unemployed. What is meant by stabilization of currencies? In a joint statement put out by the President and the Finance Minister of Italy (Mr. Jung) it was stated that the proper basis for currency is gold. Therefore we assume that when the President speaks of stabilization of currency he has in mind the stabilization of currency the basis of which is gold. All European countries and some Asiatic ones have a gold currency. This currency, like ours, is uniformly defined by statute in terms of weight and fineness. One of these factors, fineness, is already stabilized.

The monetary gold of Europe and the United States is interchangeable so far as the standard of fineness is concerned. For example: When Great Britain paid up her war-debt installment on December 15 the mechanical process was easy, although her unit of value is the pound and ours is the dollar, and the debt was payable in dollars. Nevertheless, to the satisfaction of both parties it was paid in gold, which was in dollars. It probably was gold bars of international standard of fineness and of a number of grains which, divided by the number of grains in our gold dollar, made the number of dollars required to be paid. Similarly, we can pay in gold our indebtedness to any European coun-

try on the gold standard by shipping over the necessary weight in gold bars.

The mintage of gold into dollars, pounds, francs, and so forth, adds no monetary value to the gold. Its value arises because it is gold of the required fineness and is not affected at all by the stamp on it of any country. Therefore the only thing left to be stabilized in the currencies is the weight. The present weight of our dollar is 25.8 grains nine tenths fine; of the British pound, 7.9881 grams; of the French franc, 65.5 milligrams. We are not interested in the weight of gold in any foreign country so long as no attempt is made to change it quickly to the disadvantage of our citizens who have outstanding contracts expressed in foreign currencies but without the gold clause. If an American citizen has a contract for the sale and delivery of merchandise in France of the value of, say, 100,000 francs and payable in French francs in the amount of 100,000 and with no gold clause in the contract, he is, of course, interested that the weight of the French franc remain such that it is worth 3.95 cents in our money. Except for such citizens we have no direct interest in whether the value of the French franc is 3.95 cents of 19.3 cents, as it used to be. When we calculate in French francs now we calculate roughtly about five times as many French francs as we used to count before the war, when the French franc was worth 19.3 cents in our money.

Conversely, foreign nations do not care whether our dollar remains as it is or doubles in weight or is halved, except for one reason, which I will give later. It is conceivable that a result of this Conference might be a multilateral treaty in which the weight of the gold currencies of each of the countries was stated and an agreement was made that that weight would be maintained. Such an agreement would be of some benefit, but rather limited in its beneficial results, as it would merely give our citizens the same assurance that they are able to give themselves now by putting the proper language in a written contract.

What forced other nations off the gold standard was not the weight of gold in their respective units of value but the fact that they were short of gold. A treaty merely attempting to stabilize currency by stating the amount of gold in the unit of value of each country will not give any country any more gold or relieve it of any trade disadvantage. Some people expect that a result of the Conference will be that we will reduce the amount of gold in our dollar. Not a single nation in the Conference will wish us to do that. The reduction of gold in the dollar would, for a time, do two things: (1) Unless wages and other costs were increased, it would reduce our cost of production and thus facilitate our exports, and (2) by making it necessary for any importer to have more of the decreased dollars to buy foreign goods, thus increasing their cost in dollars, it would make imports into this country more difficult. While I admit, at once, that this facilitation of exports and obstruction to imports may be temporary, it certainly will not do any foreign nation any good while it exists, and, therefore, no foreign nation is going into the Conference with the idea of insisting on any reduction in the weight of gold in our dollar.

Let us suppose, however, that there is a stabilization treaty, but that our normal relation of exports to imports continues and that, therefore, the balances of trade in our favor continue. These balances must be paid in some way. Between 1921 and 1930, roughly speaking, we paid them in the following ways: We loaned foreign nations $19,000,000,000 in gold; our tourists spent hundreds of millions in Europe; our citizens of foreign birth or ancestry, and also our resident aliens, sent millions back home. We paid freight to foreign steamship companies and insurance to foreign insurance companies, and, to some extent, we paid interest and dividends to foreign holders of our securities. They are fewer than they were. We are not loaning any more money abroad. Our tourists are few. Less immigrant money is going back. Less money is being paid to foreign steamship and insurance companies, and less money is being paid in interest and dividends to the foreign holders of our securities. Consequently trade balances must be paid in gold. This is being illustrated in a rather amusing way just at present.

President Roosevelt recently took us off the gold standard, and for a time our dollar shrank, but now it is rising, because foreign dealers must pay us. Their own countries will not permit them to export gold, and therefore they are obliged to bid for dollars, and consequently, under the operation of the law of supply and demand, the price of our dollars is rising until New York bankers are asking the Government to institute an equalization fund, so that the Government can buy foreign currencies and keep the price of the dollar from going above par. It is clear that there is nothing to be gained by any country through the mere stabilization of the weight of the currencies of all countries.

This brings us to the President's second point, "freeing the flow of world trade." That can mean nothing except exports and imports. In connection with this we must not lose sight of the fact that more than nine tenths of what we produce is consumed in our own country and that our export surplus seldom, if ever, has risen above 10 percent. Therefore we must be careful to do nothing to jeopardize the market for the nine tenths of what we produce. We have that and can keep it. As our exports never exceed 10 percent of our production, it must be assumed that the rest of the world collectively produce enough to satisfy nine tenths of its economic demand. The producers of this nine tenths, living in the other countries, are just as unwilling to lose their jobs as the producers of the nine tenths of our products that go into the home market are to lose their jobs. Human nature does not greatly differ. The rest of the world will not be benefited unless it can get greater access to our markets.

We are given to understand that the President is going to ask for power to reduce any of our tariff rates to an extent which does not exceed 50 percent of the present rate. If he does that it means, as Speaker RAINEY pointed out in the Seventy-second Congress (CONGRESSIONAL RECORD, July 15, 1932, vol. 75, pt. 14, p. 15561):

> A horizontal lowering of our tariffs might result in our own markets being flooded with a torrent of cheaper-made foreign goods.

In other words, for this country more unemployment, more closed factories, lowered wages, and a reduced market for the products of the farm. Certainly that form of "freeing the flow of world trade" would not do us any good. What foreign country is going to lower its tariff rates, and on what products, to make up 10 times over for the opening of our markets by what Speaker RAINEY called "a horizontal reduction of our tariff rates"? I say 10 times over because that is a fair expression, considering the size of our home market as compared with any market accessible to us in any other country for any probable aggregation of increased exports from this country. Therefore there is practically no expression of any benefit to us from the first and second objectives of the World Economic Conference as stated by the President.

I am frank to say that I do not know what is meant by the phrase "international action to raise price levels." Real prices are fixed by the law of supply and demand and are incapable of being raised by international action. Trade in the last analysis is barter, with money merely as a yardstick. And no international agreement can make any foreign customer gives us more in real value for a bushel of wheat, for instance, than we are now getting. The last sentence, "It must, in short, supplement individual domestic programs for economic recovery by wise and considered international action", seems to me—and I make the statement with due regard to the high office of the President of the United States—words, just words.

For that portion of the President's statement of May 16 which deals with his desire to maintain and make permanent the peace of the world everyone has entire sympathy. Our own country has been a leader and a pioneer in that endeavor. I do not know just when our thought on that subject was first crystallized into legislative expression; but as early as June 25, 1910, our Congress, by a joint reso-

lution authorized the then President of the United States, William H. Taft, to appoint a committee to meet with committees from other nations to work out, through an international police force, permanent world peace. It is a matter of known but unwritten history that President Taft offered to make Theodore Roosevelt the chairman of this committee with power to select his associates; that Mr. Roosevelt, on the trip which he took to Europe, sounded out other nations and found that some of the nations would not cooperate. The authorization to the President was for 2 years only; and upon receiving the reply which I have stated from President Roosevelt, he abandoned the effort to appoint the committee. Similar authority was conferred on President Wilson by the Congress in the Sixty-fourth Congress, but the World War put a tragic veto on the exercise of the power by him.

It is interesting to note that the power has never been repealed, but neither has it been exercised by any of President Wilson's successors. Later our country took an honorable and active part in the cause of world peace through the Washington Conference called by President Harding in 1921. Still later an honored citizen of Minnesota, Hon. Frank B. Kellogg, as Secretary of State, took a leading part in the movement which resulted in what is known as the Kellogg-Briand Pact. Still later President Hoover was instrumental in initiating the Limitation of Armaments Conference—erroneously alluded to by President Roosevelt as the Disarmament Conference—which is still in existence and soon to meet again at Geneva. Therefore this part of the President's statement is in strict accord with the unvarying policy of our Government, vigorously expressed, tenaciously adhered to, and pressed unceasingly on foreign countries for at least a quarter of a century. It is a noble purpose and to be considered entirely apart from its effect on unemployment and markets.

There are many questions involved in the problem of the reduction of standing armies by foreign nations. We have no rights in the premises except to make suggestions. In asking foreign nations to reduce the size of their standing armies we are limiting markets for our exports, and thus, to a certain extent, limiting employment in this country. To illustrate: France has a standing army of about 600,000 men. These men are being fed, clothed, and otherwise maintained by the Government at a minimum of expense and are not competing with other labor in France. To a certain limited extent they are consumers of our products. Let us assume that France reduces her standing army 50 percent. There is depression in France; and if to the present unemployed in France were to be added these 300,000 men relieved from army service, the competition for employment would be increased. The rates of pay, especially of common labor, would be decreased. The number of unemployed would be increased, and as those employed would have lost purchasing power, they could buy and consume less of our products.

Therefore, while the yearning for permanent peace has the approbation of us all, we are entitled to the commendation that comes from a highly unselfish act, because under present conditions the reduction in the size of armies in foreign countries would reduce the power of those countries to purchase our own products.

If, on the surface of things, there seems nothing hopeful as to results from the World Economic Conference, have we any other recourse looking toward putting our 15,000,000 unemployed to work? Fortunately, yes. I represent a farming district, and, nationally, we can take a lesson from what the pioneers in farming in Minnesota did. In the early days in Minnesota a farmer made his plans so that he and his own family would be assured of food, clothing, and shelter. That came first. The shelter might be, and sometimes was, a sod house; the clothing homespun; the food rough, coarse, but sufficient. After these needs were attended to, then came planning for the church and the school, and over, above, and beyond that, plans for sales from the farm resulting in a profit. We would do well as a Nation to follow this example. Providence has made us self-contained. We can produce nearly everything we consume; and everything which is consumed in the United States which can be produced in the United States ought to be produced here. I have consistently maintained the benefits of the protective tariff. Just now the legislation which should be passed is legislation which would impose against countries having depreciated currencies a tax on products coming into this country equal to the difference between the face value of their units of currency and the actual value. This would not increase any tariff. It would merely make the existing tariff mean what it says. Various estimates have been made of the number of people that this would put to work, some estimates running as high as 4,000,000. Suppose it only put 500,000 to work—even that would make a great improvement.

This is not a policy of isolation any more than the old time pioneer's policy was a policy of isolation. It is a policy of common sense. More than that, it is a policy of kindness to nations with which we compete, which, through lower wages, have a lower standard of living and to whom the export trade is more essential than it is to us. Whenever we send exports into markets in competition with such nations we bear down the price which they receive and help to lower the standard of living and keep down the wages of their people, as well as our own. Why should we continue to do it when we can live without it? Of course, I do not mean that our export trade should be abolished. There will always be articles for which there is a market at fair prices, and also a market for special products and special manufactures. What I do mean is that we would be better off if we devoted ourselves to building up our own industries, protecting them from foreign competition by an adequate and proper tariff, rather than by striving hopelessly to build up an export trade in markets where we compete with lower cost products and from most of which we can be shut out any minute by an increased tariff of the country to which the goods are going.

Further, and in line with the President's desire for peace, attention should be called to the fact that by doing this we greatly diminish our chances of being drawn into any foreign war. Practically all wars in the last century, at least all wars in Europe, have arisen from trade rivalries, and if we do not engage in trade rivalries, there will be no reason for foreign nations to involve us in another war. Very few good citizens ever get into trouble through minding their own business, and that is as true of nations as it is of individuals. The sooner we stop advocating a lot of experimental legislation relating to foreign nations and concentrate on looking after the needs of our own country the sooner our country will commence the climb, which is sure to come, back to a tranquil level of prosperity.

THE FEDERAL FARM MORTGAGE ACT

Mr. LOZIER. Mr. Speaker, in all the history of the world no administration and no government, whether a monarchy, autocracy, or republic, has done as much for the agricultural classes in any period of 50 years as the Roosevelt administration has done in the last 3 months for the American farmers. Ever since I entered Congress I have vigorously contended that our entire business, economic, and political structures would crumble and Nation-wide chaos be inevitable unless agriculture was placed on an economic equality with industry and other vocational groups.

Even when big business, banks, railroads, and the manufacturers were prosperous, in numerous speeches I pointed out that this prosperity was founded on a false basis and could not last unless the Government and big business changed their attitude toward agriculture and permitted the dirt farmers of the United States to share in our national prosperity. Many other Representatives and Senators from agricultural districts and States preached this same philosophy, but it fell on dull ears during the Harding, Coolidge, and Hoover administrations.

But with the advent of the Roosevelt administration the President and Congress gave immediate and thoughtful attention to the farm problem and proceeded to enact legislation wholesome in character and far-reaching in its

benevolent results. One of the most revolutionary yet well-considered, benign, and beneficial measures enacted by the recent Congress is the Agricultural Adjustment Act, which provides for agricultural credits, liberalization of the Federal Farm Loan Act, the permanent refinancing of farm mortgage loans, and for short-time emergency loans to farmers, for all of which Congress provided a fund of $2,200,000,000.

Many Missouri farmers are anxious to refinance their farm mortgages, and I am making this brief statement in order that they may know what help the Government will give them and how advantage may be taken of the provisions of this act.

First, as to permanent refinancing of farm mortgages:

Under the new Farm Mortgage Act the Federal land banks are authorized to exchange Federal farm-loan bonds for mortgages on farm properties executed prior to May 12, 1933. The amount of bonds exchanged may not be more than the unpaid balance of the mortgage nor more than 50 percent of the value of the land and 20 percent of the value of the insured improvements.

If a Missouri farmer wishes to refinance his mortgage, he may write to Ernest J. Bodman, agent of Farm Loan Commissioner, Federal Land Bank, St. Louis, or to said land bank, or he may apply to the county correspondent of the Farm Loan Commissioner for blanks on which to submit his application. The correspondent will be in a position to assist the farmer in preparing his application and otherwise advising him in reference to the terms and conditions on which his farm loan may be refinanced. The county correspondent may charge the applicant $1 for preparing the application, but the farmer is not required to have his application made out by the correspondent.

An applicant will also be required to deposit $10 to cover expenses of appraisal. The county correspondent will send the application to Mr. Bodman or the Federal land bank, and if it is found that the application does not meet the requirements, no appraisal will be made and the $10 appraisal fee will be returned to the applicant. In other words, if a preliminary examination of the application shows that the security is inadequate, or if for other reasons it is apparent that the Government cannot make the loan, the appraisal fee is returned to the applicant and his total expense will be $1, the amount paid for preparation of his application.

From a preliminary examination of the application, if it appears probable that the loan may be made under the regulations, the land will be appraised and a decision reached as to the amount of loan that will be granted. The Federal land bank or Farm Loan Commissioner will then negotiate with the holder of the mortgage, and if the facts warrant, may require a reduction of the mortgage before exchanging Federal farm-loan bonds therefor. Of course, the mortgagee cannot be compelled against his will to discount his mortgage, but in many instances will be glad to do so in cases where the mortgage is nearly equal to or in excess of the value of the land. If the mortgagee consents to such reduction, the farmer gets the benefit thereof, and his mortgage for the reduced amount will then be extended over a long term of years at a low rate of interest. All loans that are accepted must be closed through the county correspondent.

Either the mortgagee or mortgagor may start negotiations for refinancing a farm mortgage. If the holder of the farm mortgage wishes to take advantage of this refinancing plan, he must apply to the office of the Commissioner or to the land bank. If the mortgage is more than the amount the Government can lend on the land, the mortgage holder may take a lesser amount of bonds bearing 4 percent guaranteed interest or cash in exchange for the mortgage down to the amount the Government can loan.

If the Government takes over the mortgage, the new rate of interest will be 4½ percent per annum. During the first 5 years no payment need be made on the principal, but thereafter a small part of the principal must be paid at each interest paying date.

If a farm has not previously been mortgaged, a new mortgage may be negotiated, with interest at 5 percent per annum, and no reduction in the principal need be made for 5 years, after which it must then be reduced periodically. If the farmer joins a "farm-loan association" organized in his community by the land bank and buys up to 5 percent of the amount of his mortgage of land-bank stock, the interest on his mortgage will be reduced to 4½ percent.

Second, as to emergency or short-time loans:

In addition to permanent refinancing of farm mortgages to which I have referred, the Farm Loan Commissioner can make special loans to farmers, as follows:

First. To refinance on better terms any existing indebtedness.

Second. To provide working capital.

Third. To enable the farmer to pay delinquent interest and taxes, or to avoid sacrificial foreclosure sales, or to redeem or repurchase farm property lost by foreclosure since July 1, 1931.

These loans will bear interest at 5 percent, the principal being paid off in 10 annual installments, commencing the fourth year. In all of such instances, if there is any indebtedness against the farmer, the holders thereof must, through the Commissioner, arrange to subordinate the claim to the new Government loan. These emergency or short-time loans may be secured by first or second mortgage on farm property, real or personal, including crops.

To be eligible for a Federal land bank loan, it is necessary that the owner be operating the farm or having it operated under his personal supervision. That is, he must live on the farm, or near enough to give it his personal attention, and be furnishing a part of the work stock, tools, equipment, seed, and so forth, used in operating the farm, or his principal income must be derived from farming.

CONCLUSION

Please understand that the element of safety must be considered by the Government in refinancing farm mortgages. While the Government will be liberal in its appraisals, it will, of course, refuse to make a loan in every case where the security is inadequate, or where the granting of such loan would ultimately mean a loss to the Government. In its efforts to help the farmers the Government will go as far as prudence and safety will permit, but the administration will not be justified in using funds collected from the people by taxation to make loans or guarantee interest where the security is not adequate.

The farm mortgages in the United States amount to more than $9,000,000,000. Under the Agricultural Adjustment Act, $2,200,000,000 is made available to refinance farm mortgages, a sum less than one fourth of the total farm-mortgage indebtedness. So, it is apparent that the Government cannot refinance all farm mortgages, but it has made available a fund of more than $2,000,000,000 to take care of emergency cases, and refinance approximately one fourth of our farm mortgages over a long term of years and at a low rate of interest.

The financial condition of the Government and the Nation will not at this time permit the creation of a fund sufficient to refinance all farm mortgages, but the $2,000,000,000 provided will furnish relief, or perhaps salvation in most critical cases. No doubt some farmers will be disappointed and unable to have their loan refinanced, but many will be able to take advantage of the benevolent provisions of this act. I regret that economic conditions do not permit Congress to provide for refinancing all farm mortgages in the United States, but that would have required a fund of $9,000,000,000. Under existing conditions a bond issue for that amount could not possibly be floated. The President and Congress went as far as possible and should not be criticized because financial conditions would not permit them to make provision for a refinancing of all farm mortgages. Just as rapidly as conditions will permit, Congress will provide additional funds for this purpose.

Members of Congress will be glad to render farmers all possible assistance in refinancing their mortgages, but as all the details will be handled through the office of the Farm

Loan Commissioner and the Federal land banks, I suggest that farmers who desire to take advantage of this act, make direct contact with the county correspondent of the Farm Loan Commissioner.

SALARIES PAID TO RAILROAD EXECUTIVES

Mr. LUDLOW. Mr. Speaker, at this time, when pensions are being withdrawn from veterans suffering non-service-connected disabilities, when the personnel of the Government, from highest to lowest, is taking a 15 percent cut, when low-paid Government employees are being reduced to a salary point that makes life a tremendous struggle, when nearly every business in the country has been forced to make from one to three wage cuts, and when 14,000,000 unemployed are walking the streets, unable to secure any wage income at all, the question may properly be asked whether the salaries paid to many railroad officials of America ought not to be revised downward.

This question is peculiarly appropriate in view of the fact that vast sums of money from the Federal Treasury, raised by taxing all of the people, are being loaned to the railroads through the Reconstruction Finance Corporation.

I have no sympathy with those who make demagogical attacks on railroads, nor do I believe that the salaries of railroad officials should be unreasonably low. In view of the prejudice against railroad corporations, it may not be a popular statement to make, but nevertheless it is true that the railroads have been a factor of the very first importance in making America the great nation that it is.

It is difficult to visualize what the backward condition of the country would be today if we had had no railroads. I believe that the brains required to run railroads should be recognized with adequate compensation.

As 1 person out of 120,000,000, and 1 Member of Congress out of 531, I concede that railroad executives should be not only well paid but liberally paid. I will even grant that there is some logic and reason for the argument that railroad executives should be paid a higher level of salaries than is paid to the executives of any other corporations in America.

COMPARES WITH ROOSEVELT

But that does not mean that the salaries of railroad officials should be kept at so high a point that, in comparison with them, the salaries paid to other officials, public and private, who are key men in the affairs of the Nation pale into utter insignificance. I think it is pretty well understood that Franklin D. Roosevelt, President of the United States, is a rather important man not only in America but in the world equation. Certainly his job is bigger than that of any railroad president. Certainly the tremendous burden of work and responsibility that are upon him and the great things he is doing, not only for this country but for the world, place him in the front rank. These facts conceded, it is somewhat surprising to learn that one railroad executive in America draws twice as large a salary as President Roosevelt and $7,500 per annum in addition; two railroad executives receive almost twice the equivalent of his salary per annum; and numerous other railroad officials receive salaries in excess of the salary paid to the President of the United States.

CITES COURT SALARIES

The Supreme Court of the United States is the guardian of the rights, liberties, and property interests of all of the people of the Nation. There are railroad executives who receive 6 and 7 times the salaries paid to members of that Court, and the railroad officials who are paid more than the salary of a Justice of the United States Supreme Court are almost too numerous to mention.

One would think that the Vice President of the United States or the Speaker of the House of Representatives would rate a salary comparable with the salary of a railroad president, but some railroad presidents draw 10 and 11 times the salaries paid to those officials.

LEGISLATORS WAY DOWN

Senators and Representatives are too far down in the pee-wee class, as far as salaries are concerned, to be mentioned in the same breath with an ordinary fourth-rate railroad official. Assistants to vice presidents, assistants to general counsels, claim agents, railroad real-estate agents, and traffic managers generally receive higher salaries than Members of Congress. The salary of a United States Senator is $8,500 a year. One railroad company pays $9,000 a year to the manager of its dining service, and this dining-service gentleman receives $500 per annum more than is paid to Senator BORAH or to Senator ROBINSON of Arkansas, the majority leader of the Senate, or to Hon. JOSEPH W. BYRNS, the very able majority leader of this House. One railroad company lists a "furloughed vice president" among its officials. He receives $11,700 a year for being furloughed. This compares rather favorably with the $12,750 a year paid to Vice President Garner and Speaker RAINEY.

CHICKEN-FEED SALARIES

At my request the Interstate Commerce Commission has furnished me the latest available figures on salaries paid to railroad executives. This information makes a compilation of 51 pages in small type and it is highly interesting. Brushing aside the chicken feed in the shape of salaries of less than $40,000 per annum, the following are salaries paid to railroad officials in excess of that amount:

Chairman of executive committee, Southern Pacific Co., $135,000 per annum; president of Pennsylvania Railroad System, $121,000; president of Baltimore & Ohio Railroad System, $120,000; president of Atchison, Topeka & Santa Fe, $67,500; vice president of same railroad, $40,500; general counsel of same railroad, $45,000; senior vice president of Baltimore & Ohio, $76,500; vice president in charge of operations of same railroad, $54,000; vice president of same railroad, $54,000; vice president same railroad, $45,000; president of Bangor & Aroostook Railroad, $50,000; president of Boston & Maine Railroad, $45,000.

SALARIES THAT RUN INTO BIG MONEY

President of Chicago, Burlington & Quincy and Colorado Southern combined railroads, $75,000; executive vice president of same, $42,500; president of Central of New Jersey Railroad, $64,800; president of Chesapeake & Ohio, Hocking Valley, and Pere Marquette Railroads, $90,000; senior vice president of same, $43,200; president of Chicago & Eastern Illinois Railroad Co., $45,000; president of Chicago & North Western Railway System, $61,000; president of Chicago Great Western Railroad Co., $50,000; president of Chicago, Milwaukee, St. Paul & Pacific Railroad, $67,500; president of Delaware & Hudson Railroad Corporation, $90,000; president of Delaware & Lackawanna Railroad, $67,500; president of Denver & Rio Grande Western, $54,000; president of Erie System, $67,500; president of Great Northern Railway Co., $60,000; president of Illinois Central System, $90,000; chairman of Kansas City Southern Railway Co., $45,000; president of Lehigh Valley Railroad Co., $72,000; president of Louisville & Nashville Railroad Co., $45,000; vice president of Midland Valley Railroad Co. and subsidiaries, $45,000; president of Minneapolis, St. Paul & Sault Ste. Marie Railway Co., $45,000; chairman and president of Missouri, Kansas & Texas Railroad Co., $65,000; president of Missouri Pacific System, $68,333.34; president of New York Central System, $80,000; executive vice president of same system, $40,000; president of New York, New Haven & Hartford Railroad Co., $90,000.

PRESIDENT RECEIVES $67,500

President of Norfolk & Western Railroad Co., $67,500; president of Northern Pacific Railroad Co., $50,000; vice president of Pennsylvania Railroad System, $52,650; vice president in charge of operations of same system, $48,600; vice president of finance and corporate relations of same system, $40,500; vice president in charge of traffic, same system, $40,500; president of Reading Co. and Atlantic City Railroad Co., $67,500; president of Rock Island System, $57,750; chairman executive committee of same system, $40,000; president of St. Louis-San Francisco Railroad Co. and subsidiaries, $63,000; president of Seaboard Air Line, $45,000; receiver of same railroad, $45,000; president of Southern Railway System and subsidiaries, $67,500; vice

chairman of executive committee of Southern Pacific Co., $76,500; president of same company, $90,000; general counsel of same company, $45,000; general counsel of Texas & New Orleans Railroad Co., $41,220; president of Texas & Pacific Railroad Co., $50,000; vice chairman of executive committee of Union Pacific System, $54,000; president of same railroad, $90,000; receiver of Wabash Railroad, $45,000; vice president and general manager of the Wheeling & Lake Erie Railway Co., $40,000.

ROOSEVELT GETS $63,750

To set forth the salaries ranging from $20,000 to $40,000 that are paid to railroad executives would require more space than could reasonably be devoted to that purpose, and there is another enormous group ranging from $9,000 to $20,000.

The salary of the President of the United States, after deducting the salary cut, is $63,750. The Vice President, the Speaker of the House, and members of the Cabinet receive $12,750, and it goes without saying that the financial drains on these officials are much greater than on railroad executives. When we see railroad officials drawing twice as much salary as the President of the United States, the conclusion is almost inescapable that there is something wrong with this picture. When the manager of a railroad dining service receives a larger salary than the leading men of the United States Senate, the eternal fitness of things gets a jolt in the solar plexus.

When a stenographer employed by the United States Government, supporting dependents on a salary of $1,560 a year, and not knowing how he will ever get by, receives a cut of 15 percent, reducing his pay to $1,326 a year, it would seem that if justice still abides in the world those responsible for high railroad salaries would reduce them to a reasonable extent, and furthermore it would seem that if the Congress of the United States is alert to its responsibilities it will not permit the money of the taxpayers to be loaned through the Reconstruction Finance Corporation to the railroads until at least the most exorbitant of these fancy salaries are brought down to earth.

RECIPROCAL TARIFFS

Mr. CROWTHER. Mr. Speaker, during the past few months there has been a great deal spoken and written about reciprocal tariffs. Our Democratic opponents believe they have found in the reciprocal tariff a means by which they can deliver a successful flank attack upon our protective-tariff system. They are giving wide circulation to the historical fact that reciprocal tariffs are of Republican origin, the creation of such outstanding Republican statesmen as James G. Blaine and William McKinley, both distinguished as protectionists. Admitting the compliment our Democratic contemporaries pay the Republican Party by citing Republican leaders and policies as their exemplars, there is just cause for suspicion that much of this Democratic praise of the Republican reciprocity policy of 40 years ago is designed as a smoke screen to cover their flank attack. This suspicion is aroused because there are a great many facts in connection with the reciprocity movement of 1897 that the Democratic propaganda is studiously concealing.

What our Democratic opponents do not tell regarding the reciprocity negotiations growing out of the Dingley tariff reciprocity provisions is that we were deliberately double crossed by those countries which had been most voluble in their professions of a desire to have an all-around reduction of tariff rates. When the test came, they resorted to the most indefensible trickery to nullify any benefits we might obtain out of any reciprocity treaties. As soon as they knew the United States was going to request reciprocal negotiations they hastened to raise all their tariff rates against the United States to still higher levels, so that after the negotiations were completed the concessions which they made would, in point of fact, be no concessions at all. American goods entering their markets would still be paying as high tariffs as the goods from other countries. On the other hand, due to our system of tariff rates, any concessions we made would be very real and would give those countries obtaining such concessions a distinct advantage in our markets.

How strikingly the conditions today parallel the conditions existing then! During the past 2 years we have had a veritable flood of propaganda from other countries and a great flood of propaganda in this country inspired by other countries, demanding that we lower our tariff barriers, and holding out the promise that if we did, we would then find other nations eager to reciprocate. The present Democratic administration, through the Secretary of State, took the world at its word and made the proposition, prior to the London Economic Conference, that the 66 nations which were to participate in that conference declare a tariff truce during the period prior to the conference and for the duration of the conference.

That proposition, made April 29, was promptly rejected by a group of the leading European nations under the leadership of Great Britain. The cause of its rejection was the fact that Great Britain was at that time negotiating long-term trade and tariff agreements with Argentina, Germany, Denmark, Norway, Sweden, the Netherlands, Poland, Japan, Estonia, Finland, Latvia, Lithuania, and Iceland. France, too, was negotiating similar tariff agreements with Canada and a number of European countries. They did not propose to enter into any tariff truce with the United States until after they had secured for themselves all the possible advantages from agreements which they entered into to the exclusion of the United States.

England completed a tariff agreement with the Argentine May 3, whereby she gave special concessions to the agricultural products of the Argentine and in return secured from Argentina special concessions for her industrial exports. She entered into a similar agreement with Denmark and the other countries mentioned. The net result of these agreements was to close the markets of the United Kingdom to the exports of the American farmer (which meant eliminating not only the markets of the United Kingdom but much of Europe, because the markets of Liverpool and London serve as the clearing house not only of the British Empire but of practically every country in Europe) and, on the other hand, the closing of the markets of Argentina, Denmark, Sweden, and the other countries listed to the industrial products and exports of the United States.

After those agreements had been completed, the British Government on May 12 receded from her former position and announced her willingness to enter into a tariff truce with the United States and the rest of the world. In other words, the British Government proceeded to fence off for herself all the choice trade territory of the world before she entered into any agreement with the United States to establish reciprocal tariffs. Under present conditions, any reciprocal tariff agreements would be of little or no value to this country, because they would not be effective in those countries and upon those commodities which have been bound up by the international agreements made between the British Empire and the countries named.

But even then, only 19 countries of the 66 participating in the London Economic Conference agreed to a tariff truce, and those which did agree, agreed, as did France, only in principle.

So we have exposed the ugly fact that all this European talk about lowering trade barriers in order to revive the world's commerce means one thing and only one thing—lowering American tariff rates so that Europe could take possession of our markets.

Europe is not altogether to blame for assuming this attitude. It has been encouraged in the belief that at the first opportunity the Democratic Party, if it should come into control of the administration of this Government, would swing open our customhouse doors and invite Europe to come in and help herself to the American markets. Particularly has this been the case since the World War. President Woodrow Wilson first made that proposition in his annual message to the Congress, December 2, 1919. Outlining the vast amount of money European nations had borrowed of the United States, President Wilson made the

proposition that they be permitted to repay us not in money, but in goods. In fact he laid down the premise at that time which Europe is today taking advantage of, namely, that they could not pay us at all unless they were permitted to pay us in goods. In this connection he said:

Anything, therefore, which would tend to prevent foreign countries from settling for our exports by shipments of goods into this country could only have the effect of preventing them from paying for our exports, and, therefore, of preventing the exports from being made.

The only logical conclusion which could be drawn from that expression was that we should lower our tariff rates so as to permit practically the free importation into this country of goods produced by the debtor nations of Europe. And that was the conclusion which Europe drew and has stubbornly maintained to this day.

From that time down to the present moment Democratic leaders have been more solicitous about Europe's prosperity than about our own, more concerned in finding a market for the output of Europe's industries than in finding a market for the products of the American manufacturer.

President Roosevelt during his campaign for election reiterated this doctrine. In his Sioux City, Iowa, speech he attributed all of Europe's ills to the fact that our tariff had deprived Europe of her American markets and that it was our duty to Europe to put her on her feet by removing the barriers erected to protect our home markets.

The method? It is set forth in the Democratic platform, which pledged "reciprocal tariff agreements with other nations", with the additional proviso that our tariff should be merely a competitive tariff.

Governor Roosevelt elaborated upon this platform. In his Topeka, Kans., speech he said:

The Democratic tariff plan consists in large measure of negotiating agreements with individual countries permitting them to sell goods to us, in return for which they will let us sell to them goods and crops which we produce.

And again he said:

I propose an invitation to them (other nations) to forget the past, to sit at the table with us, and to plan with us for the restoration of the trade of the world.

And what is a "competitive tariff" pledged in the platform? Again let the Democratic Presidential candidate of 1932 define it. In his Seattle, Wash., speech, September 20, he said:

The Democratic platform declares in favor of a competitive tariff, which means one that will put the American producers on a market equality with their foreign competitors.

That is also Vice President Garner's idea of an ideal tariff. On the floor of the House of Representatives January 27, 1921, he said:

The ideal tariff would be a competitive tariff, levying that rate in the customhouse which would result in giving the foreigner an equal opportunity with the American producer.

There can be no escape from this Democratic conception of what constitutes a proper tariff. The Republican Party does not stand for any such tariff. The Republican Party does not believe in giving the foreign producer equal opportunity in the American market with the American producer, as advocated by both the present Democratic President and Vice President. The Republican Party holds that any such tariff, whether it be clothed with the pleasing title of a "reciprocal tariff" or the appellation of a "competitive tariff", means the same thing—a Democratic tariff, which has always been and always will be destructive of American markets without any corresponding benefit to American consumers.

WHAT IS REAL PROTECTION?

In the national Republican platform of 1908 you will find the following:

In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between cost of production at home and abroad, together with a reasonable profit to American industries.

This last sentence in this statement is the meat in the coconut, and just so long as we base the allocation of rates or their change by the Tariff Commission on a basis of the difference in production costs here and abroad, with no consideration of the "reasonable profit to American industries", then we are departing from our fundamental policy of a protective tariff and subscribing to the doctrine of a competitive tariff.

All Democratic tariffs have the same purpose, namely, to break down our tariff walls and permit a flood of foreign imports, to turn America's markets over to the lowest foreign bidders, in the delusion that if we permit foreign producers to flood our markets foreign buyers and consumers will, out of sheer gratitude, reciprocate by increasing their purchases of us, and that they will do so in spite of the fact that they can buy like goods more cheaply from some other country.

Nevertheless at the present London Conference we are witnessing the attempt of the representatives of the Democratic administration to carry out the pledges of the platform and the promises of the candidate. We have witnessed the formal introduction by our Secretary of State, Mr. Cordell Hull, in his capacity as chairman of the American delegation at the London Conference, of a proposal that the United States sit at a table and negotiate reciprocal tariffs. The spokesmen and the press of the Democratic administration—at least, those spokesmen and the press which believe in a low tariff—describe this program as a method to extend our foreign markets, open our factories, increase the prosperity of the farmer, and give labor to the unemployed. That is an alluring prospect on paper—a beautiful policy in theory—but when you get down to the cold realities of the case it does not work out as portrayed. Reciprocity is not a jug-handled affair. A reciprocal tariff does something more than open foreign markets to our producers. In a corresponding degree it opens our markets to foreign producers. Otherwise there is no reciprocity.

What is more to the point, it opens our markets to foreign producers of major commodities; that is, the commodities that are in general demand in tremendous quantity. If and when our representatives sit around the council table of this International Economic Conference to arrange reciprocal tariff agreements with other nations, let no one be deceived that those foreign nations are going to ask only such concessions upon our part that will open our markets to beeswax, ostrich feathers, nux vomica, spunk, and seaweed. Quite the contrary. Those nations are going to demand that we open our markets to major manufactured products such as shoes, leather goods, textiles, metal manufactures, and especially to imports of all kinds of food products without limit.

Now, the very practical question thrusts itself into the foreground, Just what American industries and what American producers is the Democratic Party going to "trade off" to foreign countries in these reciprocity negotiations in return for foreign countries promising to open their markets to American producers? Will it be the boot and shoe industry? Will it be the electrical industry? Will it be the chemical industry? Will it be the cotton textile industry? Will it be the glass industry? Will it be the china and tableware industry? Will it be the cutlery industry?

Bitter protests have been filed by foreign countries against our protective rates on commodities made by all these industries, and if they protest the rates, it is inevitable that in any dickering we had with them they will demand a lowering of the very rates against which they have already registered a protest.

Finally, in this game of proposed reciprocal tariffs what guaranty has the American producer, be he manufacturer or farmer, dairyman or gardener, of adding one jot to his foreign markets unless he cuts the price of his products to meet in the open foreign markets of Europe the prices of cheaply produced outputs of the farm and factory of other nations?

The American producer may be given access to foreign markets under a reciprocal tariff, but he will not be given orders for goods. Any expansion of his sales in those foreign countries will have to be won by meeting the competitive prices of Czechoslovakia, Germany, Hungary, Austria, Japan,

Italy, and France in industrial products and of Soviet Russia, the Argentine, New Zealand, Australia in food products.

And if he meets their prices in order to extend his sales, wherein does he profit? The plain truth is, that under such tariff arrangements for every dollar increase in foreign sales of American products, whether of the farm or factory, there will be a loss in this country of $25 in the sale of American farm and factory products. We will be trading a good market for a bad one, a profitable market for a bankrupt one, consumers accustomed to high living standards for consumers living always on the verge of poverty and spending as little as possible. For every factory that will be started or stimulated in this country, in order to take care of these imaginary foreign markets which the Democratic reciprocal tariff plan proposes to develop, there will be a hundred factories in this country that will shut down because of the inundation of foreign goods.

Like the dog in the fable, who, seeing his reflection in the water, dropped the bone he had in order to grab the bone he thought he saw, we will merely be trading the substance for the shadow.

Years ago that eminent statesman, Henry Clay, described a protective tariff as "the American policy." Never was that more in evidence than in the present hour of Democratic attempt to substitute for that American policy a tariff policy of foreigners, for foreigners, and by foreigners, dictated, written, and sealed around an international council table.

Instead of talking about lowering our tariffs by any method we should be considering increasing our rates on hundreds of commodities. The United States is acknowledged to be the largest, best, and most profitable market in the world. Opportunity to exploit this market is the greatest desire of every producer and merchandiser of goods the world over. It should be perfectly evident to every student of international commerce that there is a concerted drive upon the part of European nations to capture the American market. It should be perfectly plain that we are on the threshold of what will probably be the most intense and ruthless international trade war the world has ever seen, and instead of throwing away our strongest weapon of defense, or by dickering blunt its edge, we should be strengthening our hold upon it and increasing its effectiveness.

Call this what you will—provincialism, isolation, economic nationalism—it nevertheless is a sound economic policy, an outstanding American policy, which has been primarily responsible for the upbuilding and the development of America, not only in a material way, but in those things which minister to the finer things of life. For without our material progress we could not have progressed in the field of art or science, we could not have administered even to our spiritual needs in the manner we have, for, by and large, practically all of our spiritual institutions, as well as our educational institutions, have been made possible and have been maintained by reason of the material wealth we have acquired because of our growth and development as a nation.

RECIPROCAL PROVISIONS OF THE DINGLEY TARIFF LAW—1897

When President Roosevelt was intending to ask the Congress to abdicate both its treaty-ratifying and its revenue-raising powers by conferring upon him the autocratic right to conclude reciprocal tariff treaties with other nations, without their being referred to Congress for ratification and review, the Democratic press was filled with preliminary propaganda to the effect that the contemplated action of President Roosevelt was predicated upon and buttressed by good Republican precedent. It was stated that such a procedure had marked the tariff policy of the McKinley administration and was inaugurated by provisions of the Dingley Tariff Act of July 24, 1897.

The most effective answer to this misleading propaganda is the text of the reciprocity sections of the Dingley Tariff Act and a brief summary of the same, pointing out wherein they differ materially and fundamentally from the policy contemplated by President Roosevelt—but abandoned at the last moment—of asking for autocratic power to negotiate tariff treaties with various nations.

The reciprocity sections of the Dingley Tariff Act are attached herewith. Briefly, those sections set up three distinct processes of tariff negotiation with other countries, as follows:

First. The first part of section 3 delegated limited authority to the President to proclaim certain specified rates on a limited and specified list of articles, when the countries from which those articles came made such concessions on products of the United States as the President regarded as reciprocal and equivalent.

In other words, Congress specified the particular commodities upon which concessions might be made. It specified the exact rate on those commodities which the President might make as a concession, such rate being lower than the rates carried in the bill.

It further mandated the President that whenever, in his opinion, the countries to whom he had made these specific concessions were not carrying out their part of the agreement in good faith he should revoke the lower rates on their products.

Second. The second part of section 3 was largely an embodiment of the so-called "reciprocal clause" of the McKinley Law of 1890—although there was nothing reciprocal about it. It simply provided that if and when certain countries whose exports to this country were admitted free, imposed duties or other exactions upon imports from the United States which the President deemed to be unfair and unreasonable, it should be his duty to remove such imports from the free list and place them upon the dutiable list. But, here again, the Congress did not leave it to the discretion of the President to fix the duty. It specified the duty which such commodities should pay in event they were removed from the free list.

Incidentally, if the Democratic administration is looking for a Republican precedent, this provision of the Dingley Act affords them a splendid one. If a resolution were put through now, mandating the President as those sections of the McKinley and Dingley laws, respectively, mandated the President, to increase the tariff rates on any commodity from any country which imposed unreasonable tariff rates or other exactions upon our imports, we would have placed in the hands of the President a weapon which would stop in a large measure the discriminations which are now being made against American exports to other countries.

Third. Section 4 of the Dingley Act, which is the one the Democrats claim furnishes the precedent for the President's contemplated proposal to grant him power to negotiate tariff treaties, falls far short of what the President and his Secretary of State, Cordell Hull, had in mind. It provided, first, that any commercial treaties negotiated by the President should be negotiated according to the United States Constitution "by and with the advice and consent of the Senate", and to make doubly sure there would be no usurpation of legislative prerogatives by the Executive, the section further provided that, before any such treaty became effective, it should be duly ratified by the Senate and approved by the Congress. It is very interesting to briefly review the legislative history of that section of the Dingley Act. The House bill did not contain section 4, although it did contain section 3. Section 4 was introduced in the Senate by Senator Allison, Republican, of Iowa. Incidentally, it gave rise at that time to a prolonged debate as to its constitutional features. There were some very forceful and learned speeches made questioning the right of Congress, in view of the United States Constitution, to delegate any such power to the President. However, the Senate finally accepted the amendment and the bill was sent to conference.

The amendment, as introduced by Senator Allison and adopted by the Senate, did not contain any provision for the approval of such treaties by Congress; it only provided that they should be ratified by the Senate. The House conferees insisted upon amending that section so as to require the approval of both branches of Congress before treaties

became binding. They did this upon the ground that such a treaty was different from other treaties in that it affected the revenues; that, in point of fact, it was simply a tariff bill, negotiated by the executive branch of the Government, and that the Constitution conferred only upon the Congress the right to levy revenue taxes and had conferred only upon the House of Representatives the right to initiate such revenue taxes. In presenting the conference report to the House, Representative Dingley gave the following account of the insertion of this amendment to the amendment:

In substance, the agreement of the conferees combines the reciprccity clause of the House and that incorporated in the bill by the Senate, with certain amendments, which substantially united the two plans, so that both may be made available if desired. One of the amendments which has been adopted is vital in its effect. The Senate provided that the President might enter into commercial treaties with foreign countries, and when ratified by the Senate they should become binding on the country. The House conferees insisted upon an amendment that they should not become binding until ratified by Congress. In other words, the House conferees maintained that the House should approve as well as the Senate before any such commercial treaties should take effect, and the Senate conferees conceded the point.

In addition, it will be noted that section 4 limited the power of the President very much. It provided that no duties should be reduced more than 20 percent, and that no treaty negotiated by him should be for a longer term than 5 years.

Under the power vested in the Executive by this section, the President appointed John K. Kasson to negotiate treaties with other countries. A great many were negotiated, but none of them was ratified. The principal reasons for their failure of ratification were found in the plan itself. Instantly the bill became a law, foreign countries anticipating the opening of negotiations for reduction of their duties on American imports in return for a reduction of American duties on their goods, began raising their tariff rates, purely for trading purposes. This, in itself, was evidence of bad faith. Had the treaties been ratified, the American exporter would not have been on any better terms in those countries than his foreign competitors, for he would have been given merely a 20-percent reduction from an abnormally high rate fixed in anticipation of the reciprocal agreement. Moreover, bad feeling was created in many countries because they felt they were being discriminated against by the United States because of terms we offered other countries in our reciprocity negotiations. The net result of the efforts to carry out the reciprocity provisions of the Dingley Act was that it made a bad situation worse, insofar as our exporting interests were concerned, and injured rather than aided our foreign trade.

RECIPROCITY SECTIONS OF THE DINGLEY TARIFF ACT, EFFECTIVE JULY 24, 1897

SEC. 3. That for the purpose of equalizing the trade of the United States with foreign countries, and their colonies producing and exporting to this country the following articles: Argols, or crude tartar, or wine lees, crude; brandies or other spirits manufactured or distilled from grain or other materials; champagne and all other sparkling wines; still wines and vermuth; paintings and statuary; or any of them, the President be, and he is hereby, authorized, as soon as may be after the passage of this act, and from time to time thereafter, to enter into negotiations with the governments of those countries exporting to the United States the above-mentioned articles, or any of them, with a view to the arrangement of commercial agreements in which reciprocal and equivalent concessions may be secured in favor of the products and manufactures of the United States; and whenever the government of any country or colony producing and exporting to the United States the above-mentioned articles, or any of them, shall enter into a commercial agreement with the United States, or make concessions in favor of the products or manufactures thereof, which, in the judgment of the President, shall be reciprocal and equivalent, he shall be, and is hereby, authorized and empowered to suspend, during the time of collection of the duties mentioned in this act, on such article or articles so exported to the United States from such country or colony, and thereupon and thereafter the duties levied, collected, and paid upon such article or articles shall be as follows, namely:

Argols, or crude tartar, or wine lees, crude, 5 percent ad valorem.

Brandies or other spirits manufactured or distilled from grain or other materials, $1.75 per proof gallon.

Champagne and all other sparkling wines, in bottles containing not more than 1 quart and more than 1 pint, $6 per dozen; containing not more than 1 pint each and more than one half pint, $3 per dozen; containing one half pint each or less, $1.50 per dozen; in bottles or other vessels containing more than 1 quart each, in addition to $6 per dozen bottles on the quantities in excess of 1 quart, at the rate of $1.90 per gallon.

Still wines and vermuth, in casks, 35 cents per gallon; in bottles or jugs, per case of 1 dozen bottles or jugs containing each not more than 1 quart and more than 1 pint, or 24 bottles or jugs containing each not more than 1 pint, $1.25 per case, and any excess beyond these quantities found in such bottles or jugs shall be subject to a duty of 4 cents per pint or fractional part thereof, but no separate or additional duty shall be assessed upon the bottles or jugs.

Paintings in oil or water colors, pastels, pen-and-ink drawings, and statuary, 15 percent ad valorem.

The President shall have power, and it shall be his duty, whenever he shall be satisfied that any such agreement in this section mentioned is not being fully executed by the government with which it shall have been made, to revoke such suspension and notify such government thereof.

And it is further provided that with a view to secure reciprocal trade with countries producing the following articles, whenever and so often as the President shall be satisfied that the government of any country, or colony of such government, producing and exporting directly or indirectly to the United States, coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans, or any such articles, imposes duties or other exactions upon the agricultural, manufactured, or other products of the United States, which, in view of the introduction of such coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans into the United States as in this act hereinbefore provided for, he may deem to be reciprocally unequal and unreasonable, he shall have the power, and it shall be his duty, to suspend by proclamation to that effect the provisions of this act relating to the free introduction of such coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans of the products of such country or colony for such time as he shall deem just; and in such case and during such suspension duties shall be levied, collected, and paid upon coffee, tea, and tonquin, tonqua, or tonka beans, and vanilla beans, the products or exports, direct or indirect, from such designated country, as follows:

On coffee, 3 cents per pound.

On tea, 10 cents per pound.

On tonquin, tonqua, or tonka beans, 50 cents per pound; vanilla beans, $2 per pound; vanilla beans, commercially known as "cuts", $1 per pound.

SEC. 4. That whenever the President of the United States, by and with the advice and consent of the Senate, with a view to secure reciprocal trade with foreign countries, shall, within the period of 2 years from and after the passage of this act, enter into commercial treaty or treaties with any other country or countries concerning the admission into any such country or countries of the goods, wares, and merchandise of the United States and their use and disposition therein, deemed to be for the interests of the United States, and in such treaty or treaties, in consideration of the advantages accruing to the United States therefrom shall provide for the reduction during a specified period, not exceeding 5 years, of the duties imposed by this act, to the extent of not more than 20 percent thereof, upon such goods, wares, or merchandise as may be designated therein of the country or countries with which such treaty or treaties shall be made as in this section provided for; or shall provide for the transfer during such period from the dutiable list of this act to the free list thereof of such goods, wares, and merchandise, being the natural products of such foreign country or countries and not of the United States; or shall provide for the retention upon the free list of this act during a specified period, not exceeding 5 years, of such goods, wares, and merchandise not included in said free list as may be designated therein, and when any such treaty shall have been duly ratified by the Senate and approved by Congress, and public proclamation made accordingly, then and thereafter the duties which shall be collected by the United States upon any of the designated goods, wares, and merchandise from the foreign country with which such treaty has been made shall, during the period provided for, be the duties specified and provided for in such treaty and none other.

"RECIPROCITY" CLAUSE IN THE TARIFF ACT OF 1890

A great deal of misleading information is being printed regarding the so-called "reciprocity features" of the McKinley Act of 1890.

The truth is, there was no reciprocity clause in that act. The clause which is often referred to in such a manner was a clause authorizing the President to impose penalty under certain conditions upon certain countries whose products were admitted free into this country. The clause was section 3, and read as follows:

SEC. 3. That, with a view to secure reciprocal trade with countries producing the following articles, and for this purpose, on and after the 1st day of January 1892, whenever, and so often as the President shall be satisfied that the government of any country producing and exporting sugars, molasses, coffee, tea, and hides, raw and uncured, or any of such articles, imposes duties or other exactions upon the agricultural or other products of the United States, which in the view of the free introduction of such sugar, molasses, coffee, tea, and hides into the United States he may deem to be reciprocally unequal and unreasonable, he shall have the power, and it shall be his duty, to suspend, by proclamation to that effect, the provisions of this act relating to the free intro-

duction of such sugar, molasses, coffee, tea, and hides, the production of such country, for such time as he shall deem just, and in such case and during such suspension duties shall be levied, collected, and paid upon sugar, molases, coffee, tea, and hides, the product of or exported from such designated country, as follows, namely.

(The following is a paraphrase:)

Sugar: Sugar of or below no. 13 Dutch standard in color, to pay duty according to polariscope tests: If not above 75 degrees, seven tenths of 1 cent per pound; for every additional degree, two hundredths of 1 cent per pound. Sugar above no. 13 Dutch standard in color, classified by the Dutch standard of color: Between no. 13 and no. 16, to pay 1⅜ cents per pound; between no. 17 and no. 20, to pay 1⅝ cents per pound; above no. 20, to pay 2 cents per pound;

Molasses: If testing above 56 degrees, to pay 4 cents per gallon.

Coffee: To pay 3 cents per pound.

Tea: To pay 10 cents per pound.

Hides and skins of various types, but excepting Angora goatskins and sheepskins with the wool on: To pay 1½ cents per pound.

In other words, the clause provided that when countries whose imports above mentioned were being admitted free imposed duties upon our products imported into their country, which in the opinion of the President were "unequal and unreasonable", he had the power to remove the products above named from the free list and levy the tariff rates above named against them.

THE HUNDRED DAYS

Mr. MARTIN of Colorado. Mr. Speaker, Congress has vindicated itself. Had the question been submitted to the country 4 months ago to adjourn Congress and turn the Government over to the President, it would have carried hands down. Congress was on trial. Its answer to the charge of incapacity and indisposition to cooperate is the greatest peace-time legislative program in American history enacted in the short space of 100 days.

Our form of government has been vindicated. The question into which all other questions could be readily resolved was whether through the orderly process of a national election and time-old legislative methods a supreme emergency, wholly new, could be met and mastered. The answer is "Yes."

The program involved nothing less than the overhaul of the whole economic structure of the Nation—finance, industry, agriculture, transportation—tending toward greater socialization of the life of a people traditionally individual, and under a leadership appointed for the task the legislative program has been completed. The laws are on the book and the Executive has the power. What form of government could accomplish more, or in less time, or so peaceably?

VOX POPULI

It is true "dictatorship" has been hurled at the President and "rubber stamp" at Congress, but the action of both merely registered the will of the people. If ever the voice of the people was heard unmistakably at Washington, it was during the hundred days. This voice was largely not partisan. The people, without regard to politics, said follow the leader, and he was followed. They said give him the power, and it was given. There was no partisan obstruction in Congress on the part of the minority. They registered their objections to this measure or that and preserved their record, but that was all. On nearly every major measure half or more of the Republican Membership voted aye, and on some of them there was not sufficient opposition for a roll call.

In summing up the gains of the dire experience through which we are passing these successful tests of government are not to be left out of the account. A President can lead. The Congress can cooperate and function. The people can express themselves through government. These are of greater import than even the merits of the legislation itself. The chief need was the restoration of confidence in government, and for the time being this has been achieved.

I am glad to have had ever so small a part in the great drama which has been enacted at Washington. I came to Washington with the expressed purpose of wanting to see the President's program go through from A to Z without interruption. I had determined to give him the benefit of every doubt. I did this. I answered every roll call, and on only one cast a vote against his wishes, and on this vote I accord the President the larger vision. I know the President himself is big enough to say that this is a pretty fair batting average. Representatives in Congress and Senators are limited by local and sectional considerations. The President represents the whole. If he gave ear to some groups or sections as against other groups or sections, nothing would be accomplished.

THE PART OF THE PRESIDENT

The performance of the President might well be characterized as superhuman. He displayed incredible initiative and energy. He was inspired by a true vision of what must be done to establish a new deal. He knew these great measures, not only in outline but had mastered them in detail. Interwoven with this stupendous domestic program was an international program of no less magnitude. No President was ever confronted with a greater emergency and none ever handled an emergency more masterfully. His place in history is secure.

It is too early to boast of staying with the President. It will be time enough for that when the tide turns, as tides will. The big bridge is yet to be crossed. I hope then still to be found in the "aye" column.

THE VETERANS

The single vote to which I refer was cast for the Senate amendment to veterans' legislation. I voted for the Economy Act. I voted for the compromise amendments worked out between a House Democratic committee, controlled by friends of the veterans, and the administration. Had the compromise been approved by the Senate, with its greater independence of action, I would have felt that my vote for it was sufficiently justified; but when the Senate, after the outstanding debate of the session, voted more liberal terms for the veterans, and the Senate amendment came back to the House, I cast my vote for it, notwithstanding the attitude of the administration.

My main reaction to the one controversy which marred the special session was not related to dollars and cents or to patronage or votes. The whole sordid mess sickened my soul. It impaired my morale. I felt it when I looked at the flag or saw the uniform. I felt that the man who wore the uniform had fallen from his high estate. Among all the forces which have contributed to the making and the preservation of this great Nation, he holds incontestably the first place. He received neither big profits nor high wages, and he offered his all. Now his wants have become a national issue and dragged in the mire of party politics.

We can look to no one place to assess the blame. Everybody is to blame, including the veteran. In recent years the veterans' organizations, carrying on manifold beneficial and civic activities, have become overburdened with the relief load of the sick and disabled, the widows and orphans, the unemployed; and rivalries have sprung up between the organizations as to which of them would do most for the veterans. Ill-advised legislation was placed on the statute books which even the veterans did not ask. Although an active legionnaire, I never heard of the Disability Pension Act of 1930 until I read in the papers of its passage in the House of Representatives and over the protest of the American Legion. It has all borne its legitimate fruit, and the harvest has come. It is a bitter harvest for hundreds of thousands of veterans.

Much will depend upon the administration of the new law; the exercise of the powers under it. Its administrators should take notice that while Congress voted this restricted liberalization of the Economy Act by a small majority, the sympathies of Congress were for more liberal provisions by a large majority. Much will depend upon wisdom and moderation in the national conventions of veterans' organi-

zations. They should counsel and cooperate, and not compete. Some things have gone out of the law not to return for many days. Proven injustices must and will be corrected.

SPEAKING OF CLASSES

It cannot be assumed that the President will not do justice by the veterans. It must not be overlooked that he has other classes to consider: 30,000,000 farmers under an indebtedness of $12,000,000,000 looking to his program for succor; the small-home owners of the country buried under a like indebtedness; an army of wholly unemployed workers nearly three times as great in number as that which wore the uniform in the World War; one third of the banks still closed; and all of them going to make up the roll of taxpayers, for whose relief the greater part of this program is designed.

Speaking of classes, the following is characteristic: I got a telegram from a manufacturer urging me, to use his exact words, "to stick to the President to the limit in cutting $400,000,000 from veterans' compensation." At that very moment the National Association of Manufacturers was in session in Washington for the express purpose of hamstringing the President's Industrial Recovery Act, which he considers the outstanding achievement of his administration, an act which he says, "Is the most important attempt of this kind in history." The special session was a post-graduate course in human nature. It was all a case of whose ox is gored. We speak of classes, but there is only one kind of human nature.

THE "PARTNERSHIP"

The President has issued powerful appeals against wage cutting and has urged wage raising as a necessary factor in his program for recovery, and has had written into the law powers with which he may assure fair wages. The answer of the railway companies was a proposal for a drastic cut in wages. Finance, transportation, and industry favor those features of the new legislation which would enable them to run their business as they see fit, but are opposed to all the restrictions.

If the President is an idealist in his objectives, it must be said that he is eminently practicable in his methods. His idea of a "partnership" between government and business is to head the copartnership agreement with an enacting clause, and with suitable penalties just above the dotted line. That he has the will and courage if necessary to invoke these penalties I have not the slightest doubt.

THE BIG THING

Opinions differ as to what was the outstanding achievement of the hundred days. Some think it was the Industrial Recovery Act; others, the Banking Act; still others, the inflation amendment to the farm bill. Many of us, and I among them, got the biggest roll-call kick of the session in voting to knock out the gold clause. It was repeatedly predicted on the floor of both Houses that this act would destroy the credit of the Government. Then within 2 weeks after its passage the Treasury put out $900,000,000 in short-term, low-interest securities, and got offers of more than $5,000,000,000. Events have a curious way of confounding prophets.

To my mind the big thing that went on down here was not on the floors of Congress. It was before the Senate Committee on Banking and Currency. If the Government cannot crush that thing, then all the rest of the program will be an idle gesture. This money power was investigated by Congress when I was here 20 years ago and nothing came of it. It has grown to be the overshadowing issue.

THE ONLY UGLY RUMOR

Great as was the opposition of affected interests to certain features of the industrial, the securities, the farm, and the railroad acts, as they involved wages, hours, production, price fixing, and taxes, the only ugly rumor floating about the Capitol Building during the session was in relation to the bank reform bill. As the days passed, with no action after the bill got into conference, a sullen mood was noticeable in the House. When a Member mentioned the banking bill he got a strong hand. The word went around that the banking bill was dead. Then 100 Members, I among them, signed an agreement to vote against adjournment until the banking bill was passed with the insurance of bank deposits. This got action, and when the conferees reported an agreement to the House, only 6 votes out of 435 were cast against it. The ovation given first to Mr. HENRY B. STEAGALL, of Alabama, Democratic Chairman of the House Committee on Banking and Currency, then to Mr. ROBERT LUCE, of Massachusetts, Republican ranking member of the committee, was something to stir the blood of every Member. Yet this is the bill that was reported dead! This is probably the most radical Congress in American history, and all concerned will do well to bear this in mind.

THE VIEWPOINT

This morning I have been looking over a little campaign pamphlet in the nature of a direct talk to the voters of my congressional district. No issues were discussed in it. I simply sought to give my viewpoint, stating that "this being fixed, everything else fits into it."

My viewpoint was that of the schools of thought with which I have always been associated and which have been reflected politically in successive progressive movements. I held that we did not need a change in our form of government, that under this form the election of a President and a Congress sympathetic to the needs of the people and responsive to these needs would be a revolution. I believe that revolution has occurred.

The roll call on completed measures does not always reflect the attitude of a Representative toward vital items embodied in its general make-up. The completed act may not reflect the viewpoint of the man who votes for it. That may be better determined when controversial items, drawing the line sharply between the interests of the people generally and special interests, are singled out. The response to the roll call on these items is the acid test. Little though it meant in the sum total, I have the satisfaction of being able to review both the pamphlet and the roll calls and find that I can stand on both of them.

VETERANS' RELIEF

Mr. RANKIN. Mr. Speaker, I am supporting this Senate amendment, for a modification of the so-called "economy act" as it affects disabled veterans, for the reason that it is far more liberal than the House provision.

Especially is that true with reference to the Spanish-American War veterans. Those men are now growing old. Their best days are gone. It is utterly impossible for them to go back 35 years and prove that their disabilities are service connected. They volunteered to defend this country at one of the most critical periods in the Nation's history, when it looked as if we would be plunged into a world conflict. They volunteered to go into the plague-infested Tropics, where many thousands of them suffered from malaria, typhoid, yellow fever, and other infectious and contagious diseases prevalent in the Tropics at that time. Their rations were poor and their accommodations were inadequate. Many of them came out with lingering disabilities that have steadily increased with the passing years until today they find themselves broken in health and beyond the age of their earning capacity.

At the very least, we should put these men on a parity with the veterans of the Civil War, and pay them the same compensations or pensions paid Civil War veterans of similar ages and disabilities.

I am supporting the Senate amendment also because it is more liberal toward the presumptive service-connected veteran of the World War. I have fought for 10 years to get those men properly taken care of. They were among the best soldiers we had, and many thousands of them are just as much entitled to compensation as if their disabilities had been caused from bullet wounds upon the battlefield.

Many of these men came out of the war with incipient ailments, such as tuberculosis, cancer, neuropsychiatric diseases, that were so mild and insidious at the time that they did not fully develop until the time for making proof under the old law had expired. Many of these men did not know that they were entitled to compensation and were not ap-

prised of that fact until it was too late. Many of them could not make their proofs for the reason that invariably no record of their diseases was kept. Every man could not have a doctor at his side during all the vicissitudes of war.

Invariably they did not know of these insidious troubles because they were slow in developing. Many men declined to make application, saying that they were not fighting for compensation. Later, when they completely broke down and found themselves unable to earn a livelihood for themselves, their wives and children, they found that the time for making application had gone by.

Thus, thousands of men whose disabilities originated in or grew out of their services to their country in time of war are now deprived of compensation which was granted them under the World War Veterans' Act of 1924; and when they die their widows and orphans are left without a penny.

For my part I will never be satisfied till these presumptive cases are restored to the roll and their widows and orphans cared for when they pass away.

But the opposition attempts to make you believe that the House provision is more liberal than the Senate amendment. That contention is too ridiculous to answer, as everyone who is familiar with veterans' legislation well knows.

And the opposition tells you that the President will veto this bill if this Senate amendment to take care of these old Spanish-American War veterans and these World War presumptive cases is adopted. That is the same old stock argument that we have heard for the last 10 years. I know the President as well as any man in this House, and I do not believe for one moment that he would veto this bill on that account.

What the President did say was that if we increased these expenditures he wanted us to levy taxes to cover them. In other words, he wanted to keep the Budget balanced if possible. I am ready, willing, and anxious to do that very thing.

If you will let me write one provision of a tax bill I will raise sufficient revenue to take care of every one of these old Spanish War veterans and every one of these presumptively connected World War veterans and their widows and orphans without injuring a single human being or increasing the burdens of the already overburdened taxpayers of America. I will increase the inheritance taxes on large fortunes sufficiently to pay every dollar of this added expenditure and have more than a hundred million dollars left.

Oh, what a spectacle it is to see these unfortunate men and their helpless dependents, victims of the World War, left penniless in this depression while J. P. Morgan a-n-d C-o-m-p-a-n-y, who made more money out of the war than any other man or set of men on the face of the earth, entirely escaping the payment of income taxes. The wealth of this Nation has concentrated into the hands of a few people. We are told that less than 5 percent of our people own more than 90 percent of our wealth. They have placed their fortunes beyond the pale of taxation by investing them in tax-exempt securities. The only way left in which to reach them is through the inheritance taxes.

Yet men stand on the floor of the House and talk about taxing the profits of the next war. I am in favor of taxing the profits of the last war to get money with which to take care of these unfortunate men whom that war virtually destroyed. If we will adequately tax the profits of the last war and take care of these men there will not be any next war—at least not in your day and mine.

In order to show you how ridiculously low our inheritance-tax rates are as compared with those of other countries I just want to quote you some of the rates of the three principal allied countries that were involved in the World War. If a man dies in the United States and leaves an estate of $100,000 net after all his expenses and debts are paid, his estate will pay a tax of $1,500; in England his estate would pay $9,000 and in France it would pay $36,997.78.

If he died in the United States leaving a net estate of $300,000 it would pay $19,500; in England it would pay $51,000; and in France it would pay $130,789.78.

If he died in the United States leaving a net estate of $500,000 it would pay a tax of $42,500; in England it would pay $105,000; in France, $234,373.78.

In the United States, if a man left a net inheritance of a million dollars it would pay $117,500; in England it would pay $270,000; and in France $504,373.78.

If we will levy the English tax rates on inheritances alone, we will raise $500,000,000 more a year revenue than we are now raising. That would be sufficient to take care of all the disabled veterans of both the Spanish-American War and the World War and their widows and orphans.

Besides, it would have the wholesome effect of breaking up these large fortunes, turning them back through the channels of our economic life, and insuring a greater opportunity in the battle of life for the growing generation and the children that are yet to come.

> Ill fares the land, to hastening ills a prey,
> Where wealth accumulates, and men decay.
> Princes and lords may flourish or may fade—
> A breath can make them, as a breath has made;
> But a bold peasantry, their country's pride,
> When once destroy'd, can never be supplied.

I agree with the young German soldier who wrote that much-controverted volume called "All Quiet on the Western Front" when he said the war destroyed a generation of young men. While it was doing that it concentrated the wealth of this Nation into the hands of a few men.

If Congress will "screw its courage to the sticking point" and tax these large fortunes as they should be taxed and as they are taxed in other countries, we can adequately meet our responsibilities to these men and their dependents. Nothing we can do, nothing that can ever be done, will go farther toward insuring the safety and protection of this Republic in the years to come than to adequately care for these disabled veterans who offered their lives in defense of their country in time of war and who now sustain its institutions in times of peace.

THE NEW DEAL

Mr. TRUAX. Mr. Speaker, on November 8, 1932, the people of the United States voted for a new deal. Without doubt this huge vote was born and cast out of the hope and yearnings of a prolonged era of deprivation, suffering, distress, and desperation. The people knew that the old order of government and of economics had failed. They knew their condition was steadily growing worse. They knew they were sinking deeper, day by day, into the slough of despond—deeper into that most frightful of all Gehennas—the hell of want.

Satisfactory explanation of these unaccustomed and unwanted economic phenomena was not to be found. The so-called "best minds" of the day were unable to understand it. The well-known economists could not solve it. The then President of the United States, Herbert C. Hoover, who, through many years spent abroad, had accumulated a rather comprehensive outlook upon big business and monopoly, searched for the remedy and failed, because having been a single-tracker all his life, he became obsessed with the necessity of bolstering up a groggy and tottering big business by continual blood transfusions in the way of huge loans and doles from the Federal Treasury. The blood was siphoned from the hardening veins and arteries of stricken farmers, pauperized wage earners, salaried workers, and nearly bankrupt small-business men and independent producers.

Like all individuals whose life activities come in contact only with big business and the knights of the golden money bags, Mr. Hoover failed to perceive an age-old truism, namely, when the money kings reach the inevitable peak of lust and plunder that transforms them into human vampires who suck the veins of the producing classes dry, then comes the final collapse always followed by economic chaos. These modern Captain Kidds, selfish to the end, took advantage of Mr. Hoover's benign spirit and generosity to big business by using these Government doles, not to hasten recovery but to reimburse their own institutions, many of them crooked to the *n*th degree, for losses incurred through speculation and gambling. For every national or international figure there is an historic counterpart in fact or fiction, and the complement here harks back to Shakespeare's

immortal Tragedy of Julius Caesar—And you, too, Brutus, that was the unkindest cut of all.

So it must have been with Herbert C. Hoover when he discovered, too late, that the big bankers—led by the erstwhile honorable "Hell-and-Maria Dawes", but now just a super bank racketeer—had used the millions provided for them not to save the people but to save their own rotten institutions from the collapse that was denied the less fortunate bankers. The President must have writhed in agony when it was revealed that the railroads which had received doles amounting to a quarter of a billion were merely transferring the money to the house of ill fame, Morgan & Co.

Historians of the future in all fairness, when recording the tragedy and pathos of the ill-fated Hoover regime and debacle, must state that the thirty-first President of the United States was betrayed by the Wall Street buccaneers whom he tried to save. Mr. Hoover, in the closing days of the famous 1932 campaign, like Belshazzar of old read aright the "Mene, mene, tekel, upharsin" traced upon the walls of national political trend, and in panic and fear made his celebrated "grass in the streets" speech. The voters, however, were undeceived. They knew that this stuffed prophecy like the fabled sea serpent was "often reported to have been seen, but never proved to exist." They knew that when a man is already lying on the floor he cannot be thrown out. So they voted for a change.

Admit it you must, that thousands and hundreds of thousands voted for a change, secure in the belief that a change could not be worse and that it should be immeasurably better. The old arguments of the Republican stand-pat leaders, the tariff, the Hamiltonian theory of prosperity for the rich, more wealth for the wealthy, greater special privileges for the aristocracy of wealth would result in prosperity for all, had been blown to the four winds of Heaven.

The full dinner pail had been transformed as if by black magic into the back alley garbage can. The American standard of living and the boasted American wage levels had produced 12,000,000 unemployed. Able-bodied pauperism was a hideous fact. Men were starving in a land of plenty. Children were crying for bread and milk on the one hand, while on the other, farmers' granaries were bursting with foodstuffs; he was dumping his milk into roadside ditches because of the absence of markets. People were freezing while wool and cotton were sold at a nickel a pound. Thousands and tens of thousands of honest, upright workingmen and farmers were having their homes confiscated by piratical money lenders, 36-percent loan sharks, fossilized and mildewed judges, and crooked State and county officials.

Revolution was in the air. Immense throngs of outraged farmers gathered in Iowa, Nebraska, Illinois, Minnesota, and Ohio. The calamity howlers of the stand-pat Republican Party chieftains could not explain away 30-cent wheat, 10-cent corn, and 5-cent wool. As Edwin Markham said:

> Bowed by the weight of centuries, he leans
> Upon his hoe and gazes on the ground,
> The emptiness of ages in his face,
> And on his back, the burden of the world.
> Who made him dead to rapture and despair,
> A thing that grieves not and that never hopes.

Why, the international bankers, the money lenders, the 36-percent loan sharks, the superindustrialists, probanker Governors, and predatory heartless State bank superintendents?

These famished and crazed people cried out in their misery and woe, "What is wrong, what in the name of God is right?" Here we have the most fertile country in all the world blessed with all the necessities of life; abounding in the riches of untold and undiscovered natural resources, the most intelligent and least illiterate people in the world, endowed with all the benefits and luxuries of the most beneficent country the sun ever shone upon. Our laboring men and salaried workers are the most aggressive, possess the keenest intellects, the greatest inventive genius. Take them man for man and the world never contained their equal. Yet the more labor-saving machinery they invented the tighter they riveted their shackles; the more wealth they created for the capitalists the poorer they became.

Soup houses and bread lines were the rule and not the exception. Millions were borrowed by village, town, city, and State to feed and clothe the hungry and the shivering. No longer did a happy populace rally round the flag and sing the praises of a bountiful and just Nation while the flames of patriotism mounted to manhood's cheek red as the fires of Troy. Instead riots and hunger marches were so numerous as to receive only passing notice in the subsidized press. The national anthem became, "Brother, can you spare a dime?"

Bank failures became as common as flies on a hot summer's day. The day that brought forth no new saturnalia of bank suspensions was a day lost to local chroniclers of the passing news. One half of the banks were closed and the other half were about to be closed.

Such was the astounding condition of the richest Nation in the world on March 4, 1933, when Franklin Delano Roosevelt was inaugurated as the thirty-second President of the United States of America. To those of us who occupied the Senate Chamber on this memorable occasion there should have been no doubt as to the future. Mr. Hoover, the retiring President—nervous, worried, visibly depressed, ill at ease—and Mr. Roosevelt, his successor, robust, buoyant, broad of face and inspiring of countenance, beaming with hope, and radiating confidence in his own masterful ability to rescue a fallen Nation from economic depression, financial panic, and armed revolution.

CONGRESS CALLED

His first act was the calling into extraordinary session the Seventy-third Congress of the United States. Overwhelmingly Democratic in political complexion, nevertheless it proved to be the greatest all-American Congress ever assembled under the historic dome of the Nation's Capitol.

THE FORGOTTEN MAN

The President who called the Seventy-third Congress into special session was the same standard bearer of the Democratic Party who in the primary campaign before he was nominated in that never-to-be-forgotten Chicago Convention had talked freely about the "forgotten man" and had promised a "new deal" for the masses of the people. His campaign for the Presidency of the greatest Republic ever known, whose noble deeds are forever graven on the immortal tablets of time, was no desultory motion, let me assure you. Nor did he by word or act wander into the bypaths of old-time political platitudes and bromides. Instead, like the good sailor he is, he charted his course straight for the truth, guided by the pole star of common honesty and justice for all. With dynamic personality and straight-from-the-shoulder thrusts, he charged all the embattled hosts of special privilege and won.

INDUSTRIAL SLAVERY AND FARM PEASANTRY MUST GO

In the recalcitrant industrial centers he stated that industrial slavery should cease; he bearded the money kings in their lairs of reactionary Wall Street; from the fertile plains of the Middle West the warning of farm peasantry reverberated; from the last promontory on the Pacific his promised clipping of the claws of the Power Trust reverberated; seeing afar the towering citadels of fallen finance and ruined depositors, his reassuring but impellent voice rang with an exposé of banks, bankers, and banking methods; without diversion or digression from city and from hamlet, there resounded his pledge for a restoration of government of, by, and for all the people. Voters listened, they read, they believed. With the election of Franklin D. Roosevelt the masses instead of the classes would become the chief concern of government, said they.

INAUGURAL SPEECH REASSURING

Excerpts from the President's inaugural address reassured those who had elected him and inspired confidence in those who had not contributed to that victory:

> The only thing we have to fear is fear itself * * * values have shrunken to fantastic levels; taxes have risen; our ability to pay has fallen; the means of exchange are frozen in the currents of trade; farmers find no markets for their products; the savings of many years in thousands of families are gone. Only a foolish optimist can deny the dark realities of the moment. Plenty is at our doorstep, but a generous use of it languishes in the sight of

supply * * * the rulers of mankind's supply of goods have failed through their own stubbornness and their own incompetence. * * * Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men. * * * Faced by the failure of credit, they have proposed only the lending of more money. * * * They have no vision, and when there is no vision the people perish. * * * The Nation asks for action, and action now. * * * Our greatest primary task is to put people to work. * * * We require two safeguards against a return of the evils of the old order—there must be a strict supervision of all banking and credits and investments; there must be an end to speculation with other people's money, and there must be adequate provision for an adequate but sound money. * * * I assume unhesitatingly the leadership of this great army of our people dedicated to a disciplined attack upon our common problems. * * * It is to be hoped that a normal balance of executive and legislative authority may be wholly adequate to meet the unprecedented task before us. But it may be that an unprecedented demand and need for undelayed action may call for temporary departure from the normal balance of public procedure. * * * I shall ask the Congress for the one remaining instrument to meet the crisis—broad Executive power to wage a war against the emergency, as great a power as would be given to me if we were in fact invaded by a foreign foe. * * * We aim at the assurance of a rounded and permanent national life.

BANKS RESCUED FOR DEPOSITORS

How have those pledges been fulfilled? On March 3 banking operations in the United States ceased. On the 9th of March the President asked Congress for and received the immediate enactment of legislation giving him complete control over all banks for the protection of depositors, to open sound closed banks, and authority to reorganize and reopen such banks as could be placed on a sound basis. The Federal Reserve Act was amended to provide additional currency as needed. Thus overnight the financial chaos was changed to orderly conservation of remaining resources and capital and orderly liquidation of defunct institutions.

ECONOMY ACT

The second major legislative measure to be enacted was the so-called "Economy Act." The introduction and passage of this act precipitated the most bitter contest witnessed upon the floor of the House during the entire session. Party lines were broken, and only by the adoption of the strongest gag rule possible was this measure, destined to spill the economic lifeblood of the Nation's war veterans, enacted. To many Members it represented the supreme test—the test of following their own convictions or of subordinating those convictions to the desire and will of the most popular President the country had ever known. My own convictions are: War is always costly. Costly in human life and blood. Costly in national funds, and vastly more costly in the inevitable aftermath that follows all wars since the day of written history. Those who fight the battles must be compensated in later days. The capitalistic classes are always profiteers to the extent of millions and billions of dollars—the wage earners and working classes the sufferers, the victims. In the World War farm hands left $75-a-month jobs and city workers resigned $40-a-week jobs to fight for the honor and glory of their country and to make America safe for plutocracy—at $30 a month. Upon their return their jobs were gone, the ghastly business of human butchery had rather unfitted them for a new vocation or new business. The ravages of war leaves its invisible mark as well as the visible brand. The tension of waiting for the zero hour, the roar and shriek of the bursting shell, the yells and cries of the dying and wounded, the closing of sightless, staring eyes of a comrade in that eternal sleep that knows no awakening, 3,000 miles away from home, from mother, father, wife, sweetheart, and little children is not conducive to longevity, normal blood pressure, and a perfect set of nerves.

Moreover, an aggregation of rich income taxpayers had banded themselves together under the catchy title of the National Economy League. Their purpose was to slander and malign the soldier, debauch his widow, and pauperize his dependents so that they, these predatory vultures of the Nation's wealth, might continue to escape paying their just share of the tax burden.

To the large majority of Members who supported the Economy Act I concede the same honesty of purpose, the same sincerity of conviction that I want them to concede to me in my opposition to the bill. As for the President of the United States, my faith in him, my admiration for him, my belief in his high-minded purpose, his untiring devotion to the herculean task for rescuing this Nation from economic chaos and bloody revolution, has diminished not one whit. It is not for me to criticize my chief, to question or interpret his action. He performs his duty as he sees it. I have mine to perform as I see it. I was not elected to be a rubber stamp. He has his responsibilities; I have mine. He had his campaign pledges to fulfill; I had mine. A campaign pledge is a promissory note to be paid in full. Early in the primary campaign, foreseeing that the payment of the soldiers' bonus and reduction in veterans' compensation would be vital questions to be dealt with by the Seventy-third Congress, I declared myself unreservedly in favor of paying the soldiers' bonus with new currency and unalterably opposed to reduction in service-connected disability compensation. The CONGRESSIONAL RECORD will show those pledges were kept.

Certainly no Member of Congress, facing the cold truth of a huge national deficit, would advocate a continuance of unwarranted, undeserved non-service-connected compensatory awards. There was a happy medium between the two extremes—a line of demarcation, on the one hand, that meant justice for all, and, on the other, gross injustice and cruel suffering to battle-scarred veterans, their widows, and orphans. This first and more humane course was preferred by a majority of Democrats who supported the Browning amendment, which limited the maximum reduction to 25 percent. The melancholy note that arises from the harp of time will without doubt chant the mournful despair of those national defenders who suffered the torments of the damned because of the heartless manner in which this act was first administered, but in fairness it must also record the humanitarianism, the unswerving patriotism, and sympathetic heart of Franklin D. Roosevelt, when he, by Executive decree, modified the first regulations and ameliorated the agony of crucified World War veterans.

In the closing days of the session the President accepted amendments to the independent offices appropriation bill which further liberalized the regulations of the Economy Act, particularly in the interests of World War veterans. The bill as passed did not go far enough, in my judgment, in the restoration of unjust cuts already made. This applied especially to Spanish War veterans, who in the great majority of cases are emasculated, drawn, and quartered. I favored the Connally amendment, adopted in the Senate, which limited all reductions in service-connected cases to 25 percent. Not being given an opportunity to vote for this humane amendment, I voted for the so-called "Steiwer-Cutting amendment", which would have been acceptable to veterans generally. Whereas proponents of the House compromise claimed this measure would add $100,000,000 to disability allowances, it was shown in the Senate that the measure actually added only $50,000,000, and that the annual, actual monetary difference between the House compromise and the Steiwer-Cutting amendment was $38,000,000, or slightly more than 1 percent of the huge appropriation of $3,300,000,000 passed by the House.

BEER LEGALIZED

The Democratic Congress and its leader, Franklin D. Roosevelt, made good their convention pledge to legalize beer. The bill was passed on March 14. The hypocrisy and sham of 12 years ended, beer racketeering is almost extinct, while State and Federal treasuries are deriving needed revenue, which in the past has gone to beer barons, bootleggers, crooked officials, and law-enforcement officers.

STATE BANKS HELPED

March 23 legislation was enacted by the House authorizing loans by the Reconstruction Finance Corporation to State banks. This policy is a distinct improvement over that of the Hoover regime, when approximately $90,000,000 was loaned to a former Vice President of the United States and chairman of the Reconstruction Finance Corporation, Charles W. Dawes, and his Chicago bank.

FARM RELIEF A REALITY

The Jones-Smith farm relief bill was passed on March 22. Beyond the shadow of a doubt this legislation is the most forward-facing, far-reaching, and commendable ever enacted by a legislative body. Since time immemorial historians have recounted the decline of agriculture. When agriculture fails the Nation fails. Five thousand years ago an old Chinese philosopher observed:

The well-being of a nation is like a tree. Agriculture is its root. Manufactures, commerce, and labor its branches and its life. When its root is injured the leaves begin to fall, the branches break away, and the tree dies.

Solon, wise old Greek statesman, 2,600 years ago said:

Agricultural pauperism is a cancerous growth in Greece.

Many American statesmen, including George Washington, Thomas Jefferson, Daniel Webster, Abraham Lincoln, William Jennings Bryan, Theodore Roosevelt, and Woodrow Wilson, warned of the menace of an impoverished agriculture. In 1921 farm pauperism became a stark reality and in 1923 the first bill to check declining prices of farm commodities was introduced in Congress. It was in that year, as a member of the resolutions committee in the National Wheat Convention, held in Chicago, that I first met George N. Peek, administrator of the Farm Act, and Gen. Hugh S. Johnson, administrator of the Industrial Recovery Act. In 1925 the first McNary-Haugen bill was defeated in the House of Representatives. In 1926 and 1927 the bill was enacted into law, but twice vetoed by President Coolidge. Mr. Peek was chairman of the committee of 22, of which I was vice chairman. Charles J. Brand and Chester Davis, coadministrators with Mr. Peek of the Jones-Smith Act, were close associates and advisers in the drafting and passage of the ill-fated McNary-Haugen bill.

The provisions, authority, and powers of this act are broad and sweeping and practically unlimited in scope. The basic fundamentals are:

First. The farmer shall receive cost of production plus a reasonable profit.

Second. Seasons cannot be controlled. Acreage can through a rental basis.

Third. Price levels for portions of crop consumed domestically shall be elevated and maintained at 1909–10 levels.

Fourth. The processing tax is a price-elevation device. If passed on to consumer it will be so slight as to be unnoticeable.

Fifth. All wealth and prosperity emanates from the soil. When farmers are bankrupt the Nation is bankrupt, and progress ceases.

Anticipating the absolute effectiveness of the measure, millers, exporters, processors, and speculators have entered the markets to buy with a feverish activity unknown since the World War. This, coupled with a dry and disastrous crop season, has advanced the prices of all grains from 50 to 100 percent. The proof of the pudding is in the eating, so here is proof conclusive that the farm bill is a success. One dollar and 50 cents wheat within the next 6 months should not occasion surprise.

The emancipation of farmers from economic slavery by President Roosevelt and the Seventy-third Congress will be recorded by contemporary historians of the future, as comparable to the freeing of the slaves by Lincoln.

REFORESTATION ACT

On March 29 the reforestation bill was passed by the House and the President was given the authority to employ 250,000 men and to construct and maintain works of a public nature applying particularly to the forestation on lands belonging to the United States and the various States. To carry out the provisions of the act the President was further authorized to enter into contracts with States, counties, municipalities, and other public bodies.

FARM MORTGAGE ACT

Following close upon the heels of the Reforestation Act came the passage of the Emergency Farm Mortgage Act of 1933. This act was necessary to preserve the perpetuity of that great institution, the American farm home. For 3 years the farmers of the country have been strangled to an economic death by the money lenders and Shylocks. The total farm mortgage indebtedness is $12,000,000,000. True it is that this bill only makes available $2,000,000,000, but coupled with the bill I introduced to halt all foreclosures this sum would be ample to protect all those unfortunates now within the deadly clutches of the money lenders.

My preference was for the Frazier bill which proposed to refinance all farm mortgages with an issue of new currency based on the mortgages as security. The interest rate under this bill is 3 percent, including amortization, as compared to 4½ percent under the act passed. I was one of the few Members of Congress who signed the petition to relieve the committee of the Frazier bill so as to pass it.

HOME MORTGAGE ACT

The companion measure to the Farm Loan Act is the Emergency Home Mortgage Act of 1933, passed April 28, which provides $2,000,000,000 for the refinancing of home owners also within the clutches of the money lenders. When the House originally passed the bill $10,000 was the maximum amount that could be loaned, thus making more money available for small-home owners. This amount was increased in the Senate to $20,000. During debate and enactment of both of these bills I offered amendments which if adopted would have established an absolute moratorium against foreclosure of all mortgages.

MUSCLE SHOALS

The Muscle Shoals bill as passed in the House April 29, was a clear-cut victory for the consumers of electric energy over the Power Trust, and the users of fertilizer over the fertilizer trusts. When it passed the Senate, however, the provision whereby the Government was authorized to manufacture fertilizer for commercial purposes and to sell same to farmers for cost, plus 4 percent profit, was stricken out. This was a body blow at the farming interests, when it was shown in a table of statistics, introduced by me in the RECORD, that 1,416,000 tons of 16 percent phosphoric acid fertilizer could have been produced by the surplus power that went to waste over the Wilson Dam in the year 1932.

$500,000,000 FOR RELIEF OF UNEMPLOYED

April 21 witnessed the enactment into law of the President's unemployment relief measure, the Wagner bill, providing $500,000,000 with which to enable the Federal Government to cooperate more effectively with the various State, Territorial, and District government agencies in furnishing relief to their needy and distressed people. The bill makes available the use of the National Treasury for relief of the starving and destitute resulting from wide-spread unemployment; $250,000,000 is for the use of States on the basis of one third aid from this bill and two thirds aid from other sources; $250,000,000, or one half of the entire amount, is to be used by States in the form of grants to meet the "cost of relief work, furnishing relief, and in relieving the hardship and suffering caused by unemployment, in the form of money, service, materials, commodities, to provide the necessities of life to persons in need, as a result of the present emergency, and to their dependents." The bill was passed by a vote of 331 yeas, 42 nays, and 58 not voting.

INFLATION OF THE CURRENCY

May 2 was another historic day for the common people. It was on that day that the House adopted the Resolution 124 that concurred with Senate amendment 85, empowering the President of the United States to coin additional money and regulate the value thereof, and provide for an expansion of the currency to the extent of $3,000,000,000, to be used to pay Government obligations and retire a part, at least, of outstanding bonds. This action, for the first time in half a century, struck off the shackles placed upon the debtor class by the Money Trust. The right to issue money now vested in the national banks should be restored to the people, through their Government and through their duly elected representatives, the Congress of the United States, the only body authorized by the Constitution to issue and regulate the supply of money.

NATIONAL SECURITIES ACT

A milestone of progress was recorded for investors in securities and bonds on May 5, when the House passed H.R. 5480, to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes. Incidentally another of Franklin D. Roosevelt's campaign pledges was redeemed. This law should put a stop to the legalized burglary and thievery of unscrupulous brokers and bankers who have robbed the people of millions.

NATIONAL INDUSTRIAL RECOVERY

May 26 marked the passage of the National Industrial Recovery Act, a bill endorsed by the American Federation of Labor. Some of us objected to the drastic gag rule under which the bill was considered to prevent any amendments from being offered except those approved by the committee. Personally I look with fear into the virtual scrapping of the Sherman antitrust law. However, since we had already gone far, with legislation beneficial to the farmer, home owner, banker, transportation, building and loan associations, and labor, industry certainly could not be left out of the circle. What an amazing change has taken place. Following the close of the World War industrialists were given special privileges, one after the other. The farmers time and again appealed to be taken into the protective circle, which, as Abraham Lincoln said, "Shall be continued after this poor tongue of my own shall be silent", but were always denied and left to sink or swim. Now, under this history-making Democratic administration, under the masterful leadership of Franklin D. Roosevelt and his "new deal", the industrialists were the last to be taken into the "new" circle—another proof that the masses, instead of the classes, are now the chief concern of government.

The responsibility rests upon the President. He requested and gladly accepted that responsibility. It makes of him a virtual dictator; but is that not what the country needs? Industry has shown itself unable to weather the storm. Past Congresses have been impotent to deal with the problem. The President's dictatorship is dedicated not to predatory and selfish interests but to the rehabilitation and recovery of all the American people. He has selected a most competent and capable administrator in the person of Gen. Hugh S. Johnson.

ABANDONS GOLD STANDARD

The official abandonment of the gold standard by Congress and the eleventh-hour enactment of the Steagall-Glass banking bill are the concluding chapters in the most illustrious record of achievement ever written by a Congress of the United States. The first meant the demolition of the golden shrine of the followers of mammon—the Morgans, Mellons, Rockefellers, and other pirates of Wall Street. It presaged the casting out of the temple the money changers who have oppressed the debtor classes since the dawn of civilization. It envisioned a new day for farmers, laborers, small business men, and independent producers, since it is the forerunner of prosperity and good times for the common people.

BANK DEPOSITS INSURED

The bank bill means the dawn of a new era for depositors. No longer need they spend their days and nights in fear, afraid the bank will close with their savings gone forever. The Wall Street wolves and the international bankers fought the bill to the last ditch, but in the end the people won.

THE SPEAKER OF THE HOUSE

In concluding I would be but a rank ingrate did I not mention the splendid ability, leadership, courage, tolerance, patience, and fairness of the Speaker of the House, the Honorable HENRY T. RAINEY, from Illinois, whom I first was privileged to meet in Marion, Ohio, in 1922, when the gentleman delivered a masterful Jackson Day address. Time and service to his country have only intensified his brilliant leadership and enhanced his noble, admirable, lovable character and magnetic personality. When clouds of dissension hovered and storms of revolt threatened to break, HENRY T. RAINEY was always calm, unperturbed, serene, as true to his convictions, to his President, and his party as the stars to their appointed courses. May his ennobling influence be ever dominant in the Speaker's chair for many years to come.

MAJORITY FLOOR LEADER

As a new Member, I am likewise moved to pay my respects to that battling majority floor leader, the Honorable JOSEPH W. BYRNS, of Tennessee, possessing the courage of Andrew Jackson himself, in fighting for the legislative program of President Roosevelt, the Democratic Party, and the common people. I shall always regard it as one of the rare privileges of my life to have served in Congress under the leadership of that battling warrior, JOE BYRNS.

FLOWERS FOR THE LIVING

Would that time, space, and the reader's patience permitted of eulogies of the committee chairmen and the many valuable and pleasant fellowships formed with Members on both sides of the aisle. Fellowship teaches us that we are of common origin; that we have common duties, common responsibilities, and a common destiny. Like the great seas, the bonds of human fellowship have linked mankind inseparably together since the beginning of time, beating their countless waves of hope and joy against the shores of time and the sands of eternity.

SORROW AND SYMPATHY FOR THE DEAD

Regrets? Yes; a deep and lasting one—the failure of the President and Congress to rescue the farmers and home owners from the money lenders' strangling cord by a moratorium against foreclosure. These stricken people are the casualties of the economic war that we are now winning. These people, marching in the vast army of the dispossessed, forming the parade of the living dead, can see no rift in the black clouds of despair; for them the sun does not shine. Middle-aged men, old men who have passed their threescore and ten, their wives, their dependents—they march on to the poorhouse, to charity, to more fortunate relatives, to suicide. They could have been saved, but we did not save them. The way was shown; the trail was blazed; but, perhaps, because the great majority had never faced the stark, grim, naked reality of being sold out by the sheriff, they failed to realize the necessity for complete and speedy action. May God will it, that never again will honest and hard-working property owners be so wantonly and ruthlessly destroyed and devoured by the financial wolves and twentieth-century Shylocks. For those who have gone, whose bleaching bones lay scattered along the broadening highways of resumption of business, incomes, and prosperity for others, let us hope these casualties of the economic war will not fulfill the prophecy of Edwin Markham—

> O masters, lords, and rulers in all lands,
> How will the Future reckon with this Man?
> How answer his brute question in that hour
> When whirlwinds of rebellion shake the world?
> How will it be with kingdoms and with kings—
> With those who shaped him to the thing he is—
> When this dumb Terror shall reply to God,
> After the silence of the centuries?

LIFE AND CHARACTER OF CLINTON GILBERT, JOURNALIST, WASHINGTON, D.C.

Mr. McDUFFIE. Mr. Speaker, several weeks ago, at his home in the city of Washington, D.C., Clinton Gilbert passed from the scenes of his earthly usefulness into the beatitudes of the just. Amongst those who admired him I was glad to be numbered, and was proud to claim him as my friend. Availing myself of the permission granted to extend my remarks, I find some consolation in the great personal loss which his death brought to me in having the permanent record of the Congress of the United States bear witness to the high esteem and affectionate regard in which this great journalist was held by countless thousands of his fellow Americans. I deem it a privilege to pay tribute in this small way to his outstanding ability and patriotism which he possessed in so large a degree.

The Honorable Joseph Tumulty, an intimate and devoted friend of Mr. Gilbert, very appropriately said:

When Clinton Gilbert passed from the great stage of life, something fine, virile, and charming, that had about it the "grandeur of the old-fashioned", left the ranks of American journalism.

A lonely, aloof, modest person, never a great mixer, his analysis of men and things wore the impress of one who could walk with kings and not lose the common touch.

Knowing life, with a thorough understanding of public affairs, Clinton Gilbert tolerantly appraised the follies and foibles of public life in America. He wove into his stories a bigness and pettiness which made his portrayal of politics thrilling and always interesting.

Big, generous-natured man that he was, he suffered keenly himself when he knew his thrust at public men had hurt them. He had the ability to soften the blow he aimed by a literary turn or "fling" that brought into his cold analysis of public men something warm that made one love the political "villain" whose weakness he sought to describe.

His criticisms of public men were without cruelty, coarseness, or the slightest self-vindictiveness, and his bitterest attacks always carried a certain sweetness of reason. No one ever found in Clinton Gilbert's writings impetuous pugnacity or truculency. One always found in his "cameo writings" that calmness and serenity which characterized his own nature.

Possessing the incomparable ability to compress into one line a poisonous dart or a blessed halo, at heart he was a most kindly man, one of nature's noblemen, a loyal friend, and a great lover of his country, whose institutions he always sought to preserve and perpetuate. The entire country, as well as his chosen profession, will miss his facile pen, which had few equals in American journalism.

I commend to his friends and loved ones the consoling lines of the Hoosier poet:

I cannot say, and I will not say,
That he is dead. He is just away!
With a cheery smile and a wave of the hand
He has wandered into an unknown land.

And left us dreaming, how very fair
It needs must be, since he lingers there
And you—O you, who the wildest yearn
For the old time step and the glad return.

Think of him faring on, as dear
In the love of There, as the love of Here,
Think of him still and the same, I say
He is not dead. He is just away.

ABOLISHING THE ELECTORAL COLLEGE

Mr. LEA of California. Mr. Speaker, on the 13th of June the Committee on the Election of President, Vice President, and Representatives in Congress made a favorable report on House Joint Resolution 136, introduced by me, proposing an amendment to the Constitution providing for the election of the President and Vice President.

With the exception of some details this is the same as resolutions on which hearings were conducted in each of the three preceding Congresses, and on which this committee made a favorable report in the closing days of the last Congress.

DEFECTS OF ELECTORAL COLLEGE SYSTEM

The broad purposes of this amendment are to remove the objectionable electoral-college system and provide a certain and just method of electing the President.

The most obvious though not the most important objection to the electoral college is its indirect-voting system. We elect Presidential electors as our agents to vote for us in the selection of the President. We establish this cumbersome, intermediate agency to elect the President where no such agency is needed. We can better and more happily vote directly for the candidate we prefer.

It is surprising to what extent the man on the street is unacquainted with the more serious and important objections to our method of electing the President. He is ordinarily unconscious of the fact that through the unit State vote all minority voters in every State are, in effect, disfranchised; their votes are discarded and are not counted in computing the ultimate result of the election. In each of the last two Presidential elections the votes of over 38 percent of all the voters of the country were thus disfranchised through the unit voting system.

In no other case in the election system of this country do we elect candidates indirectly through intermediate agencies. In the case of no other office do we discard minority votes in a political subdivision of the election territory before computing the final result.

In three instances candidates receiving the plurality vote of the Nation for President have been defeated by candidates with less popular votes. Doubtless such instances will be repeated in the future unless the system is changed.

The defeat of the candidate shown at the polls to be the choice of the people of the Nation is a political injustice of a major character. A system that makes such results possible is not only undesirable but a menace to the welfare of popular government.

The election of a President is a great contest, a national game that should be conducted with good sportsmanship. The rules of the game are now unfair and tricky. The purpose of this amendment is to provide fair rules for the contest, for a just decision, respected because it is fair and just.

The electoral-college system, under some circumstances needlessly creates deadlocks and provides uncertain and inept methods for breaking them.

If the election is thrown into the House of Representatives, each State, regardless of its population, is the equal of every other State in selecting a President. Each State has 1 vote, no more, no less. A majority of the Representatives from each State cast the vote of that State for President. The State with 1 Representative is as powerful as the State of New York with her 45 Representatives in determining who shall be President.

Each of the two elections that have occurred in the House of Representatives has been accompanied by national scandals and bitterness.

PLAN OF ELECTION PROPOSED

House Joint Resolution 136, if adopted, would accomplish the following results:

First. It would abolish the electoral-college system and substitute therefor a direct vote for the election of the President and Vice President.

Second. Each State would retain electoral votes as at present equal to the whole number of its Senators and Representatives.

In this way the relative strength of the States would be preserved as at present. The electoral vote based primarily upon population would remain as the common unit for expressing popular will as between the States in the election of a President. This would prevent what would otherwise be a violent change in the relative strength of the States in the election of a President.

Third. Each candidate for President would receive such proportion of the electoral votes of the State as he received of the popular vote therein.

Fourth. The candidate having the greatest number of electoral votes would be elected.

PRACTICAL EFFECT OF PLAN

In other words, the Presidential electors would be eliminated, the people would vote directly for President, there would be no unit State vote, and the electoral vote of the State would be divided among the candidates in exact proportion to their popular vote in the State.

There would be no deadlocks. The resolution provides a certain method of election and of avoidance of deadlocks.

There would be no election in the House of Representatives. None would be necessary.

There would be no disfranchisement of minority votes. A vote cast any place in the Nation would count toward the election of the President and be given its relative weight for that purpose.

The contest, instead of being confined to a few "doubtful States", would be Nation-wide.

No candidate would receive electoral votes beyond those earned by his popular vote.

The question of "carrying" any particular State would be of relative unimportance. A shift of several thousand votes in any one State would amount to a difference of no more than a fraction of one electoral vote. Fraud or pressure to carry a "doubtful State" would largely lose its temptation, because it would be without the unearned reward of votes that now go to the plurality candidate because of the disfranchisement of the minority.

The people would be given a separate vote for President and Vice President.

REPORT OF COMMITTEE

The report of the committee favoring the adoption of this resolution is no. 262, Seventy-third Congress, first session. Hearings were held on February 16, 1933. The main features of this problem, as well as the details of the proposed plan, are discussed at length in the hearing and report.

During this session Senator NORRIS introduced a resolution in the Senate which likewise provided for the elimination of Presidential electors, a direct vote for President, a division of the State votes among the candidates in proportion to their popular votes, and for the plurality selection of the President. That resolution was referred to a subcommittee of the Judiciary Committee, which have reported it favorably to the main committee.

It is hoped before the next session adjourns this plan of electing the President will be sent on its way to ratification by the legislatures of the various States. It would correct gross defects in our method of electing the President that have been recognized by all students of our Government for the last 100 years. It would establish a method of election consistent with our general American scheme of Government and, I believe, contribute materially to the betterment of the political life of the country.

SHALL OUR PUBLIC SCHOOLS BE MAINTAINED?

Mr. COLLINS of Mississippi. Mr. Speaker, the recommendations of our President relative to the reorganization of our Government departments are another manifestation of his courageous determination for action which is based on sound social economy.

Our President has the courage to tackle the new. He is trying to find the best ways to solve our grave national problems. He is honestly trying to find a proper means of helping people. I am delighted with the social vision which characterizes his program.

I wish to refer here specifically to his recommendations relative to the reorganization of the Government departments. Many of these recommendations are excellent. They mean not only economy but economy through efficiency.

As one who has long advocated the coordination of all the educational facilities of our Federal Government, I subscribe to the principle expressed in these recommendations.

However, I do not feel that the proposed drastic curtailment in vocational education made necessary by the President's plan for reorganizing of the departments is entirely desirable. The plan as submitted calls for a 25-percent reduction in Federal money paid to the States for:

First. Cooperative vocational education and rehabilitation.
Second. Payments for agricultural experiment stations.
Third. Cooperative agricultural extension work.
Fourth. Endowment and maintenance of colleges for the benefit of agriculture and the mechanic arts.

This proposal involves a consideration of a number of fundamental principles as well as of the actual facts themselves. Tersely said, it means that the people are to receive less direct benefit from the increased funds which they pay into the Federal Treasury. The explanation given is that the Government cannot afford it.

I am still a firm enough believer in representative Democratic Government that we, the people, are the Government; that such instrumentalities and media as may be set up to carry out our wishes are not in themselves nor of themselves an end.

That a government must expend only funds of the amount the people themselves can raise is an undisputable axiomatic fact. However, I have no patience with that oft-heard statement, "The Government cannot afford to conduct activities in the interest of the people." Such a philosophy belies the very function of government.

Governments are instituted among civilized men solely for the purpose of serving those who institute and constitute them. Certainly one of the first functions of government is to see to it that those who constitute it are properly informed and properly trained to assume their responsibilities for the common good. I am a Jeffersonian Democrat, and as such I subscribe unqualifiedly to his statement:

> Above all things, I hope the education of the common people will be attended to, convinced that on their good sense we may rely with the most security for the preservation of a new degree of liberty.

In keeping with my political philosophy I hold further that education is distinctly a State function. Hence I should oppose vigorously any attempt on the part of the Federal Government to control public education in any of the several States. However, I do not admit that Federal aid and Federal control are synonymous.

Federal control of education would be the direction of educational administration for the several States from Washington; it would mean that the Federal bureau, office, or department of education would determine the course of study, the qualification of teachers, the standard of proficiency of the pupils, the textbooks to be used, the method of instruction—the general set-up of the educational machinery by and for the States. This I oppose, and oppose vigorously.

Federal aid to the States for educational work, however, is simply the granting to the States for absolute and unrestrained administration by the States of Federal money for the maintenance of the public schools of each State by State machinery.

There are those who would say that this practice is contrary to the principles of our Government; that it breaks down our system of local and State government. But does it? Does the giving to States of the money taken directly from the people of the States deny those people any rights? Or is this plan merely a practical expression of the theory that ours is a Federal Union of 48 sovereign States?

I think the latter is the case. In order to approach this question a little more intelligently let us for a moment review the question of Federal aid to the States. Since our Government was established the Federal Government has given money and lands to the States. More than 70,000 acres of national lands were turned over to the newly created State of Ohio by the act of 1802, and since that time every State of the United States has benefited by Federal generosity, or, more properly speaking, shared in the full benefits of a Federal Government. In 1837, $2,000,000 which had accumulated in the United States Treasury were distributed among the States.

FEDERAL LAND GRANTS

Most of the early land grants were made unconditionally. In other cases Congress stipulated that the funds should be used for schools or roads. Since 1912 the growth of a Federal subsidy for the development of work by our States has been vast. There are a number of possible explanations of this trend. I prefer to believe the one which holds that it represented practical expression of the growing power of popular—of people's government. Due to the rapid growth of large-scale business in this country, money and material wealth became more and more concentrated in a few urban centers and the benefits thereof became less available to the people themselves and to the States. In recognition of this fact, in 1913 the amendment to the Federal Constitution enabling Congress to enact the Federal income tax law was ratified. But this meant that not only would more money be taken from individuals having it, but, in general, it meant that more money would come from the States to the Federal Government. Then came the war, demanding in the various revenue taxes still more money from the States. And so there grew quite logically within the States a demand that some of the good from the concentrated wealth of a few of

our citizens and some of the returns from the money which the Federal Government had obtained from the States be returned to the States for useful work by the States. This was not a move on the part of the States to give up State rights. Quite to the contrary. It was a new manifestation of a new kind of State right. The States sought to have a say in how their money should be spent for their people. They never yielded their power; they increased it. Yes; the amount of Federal subsidy has grown, but an analysis of the figures shows that proportionately as there grew a demand from the Federal Government for a direct tax on the people of the States so grew the amount of Federal money which in turn the States demanded should be paid them.

At the present moment the people of our States are actually confronted with the grave threat, the collapse of their public schools. Of course, the people, believing themselves citizens of a sovereign State of the Union and citizens of the United States, turn to the Federal Government for aid, not only because many of the States themselves cannot meet this problem, but because the problem in itself is national, and our Federal Government is concerned intimately with it. Ignorance knows no State lines. Children denied schooling in one State today become citizens of a low caliber in another tomorrow.

The principle of Federal aid to the needy States for educational work is closely akin to the principle of State equalization funds for educational work, a principle now generally observed by practically all of the States of the Union. Just as a State equalization fund in education seeks to provide that the children in even the poorest rural districts may have good schooling under competent teachers for a term of suitable length, so Federal aid asked for us by the States would help the children in our poor farm areas to have a decent start in life by getting at least a minimum of schooling. The fact that three fourths of our States have established equalization funds shows that there is a growing sentiment for a more equitable distribution, if not of wealth, then, certainly, of the opportunity to procure wealth. One of the finest analyses of the theory, philosophy, and the practice of a State equalization fund was made a few years ago by one of our Southern newspapers, the Richmond News Leader. This newspaper, after very thorough and complete scientific investigation of the subject, devoted its full effort to the establishment of the principle of a State equalization fund.

The seriousness of this situation incidental to the threatened collapse of our free public schools is generally recognized. Nine large national organizations of women are actively interesting themselves in this question. I have learned that the national representatives of these organizations, on the instruction of their respective groups, are all pooling their efforts in a campaign to maintain the American free public school. An article in The Woman's Press, the official magazine of the Y.W.C.A., one of the organizations actively interested in this question, was published in its April issue setting out in concise form the gravity of this situation as it then existed. And nothing has happened since then to put the schools in better shape. This article I submit here to give this picture to you.

THE FREE SCHOOL IS PASSING

(By Selma M. Borchardt, vice president American Federation of Teachers)

One of the most devastating effects of the depression is the breakdown of the American free public school system. As a result our children are being denied the right to a free public education. The collapse of our public-school systems is not limited to any one State, nor even to any one section of the country. In Florida, Georgia, Alabama, Arkansas, Oklahoma, and Kentucky hundreds of the rural schools have closed for this year. In North Dakota, Texas, Idaho, Tennessee, Michigan, Wyoming, and Arizona the school officials report that unless relief comes to them, many of their schools will be forced to close soon. From Iowa, Connecticut, Oregon, Maine, and Minnesota come the authentic State reports saying that next year many of their schools, if they are kept open at all, will be kept open with private funds.

Some localities are now trying to "muddle through" by charging tuition. Under such a system those children who can't pay can't come to school. Essential parts of the school system are being eliminated everywhere. Kindergartens, night schools, vocational training classes, medical and dental clinics, now more needed than ever, have been either eliminated entirely or seriously curtailed in practically every State in the Union.

The number of teachers has been reduced, while the number of pupils enrolled has increased rapidly, almost half a million in the last year alone. As a result, the size of classes has increased enormously everywhere, creating a sort of mass-production form of education.

Teachers' salaries have been drastically cut, in some places as much as 50 percent, in a few places 75 percent. Worse still, many cities and counties have paid them in depreciated, nonmarketable commercial paper; others have not paid them at all. In a few States teachers are "boarded around" among the parents of the pupils who can afford this form of tuition, as the community cannot pay their salaries. In four States teachers have volunteered to teach for nothing in order to keep open the schools.

The school year is being shortened in most States. The United States Office of Education has estimated, on the basis of a survey just completed, that 4,400 rural schools will have to be closed early this year, as will all the schools in 170 cities.

School-building programs are, of course, seriously curtailed. Consequently schools are dreadfully overcrowded everywhere. Over 35,000 schools are on a part-time schedule, running two or more shifts. Thousands of pupils are being housed in dilapidated portable buildings.

Tax delinquency is the principal cause of the break-down of the State and local school system. Banks either cannot or will not lend to local communities to maintain their schools. In 1930, 1,345 banks suspended operation; in 1931, 2,298 banks suspended operation. State and municipal paper now is generally nonmarketable; taxes are unpaid. It is an indisputable fact that the local communities throughout the country are absolutely unable to raise the money to enable them to meet their legal and social obligations.

Something must be done and done quickly to save the schools until local and State agencies become self-supporting again. A call has come from all States to the Federal Government to aid in preserving our American State-owned, State-controlled public-school system.

Senator WALTER F. GEORGE, of Georgia, in a bill introduced early in this session, seeks to make it possible for the Reconstruction Finance Corporation to lend money on suitable collateral for the maintenance of public schools as it is now authorized to lend for the maintenance and promotion of private enterprise. The question which immediately presents itself is whether this is a proper function of the Federal Government.

Should the Federal Government interfere with State control of education? Certainly not. But a State would not yield one iota more of its absolute autonomy to the National Government when it contracts for a loan on good collateral than any bank or railroad did when it borrowed heavily from the Federal Government.

Will this be a step to place further burdens on future generations? Yes; most assuredly, yes. But the burdens created by the assumption of a financial indebtedness are burdens which the future generations, and perhaps the present generation, can liquidate. A failure on the part of the State of today to maintain its public schools places a very heavy social, economic, and moral burden on the citizens of today and of tomorrow; a burden that they cannot liquidate. Closed schools means deteriorated children of today; perhaps potential criminals of tomorrow.

Should we insist on the States doing more for themselves? Yes. But while the citizens are striving to secure a means to obtain State aid should we allow the children of our Nation to suffer? The break-down of the educational system and the disastrous effect on the children of any one State today is a potential problem for the citizens of all States for tomorrow. And it should not be forgotten that ours is a Federal Union, composed of 48 States.

While it is certainly true that the method and form of relief administration is exceedingly important, it is equally true that the purpose for which the relief is given is even more important. During this emergency many of our finest citizens in a desire to develop a nicety and precision in the machinery for relief work seem to have lost sight of the immediate need for which this machinery is to be set up.

The blunt truth, so far as our public schools are concerned, is that, if the schools of the Nation are to be maintained, the Federal Government must be allowed to lend money to the States for this purpose.

It cannot be denied that education has fared badly during the recent years, and particularly during the past 6 months. The action taken is in direct opposition to the declared policy of many executives and legislators. In this respect the President is no exception. His policy, as stated from Albany, is certainly not in accord with recent action on this all-important problem. This may be clearly seen from the following statements:

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, July 29, 1932.

Mr. C. A. COBB,
Editor, The Progressive Farmer and Southern Ruralist,
Atlanta, Ga.

MY DEAR MR. COBB: I have received your letter of July 19 inquiring about my attitude toward the support of agricultural education.

I have spoken often on this subject in this State, so that our people here have no doubt whatever about where I stand. I believe thoroughly in agricultural education. I regard it as one of the most important and essential branches of the whole educational effort that is being carried on in the United States. I am a firm believer also in the value of the cooperative research and experimental work and the extension service which State institutions, in cooperation with the Federal Government, are rendering.

I think it would be nothing short of a disaster if any of this work were seriously curtailed. Particularly in these times when farmers are having such a desperate struggle to maintain themselves, I think it supremely important that they should have the benefit of the expert advice that colleges, experiment stations, and extension services are able to give them, and it is equally important that we should continue to hold out to their children opportunities for an education that will make them something more than field drudges.

What I have said with respect to the agricultural colleges and their allied services applies with equal force to the lesser schools of agriculture and to the agricultural education now being carried on with such excellent promise in consolidated high schools in the rural communities.

I am glad that I have had the opportunity of expressing myself on this subject, on which I have very strong convictions.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

WHAT FRANKLIN D. ROOSEVELT THINKS ABOUT VOCATIONAL EDUCATION

(Excerpt from recent Nation-wide radio address broadcast from Albany)

I cannot, of course, answer the hundreds of questions which come to me in every mail, but a letter signed by 10 of the leading social welfare workers permits me to use their questions as a text for the expression of certain great basic principles which are vital to us in this time of stress * * *.

The last question relates to keeping children in school to the age of 16. I am in favor of that. Furthermore, I go along with the thought that we must increase vocational education for those children who otherwise could not receive adequate training. That kind of vocational training will raise the standards of worthwhile employment, not only now but also in normal times.

My own observation leads me to believe that in many parts of the country we have tended to an educational system devised too greatly for academic training and professional careers. We know that already many of the professions are oversupplied and it is a fair guess that during the coming generation we shall devote more attention to educating our boys and girls for vocational pursuits which are just as honorable, just as respectable, and in many instances just as remunerative as are the professions themselves. The Federal Government, without in any way taking away the right and the duty of the several States to manage their own educational affairs, can act as a clearing house of information and as an incentive to higher standards.

The Nation's responsibility in this problem is clearly set out; for the boys and girls today denied an education in any one State may migrate into the communities which have expended much for education, and there become social burdens to the people who have spent much on educational opportunities.

No State is independent of other States so long as there is any movement of inhabitants between them, for low standards in one State tend to discount the efforts of other States in maintaining higher ideals. Each State is, therefore, interested in what other States are doing

Says the United States Office of Education.

Thus the Nation should, as a sound business proposition, be seriously concerned with the potential economic aspects of the threatened collapse of our schools. The expenditures properly applied to the maintenance of our State-owned school are a sound investment for the National Government. Prior to the depression the large life-insurance companies of America were spending thousands of dollars annually in order to raise the level of education among our people because they claimed, and rightly so, that the better educated people are longer lived, have better health, and a surer income than the uneducated. One of the life-insurance companies had a special division on illiteracy, for it recognized that its work could not be fully done as long as illiteracy exists. Both public and private statistics on accidents, both in industry and in noncommercial activities, show that the largest number occur among illiterate and uneducated persons. When we consider the amount of money entailed in these accidents, quite apart from the human side of the question, we can appreciate the need of spending further money to prevent them. Just sound business!

Millions of dollars wasted every year because of illiteracy; $825,000,000 a year, former Secretary Land said some time ago, and his figures did not include the additional cost for illness, accidents, and social maladjustment. When one adds to this vast economic loss the social degredation, the human suffering, the pain, the humility that goes with ignorance and pestilence, the absolute justness of the present demand of the States for these funds is recognizable.

And now when the public schools established on State funds are collapsing comes this additional blow—the devastating curtailment of the work in vocational education.

I recognize the fact that the President is merely outlining possible plans for the future, that no fixed plan is as yet before us. I therefore have gone into the entire question of the philosophy of Federal aid to the States for educational work in order that there may be some very practical advice come from the States—from the people—in this question.

I feel that the work in vocational education is of prime importance. I do not, in saying this, mean necessarily to imply that the work in all instances as now constituted is representative of the best educational theory and practice. But, after all, what is the best educational theory and practice on this question? I do know that in my own State there has been some extremely valuable and highly interesting work come from the funds which the Federal Government has appropriated for vocational education.

As I said at the opening of these remarks, I feel that the President wants the advice and active cooperation of the people in working out the problems of our Government. He is not looking for mere "yes" men. He is looking for men and women who will critically analyze his proposals in the interest of the general welfare, and who will, in keeping therewith, make constructive, practical recommendations; men and women who will work—work hard—with him on a common program seeking a more equitable social program.

Because of the vast importance which I attach to the educational work of the Nation, as conducted by the several States, and because particularly of the tremendous immediate significance of vocational education, I am asking for advice and suggestions on the questions involved in the proposed 25-percent cut in vocational education. To help me and some of those with whom I work approach this problem in the best prepared fashion, I am directing attention to a few questions concerning this subject.

First. What loss to the State, expressed in dollars and cents, will the proposed cut be to the State? (Not only the loss of the appropriation itself but the subsequent losses incident to the loss of the appropriation.)

Second. What will actually happen to the work in vocational education as the result of the proposed curtailment in Federal appropriations in this work?

Third. What substitutes or replacements for this Federal work are now available through State means?

Fourth. Is there a need for a definite coordinating plan between the work in vocational rehabilitation and the Federal employment agencies as set up under the new Wagner bill?

Fifth. What constructive changes can be offered in the interest of the work in vocational education, suggestions which can be made available to other States than your own for investigation and study?

Mr. Speaker, the importance of our free public-school systems is generally recognized and should be maintained.

CONTROLLED ECONOMY?

Mr. RICHARDSON. Mr. Speaker, after reviewing and reexamining much of the legislation which was speedily enacted in this momentous special session of Congress, the people of this country are seeking to gage its significance. Does the nature of this legislation indicate a new national economic policy? Are we abandoning an economy based on free markets or are we definitely committed to economic control? These questions are now uppermost in the minds of many of our citizens.

The necessity of dealing drastically with our national economy and mastering a definite problem is clear. The human mind has at least learned through science, technic, and methods of mass production to produce more than our

people need. Civilization, after centuries of struggle, has attained this marvelous accomplishment. But it has blundered with the new problems of distribution. These problems of maldistribution must be solved. An economic system to accomplish that end must be established; otherwise the scientific and technical evolution, which we proudly call progress, is but a miserable human failure.

It is significant that the emergency legislation enacted at the behest of the present administration deals almost exclusively with economic problems. The nature of the functioning of our Government has undergone an extraordinary change in recent years. Heretofore government dealt largely with political matters. Now, if one thinks back on the past 3 months, it is difficult to recall any pronouncement by the President or legislation by the Congress that dealt with political problems. The concern of the Government has been almost entirely with economics. Government, either by design or by evolution, has assumed an economic instead of a political aspect. Our national economy has become its primary concern.

The stressing of the economic motif in governmental activities results logically from what seems to be a changed attitude toward government on the part of our people. There is a new psychology, a new point of view. Whatever the cause, there is no doubt that here in this land of "rugged individualism" there exists a feeling of dependence on government which is almost pathetic. The Federal Government is considered a sort of Santa Claus. People look to Government to cure all of their economic ills, to pay their debts, to save them from their mistakes. The guaranteeing of economic welfare to every citizen is now considered a proper function of Government. Government is now regarded as an instrument for economic control, rather than a political organization calculated to preserve the freedom and liberties of its people.

The big fact that stands out clearly is that our people, in their present mood, insist on economic control.

There are two viewpoints in relation to a national economy. One holds that free markets and economic competition are the best guaranties to the consumer and to the public. The other asserts that Government participation in and control of the economic organization is the most advantageous. The legislation sponsored by the administration portrays the second viewpoint, and its underlying theory is based on the proposition that "the laws of economics are man made."

An economy based on free markets and competitive prices is not a new thing. It is the result of centuries of economic activity. It is grounded in Anglo-Saxon tradition. It is man made but not entirely man planned. It is, like our common law, largely a result of evolution.

A newer thing is the theory of economic control. It is the result of a new economic organization, including division of labor, specialization, and mass production. Beyond a doubt, the theory that man can master the national economy, that man has sufficient intelligence to successfully plan a nation's economic future, has gained many adherents in the past few years.

The economic system of Soviet Russia is frequently cited as an example of successful economic planning. It is, of course, nothing of the sort. While Russia has just completed a 5-year plan, there has been no trial of efficient economic planning in Russia. Every factory in Russia has had only one plan—to produce as much as possible. Such plans require no planning skill. The test of the theory of economic planning comes when production in a nation reaches a level sufficient for the needs of the people. That stage we have reached in America. The task of the economic planners is to so nicely balance production and distribution in each industry and enterprise that the benefits of efficiency and of low cost of production, which have been developed under a competitive free market system, will not be lost to the people. Planned economy has for its purpose a balanced economy.

Much of the legislation enacted at this special session provides for a first step in economic planning and a controlled economy. Free markets and competition, which were fostered and protected by the antitrust laws and by the Clayton Act, are no longer considered the essentials of our economic planning. America, for the first time, treads a new path.

Those who do not believe that this legislation denotes a permanent change in our economic system point out the fact that, by its terms, the experiment is limited in time and calculated to meet an emergency. But, if successful, the theory of controlled economy will hardly be abandoned. No matter what the result, turning back would be difficult. Could the intricate pattern, once woven, be again unravelled?

At all events, "the die is cast." We face an unknown future. Shall our future national economy be based on free markets and economic competition, or shall it function through economic planning and control? The Roosevelt administration should go far in formulating an answer to that question.

If a reforming, a reconstruction of our national economy proves inevitable, the Democratic Party has a definite mission to perform. It must see to it that during this period of social and economic change, there shall be no sacrificing of our political liberties and free institutions. There must be no dictatorship, political or economic. American institutions must remain free.

AN ANALYSIS OF RULES AND REGULATIONS AFFECTING PAY OF VETERANS, PURSUANT TO THE ACTS OF THE SPECIAL SESSION OF THE SEVENTY-THIRD CONGRESS

Mr. OLIVER of Alabama. Mr. Speaker, leave having been granted the Members to extend their remarks in the RECORD, I desire to place in the RECORD some information which I have compiled relative to rules and regulations affecting pay of veterans, their widows, or dependents, as follows:

Résumé of changes in Public, No. 2, Seventy-third Congress, and veterans' regulations thereunder, effected by Public, No. 78, Seventy-third Congress, "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes", approved by the President June 16, 1933.

1. Authorization is given for the use of the sum not to exceed $500,000 for payments to State institutions caring for and maintaining veterans suffering from neuropsychiatric ailments, who were in such institutions on the date of enactment of the appropriation act, June 16, 1933.

2. The sum not to exceed $8,000,000 is made available for expenses and maintenance of regional offices of the Veterans' Administration.

3. Authorizes administrative expense incidental to securing employment for war veterans.

4. Authorizes expenditure of an amount not to exceed $5,000 for experimental purposes to determine the value of certain types of treatment.

5. Appropriations are made available for continuing aid to State or Territorial homes for the support of disabled volunteer soldiers and sailors, in conformity with the act approved August 27, 1888 (U.S.C., title 24, sec. 134), as amended, including all classes of veterans admissible to the Veterans' Administration homes.

6. Administrator of Veterans' Affairs is authorized, with the concurrence of the Attorney General, to transfer to the Department of Justice such personnel and/or funds as may be deemed necessary in connection with defense of suits against the United States under section 19 of the World War Veterans' Act, 1924, as amended.

7. Section 6 of title I of Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government", approved March 20, 1933, is amended to provide for domiciliary care and medical and hospital treatment to men discharged from the Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty. This

amendment extends entitlement to this care to service-connected peace-time cases.

8. Authorizes expenditure of not more than $4,000,000 for repairs, alterations, improvements, or facilities in the several hospitals and homes under the jurisdiction of the Veterans' Administration.

9. Authority is given the Attorney General of the United States to agree to a judgment to be rendered by the presiding judge of the United States court having jurisdiction of the case, pursuant to compromise approved by the Attorney General upon the recommendation of the United States attorney charged with the defense, in any suit on a contract of yearly renewable term insurance pending on March 20, 1933, and on the date of enactment of Public, No. 78, June 16, 1933.

10. Provides that $1,000,000 be made available until expended for carrying out the provisions of the act approved March 4, 1931 (46 Stat. 1560), authorizing appropriation to provide additional hospital, domiciliary, and out-patient dispensary facilities. This is to permit of the completion of authorized construction.

11. For the fiscal year ending June 30, 1934, pension payable under private relief act, not subject to provisions of sections 1 and 17 of title I of the "act to maintain the credit of the United States Government", approved March 20, 1933, is to be reduced by the same percentage as that prescribed for the reduction of compensation of officers and employees under section 3 of title II of the act of March 20, 1933. Under this provision the reduction at present is 15 percent, and the law provides that the reduction shall not exceed 15 percent.

12. The President is authorized to establish special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of Public, No. 78, June 16, 1933) to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service connected under the regulations issued pursuant to Public, No. 2, Seventy-third Congress. These special boards are to determine, on all available evidence, the question whether service connection shall be granted (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical findings within the terms of or period prescribed by Regulation No. 1, part I, subparagraph (c), or Instruction No. 2, Regulation No. 1, issued under Public, No. 2, Seventy-third Congress) and will in their decisions resolve all reasonable doubts in favor of the veteran, the burden of proof in such cases being on the Government.

13. Notwithstanding the provisions of Public, No. 2, Seventy-third Congress, decisions of the special boards are to be final, subject to appellate procedure prescribed by the President, and, except for fraud, mistake, or misrepresentation, 75 percent of the payment being made on March 20, 1933, shall continue until October 31, 1933, or the date of the special board's decision, whichever is the earlier date. Provision is made for extending the time of payment beyond October 31, 1933, until decision can be rendered.

14. (a) Provision is made for the adjudication of claims for yearly renewable term insurance on which premiums were paid to date of death of the insured and any claim for pension, compensation allowance, or emergency officers' retirement pay under the provisions of laws repealed by section 17 of Public, No. 2, Seventy-third Congress, wherein claim was duly filed prior to March 20, 1933. The adjudications are to be on proof and evidence received by the Veterans' Administration prior to March 20, 1933, and any person found entitled to the benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws. There is a provision that the payments authorized by this amendment shall continue only to include June 30, 1933, and only one original adjudicatory action and one appeal may be had in such cases; (b) there is a further provision that where a veteran died prior to March 20, 1933, under conditions which warrant the payment of, or reimbursement for, burial expenses, such payment or reimbursement may be made in accordance with the laws in effect prior to March 20, 1933, provided that the claim for such payment or reimbursement must be filed within 3 months from the date of approval of Public, No. 78.

15. Provision is made that in no event shall the rates of compensation payable for direct service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of his own misconduct, where they were except by fraud, mistake, or misrepresentation in receipt of compensation on March 20, 1933, be reduced more than 25 percent, except where under the Presidential regulations pertaining to Federal employees, hospitalized cases, and cases of beneficiaries residing outside the continental limits of the United States, a greater reduction is authorized.

16. Provision is made that in no event shall death compensation, except by fraud, mistake, or misrepresentation, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act, 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service.

17. Provision is made for the payment of a pension of not less than $15 per month to any veteran of the Spanish-American War, including the Boxer rebellion and Philippine insurrection, who served 90 days or more, was honorably discharged from service, is 55 years of age or over, is 50 percent disabled, and in need as defined by the President.

SOME PROVISIONS AFFECTING SPANISH-AMERICAN WAR VETERANS

Where a veteran died prior to March 20, 1933, under conditions which warrant the payment of, or reimbursement for, burial expenses, such payment or reimbursement may be made in accordance with the laws in effect prior to March 20, 1933: *Provided*, That claim for such payment of reimbursement must be filed within 3 months from the date of passage of this act.

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Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to Federal employees, hospitalized cases, and cases of beneficiaries residing outside of the continental limits of the United States.

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Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, who served 90 days or more, was honorably discharged from the service, is 55 years of age or over, is 50 percent disabled, and in need as defined by the President, shall be paid a pension of not less than $15 per month.

Regulations issued by the President June 6, 1933, change the basic rate for war-time service-connected disabilities of veterans of the Spanish-American War from $8 to $80 to $9 to $90; authorize an increase in rate for Spanish-American War veterans over 62 years of age from $6 to $15 per month; increase the rate for non-service-connected permanent and total disabilities for such veterans from $20 to $30 per month; also authorize the payment of a burial allowance of $75, including transportation, if the veterans' net assets at time of death are less than $1,000. In determining assets it is provided that there shall not be included accrued benefits, such as compensation, pension, and so forth. Widows of deceased veterans are excepted from the prohibition of payment of pension to Federal employees.

An important change in the rules and regulations as first announced is the extension of the age limit for death benefit for children from 16 to 18 years, and should the beneficiary be in school benefits will be paid until graduation, or up to 21 years of age.

Under the original act $100 was allowed for burial expenses, provided the estate of the deceased was not worth more than $1,000, but the new rule has reduced this to $75.

Any veteran deprived of the compensation by the act of March 20 can file his claim for reconsideration after July 1, but those suffering service-connected disabilities are advised to appeal their case to the Veterans' Administration with new evidence, thus avoiding the necessity of filing new claims and causing delay in securing an adjustment. If the Veterans' Administration decides that the veteran was wrongfully dropped from the rolls, he would be entitled to compensation since March.

Blanks for filing claims can be secured from all Legion posts or from my office probably after July 1.

THE ADMINISTRATION OF UNEMPLOYMENT RELIEF SHALL NOT BE AT THE EXPENSE OF BREAKING UP THE CONTINUITY OF FAMILY LIFE

Mr. DICKSTEIN. Mr. Speaker, the problem of unemployment has been acute in this country ever since the unfortunate conditions left to us as a result of the incompetent Hoover administration, which has now fortunately passed into oblivion.

The new administration, as one of its principal aims and by way of reconditioning things in the United States, was obliged to seriously attack the problem of unemployment and vigorously combat it.

Just before the closing of the session of this special session of Congress we passed the Recovery Act, which will undoubtedly rectify things in many fields of human endeavor.

It will put a large number of unemployed back to work and create a stimulus in the real-estate market, so that undoubtedly large numbers of our unemployed will be very materially helped.

The only constructive suggestions to alleviate unemployment ever since the great slump of 1928–29 were made by members of the Democratic Party. Several members of the House, as well as that stanch champion of unemployment relief, my colleague the Senator from New York [Mr. WAGNER], placed constructive suggestions for relief before the administration during the Hoover regime, but at all times as long as the Republican Party was in power they were balked in their attempts to settle the unemployment problem on an intelligent basis; on the contrary, all of the suggestions for relief and all of the well-thought-out plans presented by my Democratic colleagues in both Houses fell by the wayside and did not receive any support or encouragement from the Hoover administration.

The principal aim and purposes of the unemployment relief bill, as they now were finally enacted into law, are a plan to coordinate the public employment agencies of the several States through an enlargement of the Federal Employment Service. The Federal Employment Service will be able, when properly managed, to so arrange things that if unemployment should be confined to a particular State or particular section of the United States, it will be possible to transport workers who are qualified from one section of the country to another so as to bring about an equalization of conditions and relieve unemployment sectional in its nature.

A great deal will depend on the manner in which our new Secretary of Labor, Miss Perkins, will undertake this part of the work allotted to her. It will be her duty to reorganize the Employment Service of the Federal Government and make it a real vehicle for the greatest good for the greatest number. The Employment Service will furnish the key to the entire economic-recovery situation and will be the arch of the stone on which the success of our national recovery will depend.

In this connection, the experience which our new Secretary of Labor has had in handling the unemployment situation in the State of New York, where she was commissioner of labor for over a decade, will be undoubtedly a great help to her and to the Nation.

The problem of unemployment, however, is not only an economic one but a social one as well. Where the breadwinner of a family is prevented from gainful employment, not only does it cause the family to suffer, but it reacts very unfavorably on the cohesion and continuity of family life. Members of the family begin to drift from one another, go to different parts of the country, perhaps, in search of employment, and eventually the morale of the family becomes disrupted, and as a result there is a relaxation in the social life of the community which it may take years to reestablish. One of the problems, therefore, which the administration of unemployment relief will have to consider and consider very thoroughly is the necessity of keeping families together; and if coordination of employment agencies is to be effected, it shall not be at the expense of breaking up the continuity of family life in any portion of the country, and care shall be taken in keeping families together and giving their members employment, if possible, within the same locality or within an area of easy communication.

These things particularly bring themselves to my mind because I am confronted with a somewhat similar situation as Chairman of the Immigration Committee in being obliged from time to time to foster legislation to prevent the disruption of families. I always have the problem of keeping families together, because I am, likewise, very much concerned with the morale and social relations which are the result of the families' becoming disunited.

While the problem which I am particularly concerned with as chairman of the Immigration Committee affects exclusively resident aliens or naturalized American citizens, the problem is the same insofar as the prospective solution of the unemployment problem will lend itself to. I feel that the continuity of family life is to be upheld at all hazards and should be made the principal aim and object of the new coordinated employment service.

The Industrial Recovery Act places a very substantial sum at the disposal of the Nation, which will enable an ambitious public-works program to get started on the way and will undoubtedly result in a very substantial reduction of unemployment throughout the United States.

It is estimated that some million or more of men will be put to work before the fall and others will most likely find employment soon thereafter.

Let us hope that with the able management of the forces at the disposal of the President we shall at last lay to rest the bugaboo of fear and uncertainty which now hovers over the homes of so many of our citizens and breadwinners. With industrial recovery in sight, with business conditions on the upgrade, and unemployment curtailed and put under control, let us face cheerfully the prospects of the next 6 months until Congress reassembles.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 2 minutes p.m.) the House adjourned until tomorrow, Wednesday, June 14, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

95. A communication from the President of the United States, transmitting records of judgments rendered against the Government by the United States district courts, under the provisions of the Public Vessels Act, as follows: Under the Navy Department, $10,942.55; under the War Department, $28,819.80; total, $39,762.35; to the Committee on Appropriations.

96. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the fiscal year 1934 and supplemental and deficiency estimates for the fiscal year 1933 and prior years for certain executive departments and independent offices, amounting in all to $2,041,960.20; to the Committee on Appropriations.

97. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the District of Columbia, fiscal year 1933, for the payment of final judgments that have been rendered against

it, amounting, with costs, to $255.38; to the Committee on Appropriations.

98. A communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment, Architect of the Capitol, for the fiscal year 1934, in the sum of $28,606.50; to the Committee on Appropriations.

99. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1934 to be immediately available and to remain available until June 30, 1935, in the sum of $3,300,000,000 to be expended in the discretion and under the direction of the President for carrying into effect the provisions of the National Industrial Recovery Act; to the Committee on Appropriations.

100. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Farm Credit Administration for the fiscal year 1934, to be immediately available and to remain available until expended, amounting to $42,000,000 for carrying into effect the provisions of the Farm Credit Act of 1933; to the Committee on Appropriations.

101. A communication from the President of the United States, transmitting a list of judgments rendered by the Court of Claims, which have been submitted by the Attorney General, through the Secretary of the Treasury, and require an appropriation for their payment as follows: Under the Department of the Interior, $585; under the Navy Department, $21,704.78; under the War Department, $114,816.97; total, $137,106.97; to the Committee on Appropriations.

102. A communication from the President of the United States, transmitting an estimate of appropriation for the Treasury Department for $50,000,000 for the fiscal year 1933, and to remain available until expended, for subscriptions to preferred shares in Federal savings-and-loan associations in accordance with provisions of section 5 (g) of an act entitled "Home Owners Loan Act of 1933"; to the Committee on Appropriations.

103. A communication from the President of the United States, transmitting an estimate of appropriation for the Federal Home Loan Bank Board for $150,000 for the fiscal year 1933, and to remain available until expended, to enable the Board to encourage local thrift and local home financing in accordance with the provisions of section 6 of the Home Owners Loan Act of 1933; to the Committee on Appropriations.

104. A communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment, United States Senate, for the fiscal year 1934, in the sum of $100,000; to the Committee on Appropriations.

105. A communication from the President of the United States, transmitting schedules of claims amounting to $184,-419.09, allowed by the General Accounting Office, as covered by certificates of settlement; to the Committee on Appropriations.

106. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of State for the fiscal year 1934, amounting to $10,000, for the expenses of the American group of the Interparliamentary Union while attending its convention, to be held in Madrid, Spain, during the coming autumn; to the Committee on Appropriations.

107. A communication from the President of the United States, transmitting an estimate of appropriations for the District of Columbia for payment of final judgments, including costs, rendered against the District of Columbia in the courts of the District of Columbia, amounting to $11,023.33; to the Committee on Appropriations.

108. A communication from the President of the United States, transmitting estimates of appropriations submitted by the several executive departments and independent offices to pay claims for damages to privately owned property in the sum of $5,125.28, which have been considered and adjusted under the provisions of the act of December 28, 1922 (U.S.C., title 31, sec. 215), and which require appropriations for their payments; to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WARREN: Committee on Accounts. House Resolution 189. Resolution providing for the expenses of conducting the investigation authorized by House Resolution 145 (Rept. No. 260). Ordered to be printed.

Mr. LAMBETH: Committee on Printing. Senate Concurrent Resolution 2. Concurrent resolution providing for the printing, with an index, of the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence (Rept. No. 261). Ordered to be printed.

Mr. LOZIER: Committee on Election of President, Vice President and Representatives in Congress. House Joint Resolution 136. Joint resolution proposing an amendment to the Constitution of the United States providing for the election of President and Vice President; with amendment (Rept. No. 262). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DUNCAN: Committee on Military Affairs. H.R. 305. A bill for the relief of Ernest B. Butte; without amendment (Rept. No. 255). Referred to the Committee of the Whole House.

Mr. DUNCAN: Committee on Military Affairs. H.R. 320. A bill for the relief of Hugh Callahan; without amendment (Rept. No. 256). Referred to the Committee of the Whole House.

Mr. DUNCAN: Committee on Military Affairs. H.R. 883. A bill for the relief of Roy Beck; with amendment (Rept. No. 257). Referred to the Committee of the Whole House.

Mr. DUNCAN: Committee on Military Affairs. H.R. 889. A bill for the relief of Frank Ferst; without amendment (Rept. No. 258). Referred to the Committee of the Whole House.

Mr. ROGERS of New Hampshire: Committee on Military Affairs. S. 860. An act for the relief of George W. Edgerly; without amendment (Rept. No. 259). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SIROVICH: A bill (H.R. 6110) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drugs, and cosmetics, and to regulate traffic therein; to prevent the false labeling and the false advertisement of food, drugs, and cosmetics, and for other purposes; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H.R. 6111) to provide for the truthful labeling and the attachment of trade marks to the containers and packages of drugs; to the Committee on Patents.

By Mr. McSWAIN: Joint resolution (H.J.Res. 206) to reinter the bodies of Mary McDonough Johnson Dougherty and Sarah Philips McCardle Whitesides near the body of former President Andrew Johnson; to the Committee on Military Affairs.

By Mr. MONTET: Joint resolution (H.J.Res. 207) requiring agricultural products to be shipped in vessels of the United States where the Reconstruction Finance Corporation finances the exporting of such products; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. EDMONDS: Resolution (H.Res. 193) requesting the suspension of section 12 of the Executive order of the President of reorganizing Executive agencies; to the Committee on Merchant Marine, Radio, and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. TRAEGER: A bill (H.R. 6109) granting an increase of pension to Jeannette R. Walton Leslie; to the Committee on Pensions.

By Mr. BURKE of California: A bill (H.R. 6112) for the relief of Grace Schultz; to the Committee on Claims.

By Mr. EDMONDS: A bill (H.R. 6113) for the relief of the city of Philadelphia; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1380. By Mr. CULLEN: Petition of the Linden Heights Taxpayers Association, Inc., of Brooklyn, N.Y., urging a reduction of the interest rate on first mortgages from 6 percent to 4½ percent, and they deem it imperative that such action be taken immediately; to the Committee on the Judiciary.

1381. By Mr. KRAMER: Petition of Council of the City of Los Angeles, Calif., that the Federal Government be requested henceforth to require that every local agency now administering relief money, contributed in whole or in part, directly or indirectly, by any agency of the Federal Government, shall deal with the stricken individual through an application for rehabilitation, as distinguished from a declaration of pauperism, and that this application shall permit of a specific request for a 20-year Federal loan at low interest rate to be used for the actual construction of a home on a self-supporting piece of land near industry or office, etc.; to the Committee on Banking and Currency.

1382. Also, senate joint resolution of the State of California, introduced by Senator Breed, relative to expansion of the topographic mapping program of the United States; to the Committee on Appropriations.

1383. By Mr. TREADWAY: Petition of the Worcester (Mass.) Central Association of Congregational Churches, urging the revision of the naturalization laws of the United States; to the Committee on Immigration and Naturalization.

1384. By Mr. TRAEGER: Petition of First Regiment of California, United States Volunteer Infantry Association, requesting earnest consideration in reviewing the cases of Spanish War veterans; to the Committee on Pensions.

SENATE

WEDNESDAY, JUNE 14, 1933

(Legislative day of Tuesday, June 6, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

ADJOURNMENT

Mr. ROBINSON of Arkansas. Mr. President, in order that the Senate may have an opportunity of taking up measures that have been reported during this legislative day I move that the Senate adjourn until 11 o'clock and 30 minutes a.m., this day.

The motion was agreed to; and (at 11 o'clock and 1 minute a.m.) the Senate adjourned until 11 o'clock and 30 minutes a.m., Wednesday, June 14, 1933.

(Calendar day of Wednesday, June 14, 1933)

The Senate met at 11:30 o'clock a.m.

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

Almighty God and Heavenly Father, in whom we live and move and have our being, who hast brought us to this, the beginning of another day; grant us that by the direction of Thy Holy Spirit we may plan and do all things that are in accord with Thy eternal counsel.

May Thy Holy Spirit abide in this sacred place, and bring to each Member of the Senate a spirit of calm, a clear and true vision, a more intensive purpose, and, above all, an absolute commitment to Thy blessed will.

May we feel that in all our endeavors we are not working alone, for Thou art with us. Though we pass through the waters, Thou wilt be with us; and through the rivers, they shall not overflow us; though we walk through the fire, we shall not be burned, for Thou art our God, the everlasting Father, the Holy One of Israel, our Savior.

Grant that now we may feel Thy presence and be secure in the knowledge that underneath are Thine everlasting arms; and we pray that the peace of God, which passeth all understanding, may keep our hearts and our minds in the knowledge and love of God, and of His Son Jesus Christ our Lord, and that the blessings of God Almighty, the Father, the Son, and the Holy Spirit may be upon us and remain with us forever. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Tuesday, June 6, when, upon request of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ind.
Ashurst	Cutting	Kendrick	Russell
Austin	Dale	King	Schall
Bachman	Davis	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Smith
Barbour	Dill	Lonergan	Steiwer
Barkley	Duffy	Long	Stephens
Black	Erickson	McAdoo	Thomas, Okla.
Bone	Fess	McCarran	Thomas, Utah
Borah	Fletcher	McGill	Thompson
Bratton	Frazier	McKellar	Townsend
Brown	George	McNary	Trammell
Bulkley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Gore	Neely	Van Nuys
Byrnes	Hale	Norris	Wagner
Capper	Harrison	Nye	Walcott
Caraway	Hastings	Overton	Walsh
Carey	Hatfield	Pope	Wheeler
Clark	Hayden	Reed	White
Connally	Hebert	Reynolds	
Copeland	Johnson	Robinson, Ark.	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Massachusetts [Mr. COOLIDGE] is necessarily detained from the Senate on official business, and that the Senator from Nevada Mr. [PITTMAN] is necessarily detained from the Senate by reason of his service as a delegate representing our Government at the London Economic Conference.

Mr. VANDENBERG. I desire to announce that my colleague, the senior Senator from Michigan [Mr. COUZENS], is necessarily absent from the Senate in attendance upon the London Economic Conference.

Mr. HEBERT. I announce the unavoidable absence of the Senator from New Hampshire [Mr. KEYES], the Senator from Missouri [Mr. PATTERSON], and the Senator from South Dakota [Mr. NORBECK].

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

BRANCH MANUFACTURING PLANTS ABROAD

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting, pursuant to Senate Resolution 138 (72d Cong.), agreed to January 15, 1932, a report containing chiefly a list of American branch factories abroad, specifying their location, character of the product, and investment and labor employment involved, prepared by the Bureau of Foreign and Domestic Commerce of the Department (being the second report on the subject of American manufacturing investments in foreign countries by the Department), which, with the accompanying papers, was referred to the Committee on Commerce.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

Joint resolution relating to cost of production for farmers

Whereas the Congress of the United States, it has been reported, struck out of the farm relief bill the so-called "Simpson amendment", which would have guaranteed prices to farmers equal to their actual and fair cost of production; and

Whereas this action makes the national farm strike inevitable, which will probably cause discontent and distress; and

Whereas the demand of the farmers for prices which will give them at least their cost of production is reasonable in all respects and is but plain justice: Therefore be it

Resolved by the senate (the assembly concurring), That the Legislature of the State of Wisconsin respectfully memorializes the Congress of the United States to promptly enact legislation guaranteeing to farmers their reasonable cost of production; be it further

Resolved, That properly attested copies of this resolution be transmitted to Hon. Henry A. Wallace, Secretary of Agriculture, and to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

Mr. COPELAND presented a resolution adopted by the convention of District Lodge No. 1, Scandinavian Fraternity of America, at Jamestown, N.Y., endorsing the policy of the President of the United States looking toward an enduring international peace, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Mount Neboh Men's Club, of New York City, N.Y., protesting against the persecution of, and alleged outrages committed against, the Jews in Germany, which was referred to the Committee on Foreign Relations.

He also presented a memorial of sundry citizens of Brooklyn, N.Y., remonstrating against the persecution of, and alleged outrages committed against, the Jews in Germany, which was referred to the Committee on Foreign Relations.

VETERANS' BENEFITS

Mr. COPELAND presented resolutions adopted by the Wyoming County committee of the American Legion, Silver Springs, N.Y., which were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Resolution adopted by Wyoming County committee, American Legion, Department of New York, in regular meeting at Silver Springs, N.Y., May 24, 1933

Whereas one of the basic reasons for the existence of the American Legion and one of its most sacred duties is the welfare of the disabled veterans of the World War; and

Whereas the American Legion through diligence and supreme effort since the World War secured enactment of legislation in the interests of the disabled veterans of the World War; and

Whereas the Congress of the United States has enacted legislation by virtue of which Executive orders have been issued tearing down in its entirety this structure of legislation and in lieu thereof creating regulations defining a pension system for all veterans; and

Whereas this so-called "pension system" is, in its essence, arbitrary, without foundation in fact or medical science, contravenes all concepts of pure justice in its effects on the deserving disabled veterans; and is the result of false and malicious propaganda spread with the object of besmirching the character of the veterans of the World War and other wars, and was intended to destroy the high reputation which the veterans and their organizations have previously built up in their respective communities; and

Whereas this so-called "pension system" divests the deserving disabled veterans of their vested rights, tends to pauperize these veterans, shifts the burden of care of these veterans from the back of the Federal income-tax payers to the already overloaded back of the home owner and the owner of other real estate, and is a vicious assault on patriotism because of its tendency to create a belief that the reward of the deserving disabled veteran, whose life and happiness were impaired in the service of his country, is a trip over the hill to the poorhouse, and that his widow and children will share likewise: Now, therefore, be it

Resolved, That the Wyoming County committee, Department of New York, American Legion, places itself on record as opposed to the legislation enacted by the Congress of the United States and the orders and regulations issued thereunder by the Executive, and whole-heartedly demands that the American Legion institute a vigorous campaign for the repeal or modification of them with a view to securing plain and pure justice for the deserving disabled veterans; and be it further

Resolved, That we dedicate ourselves to this task; and be it further

Resolved, That copies of this resolution be sent through proper channels to the local Member of the House of Representatives and to the United States Senators from the State of New York.

REPORT OF SPECIAL COMMITTEE ON CONSERVATION OF WILD LIFE RESOURCES

Mr. WALCOTT, from the Special Committee on Conservation of Wild Life Resources, to which was referred the bill (S. 1658) to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes, reported it without amendment and submitted a report (No. 145) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 13, 1933, the committee presented to the President of the United States the following enrolled bills:

S. 1425. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933;

S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended; and

S. 1648. An act to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building and loan associations.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WHITE:

A bill (S. 1947) to provide for the creation of the St. Croix Island National Monument located near the mouth of the St. Croix River in the State of Maine, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. THOMAS of Oklahoma:

A bill (S. 1948) amending the act entitled "An act authorizing the Court of Claims to hear, determine, and render judgment in the civilization-fund claim of the Osage Nation of Indians against the United States", approved February 6, 1921 (41 Stat. 1097); to the Committee on Indian Affairs.

By Mr. ERICKSON:

A bill (S. 1949) for the relief of C. J. Mast; to the Committee on Claims.

By Mr. REED (by request):

A bill (S. 1950) to permit any person doing business within the United States to obtain loans from the Reconstruction Finance Corporation for an amount not in excess of 60 percent of the value of the real-estate holdings of such person; to the Committee on Banking and Currency.

By Mr. SCHALL:

A bill (S. 1951) to amend the act of June 23, 1926, reserving Rice Lake and contiguous lands for the Chippewa Indians of Minnesota (with an accompanying paper); to the Committee on Indian Affairs.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5091) to amend section 289 of the Criminal Code.

The message also announced that the House had passed without amendment bills of the Senate of the following titles:

S. 554. An act providing for per capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury;

S. 1650. An act amending section 74 of the Judicial Code (U.S.C., Annotated, title 28, sec. 147);

S. 1813. An act providing for the sale to Joe Graham Post, No. 119, American Legion, of the lands lying within the Ship Island Military Reservation, in the State of Mississippi; and

S. 1872. An act to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn.

ROCKY MOUNTAIN SPOTTED FEVER

Mr. KENDRICK. Mr. President, I have here a telegram from Hon. Leslie A. Miller, Governor of Wyoming, which I send to the desk and ask to have read.

The VICE PRESIDENT. The telegram will be read.

The Chief Clerk read the telegram, as follows:

CHEYENNE, WYO., *June 1, 1933.*

Senator JOHN B. KENDRICK,
United States Senate, Washington, D.C.:

Understand there is proposal to cut 50 percent in Public Health Service appropriation on Rocky Mountain spotted fever and that such a cut would be serious blow to production of vaccine and research work on the disease. My understanding facilities at Hamilton Mont., laboratory now very much under requirements for proper study of this disease, which, as you know, is causing such concern in this State, there being something over 40 cases now outstanding; and that we have had 5 or 6 fatalities so far this year. Kindly give this your attention and urge the retention of this particular service as being very much in the interest of Wyoming.

LESLIE A. MILLER.

Mr. KENDRICK. Mr. President, this message is of especial importance at this time in view of the vicious character of this disease, and its enormous spread, not only in the Rocky Mountain country but in parts of the East. It was supposed at first that it was dangerous only in the Northwest country. It originated, I believe, in the Bitter Root Valley of Montana. Very recently, however, there have been epidemics of it, not only in States farther east, but in States as far east as Maryland and Virginia.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from New York?

Mr. KENDRICK. I yield.

Mr. COPELAND. In what form does this matter come to us? Was it by some act of the Congress that the change was made, or is it a matter of economy?

Mr. KENDRICK. The late Senator from Montana, Mr. Walsh, 3 or 4 years ago induced the Congress to make an appropriation for the purpose of building a laboratory at Hamilton, Mont.; and this laboratory has been only partly finished. The reduction in the appropriation threatens the construction of that laboratory. There has been a great increase in this disease, until now it is spreading all over the country. Not only is it vicious in character, but a feature of the disease is the perfectly hideous appearance of the victim. His skin takes on the coloring of a rattlesnake; and the matter is of vast importance not only to the West but to this eastern country as well.

Mr. COPELAND. Mr. President, will the Senator yield further?

Mr. KENDRICK. Just a moment. Upon receipt of this telegram I called on the Public Health Service for a statement, and I think it would interest Members if they would listen to this statement. I send the letter to the desk and ask to have it read.

The VICE PRESIDENT. Without objection, the letter will be read.

The legislative clerk read the letter, as follows:

TREASURY DEPARTMENT,
PUBLIC HEALTH SERVICE,
Washington, June 6, 1933.

Hon. JOHN B. KENDRICK,
United States Senate, Washington, D.C.

MY DEAR SENATOR KENDRICK: With reference to our several conversations with regard to the work of the Public Health Service on Rocky Mountain spotted fever, especially the production of the vaccine, the following points may be of interest to you:

The Public Health Service has been engaged in the study of Rocky Mountain spotted fever since 1903. During this time 23 officers and employees have contracted the disease or other infections associated with the work, and six of these have died.

As you know, the headquarters for the studies have been since 1911 at Hamilton, Mont., where the State erected a laboratory for that special purpose. From the original conception that Rocky Mountain spotted fever was a strictly western disease, studies made by the Public Health Service have demonstrated that it is not confined to that part of the United States. It has been found in 25 States and the District of Columbia. This interstate feature of the disease was recognized by the late Senator Walsh, who in 1931 introduced a bill for the purchase of the Montana State Laboratory, and in addition the construction of an additional laboratory to take care of the increasing requirements of the work.

In 1924 Surg. R. R. Spencer, of the Public Health Service, developed a vaccine made from infected ticks which was protective against the disease. The annual production of this vaccine in recent years has been as follows:

	Liters
1928	12.8
1929	25.2
1930	55.0
1931	117.2
1932	152.8
1933 (approximate)	175.0

The demands for this vaccine have continuously exceeded its production, so much so that the employees of the Government engaged in the reforestation plan and the troops of the United States Army have had to be denied vaccine in order to reserve it for civilian personnel living in those regions where the disease is most prevalent and most severe. No vaccine has been allotted to the eastern United States for extensive immunization purposes.

During the present fiscal year approximately $83,000 was allotted to the maintenance of this laboratory and its work. For the next fiscal year this has been cut to $49,000. To come within this allotment, the policy of the Public Health Service has been to maintain as high a production of the vaccine as possible, even at the expense of discharging some of its scientific personnel, although it was the work of this personnel that made the discovery of the vaccine possible.

Very truly yours,

H. S. CUMMING, *Surgeon General.*

Mr. KENDRICK. Mr. President, the letter which has just been read contains two significant statements:

There never has been definite proof that the vaccine that has been produced here would render a person immune; but the fact is established that among the thousands of people who have been vaccinated there has never been the loss of a single life.

This letter also points out the fact that 26 physicians have been employed in the manufacture of this vaccine, and 6 of them have died from the disease. It is the most deadly disease that has broken out in recent years, and promises to be of national importance. Therefore, I have asked to have this telegram and letter inserted in the RECORD.

Mr. COPELAND. Mr. President, it seems to me unthinkable that we should reduce this appropriation. Senators will recall the effort made by the late Senator Walsh, of Montana, to have this small laboratory in the State of Montana transferred to the Federal Government in order that a large production of this vaccine might be had. I wish now to ask the Senator how it happens that the reduction was made. Was it a reduction in the appropriation bill, or was it by order of the Budget Director?

Mr. KENDRICK. I think it was made in the regular appropriation bill. I ought to say also that when the importance of the matter was called to the attention of the Director of the Budget a part of the money which had been cut off was restored, so that those interested could go on with their manufacture of the vaccine, and in part continue the construction and development of this laboratory.

Mr. HATFIELD. Mr. President, are they producing vaccine in this laboratory? Have they gotten to that point?

Mr. KENDRICK. They are producing vaccine; yet they cannot begin to supply the demand. There has been a large number of deaths from spotted fever over all the Rocky Mountain section of the country during this season because the vaccine could not be procured.

Mr. HATFIELD. In other words, Mr. President, on account of the lack of vaccine, those who have contracted this disease by bite from a tick die for the want of immunization. Is that true?

Mr. KENDRICK. Yes. I want to say again that they are proceeding with the production of the vaccine, but in

nothing like sufficient quantity to meet the demand. As an illustration, the people located in our section of the country who are subject to infection cannot be supplied.

Mr. COPELAND. Mr. President, has the Senator a plan to suggest by which we can get the funds? Certainly they ought to be provided at once, because the letter from the Public Health Service points out that the young men in the Civilian Conservation Corps are now to be subjected to the danger of infection with this disease. Certainly we ought not to permit a thing like that to happen. It has been very clearly pointed out here that, with the meager facilities now at hand, and through the hampering of the laboratory, it will not be possible to produce the vaccine in quantities sufficient. There should be provided some way. Has the Senator a plan?

Mr. KENDRICK. I have no plan for even an appeal to the Director of the Budget at this time, but I think such an appeal ought to be made, and such increased appropriation provided as will insure the completion of this laboratory.

Mr. COPELAND. May I suggest to the Senator that he prepare at once a suitable resolution which may be acted on today.

Mr. KENDRICK. I think it would not be possible to take such action here as would give us results this season, because of the fact that it takes quite a bit of time to secure the material for this vaccine.

Mr. COPELAND. Yes; but if we wait 6 months, it will take so much more time to get the material. I do not think we ought to wait. I want to say in all seriousness to the Senate that this is a real menace. It is not alone in the Rocky Mountain States, but the State of Maryland and other Eastern States are infected. It is a matter of great concern to the entire country, and there should be found some way, as I see it, to provide the funds to produce this vaccine in sufficient quantities.

Mr. KENDRICK. I shall be glad to cooperate in any way I can, because over all my State the infection is breaking out, as well as over Montana and Idaho. It is found particularly in the Rocky Mountain States. The Senate has already heard that the disease is more vicious in its form than any other disease we have known in this country.

CONDITION OF THE INDIAN

Mr. WHEELER presented an address by Hon. John Collier, Commissioner of Indian Affairs, delivered at the National Conference of Social Work, Detroit, Mich., on June 13, 1933, which was referred to the Committee on Indian Affairs and ordered to be printed in the RECORD, as follows:

ADDRESS BY THE HONORABLE JOHN COLLIER, COMMISSIONER OF INDIAN AFFAIRS, AT THE NATIONAL CONFERENCE OF SOCIAL WORK, DETROIT, MICH., TUESDAY MORNING, JUNE 13, 1933

INTRODUCTION

The Indian is revealed as an excessively underprivileged group—rather as a hundred groups—in situations extremely variegated and yet bound together by certain common conditions. These conditions have arisen out of the past, but they exist today as facts of law and administration, and of commission as well as omission.

Three main necessities have been driven home by your proceedings in these earlier years.

First. The resources of helpfulness, Federal and local, official and unofficial, have largely been withheld from the Indians or actually have been shut out from them. Those resources must be extended to them systematically, but coordinately the Federal responsibility for Indian protection must be kept intact.

Second. Indian administration needs to become decentralized and democratized. The changes must be not only administrative; basic legal reforms are needed, and these reforms should provide for the Indians clear and abundant civil status and a framework of group organization. Broadly, the constitutional rights.

Third. The laws affecting Indian property and the system of administering the physical assets of the Indians must be drastically changed. These laws at present necessitate the continued wastage of the Indian estate. The Indian lands have been cut down from 133,000,000 acres in 1887 to 46,000,000 today; the cutting-down goes steadily ahead, and the archaic property system necessitates a paternalism whose ramifications grow more elaborate each year and impede Indian administration and paralyze the Indians more hopelessly with each passing year.

DRASTIC REDUCTION IN AVAILABLE FUNDS

Let us glance first at the financial situation of the Indian Bureau. From last year (the fiscal year 1932) to the coming year (the fiscal year 1934, beginning July 1 next) the Federal appropriation for Indian Service has been cut from $27,030,047 to $16,586,059. The reduction is $10,443,988, or 39 percent. The Indian tribal trust funds available for Indian Bureau costs have been reduced from $3,385,934 to a sum not yet precisely known, but totaling $2,450,000, approximately, about a $930,000 diminution. And the tribal trust funds available for payment in cash to the Indians have been reduced from $3,289,160 to $2,000,000. A grand total appropriation of $33,704,000 for last year (1932) is cut to approximately $21,142,000 for the coming year (1934), and the total reduction is approximately $12,562,988. For simplicity I omit certain unexpended balances of tribal funds from the totals and certain revolving funds from irrigation projects.

Let us examine more closely that part of the reduction which is a taxpayers' saving. That is $10,443,986, of a total reduction of $12,562,988. It is divided between a saving of $5,890,440 on physical construction of all types, and a saving of $4,553,546 on personnel and administration and institutional costs. Of this cut in personnel and in institutional costs, a million and a half is represented by the uniform pay cut of 15 percent, leaving $3,000,000 to be absorbed, principally through abolition of positions and through institutional savings.

DEPLETION OF TRUST FUNDS

Roughly to finish off the picture, let me add that the payment of cash to Indians from their tribal funds and the use of tribal funds for Indian service costs is largely a diversion of capital assets into current maintenance; and the capital assets in liquid shape have, for some tribes, shrunken actually past the vanishing point; for all tribes possessing such funds they are vanishing swiftly. Another year may see activities of the Indian Service transferred from the tribal to the tax budget in the amount of $2,000,000. In large part they ought to be thus transferred. The use of Indian trust funds for administration costs is wrong; but inasmuch as the grant from tax sources can hardly be increased in the years just ahead, the effect of this shift from tribal to tax-raised funds will be a serious additional cut in the total appropriation available for Indian Service. Incidentally, the sharp reduction in per-capita payments to Indians from tribal funds (more than a million dollars in the coming year) may throw upon the tax appropriation an increased relief burden of several hundred thousand dollars.

I hurriedly complete the fiscal picture. Partially balancing the $12,500,000 reduction of total appropriations is a new grant of $5,800,000 for the emergency reforestation camps, in which 14,000 Indians will be enrolled, and we are hoping for substantial grants under the Industrial Recovery Act for road building and for construction. The Indians and the Indian lands will be benefited through these emergency grants, and through the emergency reforestation work especially we hope to achieve big advances in Indian organization for self-help. But the strain on the permanent Indian Service—the mandate for swift and drastic readjustments in the complicated institutional work of the Indian Bureau—is hardly at all diminished by the emergency grants. We do not complain at all. Ultimately we know that a permanently bettered Indian Service is going to be forged out through the economy blast, but we face extreme difficulties.

SCHOOLS AND INDIAN CHILDREN

Now I pass to the very human topic whose involvement with the fact of reduced and still-shrinking appropriations is immediate and mandatory. I refer to our schools. There are 90,000, approximately, of Indian children of school age. Of this total, 16,000 have not yet been provided with any schooling opportunity whatever. And of this number—90,000—there are 20,000 in Government boarding schools. On these 20,000 institutionalized children we have been spending, year after year 80 percent and upward of our whole appropriation for Indian education. We have left totally unprovided an almost equal number of "forgotten" Indian children. We have thrown upon the local school districts, with no Federal aid or supervision, more than 25,000 Indian children. We have paid tuition for perhaps an equal number in public schools and other schools. And to all the Indians we have denied the opportunity for advanced professional, vocational, and liberal education.

It is a state of affairs typifying a wider state of affairs in the Indian Service. We have, during all past years, concentrated on the institutional and the centralized and therefore, incidentally, the most financially expensive of the many services which we might have chosen to render the Indians.

This institutional concentration has typified our medical work as well as our school work; and it has been characteristic of our agency work on the reservations; and it has been again expressed in an overcentralization, reaching degrees which were and are fantastic, of policy making and of detailed administrative control at the remote Washington headquarters of the Indian Office. I need not, in this half hour, spin out the picture of the human, the social, the fiscal consequences of an exclusive reliance on institutional devices when one is trying to raise the life level of masses of people scattered amid the general communities of 20 States and with backgrounds and destinies as widely differing as can be imagined between the social poles.

ORIGINS OF THE PRESENT POLICY

Let me pause to explain that I am not here formulating anything new nor anything first thought of by the new Indian administration or even by its immediate predecessor. I do but summarize the facts and the conclusions of the Meriam report of 1928. And that report, while adding vastly to the factual data

about Indian service, did but state with careful application a conclusion which many of the then superintendents in the Indian Service and probably all of the Indian welfare bodies had previously arrived at. The years since 1928 have made the beginnings in the transformation of Indian Service from institutional concentration toward diffusion of services and toward use of all resources of helpfulness for and by the Indians, and toward decentralization of responsibility and of power, and toward substitution of Indian self-help (communal and individual) for the more or less forced bottle-feeding by institutional methods of a minority of the Indians. The transformation as yet has been very incomplete; and the Indian administration since 2 months ago has not yet proved that it is going to have the skill or audacity to decisively speed up the transformation. But, in common with the administration which preceded us, we do at least know that our success or our failure will rest in one thing more than all else. There are many collateral necessities, but to move, and to move faster, from institutional concentration toward Indian-participated distribution of services is the one absolute mandate. And we welcome the forced economies, because they drive us forward on the one line that may bring to an end the social entombment of most of the Indians and the biological sentence of death which still hangs over a majority of the tribes.

HOW INDIAN CHILDREN ARE NOW SCHOOLED

Returning to our Indian shool situation, on 20,000 children in institutions (three fourths of whom, and probably more, are not properly institutional cases) we are spending $7,000,000, or 80 percent of our whole educational fund. Sixteen thousand children have no schooling opportunity at all. Forty-eight thousand Indian children are enrolled in public schools, and many of these public schools are threatened with suspension by the failure of local tax resources, while the Federal Government withholds from them any payment whatsoever for the schooling of untaxed Indian children. The Federal Government pays tuition for a minority only of the Indian children in public schools. I say nothing of the relative advantages of institutional boarding schools for non-institutional children as over against day schools near the homes; the superiority of the day schools, when adequate social aid is given, will be apparent to you gathered here and has been declared by every investigating body since 1922—every official and unofficial body. Why, then, do I pause to comment upon the obvious?

THE OPPOSITION TO THE CHANGE

I do so because we now are encountering, as the prior administration encountered, intense and organized resistance to the program of moving out of boarding schools one child in order to make for him and for two other children and for their families and their communities a more adequate provision. Invested in the boarding schools are millions of dollars—perhaps as much as $25,000,000 in plant investment. In the boarding schools there is 1 Government employee for every 7 children. Each boarding school is a civic institution and an economic feeder to the local community where it is situated. And many Indians have been trained by the boarding schools to expect to be relieved of the cost and the bother of rearing their own families. Hence the intense and the many-sided resistance to the deinstitutionalizing program. But in addition there is a resistance growing out of real considerations of emotion and of philosophy.

These Indians—these Mongoloid peoples; this broken and sequestrated race; this underprivileged race, victim of a century-long Federal bureaucratic monopoly over its life, and victim of the unconscious ideal of institutionalism, and victim of a mortality excessively high, of a poverty excessively deep; this alien race, so perpetually in the "limelight" and so wildly, so romantically, not understood. Indeed, are not the institutional methods proper to such a race? Are they not situated like the buffaloes, these Indians? Very general indeed is this view of the Indians, and it has not yet by any means faded from many minds even within Congress, and the resistance against the closing of boarding schools "rationalizes" itself convincingly, through evoking from our own racial unconsciousness this view of the Indian which has in it elements which are powerful indeed of envy and of fear, of hate, and of love.

THE TENTATIVE IMMEDIATE PROGRAM

We expect that 10 boarding schools will be suspended July 1, and the attendance at many others will be somewhat reduced. Of the 10 schools which may be closed, 4 were decided upon long ago. The 6 others would normally have been closed not this year, but next, or the year after; their immediate suspension, if it takes place, will be due to the emergency requirements under the Economy Act. The future speed of change will depend on two conditions primarily: How much money can be obtained from Congress for the construction of day schools, and how broad an authority can be secured for reapplying to public-school uses the money saved from the boarding schools. If 12,000 children be transferred from boarding schools, the effect will be to save about $4,400,000 gross. If each child be schooled at a public school, and if $80 tuition be paid the school district and an additional $45 be supplied toward social and health service, the expenditure will be $1,500,000. The net saving will be $2,900,000. If we be allowed to apply toward Indian education even half of this net saving, and if the needed construction of buildings be supplied under the industrial recovery bill, we shall be enabled to place in school 10,000 children now denied any schooling. Or, were we allowed to reapply half the savings toward other Indian needs, we could, for example, out of this single adjustment finance, in behalf of all the Indians, an adequate system of agricultural credit; or we could finance, year by year, the recapture of at least 20,000 acres of allotted heirship lands now destined to pass to white ownership; or we could institute, and make general through the Indian country, the health and home education which is now almost completely neglected, and on which the survival of the tribe may be even more dependent than it is dependent on our clinical services.

IN MEXICO

So much time given to the school question in this half hour may appear to disproportion it. It is not so, as one realizes the instant he looks at the Indian work of Mexico. In Mexico the community day school has been made the foundation of all the Government's Indian effort and of the Indian cooperative effort. Indian administration has been decentralized to the last outpost—the day school with its teachers' cottage. At this day school the agricultural work centers, as well as the health work, the political education, and the art expression. The day school is the headquarters of the local cooperative society and the credit union. Adult education bulks as large as child education in many of these schools. The Indian program is integrated through the school, and being thus a local expression, this program is found with each year more diversified as one goes from region to region in Mexico. And so largely does the Mexican effort rest upon the locally organized Indians that if through revolution or bankruptcy the governmental Indian program of Mexico were tomorrow completely abandoned, still the main elements of Mexico's Indian work would not perish. This is not a speculation but a fact of experience. Until 3 years ago half of all the Indian schools of Mexico were locally supported by the Indians, even the teachers, chosen by the local Indian communes, being paid by them through moneys not derived from taxation.

The release of ambition and vision, the joy of work, the excitement of adventure in the Mexican Indian system are very impressive. The absence of red tape and the vividness of local responsibility and the sense of free option among the Indian workers are noted by every investigator. The fullness of Indian participation is noteworthy above everything else. Indeed, the whole operation is Indian-made, and Indians are holding in the Mexican Indian service every class of technical position to the highest and most professional.

You will see, returning to our own Indian Service, that the issue is not merely a contest between boarding schools and day schools. It is not merely an issue as between a luxury expenditure and an economy. The issue, if our Indian Service people have the genius to make it such, lies as between an institutional practice that is archaic, on the one hand, and on the other hand a development of social enterprise, with the day school as its nucleus, which in its potentialities reaches far out beyond the present achievement of our white communities. The Indian, if we and he can make the transition, will move from the condition of an underprivileged group, locked within outmoded institutional provisions, to a position of a group claiming and having those advantages which lie out beyond our present day, which are the hope of the great century ahead. Indian affairs thus will become one of the social pioneering enterprises, and the Indian will be the principal in a social experiment critical to the whole world.

WHAT THE INDIANS NEED FROM CONGRESS

The next session of Congress will be for the Indians and the Indian Service a fateful time. The allotment law must be radically amended. Tribal status and the machinery for Indian organization must be defined. Civil rights must be extended—a budget of measures constituting an Indian bill of rights. Legislation must be secured widening the cooperative relationships between the Federal and local agencies in all types of Indian service, while preserving intact the Federal guardianship. Legislation protecting and fostering the Indian arts and crafts must be advanced. A system of financial credit for Indians must be established. The discretion of the Secretary of the Interior and of the Indian Commissioner must be curbed. The ultimate discretion of Congress itself—its plenary power over Indian affairs—must be curbed. if Congress can be so persuaded. The system of budgeting for Indian Service must be overhauled from top to bottom. Tribal funds must be given a protection equal to that enjoyed by the Canadian Indians.

The drafting of this legislative program will be in competent hands. The legal staff of the whole Interior Department is being reorganized and concentrated under Nathan R. Margold, who is a lawyer both experienced and brilliant. The inspectorial forces of the whole Interior Department are being concentrated under Louis R. Glavis, a conservationist and a master of the techniques of investigation. To head the emergency unemployment and reforestation work for Indians, we have enlisted Dr. Jay B. Nash, known probably to all of you, than whom there is no better expert in community organization. We have announced that hereafter, as soon as we can achieve the result, the Indian timber holdings, exceeding 7,000,000 acres, shall be administered no longer through contract sales but by tribal operation, with a view to perpetual conservation and to the maximum of Indian employment and Indian communal development.

I can assure you that from the Secretary of the Interior right down through the Indian Office and out to many of its field agencies, there is an acute consciousness that Indian affairs have reached their crisis. It is a crisis which time has brought; and for most of the Indians, realization has not come too late. We know that we are facing a challenge to be met not by words but by deeds. We do not know that we shall have the resource-

fulness to meet the challenge. Ultimately the decision concerning the Indians' fate will be made in large part by Congress. Of course, the Indians themselves, and only they, will finally cast the die; but we, their official and unofficial friends, must first correct those many and strange mechanisms which, in their total effect, amount to nothing less than a benign (and not always benign) enslavement. May you, who are Members of this session, watch the course of events in the months ahead; and we beg you to help us when Congress meets next January.

The VICE PRESIDENT. Morning business is closed.

APPOINTMENT OF GOVERNOR OF HAWAII

Mr. TYDINGS. Mr. President, I move that the Senate proceed to the immediate consideration of House bill 5767, to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii.

Mr. KING. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. Is this not a debatable question?

The VICE PRESIDENT. It is not.

Mr. BORAH. Mr. President, there are resolutions lying on the table coming over from a previous day, are there not?

The VICE PRESIDENT. The parliamentary clerk informs the Chair that there was no resolution coming over from a previous day.

Mr. BORAH. I introduced the resolution, which is on the table.

The VICE PRESIDENT. It is a joint resolution, the Chair is advised, and does not come within the rule.

Mr. McNARY. Mr. President, I ask, as a parliamentary inquiry, whether, at the conclusion of routine morning business on any day other than Monday, the calendar is not automatically taken up?

The VICE PRESIDENT. Unless otherwise ordered, the Senate at the conclusion of the morning business for each day, proceeds to the consideration of the calendar. On Monday the Senate, except by unanimous consent, is required to proceed to the consideration of bills on the calendar in their regular order. On any other day, however, the Chair may recognize any Senator to move to take up any bill he desires to have taken up out of order.

Mr. McNARY. Irrespective of its position on the calendar?

The VICE PRESIDENT. That is correct.

Mr. KING. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. Is it not proper to make some statement as to the character and effect of the measure the Senator from Maryland has moved to take up?

The VICE PRESIDENT. That would come within the purview of debate, it seems to the Chair.

Mr. KING. Undoubtedly; but I mean in advance of any vote on a motion to take it up.

The VICE PRESIDENT. No; that would undoubtedly be debate. I think the Senator will agree to that.

Mr. ROBINSON of Arkansas. Mr. President, if the measure be taken up, it will become subject to debate.

The VICE PRESIDENT. Certainly; then it will be subject to unlimited debate.

The question is on agreeing to the motion of the Senator from Maryland [Mr. TYDINGS] that the Senate proceed to the consideration of House bill 5767, authorizing the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii.

On a division, the motion was agreed to, and the Senate proceeded to consider the bill.

Mr. TYDINGS obtained the floor.

Mr. BORAH. Mr. President, will the Senator yield to me a moment?

Mr. TYDINGS. I yield.

Mr. BORAH. Before the Senator proceeds with the debate, I want to ask if he will permit me to call attention to a joint resolution which, if we do not pass it speedily, will be of no effect. It is a joint resolution to suspend the President's executive order for consolidation, transfer, and abolition of executive agencies, which order contained the following language:

Payments for agricultural experiment stations, 25 percent thereof.
Cooperative agricultural extension work, 25 percent thereof.
Endowment and maintenance of colleges for the benefit of agriculture and the mechanic arts, 25 percent thereof.

The Senator from Oregon [Mr. McNARY] has introduced a joint resolution which would have the effect of repealing this part of the Executive order. I have no pride of authorship in regard to it, but I do not believe we can successfully pass a joint resolution repealing. I do believe it would be agreeable to all parties to have that part of the order suspended until 60 days after the convening of the next session of Congress, during which time we may deal with the matter as we desire to deal with it.

Mr. COPELAND. Would not the Senator be willing to include vocational education also in the joint resolution?

Mr. BORAH. I have no objection myself to including that. It is in the same group. I was not so vitally concerned in that myself, but I have no objection to including it, provided it will not jeopardize the resolution.

Mr. COPELAND. Will the Senator include it?

Mr. LA FOLLETTE. Mr. President, I hope the Senator from Idaho will include vocational education.

Mr. BORAH. I will include that upon the condition stated.

Mr. TYDINGS. Mr. President, I should be very glad to yield to the Senator from Idaho, and I recognize the importance of his joint resolution, but if I should lose the floor and this should bring on long debate, I would be reluctant to yield.

Mr. McNARY and Mr. FESS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I yield first to the Senator from Oregon.

Mr. McNARY. Mr. President, I think, for the sake of orderly procedure, the matter which the Senator from Idaho is now discussing should follow the disposal of the subject matter suggested by the Senator from Maryland. I have a joint resolution on the desk the object of which is the repeal of section 18 of the President's order. I think I can come to an agreement with the Senator from Arkansas with regard to its disposal, but I want it fairly set forth in the RECORD, and I would prefer that no action be taken at this time, but later in the day.

Mr. FESS. Mr. President, will the Senator from Maryland yield to me for a question?

Mr. TYDINGS. I yield.

Mr. FESS. I wanted to ask somebody who would know whether the suspension of a recommendation of the President in this particular reorganization authority would require a joint resolution or a concurrent resolution. If it would require a joint resolution, it would have to be signed by the President.

Mr. BORAH. I am not positive in my view; but after looking the matter up, I came to the conclusion that it was a matter to which the President would have to consent by signing the measure.

Mr. McNARY. I can state specifically that the joint resolution I proposed, having the same status as a bill, must be signed by the President.

Mr. BORAH. I only desire to say this with reference to time—that this matter must pass the House and must go to the President, and, therefore, we ought to be as speedy in dealing with it as possible. I regret an objection is made.

Mr. TYDINGS. Mr. President, it will be recalled that on May 22, 1933, the President addressed a message to Congress. It is a very short message of 10 lines, and I hope I may have the attention of the Senate while I read it. It is as follows:

To the Congress:

It is particularly necessary to select for the post of Governor of Hawaii a man of experience and vision who will be regarded by all citizens of the islands as one who will be absolutely impartial in his decisions on matters as to which there may be a difference of local opinion. In making my choice, I should like to be free to pick either from the islands themselves or from the entire United States, the best man for this post. I request, therefore, suitable

legislation temporarily suspending that part of the law which requires the Governor of Hawaii to be an actual resident of the islands.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 22, 1933.*

In response to that message a bill was introduced in the House of Representatives. Under the parliamentary situation in the House, it was necessary to secure a two-thirds vote in order for it to pass that body. At the time the vote was taken the measure was carried overwhelmingly, but it lacked a few votes of the necessary two thirds.

A day or two subsequent to that vote another vote was taken upon the proposal, and on that occasion over two thirds of the membership of the House voted to pass the bill. It came to the Senate on the 8th of June 1933, and there was very little time remaining between the 8th of June and the contemplated adjournment on the 10th. Therefore there was not the occasion which would ordinarily have been the case to go into the matter fully, as the Senate had a right to go into it; but because of the emergency that existed the committee nevertheless ordered the measure to be reported out without an adequate hearing. That must be conceded.

Now, in order to get a very hasty picture of the Hawaiian Islands, particularly for the benefit of those who have not had occasion to look into this matter, let me refer first to the population of the islands. According to the census of June 30, 1931, there were at that time 375,211 persons in the Hawaiian Islands. Of that number 143,754 were Japanese—about 40 percent of the entire population. But that in itself does not picture the racial divisions in the islands, because we find there about a dozen different racial divisions which I will mention.

Of Hawaiians there are 22,391; Caucasian Hawaiians, 16,454; Asiatic Hawaiians, 13,549; Portuguese, 28,219; Puerto Ricans, 6,886; Spanish, 1,255; other Caucasians, 41,968; Chinese, 27,317; Japanese, 143,754; Koreans, 6,583; Filipinos, 66,049; and all others, 786, making a total of 375,211 persons.

It is plain to be seen that there on those delightful and beautiful islands there is ample ground for racial differences, plenty of opportunity for conflicts, plenty of opportunity for racial isolation and hatreds and prejudices. Fortunately, as nearly as I am able to ascertain, up to the present the people there have lived in amity, and the islands have attracted people from all over the world because of their natural beauties and climate and the life which is characteristic of the islands.

However, some time ago incidents began to happen. I do not want to reflect upon the Hawaiian Islands by picking out one or two instances and saying that they are typical of the Islands, that the people there are a lawless lot, that they are a bad lot, for that would not be true, in the first place, and I certainly do not want to reflect upon the people there in the second place; but the statement is predicated upon truth, that there has been a degree of disrespect for law which has not been the normal situation in the Islands. A year or so ago some incidents occurred there which accentuated the racial divisions.

In the Philippine Islands, having a population of 13,000,000 souls, a population which is largely homogeneous, we pick the Governor from the United States. The Filipino Government is a stable Government. Only recently the Congress passed an act allowing the Philippine people to choose the path of absolute independence should they desire to do so. We have done all that in the case of the 13,000,000 people who live in the Philippine Islands at the present time; but, notwithstanding that advanced state of affairs, the Governor of the Philippines is a citizen and a resident of the United States. That is likewise true of Puerto Rico, the Senate having just confirmed another resident of the United States to be the Governor of Puerto Rico.

Originally the law was not in its present shape with reference to the selection of governors for the Hawaiian Islands. President Wilson appointed a Mr. Pinkney who served him in the islands; but later on the complexion of Congress changed and the Hawaiian organic act was amended so that, under the act as it now exists, the Governor of the Hawaiian Islands must be a resident of the Hawaiian Islands for a period of at least 3 years.

President Roosevelt has had an investigation made of the conditions in the islands, and he deems it wise in their interest as well as in the interest of the United States to have a free hand to scan the country from one end to the other in order to select the very best man he can find for this post at this time. I hope the Senate will support the President in this program.

I have no desire to make a long address concerning conditions in the Hawaiian Islands; in fact, I should rather not say anything than make a remark which by indirection or by innuendo might cast any reflection upon the people of those islands. However, the conditions are such that the President feels it will be in the best interest of all parties concerned if he shall be given this power as a temporary measure, during this period when there has been some unpleasantness in the Hawaiian Islands. I hope the Senate will sustain the President in this respect; I hope they will support his request and permit the amendment of the law as a temporary proposition so that the best man available may be selected for Governor of the Hawaiian Islands.

Much may be said for local self-government, and I am not going to say anything opposed to that proposition, except to make this observation: Under the present law, the citizens of the Hawaiian Islands do not elect their Governor; they have no voice in the election of their Governor any more than I have in the election of the Governor of Illinois or Connecticut. The Governor of Hawaii is selected by the President. The sole color of title to local self-government in the selection of the Governor arises from the fact that, under existing law, the Governor of Hawaii must be a resident of the Hawaiian Islands; that is all. The President may take any one of the residents of the Hawaiian Islands for Governor; the people of the Hawaiian Islands have no voice in the selection of the Governor. If they had the right to elect their Governor, the departure from the ordinary routine would be one thing; but when they have no right to elect their Governor, when the Governor is appointed by the President, anyway, it cannot be said that this proposal is any substantial infringement of the right of local self-government. Since they have no voice in the election of their Governor, anyway, and in view of the fact that a year ago the situation was very tense in the Hawaiian Islands, I am hopeful that, as a temporary measure, the Senate will accede to the President's request that he may be permitted to scan the whole country and select either from the islands or from the mainland the one man who he finds is best equipped and situated to administer the affairs of these very beautiful islands in the Pacific for a brief period of time until normalcy may be restored.

COOPERATION AMONG SUPERVISORY BANKING AGENCIES

Mr. VANDENBERG. Mr. President, I want to address myself to the pending proposition respecting the Governorship of Hawaii in just a moment, but preceding that discussion I want to offer one comment and suggestion respecting the contemporary banking situation, inasmuch as this may be one of the last opportunities we may have in the Congress to address ourselves to that subject before next January. The intervening months represent a dangerous interlude.

This administration, Mr. President, believes in unified command in everything except in the one field of present activity in which it is most sadly and tragically needed. It is practicing, or will practice, unified command in every field except that occupied by those incongruous and unharmonized agencies which are presumed to help open closed banks and which are presumed to help keep open banks that are already in operation. Personally I do not believe in many of these dictatorships, and therefore I find it particularly irksome that there is no unified command at the one point where it ought to exist; and, inasmuch as the situation is pretty clearly within the jurisdiction of the Chief Executive, I want to urge upon the President that he take effective

Executive cognizance of the situation to which I am addressing myself.

Mr. President, I am referring to the fact that there are three governmental agencies with which an open bank must deal if it needs assistance in remaining open or with which a closed bank must deal if it is to obtain conclusive cooperation in a reorganization and reopening. These banks, whether open or closed, must deal first with the Reconstruction Finance Corporation in respect to loans; second, with the Treasury Department in respect to licenses; and, third, with the Federal Reserve banks not only in respect to licenses and to the rediscount privilege but also with respect to those emergency sections of the first Glass-Steagall bill which were supposed to be helpful, but which are altogether too rarely invoked.

Mr. President, I have not meant to name these agencies in the relative order of their importance or in the order of their contemporary sterility, but all three of them are always involved in each situation which a bank confronts whether, upon the one hand, it is trying to procure the necessary assistance to stay open or whether, upon the other hand, it is a closed bank which is trying to procure the necessary cooperation in order that it may reopen.

The open banks, Mr. President, when they need assistance, need it promptly; they need it quickly; they need it conclusively; they need it dependably. They cannot wait for an indeterminate debate between the Reconstruction Finance Corporation and the Treasury Department and the Federal Reserve banks, for except as the assistance is prompt and conclusive it is useless. Yet these banks are finding themselves lost in many a critical moment—and I am referring particularly to such a moment which has just occurred again in my own State of Michigan—they are finding themselves literally lost in the diverse decisions and the lack of conclusive cooperation between these three separate agencies of the Government with which they must deal. There are examinations and then there are reexaminations and then there are re-reexaminations. One agency examines. Then another examines the examination already made. The process is as continuous as it is confusing. One instrumentality makes one decision. Another instrumentality makes another decision. Then the third instrumentality disagrees with both the others. The banker who wants an answer respecting his problems is on a veritable merry-go-round. It would often be funny if it were not so serious. I am not criticizing officials. I am criticizing the system.

Mr. President, closed banks are finding one of their chief problems in reorganization and reopening to be this difficulty in procuring a meeting of minds between the Reconstruction Finance Corporation, the Treasury Department, and the Federal Reserve banks. Not only that but when the field agents of these three instrumentalities of the Government, the men representing these instrumentalities out in the field, on the ground where the difficulty arises, tentatively agree upon a program, let us say, for the reorganization and reopening of a closed bank, that program has to come back to headquarters; it has to come back to the Federal Reserve banks; it has to come back to the national board of directors of the Reconstruction Finance Corporation; it has to come back to the Secretary of the Treasury, and the Comptroller of the Currency. Time and time again when there has been an agreement on the ground, in the field, upon a formula for opening these banks, the formula has been vetoed when it finally reaches headquarters.

Mr. President, this is coming to be a very serious menace, and, except as the Executive does take Executive cognizance of the situation, I am very much afraid it may produce serious jeopardy. This process cannot go on indefinitely. It already has cost infinite and needless grief, and it will cost more.

The President went upon the radio at the end of his national banking holiday and told the American people that they could trust every bank to which he has given a license. Mr. President, he must make good upon that promise. I submit to him in all sympathetic cooperation that he cannot make good upon that promise unless he speedily correlates the three agencies and puts them in unified cooperation in dealing with these banking difficulties in summary fashion.

Mr. President, there was once a very famous double play in professional baseball, "Tinker to Evers to Chance", and any runner and any batter who collided with that combination was always out. Mr. President, we have a modern double play—or perhaps it is a triple play—which is equally fatal to the banker and to his depositor when they confront the modern combination which shoots the ball from the Reconstruction Finance Corporation to the Treasury Department to the Federal Reserve banks. It may not always be in that serial order, but it is always a potential threat and it has many a put-out to its credit during the last 3 months of play in the depression league. There must be an end to this type of diffused responsibility in dealing with the banking situation or, frankly, Mr. President, there will be needless difficulties which we all will regret. I am submitting this comment in the best of faith, believing that it is a suggestion upon which the President of the United States needs to act with exceeding promptness if there shall not be difficulties which none of us cares to contemplate.

So much for that subject. I desire now to address myself to the measure which has been brought to the attention of the Senate by the able senior Senator from Maryland.

APPOINTMENT OF GOVERNOR OF HAWAII

The Senate resumed the consideration of the bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii.

Mr. VANDENBERG. Mr. President, I find myself in complete and unqualified hostility to the proposition submitted by the Senator from Maryland [Mr. TYDINGS] in behalf of the President of the United States. I think it is an indefensible affront to a free people. I think that temporary vicissitudes in the Hawaiian Islands cannot be pleaded in mitigation of our offense when we resurrect carpetbagging in the United States and inflict an external governor upon a people to whom we have covenanted a governor of their own residency.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HAYDEN in the chair). Does the Senator from Michigan yield to the Senator from Maryland?

Mr. VANDENBERG. I do.

Mr. TYDINGS. Would the Senator be in favor of amending the Filipino Act and the Puerto Rican Act so that those two sections might have governors who are natives of the islands?

Mr. VANDENBERG. I shall be very glad to discuss that in a moment. The answer is no, and the parallel is utterly without analogy, as I shall be very happy to show. The Senator from Maryland merely begs the question. If this is the best excuse that can be made for the proposed imposition, there is no excuse whatever. I may as well address myself to that subject now, since the Senator from Maryland has raised it.

Mr. President, there are two types of external relationship under the American flag. One type deals with so-called "possessions." "Possessions", within the use of that word, for example, includes Puerto Rico and the Philippine Islands. The other classification is the classification of a "Territory." It is a totally different classification. It acknowledges a totally different obligation on our part and a totally different status in respect to the citizens who there reside. Our Territories are Alaska and Hawaii. It is no argument whatsoever to plead that the lack of a native governor in the Philippine Islands or in Puerto Rico is a precedent which justifies the withdrawal of the right of a local governor in Hawaii and in Alaska.

Mr. President, there is this further distinction and the Senator from Maryland well knows the distinction exists. We are under no covenant with the Philippine Islands in respect to their Governor. We are under a definite and

specific covenant in the organic act which we have validated for some 30 years in respect to Hawaii. The pending proposal is a direct and specific nullification of an obligation that has been honored for 30 years, which certainly has partaken of the nature of a solemn contract between the Government of the United States and the government and the people of the Hawaiian Islands. It is perfectly absurd to suggest that there is any remote parallel between the problem which we confront in respect of the governorship at Honolulu and the problem which we confront in respect of the governorship at Manila. The governorship at Hawaii is a matter of contract under organic law, and this present effort either to suspend the terms of that contract or to violate the spirit of it is nothing more nor less than a resurrection of the old-fashioned carpetbagging which I never supposed would come to life and to the attention of this Congress under Democratic auspices.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Michigan yield to the Senator from Utah?

Mr. VANDENBERG. I yield.

Mr. KING. May I suggest to the able Senator from Michigan, in addition to the very strong statement which he just made and which cannot be controverted, that the Hawaiian Islands became a part of the United States by treaty, and the Hawaiian Islands were an independent government. It was a Republic, and one Republic dealt with another Republic. We did not conquer the Hawaiian Islands as we conquered the Philippines or as we took possession of Puerto Rico by military force. Here was an independent government, a republic which we approach and asked for consolidation. Here was one independent people covenanting and cooperating with another independent government.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. VANDENBERG. I do.

Mr. LONG. Since the Senator has yielded, I am very glad to hear the Senator from Michigan denouncing the carpetbagging that is apparently intended to take place in Hawaii. That is a subject matter very dear to our hearts down in my part of the country and it is quite an influential argument. Just wherein does the parallel come, may I ask the Senator from Michigan? I am really in sympathy with the Senator from Michigan.

Mr. VANDENBERG. The parallel comes in the superimposition of an external governor over a people against their protest and contrary to their home-rule right.

Furthermore, Mr. President, in this same general connection, it is a very amazing thing to me and perhaps a significant thing that there is pending even a proposal to carpetbag the District commissionership in the city of Washington. Certainly there has not been any great outburst of violence in the National Capital, there has not been any clashing of races in the National Capital, quoting the argument submitted by the Senator from Maryland, to justify carpetbagging here, and yet the newspapers tell us, quoting from a headline in yesterday's newspaper, "Omaha man called District of Columbia head candidate." I read it because of its significance; significant of what may lie behind this amazing proposition to inflict an external governorship upon the people of Hawaii contrary to the organic contract under which we have lived with them for 3 decades.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from South Carolina?

Mr. VANDENBERG. I yield.

Mr. BYRNES. I know nothing or very little about the Hawaiian bill.

Mr. VANDENBERG. If the Senator will follow me, he will know a great deal more about it than he knows now.

Mr. BYRNES. I hope so. I do not think I would be very well informed as the result of newspaper statements because the Senator from Michigan knows that the law provides that the Commissioners of the District of Columbia must be natives of Washington.

Mr. VANDENBERG. Yes; I know that; and the organic law provides that the Governor of Hawaii must be a resident for 3 years of Hawaii.

Mr. BYRNES. No other man can be appointed unless the law is changed.

Mr. VANDENBERG. Exactly; and I am wondering, after this Hawaii thing has been flipped through the Senate in the last days of the session, whether we shall not confront an emergency resolution, because of an alleged emergency and the inability of the Democratic Party to agree upon who ought to be appointed to the commissionership, whether we shall not have another sudden emergency resolution like the one now pending for the purpose of authorizing the importation of one of the Commissioners of the District of Columbia.

I want to pursue that matter just a little because I think it is rather interesting. I read from this article, which may be as unreliable as my dear friend the Senator from South Carolina intimates, and yet which seems to have some basis and some significance:

> Postmaster General James A. Farley, who conducted the preconvention campaign for Mr. Roosevelt on the basis of home rule, is said to be wavering. Although the six votes of the District delegation to the Chicago convention were put in Mr. Farley's pocket at a time when they did his cause much more good than the number of them would indicate, the patronage dispenser of the administration now is reported ready to forget the voteless District and give District jobs to persons who have votes and a voting following elsewhere.
>
> Although the law would prohibit appointment of Mr. Hopkins—
>
> The point raised by my able friend from South Carolina—
>
> or anyone else who is not a bona fide resident of the District, residents of the National Capital would be practically helpless to upset any outside appointment the President might make. Similar appointments have been made in the past, and although contests were started in the courts, the contests were not effective, the courts denying the right of citizens to challenge the selection of the President when approved by the Senate.

So here is the contemplation close at home of an administration movement which evidently has taken formidable status already to carpetbag the government of the District of Columbia. Of course, if they are willing to carpetbag the government of the District of Columbia, they would not hesitate for a moment to carpetbag the helpless and more remote government of the Territory of Hawaii. I think it is very significant that the problem of carpetbagging the government of the District of Columbia is in the hands of, to quote the journalistic definition, the "patronage dispenser of the administration." I only hope that lying behind the proposition to carpetbag the government of the Territory of Hawaii is not a similar aspiration on the part of the "patronage dispenser of the administration" with reference to the District of Columbia.

Mr. President, the able Senator from Utah [Mr. KING] has referred to the fact that the Territory of Hawaii came within our jurisdiction under particular and peculiar conditions involving a particular and specific challenge to the integrity of our relationship with those people. He is entirely correct. The islands were annexed to the United States in 1898. The organic act was adopted in 1900. Section 5 of the organic act provides that—

> The Constitution and all the laws of the United States which are not locally inapplicable shall have the same force and effect within said Territory as elsewhere in the United States.

Thereby the Constitution of the United States became the constitution of the islands, and the laws of the United States became the law of the islands.

Section 4 provides that all persons who were residents of the Republic of Hawaii on August 12, 1898, "and all the citizens of the United States who shall hereafter reside in the Territory of Hawaii for 1 year, shall be citizens of the Territory of Hawaii." Then, respecting the qualifications for the governorship, I read from section 66:

> He—
>
> That is, the Governor—
>
> shall be not less than 35 years of age. He shall be a citizen of the Territory of Hawaii.

Therefore, no one could have been Governor of Hawaii under the initial promise of the organic act except as he had resided there for 1 year or more.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BYRNES. I wonder if the Senator would be good enough to yield for the purpose of permitting me to present a conference report on the independent offices appropriation bill.

Mr. VANDENBERG. I shall be very glad to yield in just a moment, if the Senator will let me finish this particular thought.

Mr. BYRNES. That is very kind of the Senator.

Mr. VANDENBERG. I desire to continue the quotation from the organic act in respect to the governorship, and to note for the sake of continuity that in 1921 section 66 of the act was amended by inserting, after the provision that the Governor should be a citizen of the Territory of Hawaii, the requirement that he shall have resided there 3 years next preceding his appointment, in lieu of the 1-year residential requirement.

Therefore, Mr. President, so far as the organic act stands, so far as the integrity of our relationship with the Hawaiian people is concerned, we stand committed to the integrity of a promise that no Governor shall be sent to Honolulu except a Governor who has been a bona-fide resident of the Hawaiian Islands for a period of 3 years; and when the debate is resumed, I shall ask the privilege of reclaiming the floor to demonstrate how the Democratic Party, in particular, has underwritten that promise for the last 20 years, and that it does not lie within its honest and decent purview to propose to challenge and qualify it today.

I now yield to the Senator from South Carolina.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, agreed to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BUCHANAN, Mr. TAYLOR of Colorado, Mr. AYRES of Kansas, Mr. OLIVER of Alabama, Mr. TABER, and Mr. THURSTON were appointed managers on the part of the House at the conference.

INDEPENDENT OFFICES APPROPRIATIONS—CONFERENCE REPORT

Mr. BYRNES. Mr. President, I send to the desk a conference report on the independent offices appropriation bill and ask that it be read.

Mr. CUTTING. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ind.
Ashurst	Cutting	Kendrick	Russell
Austin	Dale	King	Schall
Bachman	Davis	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Smith
Barbour	Dill	Lonergan	Steiwer
Barkley	Duffy	Long	Stephens
Black	Erickson	McAdoo	Thomas, Okla.
Bone	Fess	McCarran	Thomas, Utah
Borah	Fletcher	McGill	Thompson
Bratton	Frazier	McKellar	Townsend
Brown	George	McNary	Trammell
Bulkley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Gore	Neely	Van Nuys
Byrnes	Hale	Norris	Wagner
Capper	Harrison	Nye	Walcott
Caraway	Hastings	Overton	Walsh
Carey	Hatfield	Pope	Wheeler
Clark	Hayden	Reed	White
Connally	Hebert	Reynolds	
Copeland	Johnson	Robinson, Ark.	

The PRESIDING OFFICER. Ninety Senators have answered to their names. A quorum is present.

The PRESIDING OFFICER. The Senator from South Carolina [Mr. BYRNES] has presented a conference report, which will be read.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 9, 25, 26, and 32.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 12, 22, 23, 24, 27, 28, 29, 31, 35, 37, 38, 39, 40, 41, 42, and 48, and agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: " and notwithstanding any provisions of law to the contrary, the Administrator is authorized to expend during the fiscal year 1934 not to exceed $2,000 for actuarial services by contract, without obtaining competition, at such rates of compensation as he may determine to be reasonable "; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In line 8 of the matter inserted by said amendment, strike out " $13,950 " and insert in lieu thereof " $13,110 ", and in the same line, strike out " $1,800 " and insert in lieu thereof " $1,530 "; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: Omit the matter stricken out and inserted by said amendment; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: Omit the matter inserted by said amendment and restore the matter stricken out amended to read as follows:

" SEC. 10. The President is authorized, in his discretion, to suspend the extra pay or reduce the rate of extra pay allowed to commissioned officers, warrant officers, and enlisted men of the Army, Navy, Marine Corps, and Coast Guard while on flying duty, and to distinguish between degrees of hazard in various types of flying duty and make different rates of extra pay applicable thereto."

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 7, 10, 11, 13, 14, 15, 16, 17, 18, 19, 21, 30, 34, 43, 44, 45, 46, and 47.

CARTER GLASS,
JAMES F. BYRNES,
RICHARD B. RUSSELL, Jr.,
FREDERICK HALE,
FREDERICK STEIWER,
Managers on the part of the Senate.

C. A. WOODRUM,
JOHN J. BOYLAN,
W. W. HASTINGS,
J. P. BUCHANAN,
Managers on the part of the House.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. BYRNES. I move that the Senate further insist upon its amendments numbered 7, 10, 11, 13, 14, 15, 16, 17, 18, 19, 21, 30, 34, 43, 44, 45, and 46 to the bill.

The motion was agreed to.

Mr. BYRNES. I offer the motion which I send to the desk and ask to have read.

The PRESIDING OFFICER. The motion will be read.

The legislative clerk read as follows:

Mr. BYRNES moves that the Senate concur in the House amendment to Senate amendment numbered 47, with an amendment, as follows:

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, who served 90 days or more, was honorably discharged from the service, is 55 years of age or over, is 50 percent disabled, and in need as defined by the President, shall be paid a pension of not less than $15 per month."

Mr. STEIWER. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. BYRNES. I do.

Mr. STEIWER. I desire to make a parliamentary inquiry.

As most Senators know, it is my purpose at the appropriate time to offer an amendment in the nature of a substitute for the House amendment as it now stands, or as it may be amended by the proposal just offered by the Senator from South Carolina. Will it be in order for me to offer an amendment in the nature of a substitute after the Senator's motion has been agreed to?

The PRESIDING OFFICER. The Chair is of the opinion that it will be. This is in the nature of a perfecting amendment, which has priority over a substitute.

Mr. STEIWER. Very well. If it is so regarded, I will not offer an amendment to the amendment, but will wait until action is taken upon the amendment.

The PRESIDING OFFICER. The Chair will say that if the present occupant of the chair is still in the chair, he will so hold.

Mr. TRAMMELL. Mr. President, I desire to raise the parliamentary question that before the amendment is voted upon it may be perfected. After that amendment is once perfected, can a substitute be offered?

The PRESIDING OFFICER. The Chair thinks so.

Mr. TRAMMELL. That is the question—whether that is the case, or whether the substitute should be offered prior to that time, so that they may each be perfected.

Mr. STEIWER. Mr. President, may we have better order? I cannot hear the discussion.

The PRESIDING OFFICER. The Senate will be in order.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Wisconsin?

Mr. BYRNES. I do.

Mr. LA FOLLETTE. It would seem perfectly clear that the motion made by the Senator from South Carolina brings the House text before the Senate as an original proposition in the first stage of legislation; and therefore, quite obviously, it is open to amendment by the Senator from South Carolina or any other Senator who desires to amend it. The substitute would clearly be in order.

Mr. TRAMMELL. Mr. President, I raise the parliamentary point that the substitute amendment can now be offered, and that it does not have to await a vote on or a perfecting of the motion made by the Senator from South Carolina. I much prefer to have that procedure followed. I believe it is in order. I propound that parliamentary question.

The PRESIDING OFFICER. The Chair will state that a substitute may be offered now or at any time before the motion of the Senator from South Carolina is finally disposed of; but a perfecting amendment would have to be voted on first, before the substitute would be voted on. Therefore, nothing would be gained by offering it at this time.

Mr. STEIWER. Mr. President, if the Senator from South Carolina will yield to me, in view of what has just been stated by the Chair, I should like to make the necessary offer.

At this time, Mr. President, I offer, on behalf of the Senator from New Mexico [Mr. CUTTING] and myself, an amendment to the amendment offered by the Senator from South Carolina in the nature of a substitute for the proposal agreed to by the House as an amendment to Senate amendment numbered 47. I ask that it be stated.

The PRESIDING OFFICER. The Senator offers a substitute for whatever there is after it is perfected.

Mr. STEIWER. No, Mr. President. I am offering this as a substitute for the House language; but in view of the ruling just made by the Chair, I take it that it may be considered prior to the consideration of the proposal made by the Senator from South Carolina.

The PRESIDING OFFICER. No; the Senator misunderstood the Chair. The Chair held that notwithstanding the substitute might be offered now, all perfecting amendments must be voted on prior to the vote on the substitute. Therefore there is nothing to be gained by offering the substitute now, although the Senator may offer it at this time and have it pending and voted on after the amendments have been voted on.

Mr. CUTTING. Mr. President, do I understand correctly that the ruling of the Chair is that, after accepting the perfecting amendments offered by the Senator from South Carolina, we may then vote on the amendment of the Senator from Oregon, although it may contain provisions totally contrary to those in the House provision accepted by the Senator from South Carolina?

The PRESIDING OFFICER. That is the ruling of the Chair.

Mr. TRAMMELL. I desire to propound another parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TRAMMELL. After the motion offered by the Senator from South Carolina, and the offering of a substitute, I take the parliamentary position to be that the vote will come on whether or not the substitute shall be adopted, before the vote comes on the question of the motion made by the Senator from South Carolina. Is that correct?

The PRESIDING OFFICER. The Chair would have to rule that the Senator's position is not well taken.

Mr. BYRNES. Mr. President, I desire to make only a very brief statement as to the amendment I have offered.

The purpose of this amendment is to give the Senate an opportunity to vote upon the so-called "House compromise", plus an amendment which I have offered, and which includes the assurances made by the President in his letter to Representative CROSSER, the chairman of the special Veterans' Committee of the House during the consideration of this measure by the House.

I think the Senate is familiar with the House amendment, with the provision caring for directly service-connected cases, with the provision that the presumptives shall be continued upon the rolls until October, and that in the meantime a special committee, a majority of which shall not be connected in any way with the Veterans' Administration, shall look into those cases, and determine which should remain upon the rolls; and with the further provision that if, in October, the inquiry has not been completed, those whose cases have not been examined shall have their cases continued by the President until such time as they are examined.

Then there was another provision, which is not included in the Steiwer amendment, as I understand it, but which is in the House amendment, and which is to the effect that as to all of those cases making claims for insurance, for compensation, for allowances, for emergency officers' retirement pay, under the old law, and which cases, by the provisions of the Economy Act, were discarded, are revived, and the Veterans' Administration is authorized to consider those insurance cases, cases for pensions, and cases for allowances and benefits, upon the evidence in the files of the Veterans' Administration, and adjudicate them.

The Senate is familiar with the other provision, because it is contained substantially in these two measures.

In the House amendment there was no provision as to the Spanish-American War veterans. The House did have before it the letter of the President addressed to Mr. CROSSER, in which the President stated:

I give you the assurance that if the Congress sees fit to substitute the language attached hereto in lieu of the Connally amendment I will issue a regulation which will give some assistance to the Spanish-American War veterans who are 55 years of age or more, substantially disabled, and who are in need.

Because of the peculiar conditions surrounding the Spanish-American War and Spanish-American War veterans I want to emphasize that the assurance given in this letter and the action which I shall take pursuant thereto must not be considered as a precedent for veterans of other wars.

In the amendment I have offered I have written the language of the President with this exception, that instead of the words "substantially disabled", which would leave to the Veterans' Administration the determination of that question, the specific provision is "50 percent disabled." In the course of the debate in the House, veterans who represented the House stated that that was the understanding with the President. I wrote it into the law instead of letting it remain in the letter.

In the letter of the President no amount is specified, the statement of the President being that he would give assistance. In this amendment it is specified that the assistance shall be not less than $15 per month. The effect of it is this, that every Spanish-American War veteran 55 years of age or over, having a disability of 50 percent, whether service connected or not, will be restored to the rolls at $15 per month.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BYRNES. Please permit me to finish this statement. According to my information, there are but few of those veterans under 55 years of age, because of the years which have passed since 1898 and 1899. Therefore this includes practically all the Spanish-American War veterans.

The effect of the adoption of this amendment and of the House compromise would be this, that since the issuance of the first regulations agreed upon and issued by the President, the President has issued additional regulations, which increased the amount to be paid to veterans for pension benefits approximately forty-five to forty-seven million dollars. By the adoption of the House amendment, plus the amendment I now offer, approximately $50,000,000 additional will be added to the amount to be paid to veterans, so that as a result of the President's regulations and this action, the veterans would receive $100,000,000 more than they would have received under the regulations first issued by the President.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BYRNES. I will yield first to the Senator from Texas, who first asked me to yield.

Mr. CONNALLY. I defer to the Senator from Nebraska.

Mr. BYRNES. Then I yield to the Senator from Nebraska.

Mr. NORRIS. There is one clause in the Senator's amendment which seems to me to be objectionable from a practical standpoint. I am not opposing the Senator's amendment, particularly if this clause shall be stricken out. In addition to a veteran being 50 percent disabled and being 55 years old, and having the other disabilities mentioned, there is this language in the amendment as I heard it read, "and if in need, as found by the President." That is extremely indefinite. It seems to me that we have heretofore put nothing in the pension laws similar to that, "if in need, as found by the President." Of course, everybody knows that the President cannot look into these cases; somebody must do it for him. I wonder why that language is put in.

Mr. BYRNES. Mr. President, the primary reason is that it is contained in the letter indicating the agreement that was had between the Veterans' Committee and the President; but I know the reasons for that, and I will inform the Senator, because that is what he wants to know.

First, my information is that, as a result of the provisions written into the economy law as to non-service-connected totally disabled cases, the question of need is involved. If not, certainly it is in the regulations. But the reason behind it was that if a Spanish-American War veteran is 55 years of age, is 50 percent disabled, and has an income of five or ten or twenty or twenty-five thousand dollars a year, he is one of the few who is well to do.

Mr. NORRIS. Mr. President, that is the point I should like to call to the attention of the Senator. Somebody has to decide whether that kind of a man, 50 percent disabled, and 55 years old, who has an income of a thousand dollars a year, is in need or is not in need. It would depend upon the opinion of some person who looks into the matter as to whether that man was in need or not. I can see how one man might be much more than 50 percent disabled, much more in need, than a man who was just barely 50 percent disabled. If the Senator wants to put it on the basis of the income, then we ought to write in the law as we did years ago in reference to Civil War veterans, a provision that if a man has a net income of a certain amount he should not be entitled to the pension. But these words "if in need" are indefinite, almost meaningless, it seems to me. It depends on a thousand things, and no two men would agree, probably, as to when a man was in need and when he was not or to what extent he was in need.

Mr. BYRNES. Mr. President, of course, that is the difficulty in connection with the provision. We would all agree that, as to the man who has an income and who is not in need and who is suffering from a disability which is in no way connected with the service, Congress would not be very zealous about providing a pension for him. It is difficult to write into the law, I admit, a principle which could be followed, unless we went to the income-tax figures.

The language in the President's letter was "who are in need." I have added to that language the clause "as defined by the President." I know that the Senator from Nebraska would say, as we have heard so often, and with considerable force, that the President cannot do all of these things and that it would be left to some other person. If the language were left simply "who are in need", certainly the Veterans' Administration would determine the question. Because I hoped that that might not be done, I specifically provided "as defined by the President", because I know that we have a letter which was written by the President, and it is a matter to which he has given and would give consideration. What guiding principle should be laid down to determine the need could be better decided by him than by the Congress, in my opinion.

Mr. NORRIS. It seems to me the Senator's own remark is convincing; it looks to me almost like an impossibility. No two men would agree about the question. If we are going to pay pensions only to men who do not have sufficient incomes on which to live, if we are going to put that principle into the law at all, then it seems to me we could do it definitely by saying that any man with an income of a thousand, or fifteen hundred, or two thousand dollars, should not be entitled to the pension; in other words, provide that the veteran may draw a pension if he has a net income of less than $2,500, or something of that kind. That would be definite. It would not be difficult to prove. It would apply to all cases alike. I do not know that I should like to have it put in. I would rather not have anything in the nature of a pauper's oath required of a pensioner; but if we are to determine that one of the things necessary to be shown is that he is in need, it ought to be so definite that it would apply to all applicants. We administered that kind of a statute in our pension law several years ago in relation to widow's pensions.

Mr. BYRNES. Certainly it would be more definite. The only difference is, I willingly concede, that whereas I have sought to make every other provision in the amendment definite, as to that I have said, "in need as defined by the President."

Mr. CONNALLY and Mr. CUTTING addressed the Chair.

The PRESIDING OFFICER. Does the Senator from South Carolina yield; and if so, to whom?

Mr. BYRNES. The Senator from Texas first asked me to yield and I yield to him. Then I will yield to the Senator from New Mexico.

Mr. CONNALLY. The Senator from Texas desires to inquire of the Senator from South Carolina as to the scope of the word "disabled." As I understand the Senator, the word "disabled" is not restrictive, but includes any disability from any cause, whether it can be traced to service or otherwise in the case of Spanish-American War veterans.

Mr. BYRNES. Absolutely; there is no doubt about that.

Mr. CONNALLY. The Senator is clear that it has that implication and will receive that construction?

Mr. BYRNES. Not only has it that implication, but it is the intention of it, and it specifically says that any veteran whether his disability is service-connected or not benefits under this language.

Mr. CONNALLY. It is not a question so much about the veteran as it is about the disability—whether it includes disability from any source?

Mr. BYRNES. There is no doubt about that, either in language or in intent.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from New Mexico?

Mr. BYRNES. I yield.

Mr. CUTTING. As I read the amendment which the Senator has presented, it is subject not only to the criticism which the Senator from Nebraska makes but also to the further criticism that the 50-percent disability is to be "defined" by the President.

Mr. BYRNES. Mr. President, the Senator from New Mexico is in error. I think the Senator must have a copy of the amendment as it was first drafted, when it contained different language, because the amendment offered specifically uses the words "50 percent disabled."

Mr. CUTTING. That is what I say. The amendment reads "is 50 percent disabled, and in need as defined by the President."

Mr. BYRNES. Yes.

Mr. CUTTING. So that the only Spanish War veterans who would get any benefit from this amendment would be those whom the President may define as being, first, 50 percent disabled, and, secondly, in need. What class of veterans will be embraced under this amendment is absolutely impossible for any one of us to determine.

Mr. BYRNES. O Mr. President, I regret greatly that I cannot follow the Senator from New Mexico at all. In the first place, the amendment reads, "is 50 percent disabled, and in need"; but, even if it were not so, it is true that as to what constitutes 50-percent disability certainly someone must decide, and, of course, it will be decided not by the President but by examinations that are made. I repeat, the degree of disability must be determined by someone; and who would determine it?

Mr. CUTTING. The Senator's construction of the amendment is exactly the same as my own.

Mr. BYRNES. No; I have made clear that the amendment does not say what the Senator suggests. It says, "50 percent disabled, and in need as defined by the President." I go on to say that when we come to consider the language as to a veteran who is 50 percent disabled, someone has got to determine the degree of disability; and necessarily that will be determined by the representatives of the President; the doctors who are appointed to determine disability in all other cases will have to determine it in these cases. It cannot be determined by the Senator or by the President; it will have to be determined as a result of some evidence showing disability.

Mr. CUTTING. O Mr. President, I beg to differ with the Senator. We could quite easily write into this amendment exactly which veterans we intend to keep on the rolls. We could write such a provision as is contained in the amendment offered by the Senator from Oregon [Mr. STEIWER]. We could write such a provision as is contained in the amendment of the Senator from Texas [Mr. CONNALLY] which we adopted the other day, providing that veterans who are now on the rolls, unless for some reason they should be ruled out, shall be retained. Here we adopt a perfectly vague thing. "Fifty-five years of age or over"; that is the only definite thing, I submit, in the Senator's amendment.

Fifty percent disabled, and in need as defined by the President.

I do not care at all whether the words "as defined by the President" in this amendment are grammatically connected with 50 percent disabled; the fact still remains, as stated by the Senator, that the President or the President's agencies will determine whether or not a man is 50 percent disabled; and that, to my mind, from long experience with the Veterans' Bureau, completely removes any substantial benefit which any veteran can obtain from this amendment.

Mr. BYRNES. Mr. President, there is not any question as to the fact that the amendment provides that as to those between 55 and 62 there must be a 50-percent disability, and that under the legislation with which the Senator is familiar veterans over 62, regardless of disability, will receive a minimum of $15 a month.

Mr. CUTTING. Can the Senator give us any definition of what is meant by the words "50-percent disability"?

Mr. BYRNES. They mean what they say—50 percent disabled—and that must be determined by the doctors who examine a man upon the evidence submitted by the individual in each case. The officials charged with the administration must determine that, just as disability is determined by the administration in all other cases.

Mr. CUTTING. Exactly; and a man who is now rated at 100 percent may under a new rating of the Veterans' Bureau be rated 10 percent. That has been done repeatedly since the passage of the Economy Act.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Washington?

Mr. BYRNES. I yield.

Mr. DILL. Could not that be cured by writing into the amendment the words "now rated at 50 percent disabled"?

Mr. BYRNES. I can very well see that a Spanish-American War veteran who is not now rated and becomes disabled when he is 56 or 57 years of age, or 6 months from now, would become entitled to the pension provided; and I do not believe that the suggestion of the Senator from Washington would remedy the situation he has in mind.

Mr. CUTTING. Mr. President, will the Senator yield?

Mr. BYRNES. I prefer not to yield again, because I want to finish my statement.

My purpose in presenting this amendment, with the request that the Senate consider it at this time, is that the Senate may have an opportunity to pass upon the House amendment with this Spanish-American War provision, which is the provision agreed upon, as I have stated several times, by the Veterans' Committee of the House and the President. I know that we all have our views about this legislation; I doubt if there are any two of us who could agree upon all its provisions; I know that we have heard many cases that appeal to our sympathy; we have heard stories that have caused us to believe that certainly the first regulations adopted by the Veterans' Administration and approved by the President were too harsh; and, in an effort to remedy that situation, such Members of the House as Representative PATMAN, of Texas, Representative BROWNING, of Tennessee, and others whose names I do not now recall, but who have been through the years demonstrating their sympathy with and interest in the ex-service men of the United States in the hope of reconciling the differences, and in the hope of bringing about legislation that would result in really accomplishing something for the veterans, agreed to this compromise, and it was adopted by the House. Under it, as I have stated, veterans will receive $100,000,000 more than they would receive if we had nothing but the first regulations issued by the Veterans' Administration.

Mr. President, we may as well be practical about it. If this amendment shall be adopted, and go to the House, the House will adopt it, in my humble opinion; and, if it shall be adopted by the House, and shall go to the President, the President will sign it, and the veterans will receive $100,-

000,000 more than they would have received under the first regulation. I believe this is the practical thing to do. By the amendment relief is granted in the case of the Spanish-American War veterans under 62, which reaches a complaint that has been made against the House amendment. If we really believe that we should compromise our differences and do something that we know will meet the approval of the House and of the President and give relief to the veterans, this amendment should be adopted.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Massachusetts?

Mr. BYRNES. I yield the floor.

Mr. WALSH. I should like to ask the Senator from South Carolina a question.

Mr. BYRNES. Very well.

Mr. WALSH. Will the Senator state what is the present draft upon the Public Treasury for pensions of Spanish-American War veterans? Will he also state what would be the draft upon the Public Treasury for Spanish-American War veterans under the regulations adopted by the President; and will he also tell us what would be the draft under his amendment?

Mr. BYRNES. Mr. President, I am sorry that I cannot answer any question except the last one. Under the House amendment, as amended, approximately $50,000,000 would be the amount. That is the best estimate of the Veterans' Administration as to the amount that will be paid as the result of the adoption of the House amendment plus the amendment I have offered.

Mr. WALSH. The amount that is now paid to Spanish-American War veterans is about $125,000,000, is it not?

Mr. BYRNES. My recollection is that it is something over $100,000,000, but I do not know the exact amount. The statement I have made is that the House compromise——

Mr. STEIWER. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. BYRNES. I yield.

Mr. STEIWER. In the bill which was passed during the latter part of the last session the item providing pensions carried for the Spanish-American War pensioners of all classes of approximately $124,000,000.

Mr. WALSH. That is what I thought. Will the Senator from South Carolina state what appropriation would be required to meet the regulations issued by the President without this amendment? Surely somebody ought to know what that amount would be.

Mr. BYRNES. Without this amendment, I cannot say at the moment what appropriation would be required, and it is difficult to estimate the cost of this amendment, but the best estimates we can obtain are that the adoption of this amendment would add six or seven million dollars, anyway, to the Spanish-American War veterans.

Mr. WALSH. That is, the President's regulations approximately reduced the appropriation for Spanish-American War veterans from $125,000,000 to about $40,000,000, and this amendment would increase it about six or seven million dollars.

Mr. BYRNES. I do not know about the $40,000,000.

Mr. STEIWER. That is approximately correct, if the Senator will permit me.

Mr. BYRNES. I will ask the Senator to wait a moment. The only figures I have are as to the effect of the adoption of the amendment of the Senate. I wanted to know from the Veterans' Bureau the cost of the House amendment plus this amendment, and that is given at $50,000,000. So, by the adoption of the amendment, we would add $50,000,000; and, of that amount, approximately six or seven million dollars would go to the Spanish-American War veterans.

Mr. WALSH. I thank the Senator.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator from South Carolina has the floor.

Mr. BYRNES. I have yielded the floor.

Mr. CUTTING. I should like to ask the Senator from South Carolina a question, if he will yield.

Mr. WALSH. Mr. President, may we have for the RECORD now the figures showing how much the amendment of the Senator from New Mexico proposes would add to the appropriation?

Mr. CUTTING. That was just the question regarding which I wished to consult the Senator from South Carolina. I merely want to ask the Senator from South Carolina a question.

Mr. BYRNES. I shall be glad to answer it, if I can, although I have yielded the floor.

Mr. CUTTING. I merely want to say that I understood the Senator from South Carolina to say that the adoption of the House amendment, with the addition of the amendment which he has suggested, would add about $100,000,000.

Mr. BYRNES. Oh, no; the Senator misunderstood me. I said that the regulations last issued by the President, revising those previously issued, added approximately $45,000,000 to $47,000,000; that the House amendment plus the Spanish-American War veteran amendment would add approximately $50,000,000; so that the total added, not by this amendment but by the liberalized regulations last issued and this amendment, would mean $100,000,000 more than the regulations first issued.

Mr. CUTTING. How can the Senator possibly make any such estimate? It will be realized that the entire substance of the House amendment is that presumptive cases are all going to be reviewed on their individual merits by special boards according to a set of standards which the Senate of the United States has not been furnished. Unless the Senator from South Carolina has information which the rest of us have not, either as to the manner in which those boards are going to perform their duties or as to some other instructions about which we do not know, how can he possibly tell what cases will be validated, what cases will be thrown out, and as a consequence how much money will be spent?

Mr. BYRNES. The only answer to the question is that manifestly, under the language of either the amendment offered by the Senator from New Mexico or the House compromise, which provides for the examination of presumptive cases, any estimate must depend upon the action in those cases. The Senator asked how I arrive at it. I would not attempt to arrive at it, and I stated, and have stated several times, that solely in order to secure as much information as possible I had asked for an estimate by the Veterans' Administration. That estimate is the amount I have given to the Senate.

The criticism which the Senator makes would, of course, be valid, and it would likewise be valid against any estimate made as to the Steiwer-Cutting amendment, which provides for review of presumptive cases. Any amount determined would rest upon the judgment of the Board under either amendment. It can be nothing but the best information possible, and when it was given to me it was stated that it was nothing but an estimate based upon the best thought that could be given the subject.

Mr. CUTTING. I appreciate the candor of the Senator from South Carolina. What he says is perfectly correct, and for that reason neither the Senator from Oregon [Mr. STEIWER] nor I have attempted to estimate the necessary expenditures which will be made either under this amendment or the other. I prefer to determine the question on the grounds of justice and fairness rather than the precise amount of money which will be spent under one or the other arrangement.

Mr. LONG. Mr. President, as I understand it, we are going to adopt the Byrnes report and then consider the Steiwer-Cutting amendment. If I understand the parliamentary status, we let him perfect his amendment and then we offer our amendments. That is my understanding.

Mr. REED. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Pennsylvania?

Mr. LONG. I yield.

Mr. REED. I have been trying to get the floor to make an inquiry on just that point. I am a little concerned about the parliamentary situation. The motion of the Senator from South Carolina is to agree to the House amendment with an amendment which he proposes. Ordinarily I should have thought that if the amendment were acted on affirmatively, then any substitute would be foreclosed and could not be offered thereafter. I understand the Chair, however, to rule that the substitute offered by the Senator from Oregon [Mr. STEIWER] would then be in order.

The PRESIDING OFFICER. The Chair has so ruled.

Mr. REED. May we, for the purpose of removing all doubt, because the present occupant of the chair may not always remain in the chair, have unanimous consent that substitutes for the House amendment as amended shall be in order after action has been taken on the amendment offered by the Senator from South Carolina?

Mr. ROBINSON of Arkansas. Mr. President, may I say that there is not the slightest necessity for that. The Senator from South Carolina has the right to have his amendment perfected. After that has been done, as stated by the Senator from Louisiana, the question then will arise between the Steiwer-Cutting substitute and the amendment of the Senator from South Carolina as perfected. I should not be willing to agree that substitutes may be offered. That might prolong debate indefinitely. Unquestionably the substitute that has been offered is in order, and no question has been raised upon it.

Mr. REED. If that substitute——

Mr. LONG. I decline to yield further at this time if I can occupy the floor in my own time long enough to explain the situation to the Senator from Pennsylvania. We have already settled that question. This is only perfecting the House amendment. All we have before the Senate now is the matter of perfecting the House amendment. I am anxious to do that, to go ahead and go through the formality of allowing the Senator from South Carolina to perfect his amendment, and then let us come along with the Steiwer-Cutting amendment and go through with it. It would seem to me that we are arguing out of turn. There is no objection to perfecting the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from South Carolina.

Mr. GORE. Mr. President, I rose some time ago to inquire of the Senator from South Carolina [Mr. BYRNES] or the Senator from Oregon [Mr. STEIWER] as to how many pensioners, how many veterans, how many widows of veterans, and how many dependents, are now on the pay roll as the result of the Spanish-American War.

Mr. BYRNES. Mr. President, I regret that I cannot give the Senator the information.

Mr. GORE. Can the Senator from Oregon do so?

Mr. STEIWER. Mr. President, I do not pose as an authority upon all phases of this question. I understand, though, that there are approximately 250,000 Spanish-American War veterans. I am not advised concerning the number of widows and dependents. That depends on the number of children in the families, of course.

Mr. GORE. I think we are all as desirous of being just and even generous to the veterans of the Spanish-American War and their widows and dependents as to those of any other war.

Mr. President, I saw the statement the other day that during the Spanish-American War there were killed in Cuba 272 American soldiers. There were 272 killed in Cuba; 107 died of wounds received in battle; 288 others died of casualties not connected with their service. There were 379 American soldiers who lost their lives in combat or as a result of wounds in Cuba during that war. It is indeed true that 4,795 died as a result of disease. These figures were furnished me by the War Department. The Senator from Oregon has said there are 250,000 pensioners who are Spanish-American War veterans.

Mr. STEIWER. No; Mr. President. I said there are 250,000 veterans. I did not attempt to state the number of pensioners.

Mr. GORE. I was referring to the Senator's recollection. My own recollection is that there are 192,000 veterans of the Spanish-American War now on the pay roll.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from South Carolina?

Mr. GORE. I do.

Mr. BYRNES. Since the Senator inquired of me I have made some inquiry, and I am informed there were not 250,000, but 190,000, approximately the number stated by the Senator from Oklahoma.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. GORE. Yes; in just a moment. As I understand it, the veterans of the war in the Philippines and the Boxer rebellion are classified as veterans of the Spanish-American War so far as the pension roll is concerned. As to the number of casualties occurring in the Philippines, I do not know. As to the number of pensioners resulting from the war in the Philippines, I do not know.

Now I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. My inquiry is, What was the total number of soldiers engaged in the Spanish-American War?

Mr. GORE. That I am unable to answer.

Mr. BYRNES. The information I have is that there were 250,000 Spanish-American War veterans.

Mr. HATFIELD. That is correct.

Mr. CONNALLY. That is, at this time.

Mr. ROBINSON of Arkansas. But that does not answer my question at all.

Mr. GORE. Does the Senator mean the number mustered into service?

Mr. ROBINSON of Arkansas. I think the statement of the Senator from Oregon, as modified by the statement of the Senator from Oklahoma and the Senator from South Carolina, to the effect that there are 190,000 Spanish-American War veterans on the rolls, is correct; but my inquiry is how many soldiers were actually engaged in the Spanish-American War? Of course, during the 35 or 36 years that have elapsed since the war a great many of them have died.

Mr. GORE. I do not know how many men were actually landed in Cuba.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Missouri?

Mr. GORE. I do.

Mr. CLARK. I do not know how many were actually landed in Cuba, but I want to call attention to the fact that the term "Spanish-American War" as used in connection with the pension laws likewise includes the Filipino insurrection and the Boxer rebellion.

Mr. ROBINSON of Arkansas. I still ask how many soldiers were engaged in the Spanish-American War? The statement of the Senator from Missouri comprehends as well the Boxer rebellion and the Filipino insurrection.

Mr. HATFIELD. There were 250,000.

Mr. ROBINSON of Arkansas. Only 250,000? So we have now 190,000 veterans receiving pensions when there were only 250,000 soldiers, all told, engaged in the Spanish-American War. That is the most astonishing statement that has been made in connection with the matter! [Laughter.]

Mr. GORE. Mr. President, I make no statement on the Senator's consternation, but I did wish to point out that there are 192,000 pensioners on the rolls now. The annual expenditure on account of the Spanish War, including the different classes of pensioners, amounts to $124,000,000. I merely wish to make the point that the Government has been just, as it should be, has been generous, as it should be. It has not been niggardly toward the veterans of the Spanish-American War. It should never be niggardly toward the disabled and deserving veterans of any war.

Mr. GORE subsequently said: Mr. President, I know a citizen of my own State who is reputed to be worth a million

dollars or more. He is a Spanish War veteran. He is receiving a pension of $30 a month. Somebody inquired of him why he sought and accepted such a pittance. His answer was that it went as a payment on his Federal income tax.

As to that class of people I think that it is not unreasonable to ask that they make a showing that they need the bounty of their Government, and that we ought not to tax our overtaxed citizenship in order to provide a pension to men who are in that situation.

Mr. REED. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Pennsylvania?

Mr. GORE. Yes.

Mr. REED. The Senator brought out a few minutes ago the figures as to Spanish War veterans and pensioners. I have just been advised through the Pension Office, on the authority of Director Morgan himself, that the number of veterans of the Spanish War and the Philippine campaigns was between 400,000 and 425,000. That was the number. A good many of them have died. Less than half of that 425,000 have been pensioned.

Mr. GORE. I stated that I thought it was three or four hundred thousand. I did not have the figures. I was speaking of those on the pension roll.

Mr. KING. Mr. President, will the Senator from Pennsylvania permit me to make an inquiry?

Mr. REED. Certainly.

Mr. KING. Is it not a fact that a large number of those who were mustered into the service never left the shores of the United States?

Mr. REED. That is true; but most of them were given typhoid in very unhealthy camps.

Mr. KING. As to that, I do not agree with the Senator. Many of them were sent to California, and lived in almost the most salubrious climate in the world.

Mr. REED. Mr. President, the camps in Florida were shocking.

Mr. KING. I said California.

Mr. GORE. Part of my statement was based upon literature issued by the Spanish War Veterans' Association. I think it is only just to them that the statement itself, coming from their organization, should be printed in the RECORD. I ask the privilege of doing that, if I can lay my hands on it, as well as the figures furnished by the War Department.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

DATA BY WAR DEPARTMENT

Information furnished by the War Department relative to the Spanish-American War:

War Department (period of April to December 1898)

Total in Army	280,564
Killed in action	272
Died of wounds	107
Died of accidents (not war casualties)	288
Died of disease	4,795
Wounded in action	2,974

Navy-Marine Corps (period of Apr. 21 to Aug. 12, 1898)

Fighting strength	26,102
Killed in action	16
Died subsequently of wounds in action	2
Death from injuries (not war casualties)	11
Death from disease	56
Total deaths	85
Wounded in battle	68

DATA BY SPANISH-AMERICAN WAR VETERANS

In the following statement appears a summary of statistics pertinent to the United States military forces:

WAR WITH SPAIN

Duration of war: April 21, 1898, to April 11, 1899; active hostilities ceased August 13, 1898, pursuant to the terms of a protocol signed on the previous day.

Troops engaged: 280,564 officers and men, of whom 223,235, including 10,017 commissioned officers and 213,218 enlisted men, were volunteers. The other 57,329 individuals, including 2,346 commissioned officers and 54,983 enlisted men, served as members of the Regular Army.

Casualties (not classified by components):

Killed in action	498	
Died of wounds	202	
Total battle deaths		700
Died of disease	5,423	
Died by accident and other causes	349	
Total		5,772
Total deaths		6,472
Wounded, not mortally		2,961

The foregoing figures cover the period of the duration of the War with Spain. Inasmuch as fighting with the Filipinos was already in progress on April 11, 1899, and troops were being enrolled and sent to the Philippine Islands, it is practically impossible to furnish accurate statistics on either the War with Spain or the Philippine insurrection separately. The figures given, however, are based upon the most reliable data available.

PHILIPPINE INSURRECTION

Duration: April 11, 1899, to July 4, 1902, except in the Moro Province, where it ended July 15, 1903.

Troops engaged: 126,468 officers and enlisted men, of whom 50,052, including 2,185 officers and 47,867 enlisted men were volunteers, and 76,416, including 1,882 officers and 74,534 men, were members of the Regular Army.

Casualties (occurred during the period of fighting with the insurgents, Feb. 4, 1899, to July 4, 1902):

Killed in action	777	
Died of wounds	227	
Total battle deaths		1,004
Died of disease	2,572	
Died by accident and other causes	589	
Total		3,161
Total deaths		4,165
Wounded, not mortally		2,911

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina [Mr. BYRNES].

Mr. REED. Mr. President, now that I have the floor in my own right, I desire to come back to the matter that I tried to elucidate.

It is perfectly evident from the statement of the Senator from Arkansas [Mr. ROBINSON] that he has a different understanding from that which was announced by the Chair. The Senator from Arkansas states that the substitute, or substitutes—because any number of them may be offered—must be acted upon before final action upon the amendment offered by the Senator from South Carolina. I thought I understood the Chair as having announced the exact contrary of that ruling.

The PRESIDING OFFICER. In order that the Chair may clear up the situation which he tried to clear up a while ago, when the Senator from Pennsylvania was not in the Chamber, the Chair will state that he is treating this amendment of the House as if it were an amendment on the floor of the Senate. The amendment offered by the Senator from South Carolina is in the nature of an amendment to that. It is a perfecting amendment; and all perfecting amendments must be disposed of before a substitute is in order to be voted upon, although it may be offered and pending.

The Chair ruled that after the amendment of the House had been perfected, either by the motion of the Senator from South Carolina or by other amendments to it, it would then be in order to vote on the substitute offered by the Senator from Oregon [Mr. STEIWER].

Mr. REED. I was concerned, then, because of the language used by the Senator from South Carolina in making his motion. It was that we agree to the House amendment with an amendment offered by him. That, as I understand from the Chair, is to be separated into two questions: First, shall the Byrnes amendment be accepted? Next, shall the House amendment, as amended, be agreed to?

Is that correct?

The PRESIDING OFFICER. The Chair is not of the opinion that that necessarily takes two motions, although it would be in order to vote on the amendment of the Senator

from South Carolina to agree to the House amendment, as amended; but the Chair held, and the Chair thinks it is according to rule XVIII, that notwithstanding the language of the motion of the Senator from South Carolina, the effect of it is to adopt a perfecting amendment, after which a substitute for the entire amendment, as amended, is in order.

Mr. FESS. Mr. President, I desire to say to the Senator that the practice here in the Senate, and also in the House, is to vote on concurring with an amendment as one motion. That has been the practice all along; but in this ruling, where there is to be a substitute offered, it is ruled that it is not one motion but that we will vote first on the motion to concur, and after that comes this substitute.

With that ruling made clear by the Chair, I did not raise any point of order at all.

Mr. REED. I was concerned about it because I did not want the Senator from Oregon to be foreclosed from a chance to have his amendment tested. The Chair has made it very plain now.

The PRESIDING OFFICER. The Chair has heretofore assured the Senator from Oregon that he will not be precluded from offering his substitute.

The question is on the motion of the Senator from South Carolina [Mr. BYRNES].

Mr. CUTTING. Mr. President, I desire to say just one word before we take a vote on this motion.

I do not mean to oppose the amendment offered by the Senator from South Carolina. The reason why I do not wish to oppose it is because I do not think it in any measure takes away any rights which veterans have at present. I do not think it affects the present situation at all.

So far as veterans over 62 years of age are concerned, the Spanish-American War veterans are taken care of by an Executive order issued on June 6, which restricts their cuts to $15 a month rather than $6, which was the case under the original administrative orders issued under the Economy Act. In addition, we have a vague clause here that a veteran over 55 years of age, and who is defined by somebody as being 50 percent disabled and in need, shall be paid a pension of not less than $15 a month. We cannot tell that that is going to add a single veteran to the pension roll; but as it cannot do any harm I certainly shall not object to the amendment offered by the Senator from South Carolina.

Mr. STEIWER. Mr. President, I merely wish to direct a question to the Senator from South Carolina, if he will permit me. Because of the confusion in the Chamber I did not hear the first part of the explanation made by the Senator. I thought I understood him to indicate that this proposal was in keeping with the letter which the President has sent to the House of Representatives. Am I right in that?

Mr. BYRNES. Yes, Mr. President; I made substantially that statement.

Mr. STEIWER. In other words, this proposal is one approved by the White House but not included in the action of the House of Representatives in the amendment agreed to there.

Mr. BYRNES. Mr. President, that is substantially what I stated. I have sought to write into the law the statement made by the President in his letter to Representative CROSSER, of the House.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state the point of order.

Mr. LONG. Everybody understands this matter, and more than two speeches have been made by both these Senators on something nobody is voting against. I make the point of order that they cannot speak more than twice.

The PRESIDING OFFICER. The point of order is overruled.

Mr. COPELAND. Mr. President, I am very happy that the Senator from South Carolina [Mr. BYRNES] has presented this perfecting amendment. It helps a little. But it is not enough. I want to see the Spanish War veterans and all the other veterans given more liberal treatment. We may well adopt this perfecting amendment and then, certainly, we will give favorable consideration to the Steiwer amendment.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who announced that the President had approved and signed the following acts:

On June 7, 1933:

S. 1581. An act to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.

On June 9, 1933:

S. 604. An act amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454);

S. 1278. An act to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.; and

S. 1815. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.

On June 10, 1933:

S. 1094. An act to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes; and

S. 1562. An act granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct, maintain, and operate a free highway bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.

On June 13, 1933:

S. 1129. An act to amend sections 4399, 4418, 4428, 4429, 4430, 4431, 4432, 4433, and 4434 of the Revised Statutes, as amended, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof;

S. 1634. An act to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue;

S. 1745. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg.;

S. 1746. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg.;

S. 1748. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg.;

S. 1749. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg.; and

S. 1783. An act granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDING OFFICER laid before the Senate a message from the President of the United States nominating J. Elliott Riddell, of Louisville, Ky., to be collector of customs at Louisville, Ky.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the message of the President nominating a collector of customs at Louisville, Ky., may be referred to the Committee on Finance.

The PRESIDING OFFICER. Without objection, it is so ordered.

INDEPENDENT OFFICES APPROPRIATIONS

Mr. STEIWER. Mr. President, the proposal which I sent up in behalf of the Senator from New Mexico [Mr. CUTTING] and myself was not stated. May it be read?

The PRESIDING OFFICER. The amendment, in the nature of a substitute, will be read.

The CHIEF CLERK. It is proposed to insert the following:

The President is hereby authorized under the provisions of Public Law No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act), as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are heretofore or hereafter held not service connected under the regulations issued pursuant to Public Law No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations, and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, whether service connection shall be found in such cases, and shall in their decisions resolve all reasonable doubts in favor of the veteran. For the purposes of this section the granting of service connection in such cases shall not be based upon the requirements of regulation no. 1, part I, subparagraph (a), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, Seventy-third Congress, it being the intent of this section to preserve service connections as granted by section 200, World War Veterans' Act of 1924, as amended, title 38 of the Code (other than disability resulting from the claimant's own misconduct), unless affirmative evidence clearly discloses that the disease or disability had its inception before or after the period of military or naval service, and was not aggravated thereby.

Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except in those cases where the special boards shall find that the award was based upon fraud, misrepresentation of a material fact, or unmistakable error not less than 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration. In all cases where service connection shall be preserved under the review herein provided, not less than 75 percent of the payments being made on March 20, 1933, shall continue, and the determination of service connection in such review shall be final in all cases: *Provided, however*, That in the event of a change in the degree of disability of any such veteran the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced by more than 25 percent.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error, in receipt of compensation on March 20, 1933, be reduced more than 25 percent: *Provided, however*, That in the event of a change in the degree of disability of any such veteran the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced by more than 25 percent; and in no event shall death compensation, except by fraud, misrepresentation of a material fact, or unmistakable error, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service; except that the provisions of this paragraph shall not apply with respect to veterans residing outside the limits of the continental United States and its territories and possessions, or with respect to any veteran who is being furnished hospital treatment, institutional, or domiciliary care by the United States, or any political subdivision thereof, if such veteran has neither wife, child, nor dependent mother or father.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, the pension paid to veterans of any war prior to the World War, or to any widow and/or dependent of such veterans shall not be reduced more than 25 percent of the amount being paid prior to March 20, 1933.

Notwithstanding the provisions of section 17, title I, Public Law No. 2, Seventy-third Congress, any claim for yearly renewable term insurance on which premiums were paid to the date of death of the insured and any claim for pension, compensation allowance, or emergency officers' retired pay under the provisions of law repealed by said section 17 wherein claims were duly filed prior to March 20, 1933, may be adjudicated by the Veterans' Administration on the proof and evidence received by the Veterans' Administration prior to March 20, 1933, and any person found entitled to the benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior law: *Provided*, That the payments hereby authorized to be made shall continue only to include June 30, 1933, and only one original adjudicatory action and one appeal may be made in such cases. Where a veteran died prior to March 20, 1933, under conditions which warrant payment of or reimbursement for burial expenses, such payments or reimbursements may be made in accordance with the laws in effect prior to March 20, 1933: *Provided*, That such claim for payment or reimbursement must be filed within 3 months from the date of the passage of this act.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Oregon [Mr. STEIWER] and the Senator from New Mexico [Mr. CUTTING] for the House amendment to Senate amendment numbered 47, as amended.

Mr. STEIWER. Mr. President, I do not propose to detain the Senate for any considerable time in connection with this matter; but I do desire to make a brief explanation of the parliamentary situation, and of the chief differences between these proposals.

In the first place, the amendment I have sent to the desk, which has just been read, is substantially the same proposal which was first sent to the desk last Saturday evening, and was printed and available to Senators upon Monday, and was argued out at considerable length here upon that day. To this proposal we have added a paragraph, referred to by the Senator from South Carolina as being one of the desirable paragraphs of the House amendment, that is, the paragraph at the end of the amendment which refers to yearly renewable insurance, and to certain other matters helpful in the administration of veterans' affairs.

The practical effect—and with this I think all Senators will agree—of the adoption of this proposal offered here now by the Senator from New Mexico and myself is to substitute it, so far as the Senate is concerned, for the amendment which was agreed to, and which was offered in the first instance by the Senator from Texas [Mr. CONNALLY]. That amendment, as Senators remember, restricted cuts in service-connected compensation of veterans of the World War and pensions of veterans of the Spanish-American War, to a maximum of 25 percent.

The proposal agreed to by the House does not make that restriction. The proposal agreed to by the House provides for a review of the presumptively connected cases. It provides that a pension shall be paid to those pensioners until October 31, 1933, or until the review is completed, whichever is the earlier date with respect to any particular case. After that date, under the House provision, there would be no protection written into the law for presumptive cases; that is to say, the board could remove them from the pension rolls or leave them on; but it is perfectly clear that under the House provision the great majority of the presumptive cases would, after this time of grace between now and October 31, go off the rolls entirely. I do not propose to debate that feature of the matter at this time, but I invite the attention of Senators to that part of the House proposal, and I think they will concur with me; indeed, in the conference there was no controversy upon that question, and I understand that the Solicitor of the Veterans' Administration takes the view that the language employed in the House provision extends no ultimate protection to presumptive cases, except with respect to that limited number who under the liberalized proof will be able to establish direct service connection.

Mr. President, I argued at length here, and shall not repeat at this time, that the House proposal does not extend protection from extreme cuts even in the direct service-connected cases, and that is due to the peculiar language used in that proposal, which does not specifically and in

plain terms limit the cut, but it does limit cuts in the rates of compensation payable to the veteran.

The proposal offered by the Senator from New Mexico and myself makes this provision perfectly clear by using language over which no one can quibble. It provides, so far as the directly service-connected cases are concerned, that no cut shall be more than 25 percent of the amount being paid on March 20, 1933. There are numerous other differences in these proposals, but those are the chief ones.

Mr. President, I want to submit to the Senate that it is better to accept the substitute offered by the Senator from New Mexico and myself, because that proposal with respect to the great class of World War veterans enables the Veterans' Administration to protect the interests of the United States Government. The Connally amendment does not do that, and when I make that remark I do not do so with the idea of reflecting upon the Senator from Texas. His amendment was prepared in the confusion of a very hotly contested debate. He wrote it on the floor so rapidly, as I recall, that the clerk could not read his handwriting, and the Senator had to go to the desk and interpret the amendment for the clerk so that the Senate might know its purport. In the haste of rushing it along nothing was provided to protect the Government against the claim of a pensioner even though he enlisted after the armistice, even though his disability came from his own misconduct, even though his disability was established in the first instance by fraud or by mistake on his part or on the part of the Veterans' Administration.

I submit—and in this I hope Senators may accept my view—that if controversy is to be had with the House of Representatives, or if difficulty should ensue later between the Congress and the President, it is altogether better, as it is altogether fairer, that we should protect our Government by agreeing to language which would meet these contingencies.

Mr. GEORGE. Mr. President, I want to ask the Senator a question, because I want to be clear about the situation. There are no World War willful-misconduct cases on the rolls except a relatively few cases of permanent and total disability?

Mr. STEIWER. Such cases, of course, are not supposed to be on the rolls, but I am not prepared to say there are not any. I have heard it claimed that there are such cases, and I did not want to put myself in the position, or put the Senator in the position, of agreeing to a provision which would protect such cases if they are on the rolls.

Mr. GEORGE. There are no cases of fraud on the rolls now, where it is known, at least?

Mr. STEIWER. The Veterans' Administration and the Pension Bureau have been reviewing cases for a long time. Some cases of fraud have been eliminated. I am not prepared to say how many cases of fraud remain, but undoubtedly there are many, and the claim is made constantly that there are such cases, and I should like to protect the Senate from taking the position that we are trying to defend those fraud cases.

Mr. GEORGE. Some fraud cases might come in under the Senator's amendment, because they cannot be thrown off until they are found out, but I cannot see the reason for emphasizing the fraud cases, or in case of the World War veterans the willful-misconduct cases, because they are not on the rolls, or are not supposed to be on the rolls now; so that the only substantial difference between the Connally amendment and the amendment offered by the distinguished Senator is in the post-armistice enlistment cases, as I understand it.

Mr. STEIWER. That is one substantial difference.

Mr. GEORGE. Let me ask the Senator another question. because I want to see if I understand the purport of his amendment. Under the amendment offered by the Senator all presumptive cases are to be considered as service connected?

Mr. STEIWER. Oh, no, Mr. President. Does the Senator mean in the proposal made by the Senator from New Mexico and myself?

Mr. GEORGE. Yes.

Mr. STEIWER. No. It is recited that it is the intent to connect those cases, but it opens to the Government the right to disconnect any case which, in fact, is not related to the war. If there is evidence that the case is not connected with the war, of course it will be separated from the rolls. Our proposal does have the effect, as the House language does, to place the burden upon the United States.

Mr. GEORGE. Without regard to the presumption, the amendment offered by the Senator from Oregon and the Senator from New Mexico permits the elimination of the presumptively service-connected case if the Government is able to show that it is not service connected?

Mr. STEIWER. That is what we attempted to write into the amendment.

Mr. GEORGE. The House has substantially the same thing, except, as I get the Senator's contention, it is not so favorable to the veteran.

Mr. STEIWER. That is correct; and may I say to the Senator that my office advised with Mr. Roberts, of the Veterans' Administration, and he takes the same view of the matter which I have taken, and which the Senator from New Mexico has taken. He told us that under the Steiwer-Cutting amendment the conditions for the service connection of presumptive cases would be more favorable than under the House proposal.

Mr. GEORGE. I think that is true.

Mr. STEIWER. That many would go off, but that a majority would stay on; and under the House proposal, a great majority would go off the roll.

Mr. GEORGE. I think the Senator is correct in that statement, and I am not attempting to controvert it. The point I am getting at is that under the amendment of the Senator from New Mexico and the Senator from Oregon, and under the House amendment, all of the presumptive cases may stay on or a large number of them could go off, depending on administration.

Mr. STEIWER. Mr. President, I am disposed to feel, under the language employed in the House amendment, that very few of the presumptive cases would be retained. The provision in the House amendment is that the review shall be made upon the available evidence, and that the Board shall make its decision on that evidence. I am afraid it excludes any benefit of presumption, and excludes from consideration the fact that the case may now be service connected under existing law. It appears to me to be a direction to the Veterans' Administration to consider these cases de novo, on such evidence as they may find. Although it places the burden upon the United States and provides that the veteran is entitled to the reasonable doubt, it still leaves the case in such shape that I believe the House proposal will not assure any substantial protection to that great class of veterans who are more entitled to consideration than any other.

There are, I am told, 33,000 totally disabled World War veterans connected by presumption with the pension rolls at this time. That includes neuropsychiatric cases, even where such cases are violently insane. It includes the tubercular cases, permanent and total; the active cases, that great group of ghastly, heart-rending cases which I am sure the Senator would not want to leave unprotected.

I want now to add a little further answer to the Senator's earlier question. He said there were no fraud cases on the rolls. He meant, I think, that there were no fraudulent disability cases which are properly being paid pensions, and that there were no misconduct cases properly being paid pensions. I think that is true.

However, the claim is made constantly that fraud cases are on the rolls, and of course they ought to be reviewed; they are being reviewed. Under the Connally amendment the United States would be precluded from reviewing them; and the under the proposal offered by the Senator from New Mexico and myself, that review would still go forward, and the interests of the Government could be fairly protected.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Texas?

Mr. STEIWER. Yes.

Mr. CONNALLY. Let me suggest to the Senator that the so-called "Connally amendment" is not now before the Senate; we have substituted, on the motion of the Senator from South Carolina, the House amendment with his amendment, and so the issue here now is between that and the motion of the Senator from Oregon. The Connally amendment is not before the Senate at all.

Mr. STEIWER. That may be technically correct, but the Senate if it desired could reject the substitute the Senator from New Mexico and I are offering; it could vote down the proposal which the Senator from South Carolina is offering and thus go back to the Connally amendment if it desired to do so. I seek to prevent that result.

Mr. CONNALLY. The Senator is in error. We have already adopted the proposal of the Senator from South Carolina.

Mr. STEIWER. The Senator's statement would depend possibly upon the parliamentary ruling, which has already been disputed three or four times today. I do not want to be embroiled in that question at this time.

The amendment which the Senator from New Mexico and I have offered is a substitute for the entire house amendment as perfected; that is to say, it permits the adjudication of certain classes of pending claims, including the yearly renewable term insurance; it takes care of the Spanish-American War veterans; it takes care of everything that is dealt with in the House proposal; and I submit that it takes care of them in a better way than has been attempted in the House amendment.

I wish to make perfectly clear—and I can rest my case on this—that the House proposal contains no restriction upon cuts in the directly service-connected disability cases. The language employed in it may look as though it does, but every lawyer who has examined it, so far as I know, has reached the conclusion that it does not extend such protection.

The question is, Does the Senate want to protect disability cases of direct service connection by providing that no cut shall be more than a certain percentage? If so, our vote should be "yea" upon this substitute. If we do not agree to the proposal which is being offered by the Senator from New Mexico and myself, we shall be foreclosed absolutely from any opportunity to extend to direct service-connected pensioners protection against ruthless reductions in compensation.

Mr. McKELLAR. Mr. President, will the Senator from Oregon yield to me?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Tennessee?

Mr. STEIWER. I am glad to yield.

Mr. McKELLAR. How much more would the Spanish-American War veterans receive under the proposed amendment of the Senator from Oregon than under the amendment offered by the Senator from South Carolina?

Mr. STEIWER. I cannot answer exactly, but I will give the Senator some idea about it. Under the appropriation bill passed at the last session there was carried for Spanish-American War pensioners approximately $124,000,000, or nearly $125,000,000. After the economy bill had been enacted the President on March 31 promulgated his regulations. The practical effect of those regulations was to cut the total payment of Spanish-American War pensions to a figure of approximately $41,000,000. The saving, as I remember, was around $83,000,000. Subsequently, on June 6, the President modified his regulations, but I cannot state the exact effect of that modification upon the Spanish-American War pensioners. Then we had presented to us the proposal made a little while ago by the Senator from South Carolina and agreed to.

Now, we have the House amendment as amended by the motion interposed by the Senator from South Carolina.

It is said that this additional provision would cost about $7,000,000. I believe this estimate should be under $6,000,000. I surmise that if the substitute of the Senator from New Mexico and myself is agreed to it may add to that total cost something like twenty-five or thirty million dollars. However, I should like to say further, because I do not entertain any illusions as to what may happen with respect to it, that the House conferees are not going to be in accord with us upon that proposition; they will no doubt stand upon their own amendment or upon the amendment as amended by the proposal made today by the Senator from South Carolina. Therefore, in conference no doubt, the figure will be reduced below that contemplated by the amendment as it stands.

I hope that the Senate will agree to the pending substitute, which is identical with the provision in the Connally amendment so far as the percentage of cut in the case of Spanish-American War veterans is concerned, and I hope we may agree to it so as to stand our ground, and that Senators who voted for the Connally amendment will vote for this one now, and if it is found necessary, appropriate concessions may be made in conference.

Mr. President, I am grateful to the Senator from Tennessee for reminding me of the figures, because I want to refer to them before I conclude my remarks. It was stated by the Senator from South Carolina that under the regulations promulgated by the President on June 6 there was added to the total veterans' compensation something in the neighborhood of $50,000,000. I believe that figure to be correct. It is the figure furnished me by the Veterans' Administration, and I have no reason to question but that it is approximately a correct estimate of the additional cost on account of the regulations of June 6.

The Senator from South Carolina also stated that the House amendment as amended by his proposal would add to the cost another estimated amount of approximately $50,000,000. I think that estimate is somewhere near correct, although it is subject to the criticism made by the Senator from New Mexico; namely, that it depends wholly upon the action of the reviewing boards. Under the language of the House amendment the reviewing boards may, if they please, take a very arbitrary stand reviewing any case. It is difficult, therefore, to estimate the exact amount of cost that results by reason of the House amendment. But, if we assume that those figures are entirely correct, the situation is presented to us in this way: The total cost over and above the low mark provided under the President's regulations of March 31 would be approximately $100,000,000. It might be a little more than that figure. I hope Senators will bear that figure in mind.

The Veterans' Administration estimates with respect to the proposal offered by the Senator from New Mexico and myself that the total cost over and above the cost under the regulations will be about $138,000,000. I wish to restate that in a different way. The estimate submitted to me was that the total cost would be about 90 percent of the cost of the Connally amendment and that the estimate that has been made of the total cost of the Connally amendment was $154,000,000. Senators will remember that there was carried in the bill to provide for the additional cost of that amendment $170,000,000 at the time the bill was before the Senate, or rather, the $170,000,000 was to care for the Connally amendment, the Dieterich amendment, and the Black amendment, the estimated cost of the Connally amendment being $154,000,000.

If that estimate was correct, the 90 percent now estimated as the possible additional cost of the Cutting-Steiwer amendment would be $138,600,000. So, as between the proposition which is contended for now by the Senator from South Carolina and the pending substitute which is offered to it, the outside difference cannot be more than $38,600,000. That is based on the figures of the Veterans' Administration; it is their own estimate, and I doubt if it will not be more than that, but it might well be less. I am contending for the higher figure of $138,600,000, and believe the Senate ought

to support the higher figure, with the feeling that we are not going to unbalance the Budget and are not going to make necessary new revenue merely because we add some thirty-five or thirty-eight million dollars to the cost carried under the House amendment.

Yesterday we passed the fourth deficiency bill carrying over $3,600,000,000, as I remember the figure. On the Senate floor there was added $150,000,000 to provide the Government's contribution under the Glass bill for deposit insurance. The Senate voted it after a few minutes' debate and a short explanation. Nobody suggested that the Budget would thus become unbalanced, and nobody argued that additional taxes would have to be levied.

Furthermore, we are now dealing with our friends across the sea, and they are talking about taking away from us in the current payment on their debt something like $70,000,000. From press reports it seems that may be done; but nobody says that is going to unbalance the Budget. We provide appropriations for many purposes, the figures running into the tens and hundreds of millions of dollars, and nobody claims that such appropriations will unbalance the Budget; but whenever it comes to providing money to take care of the disabled veterans who are sick and suffering always somebody says that the money is not in the Treasury and cannot be provided. I should like to accept that challenge today; I should like to see the Senate of the United States accept that challenge and vote for the pending substitute, because we know that, although it will cost the Government something more in money, it will absolutely protect the directly service-connected cases against any cuts greater than 25 percent. We also know that it will keep a great many, though not all, of the presumptive cases on the rolls and that they will not be cut more than 25 percent. We know that protection will be afforded to the Spanish-American veterans; that it will be afforded to widows and orphans of soldiers of those wars; that it will be afforded to all that class that is generally entitled to our bounty at this time, and all this will be brought about under limitations that will permit the Government to clear its records of fraud cases, of misconduct cases, and to make cuts in those cases where the enlistment was after the armistice. The Government will be permitted to enforce its regulations by additional cuts as to those veterans who are outside the United States and other benefits to the Government will be permitted, which in the aggregate will save many million dollars and will still assure reasonably adequate pensions in the most worthy cases.

Mr. CONNALLY obtained the floor.

Mr. LEWIS. Mr. President, at this moment, in anticipation of the vote, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ind.
Ashurst	Cutting	Kendrick	Russell
Austin	Dale	King	Schall
Bachman	Davis	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Smith
Barbour	Dill	Lonergan	Steiwer
Barkley	Duffy	Long	Stephens
Black	Erickson	McAdoo	Thomas, Okla.
Bone	Fess	McCarran	Thomas, Utah
Borah	Fletcher	McGill	Thompson
Bratton	Frazier	McKellar	Townsend
Brown	George	McNary	Trammell
Bulkley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Gore	Neely	Van Nuys
Byrnes	Hale	Norris	Wagner
Capper	Harrison	Nye	Walcott
Caraway	Hastings	Overton	Walsh
Carey	Hatfield	Pope	Wheeler
Clark	Hayden	Reed	White
Connally	Hebert	Reynolds	
Copeland	Johnson	Robinson, Ark.	

The PRESIDING OFFICER. Ninety Senators have answered to their names. A quorum is present. The question is on the substitute offered by the Senator from Oregon [Mr. STEIWER].

EXPENSES OF DELEGATES AT WORLD ECONOMIC CONFERENCE

Mr. LONG. Mr. President, before saying anything directly upon the matter under consideration by the Senate at this time I want to make a brief reference to an article which appeared in the New York Herald Tribune this morning, reading as follows:

UNITED STATES DELEGATES' FAMILIES COUNT PENNIES AT LONDON—UNOFFICIAL ATTACHÉS AT PARLEY CANNOT AFFORD MANY LUXURIES

LONDON, June 13.—Jokes about "Lo, the poor Americans", are being heard around Claridge's Hotel, where the United States delegation to the World Economic Conference is housed.

Families of the delegation attachés and others without Government expense accounts are taking their meals out, and surreptitiously sending out their laundry to be done, to save money.

Official members of the delegation receive special hotel rates, because of the $6-a-day restriction on expenses imposed by Congress, but unofficial members of the party pay the regular rates.

Mr. President, I was not aware that I had voted for anything in the Congress restricting the expenses of our delegates to the Economic Conference to $6 a day. It seems that over in London we are making a bad impression through our delegates in this respect. I read that our Secretary of State, a distinguished former Member of this body, when he arrived in London naturally expected to receive the kind of hand-clapping that greets a foreign ambassador coming here, that some of the delegates were very much disappointed because when they rolled up to the pier in a boat there was nobody there to meet them and because they had to take a hack and go up town and find a boarding house or some place to stay. [Laughter.]

It seems to me that, as good a creditor as we are to England and to France and to the other foreign countries, we ought to be able while our delegates are in London to allow them enough expense money so that they would not be ridiculed by the English people who are today indebted to us for so many billions of dollars that they are unable to pay anything like even a reasonable interest upon the amount. It seems to me, inasmuch as we are over there engaged in determining whether we are going to give the British Government several billion dollars—I am not now announcing that I may not be in favor of whatever they do—that at least we should extend the kind of indulgence to our ambassadors that would enable them to make a decent showing, that at least we ought to give them expense money enough so they would not be subject to this kind of embarrassment and this kind of ridicule.

I have never approved of this kind of penury in politics or in government. Every time a man comes in with his expense account showing that he has spent $10 or $15 a day, there are always speeches in Congress over the question whether it is possible for a man to spend that much money for a day's expenses and what a man could do with $15 a day. For the benefit of some of them I should like to show them what a man can really do with $10 or $15 a day in these cities for traveling. [Laughter.]

Then a good friend of mine from one of the Western States rose here, when we had up a measure allowing 20 cents a mile for Senators and Representatives to come to Washington and return home, and attacked that proposal as if it was a terrible thing, because, he said, a man could actually come here for 3 cents a mile and could return home for 3 cents a mile. Some of us have been taught that Members of the United States Senate had a right to travel in the same customary style that we did when we were ordinary traveling salesmen on the road. We did not travel for 3 cents a mile in those days, if we made several trips back and forth. Of course, we could get underneath on the rods and travel for less than 3 cents a mile, if necessary! [Laughter.]

If I was a party to this penuriousness I want to apologize to the Senate, because I never was aware of the fact that I was voting for any limitation of that kind. I hope that our President and those in charge of the matter will see, at least while our emissaries are in a foreign country dealing with the question of whether or not America can afford to

sacrifice several billions of dollars to European nations, that they are supplied with sufficient funds to enable them to live in at least something like the fashion in which they live at home.

HEALTH WORK AND CONDITIONS IN LOUISIANA

Mr. President, before speaking more directly on the subject matter now before the Senate, I have another matter that I want to bring to the attention of the Senate and get into the RECORD, which was brought to my mind by the statement of the Senator from Wyoming [Mr. KENDRICK] this morning with regard to health work.

In the State of Louisiana we have two charity hospitals taking care of those cases which are being thrown out of Government hospitals. We are having to increase our charity-hospital capacity considerably. We are not able to absorb everything, but I want to state briefly to the Senate what is happening in the State of Louisiana in the way of health work. It will take but a moment.

I have previously told the Senate of the great hospital institution we have in New Orleans. Our second hospital has lately been examined, the charity hospital at Shreveport, and inasmuch as we have seen several articles about Louisiana I want to give the people at large to understand what is happening in the way of hospitalization and health work in Louisiana. I hope that my good friend the senior Senator from New York [Mr. COPELAND] will be interested enough to notice what I am saying, because all of us read from time to time the health articles of his which appear in the papers.

In the State of Louisiana 5 years ago, before I became Governor of the State, the charity-hospital death rate was 9 percent. We reduced that rate to 3 percent. Out of every 3 cases coming to the charity hospital at Shreveport 5 years ago, we have saved 2 of those lives.

We instituted a treatment for cancer in that hospital, and out of 600 cases of cancer treated since last July 70 percent of them have received a cure of 1 year, and the balance of them are coming back from time to time for treatment. We are in a position to believe that our percentage of cures will not be reduced at all but will be greatly increased by the few years' treatment that will have to be given to those cases.

That is not all that is taking place in this health work in Louisiana. We had in the charity hospital in Shreveport at the time I became Governor 160 patients per day. Today we have in that hospital 500 patients a day. This is our second one. It is not our main hospital.

A few days ago the American Medical Association made an examination and made ratings which, by comparison, will show that the charity hospital at Shreveport led the Southern States in the treatment of tuberculosis, children's diseases, general hospital, and museum, and was even the first and best hospital in all matters and particulars of all the States of the South.

I want to say further that a celebrated authority from Philadelphia, Mr. Chevalier Jackson, who is known worldwide as the greatest man of his time in the treatment of the removal of foreign substances from the air passages of the body and the skull, has decided that he can be of great service to mankind; that the greatest opportunity afforded him is in the charity hospital at New Orleans; and he has connected himself with the Louisiana State University School of Medicine, because he finds it to be a great field, and therefore we will lead in his line in a few days after Mr. Jackson takes charge of that institution.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 5, 6, 7, 13, and 14 to the said bill and concurred therein; and that the House had receded from its disagreement to the amendment of the Senate numbered 2 to the bill and concurred therein with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H.R. 3344) to amend section 14, subdivision 3, of the Federal Farm Loan Act, in which it requested the concurrence of the Senate.

INDEPENDENT OFFICES APPROPRIATIONS

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Oregon [Mr. STEIWER] and the Senator from New Mexico [Mr. CUTTING] for the House amendment to Senate amendment numbered 47, as amended.

Mr. LONG. Mr. President, I now revert to the pending amendment of the Senator from Oregon [Mr. STEIWER]. I want to give a little analysis of the difference between what is proposed in the House amendment, as amended by my friend the Senator from South Carolina [Mr. BYRNES], and what is contained in substance in the Steiwer-Cutting amendment.

The Steiwer-Cutting amendment limits the cut to 25 percent in service-connected cases of the World War. The House proposal limits the cuts in rates, but not in amount. In other words, the Steiwer-Cutting amendment sets a limit on service-connected cases of 25 percent. Those Members of the United States Senate who voted to reduce their own salaries from $10,000 to $8,500 a year, those Members of the Senate who voted to determine whether or not they would reduce their own salaries 15 percent, are now called upon to vote on whether or not they will cut the disabled veterans' compensation more than 25 percent.

In other words, we start with the Steiwer-Cutting amendment agreeing that the soldier who receives $40 a month ought to be cut 10 percent more than a United States Senator or Representative, who receive $10,000 a year. Do not make any mistake about that. The one thing we are going back to our people to explain is how, why, and where in this great drive for economy we saw it become necessary to cut by only 15 percent the salaries of Representatives and Senators and of officials of the bureaus and the departments of the Government, men who are being employed to administer these very laws at salaries all the way from $5,000 to $20,000, and why we saw fit to take the disabled veterans of the World War and refuse to stop their cut even at 25 percent, which, at the very least, is 10 percent more than we were willing to cut our own salaries and the salaries of men employed in the Government at equally high or higher salaries.

That is no. 1. Of course, there is an element of justice in all this.

No. 2: The Steiwer amendment protects many, not all, presumptive cases. The House proposal has no protection to presumptive cases after October 31. Now, do not misunderstand me. The Steiwer amendment does protect a good many presumptive cases—tuberculosis, mental diseases, and things of that kind—which the statutes have adjudged to be certain cases of presumptive injury in line of service.

Under the amendment as amended by my distinguished friend from South Carolina there is no such thing as protection for these presumptive cases after the 31st day of the coming October. The only difference between these is, if it is just to give these presumptive cases the benefit of the law's provisions up until the 31st day of October, then it is just to continue these presumptions after the 31st day of October. We will be meeting back here in January, if there is any extraordinary ground, 60 days after that time, justifying any further change not yet shown to be necessary.

The third point is that the Steiwer amendment limits cuts in Spanish-American War veterans to 25 percent. The House proposal, as amended by the Senator from South Carolina, assures Spanish-American War veterans $15 per month if 55 years of age, and if so-and-so, and if something

else, and then if something on top of that. [Laughter in the galleries.] They have to take the pauper's oath to start with. In order for a man who stood on San Juan Hill or died in one of the camps in Florida to have his widow rewarded, or in order for any of these men who stood up during the days of 1898 and 1899, when we sang the grand and glorious song that—

As Christ died to make men holy
Let us die to make men free—

In order for that man to come and get the benefit of this supposed-to-be regulation of the House, the first thing he has to do is to take the pauper's oath. In other words, he has to paint his name in gilded letters on the rolls of the United States Government as being in actual, destitute need of the money before he can get a copper cent under the regulation that is proposed here by the House.

As long as I am drawing a dime from the United States Government I will never make a veteran of a war—a foreign war or a domestic war—go and take a pauper's oath to draw a dime from the United States Government when he was sent to fight for the life and liberty of the country. I will never be one of those who will stand in this Hall of Congress and vote to require the pauper's oath. You can go back and defend it before your people if you want to, and no doubt you will be able to do so; but I shall not have to defend it before my people—that I stood on the floor of the United States Senate, when I was not willing to vote to cut my own salary more than 15 per cent, when I was getting $10,000, and yet voted to take the Spanish-American War veteran off the list altogether unless he is willing to take the pauper's oath. I will not have that to answer for.

Mr. President, I want to stand by the President, but I shall have to stand for the President; and I shall be one of the men who will go out of this Hall of Congress who will be able to stand for the President. I intend to stand for him, Mr. President; but I shall be one of the men who will go out of this body saying that I can stand before the American people because, upholding the arm of my chief, I am unwilling to make the veterans of the war take the pauper's oath and then to get $15 a month—that is wonderful relief!—provided they were enlisted 90 days, I believe it says.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. LONG. Yes; I yield to the Senator.

Mr. HATFIELD. The total number of Spanish-American War veterans on the roll at the present time is 196,000; 63,000 of them are between 55 and 61. There are 95,000 of them who are over 62.

I thought possibly the Senator would like to have that information.

I desire to call the Senator's attention further to the diseases to which the Spanish-American War soldier was subjected in that period.

Fifty-seven thousand two hundred and four suffered from dysentery. That is, 41.202 percent. Twenty thousand nine hundred and four suffered from typhoid and paratyphoid, or 15 percent of the Spanish-American War veterans.

The total number of Regulars was 57,000, and of Volunteers, 223,000, making a total of 280,000.

Mr. LONG. I wish the Senator would send me those figures in writing. I think I catch the import of the figures. I know that those are not all the diseases to which they were subjected—dysentery and typhoid. They had yellow fever, if I am not mistaken. A yellow-fever epidemic broke out in the Spanish-American War. Maybe I am mistaken about that, but I do not think I am.

I know this: I know that many of those soldiers were quartered down in Florida, and I know that a number of them died down there; and a number of them had smallpox, for instance. My friend from West Virginia does not remind me of that now, but I remember the smallpox epidemic. Why, I know men—I know one man in particular; I probably know a dozen men—who had smallpox in that war. Living through that war was almost an accident when they took the smallpox down in Florida, in the epidemic that broke out down there. I know a man in New Orleans, La. His face is so marked up that you cannot put the end of your little finger on his face and not feel a hole in the man's face that was caused by the smallpox scourge that he went through. He is one of the men who are not on the roll at the present time, I think.

Before reading these figures a little more closely let me give the last point.

Under the Steiwer amendment, generally the protection afforded by the Connally amendment is sustained. In other words, it is generally what they have under the Connally amendment, except that under the Steiwer amendment we provide for the reexaminations. We provide for the correction of any mistakes. We provide for taking off the roll any man whose condition has improved and who has become better. Under the Steiwer amendment, if a man got on the roll who does not belong on there now, we provide that he shall be taken off. Under the House proposal, however, instead of generally sustaining the Connally amendment provisions, they completely surrender, and, with some exceptions, permit cuts without limit.

That is the difference between these amendments.

I shall not read further from these statistics—I understand them—except just to repeat that of the Spanish-American War veterans between 55 and 61 years of age there are 63,000, and over 62 years of age there are 95,000; a total of 158,000.

I did not vote for the economy bill. Seven of my friends from the State of Louisiana who are in the lower House of Congress whom I had the honor to support for election and reelection to Congress last time, and another Member of the House as to whom I took no position either for or against him in his campaign—the entire eight Members of the House of Representatives from the State of Louisiana, with the exception of one, voted for the economy bill, along with the balance of those who supported it.

Mr. President, I should have liked to vote for that bill myself in the Senate. I could not see anything to come of it, however, except regulations such as we had. They looked upon it differently. They thought the regulations would be entirely more humane. So did other Members of this body and of that body. I could see nothing to come from it except what did come from it. Therefore I voted against it.

Today, however, we have a chance to correct it. They say the President will veto our action. Mr. President, that is his responsibility. That is not ours. That will then be his responsibility. If we will put ourselves on record in a fair, honorable, legitimate manner to the effect that the Congress of the United States wants to correct the injustices of the Economy Act, any possible veto of our action will be the President's responsibility, and that is his prerogative anyway.

When the Senator from Texas offered the Connally amendment, I did not vote for it; but many of our friends who were voting with us for the Trammell amendment did vote for it because they were persuaded by the argument made by the Senator from Texas that it would mean something that would become law. The Senator from Texas thought that to be true. That was one of the main reasons why he offered his amendment. The amendment offered by the Senator from Texas was in lieu of the amendment of the Senator from Florida [Mr. TRAMMELL]. The Senator from Florida proposed to restrict the amount that the compensation could be reduced to 15 percent, leaving the veterans 85 percent. The Senator from Texas added on the Spanish-American War veterans, and provided that none of them should be reduced below 25 percent, under a very eloquent and practicable plea that it might mean, or probably would mean, law instead of a gesture. Many Senators voted for the Connally amendment for those very good and probably sound reasons.

Today, however, we are not even arguing for the Connally amendment. We are offering to correct the matter down to a point that I am informed will mean that the Government will pay the veterans $40,000,000 less under the Steiwer-Cutting amendment than it will pay them under the Connally amendment as written—at least that much. Are we now to go and throw these men off the rolls again?

There are men who stood in front of the line of German soldiers who have been thrown out of hospitals today, gentlemen of the Senate, who have not a nickel in their pockets, and who are so disabled that they are unable to do any work, even though there were work to be had. There are men who have suffered from tuberculosis; there are men who have received shrapnel wounds in the back and in the head; there are men with their wives and their children helpless on the world today because of the rulings that have been made, whose cases are not corrected by this House proposal, which means that they today will have absolutely nothing whatever coming from the Government that is anything like respectable. Then when you talk about going into the case of the Spanish-American War veteran to prove that he was in service a certain length of time, and make him take the pauper's oath, providing which he gets $15, I say, Mr. President—and that is why I read this article—that the Members of the Congress cannot afford to say that. The members of the diplomatic corps cannot afford to say that.

I am not urging a reduction in the salaries of Congressmen. Do not understand me to be even urging that. I never have. When I ran for the United States Senate, I went out before the people of Louisiana and told them that I was running for the job to get $10,000 a year, and that I believed as a lawyer I could make four times that much practicing law in my State, and they knew it. Some man said a Senator ought to be able to work for $10,000 a year. I said, for some gentlemen, sure; but I was not trying to give them that kind of a Senator. I was trying to give them something that would cost them less than it was worth. I was trying to give them a $40,000 man for $10,000 a year. [Laughter in the galleries.]

The PRESIDING OFFICER. The Senate will be in order.

Mr. LONG. Mr. President, we have Members of the United States Senate here today who can make thirty, forty, fifty, sixty, or one hundred thousand dollars a year in private life in ordinary times, who are here in Washington, put up in one little old peanut-shell room, sweating out and paying just about everything they get for a little old room and a few victuals in a hotel, with telephone calls back home. That is about all they are getting to be in the United States Senate today. If that costs all our salary, we cannot help it. For that reason I have never been one of the men to come here to urge that these salaries be cut, because if we are capable of discharging the functions of our offices, we are entitled to live in the circumstances in which we could live if we were pursuing the customary vocations of private life. For that reason I have been opposed to the slashes in salaries of Senators and Representatives.

I am opposed to this penurious way in which our delegates go to London, and arrive there under such circumstances that the Secretary of State has to take his valise and light a lantern to find his way uptown. I am opposed to that kind of penurious practice on the part of the United States Government. As it is now, how much more unjust and uncivil is it for us, in what are called "times of stress" when we cannot see fit to reduce our own salaries more than $1,500 out of $10,000, to stand for such cuts in the compensation of disabled veterans. Far more am I opposed to a veteran of the World War having his compensation cut off altogether, or reduced 60 percent, and the Spanish-American War veteran reduced to $6, and then come back with a proposition not to change the status at all except that the Spanish-American War veteran must give his coat of arms, and various and sundry descriptions and painted signs, probably giving the proofs in detail, with several other proofs which he probably cannot give, then add to that the pauper's oath, and then we say, "We will be so liberal to you as to give you $15 more a month." It is too ridiculous and absurd a proposition to talk about.

Mr. President, I love the President of the United States, I love the Members of the Senate and of the Congress, but the time has come, gentlemen of the Senate, to think about the welfare of America for Americans. This is not the Economy League, this is the United States Senate. This is not a resolution being passed at the urge of the Economy League.

Who is the Economy League, which has had us do that? Let us see if I cannot dig that up here real quickly for the benefit of the Senate. I have the information all here.

We whipped this law through Congress, and here was the chief propagandist. We all have been receiving these telegrams from the Economy League not to interfere with the recommendations which have been made and with the cuts which have been made.

"Stand by the Economy League," they say. Stand by the Economy League. Do not let the soldier of Chateau Thierry, or the soldier of the Argonne Forest, or the soldier of the Marne; do not let the man who died with the smallpox in the camp in Florida, do not let the man who walked away from here get compensation unless he takes the pauper's oath and swears that he cannot get along without it, because the Economy League says not to do it. Thirty-five thousand one hundred dollars was raised for this propaganda, contributed by the following persons:

Anonymous	$1,000
Grenville Clark	1,500
W. R. Coe	1,100
Mrs. H. P. Davison	1,000
Mrs. E. Marshall Field	1,000
Mr. and Mrs. Marshall Field, 3d	1,000
Mr. and Mrs. Childs Frick	1,000
Mrs. Daniel Guggenheim	1,000
Edward S. Harkness	5,000
E. Roland Harriman	6,000

It almost makes me laugh.

Mr. NEELY. Mr. President, is he the one who wrecked the Harriman bank?

Mr. LONG. I do not know.

E. Roland Harriman; I do not know whether that is the same man or not. He is probably one of the railroad men or bankers, it does not make any difference; one is as bad as the other. [Laughter.]

Henry Ittleson	$1,500
George W. Naumburg	5,000
Harold L. Pratt	1,000
John D. Rockefeller, Jr	5,000
H. H. Rogers	1,000
Mr. and Mrs. Carll Tucker	1,000
Mr. and Mrs. Harrison Williams	1,000

Seventeen contributors, $35,100.

Mr. STEIWER. Mr. President, in testimony adduced before the Committee on Banking and Currency with respect to the bargain-counter offer made by the firm of J. P. Morgan & Co., there were disclosed the following names of well-known people:

Mr. John W. Davis, who bought Alleghany shares to the number of 400, and who bought Standard Brand shares to the number of 5,000.

Mr. Charles E. Mitchell, whose name the Senator will identify, bought on the bargain counter Alleghany shares to the number of 10,000, and 10,000 Standard Brand shares.

Mr. Silas H. Strawn bought of Alleghany shares 1,000.

Mr. Alfred P. Sloan bought 10,000 Alleghany shares and 7,500 Standard Brand shares.

Mr. Bernard M. Baruch bought of Standard Brand shares 4,000.

Marshall Field bought of Standard Brand shares 2,000.

The Harrison Forbes Corporation bought of Standard Brand shares 5,000.

Mr. Arthur Hood bought of Standard Brand shares 500.

There are still others, but these I have identified, and I am able to state to the Senator that all these people are active members of the Economy League, and they helped bring on this effort to crush down the sick, crippled veterans of the wars of the United States.

Mr. LONG. I thank the Senator for that contribution. I want to say, Mr. President, that we investigated those gentlemen, we investigated, and we deplored what they had done; but they went back to New York City and wherever else they live with their flags flying, and they managed to bring pressure to bear throughout the United States, enough

propaganda to have their way in this Economy League legislation, which took the disabled veterans off the pay roll.

I am not condemning the motives of the good men who want to balance the Budget of this Government. I think I have demonstrated completely, to the satisfaction of everyone, in his heart of hearts, whether he admits it particularly or takes time to admit it here, that we have not been at all consistent in our legislation. It was not consistent to take two or three hundred million dollars away from the soldiers and spend $500,000,000 on a sapling bill the next day. That was not consistent. It was not consistent to treat the States and the municipal governments as we have treated them. Down in the State of Louisiana we are today called upon by some means, somehow, to try to find a means of feeding these veterans, furnishing them with medicine, and giving them hospital treatment whenever it is required. Why, I ask the Senate, sitting here as jurors on the lives of the soldiers of this country, should we so discriminate against the soldiers?

I am not one of the soldiers. I was not a soldier, nor was I a man who asked other people to become soldiers. I did not go to any war, and I did not ask anybody to go to any war, and unless called I am not going to the next one, if it is like the last one, and if this is what we are to expect to come from it.

Mr. President, I say to my Republican friends, who have cried so much about President McKinley's bringing on the war with Spain, that there was no reason for that war. We should never have had the war with Spain. It is a matter of historical, public record that at the time the war with Spain was declared over Cuba President McKinley had in his pocket a telegram, acceding to every demand that had been made by the United States Government. But the propaganda and the fanfare throughout the United States had become such that McKinley yielded to that kind of pressure and declared a war that was absolutely useless to this country and something we will never get over.

Mr. FESS. Mr. President, I think the Senator has misquoted President McKinley. The Senator will recall that he had stood like a rock against declaring war, and not until the sinking of the *Maine*, was the sentiment in the country so powerful that he yielded; but the President certainly did not bring on the war.

Mr. LONG. Mr. McKinley stood against the war for a good while and then gave in. He had no more right to give in when he did than he had at any other time. The reasons President McKinley gave for not giving in and declaring war before were just as sound at the time we went into the war as they were before. True, the sinking of the *Maine* brought on that war to a large extent. It gave the propagandists the material they needed to work up the sentiment. There never was any proof that Spain was responsible for the sinking of the *Maine*. There has not been any such proof to this date, and for a Nation to go and plunge hundreds of thousands of lives into the vortex of blood and murder, which such war is, for something that never was proved, never has satisfied the calm and sane judgment of the American people.

I must get beyond this, however, to what I say is a matter of history, as shown in the documents in the archives of Government. I did not believe we should have gone into the last war. I believe I have been vindicated in that attitude more and more by the declarations we have heard on both sides of this Chamber, when we have heard our leaders deplore the stand taken by our allies in refusing to come forward and repay the loans we made to them.

I do not commit myself on that question. I may be in favor, I do not say I will not be, of letting our debtors loose on some of the loans we made, when the time comes, because if I am convinced that they cannot pay those debts, I am not going to try to keep entangling the United States over them another day until war comes. It may become necessary, I do not say it will not, that we will have to disentangle ourselves by not trying to force something we cannot collect. I do not know what my stand is going to be on that question. But in view of the reports which have been made, the attitude of the foreign countries certainly has not been pleasing to the statesmen on either side of this Chamber. With our Government getting ready to relieve the debts which others may owe us, with Congress getting ready to reach economy by clipping off 15 percent from the salaries of those getting $10,000, how are we to go back, whether the war was justified or not justified, to the man who stood and fought our battle, to the soldier who took our place, and say to him, "We who stood in no shadow of danger, we who did not sleep underneath a canvas flap in the nighttime, not knowing whether we would ever again come back to our homes, are going to treat in this way those who volunteered as candidates to fill unmarked graves 3,000 miles across the sea—those who came back home, after all the misery and suffering and the apprehension, with their fallen comrades lying beside the foes in foreign lands, who came back here maimed and crippled, disabled for life, facing a friendly Congress, they hoped, who sent them across the seas to fight"? Are they to be told they can get $15 a month if they will take a pauper's oath?

Mr. President, I am not willing to stain the record I have on this subject. I was not in favor of the war, but I will stand for justice and respectable treatment to those men, and as one who faces his proportionate and practical responsibility regardless of my attitude at the time, I feel that our obligation to these soldiers is such that we cannot afford to do anything except what is respectable for an honorable citizen to accept under like circumstances.

Mr. President, I shall take but another minute or two. I see other Senators who want to speak. I have made my stand clear on the matter. It is all right to know what we are doing.

Mr. FESS. Mr. President, if the Senator will yield, I should like to have the record kept straight. I do not want to interfere with anything the Senator wants to say, but he made a statement about McKinley, and then when I thought I had corrected him he did not seem to accept my correction.

Mr. LONG. I accept all the Senator has said. On the contrary, the Senator from Ohio does not dispute anything I have said.

Mr. FESS. Let me make this statement. This body sent to Cuba two distinguished Senators to study the conditions in the reconcentrado camps under the administration of Governor General Weyler. One of those men was John M. Thurston, of Nebraska, and the other was Redfield Proctor, of Vermont. Senator Thurston made the report on this floor. It was so graphic that after it was made, there was no question as to what this body and the other body would do.

I recall this very dramatic incident. He stated at the close of his address, after making the report—

> I speak at the command of lips that are now silent in death—

Referring to his wife, who died on the way home. He stated that he made her a promise that he would come to the Senate and that he would tell the truth about what he had seen. When that report and the report of Senator Proctor were submitted there was not any power in the White House to prevent the declaration of war; and the blame ought not to be put on President McKinley.

Mr. LONG. Mr. President, I do not put it on President McKinley except in this respect—that he yielded to the fanaticism of the people. There are times when executives should not yield. I remember that there was a man sentenced to be hanged in a town in my State, and I was called on to sign a warrant to hang him in 4 days. I refused to do it. It had been the custom in that section to give a condemned man 30 days before he was hanged, and I would not treat his case in any other way. They almost burned me in effigy in the little town of Rayville because I would not do it. But they had to wait until the 30 days had expired; and at the next election, for the first time in my life, I carried the town of Rayville.

I remember another case of such fanatical pleas. I remember when in the State of Louisiana every woman's club and almost every other society, from one end of the State to the other, met and adopted resolutions because I was hanging the first woman ever hung in the State for murder. I remember, Mr. President, that it was hardly safe to risk doing it, but the hanging took place just the same. If the sentiment of the majority of the people at that time had prevailed, there never would have been another hanging in the State of Louisiana. There have been many Governors who have had many worse experiences than that to contend with, such as the case in Iowa sometime ago, when the citizens took a judge out because he would not agree not to sign any mortgage-foreclosure papers, and they were going to murder him on the spot; but he stood his ground and enforced the law, and was upheld by the Governor. So Governors in other States have been confronted with similar situations. In one instance a judge was told if he did not refuse to issue warrants for people who refused to pay their taxes, which he had no right to do under the law, he would face the consequences, but he stood his ground, because it was his right and duty to stand his ground, and not yield to what seemed to be the fanatical probabilities and possibilities of the moment.

I do not blame Mr. McKinley, but the uncontroverted facts are that we need not have gotten into that war, just as I do not think President Woodrow Wilson had any more right to go into the war with Germany than McKinley had to go in the war with Spain. I have got records sufficient to substantiate both those statements to my satisfaction, and I think to the satisfaction of others. I do say that Mr. McKinley had on his desk or in his pocket at the time that war was declared—and I admit that there was a pressure behind him to have war declared—a cable from Spain agreeing to every demand of the American Government. The Spanish people knew they could not whip America. That war was an absolute farce; there was not any war to it. Of course, my friend, Theodore Roosevelt, got up there and rode down San Juan Hill and got a big name over it, but there was never any more war to that thing than if we went into a war to whip Cuba tomorrow. The thousands of soldiers used and the millions and millions of dollars that were spent in that war were wholly unnecessary, and if McKinley had stood his ground long enough, I do not believe there would have been anything to it.

President Wilson withstood all the talk when the Germans sunk the *Lusitania*. We did not go to war over the sinking of the *Lusitania*, although two thirds of the people of the Nation think the sinking of the *Lusitania* brought on the war. On the contrary, he stood it down and said we were not going to war because of any such thing as the sinking of the *Lusitania*. It was not the sinking of the *Lusitania* that brought on the war. That was not the ground for bringing on the war, just as the sinking of the *Maine* did not bring on the war with Spain; the war was brought on on entirely different grounds, because we never did have any proof, and we have not got it now—not a scintilla of proof is in the files and records of this Government today that Spain was responsible for the sinking of the *Maine*. Nobody knows it today.

Mr. President, I would have concluded except for what my friend from Ohio mentioned. I hope we will vote for the Steiwer amendment. I do not care if it is offered by the Republicans; it is not a Republican matter or a Democratic matter with me. The Republicans gave the votes to pass the economy bill; so it is not a partisan matter. I and others voted against the economy bill, and it was necessary to line up for it most of the Republicans over there, although some of them did not vote for it.

Politics makes men feel differently. I remember the first time I ran for public office I naturally began to feel kindly toward my fellow men, and as it gets nearer election time naturally the Republicans will feel kindly toward the soldiers, and I am glad to see that. If they had stood with us on the economy bill we would not now have it; but we are glad to have them with us at this time. There is more cheering over one who is lost and has returned than over millions who are already saved.

Mr. CONNALLY. Mr. President, if we could pass a retroactive statute and repeal the Spanish-American War and abolish the World War, of course we would not be confronted here today with this very difficult and vexing question. If I could satisfy a hungry soldier with a speech, probably it would not be necessary to give him a pension; if we could heal his crippled limbs with a little oratorical ointment, he would not ask for compensation; but, Mr. President, we are faced today with a very practical question. That question is, What are we going to do with the disabled soldiers? Are they going to get something or are they going to get nothing except speeches? The speeches may tickle the soldiers' ears, but they carry little nourishment to his stomach. I repeat, we are confronted with a very practical question.

As the Senate knows, some days ago we had the Trammell amendment here restricting the cut to 15 percent. The Senator from Texas offered a substitute providing a limitation of only 25-percent cut. That amendment was offered in the best of good faith. I have now no apology to make for that amendment.

In spite of what the Senator from Oregon says about that amendment, it simply accepted the status quo which the Congress had already established by law and limited the cuts on service-connected cases to 25 percent and provided a similar restriction on cuts in the case of the Spanish-American War veterans. Under the Connally amendment a saving of $306,000,000 annually under the expenditures estimated under the old law would have resulted. I had inserted in the RECORD for June 12, 1933, a statement from the Veterans' Bureau setting forth that state of facts. The savings under it would have been in excess of the 25-percent cut in expenses promised in the Democratic platform. That amendment was adopted by the Senate by the deciding vote of Vice President Garner. It went to the other House. Then what happened? We all know that the House of Representatives and the President together worked out an amendment which both admitted was the best possible that could be framed under the circumstances. The House adopted that amendment in lieu of the Senate amendment. Today the Senator from South Carolina moves to concur in that House amendment with a further amendment with relation to the Spanish-American War veterans.

Mr. President, we are given assurances upon what I regard as absolutely unimpeachable authority, if the Steiwer amendment should be adopted by the Senate and should be concurred in by the other House, that a Presidential veto will strike down this whole bill.

Then what will be the situation? We shall come back to the Senate and pass a joint resolution continuing the present appropriation for another year, and the veterans will be right back where they were under the economy law without any legislation whatever.

We must face this question. It is not a theory; it is a reality that we must face. Shall we accept a compromise which we know will be approved by the House of Representatives and by the President and get some real relief for the veterans, or shall we content ourselves by making speeches, playing to their passions and to their sensibilities, and, while we are doing it, drive into their vitals disappointment through failing to get what we can assure them by an agreement upon this amendment? We are, I repeat, confronted with a condition, not a theory; and, as the author of the original Connally amendment, I propose to support the motion of the Senator from South Carolina to accept the House amendment, with a further amendment which will give added protection to the Spanish-American War veterans.

Some Senators on the other side and some, perhaps, on this side have said that the reforestation workers, in case they meet with accident, will draw more compensation than will some of the disabled soldiers under the Spanish-American War or the World War pension legislation. That may be true. Of course, it is silly and ridiculous to think

that a reforestation employee 25 years old, who may stick a splinter into his body in the forest and thereby suffer some injuries, should draw larger compensation than a disabled soldier; but the reforestation matter is not before the Senate; there is nothing we can do about reforestation now. By our votes today we shall not correct that; we shall not modify that.

Let me say, Mr. President, that the salary cut of 15 percent is not before the Senate. We shall not change that by our votes today; it will remain the same; it has got nothing to do with this question. The question is whether or not the Senate is going to use judgment instead of passion; whether the Senate is going to use common sense instead of bombast. The question is whether we are going to prove our devotion to the soldiers by getting something that he can eat and getting something that he can wear instead of feeding him and tickling his ears with a speech and letting him go tonight without something to eat and without something to wear. That is the issue here today.

Mr. CUTTING. Mr. President, will the Senator from Texas yield to me?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from New Mexico?

Mr. CONNALLY. I yield to my very good friend and a devoted friend of the veterans, the Senator from New Mexico.

Mr. CUTTING. Did not the Senator make substantially the same speech on June 2 in support of his own amendment, and was it not largely for that reason that the Senate voted for his amendment as against the amendment of the Senator from Florida [Mr. TRAMMELL]?

Mr. CONNALLY. I cannot assume that the Senate was influenced by what the Senator from Texas then said, but he did make somewhat the same argument.

Mr. CUTTING. The Senator did say, "Let us get something that we can get and not take a chance of not getting anything at all."

Mr. CONNALLY. Let me say to the Senator from New Mexico that when I first took the floor I said that I had assurances as to the statement then made, and I thought I had authority for it. I thought the amendment would be accepted, but it was not. Today, however, I have authority which is more direct, more certain. The Senator from New Mexico has seen in the press and perhaps has talked to others who are closer to the President than am I, and I am sure that the Senator from New Mexico has information to the same effect, that if the Steiwer amendment should be adopted and agreed to by the other House the measure will be vetoed and the soldiers will get nothing more than the economy bill, except the sympathy of the Veterans' Administration.

Mr. CUTTING. I want to say in the first place that I have no such information. I am not arguing with the Senator on that basis. I do recognize the force of the Senator's argument when he says: "If we can get something for the veterans, let us take it." I hope, however, before the Senator concludes that he will show us something in the House provision that really gives some benefit to the service men of the country which will not be provided if the House amendment shall not be adopted.

If the Senator will yield to me for a moment more, what I wish that he would elucidate is this: Is there anything in the amendment compelling the President to do anything which he will not do if we do not adopt the House amendment, anything which he has not authority to do if we do not adopt the House amendment?

Mr. CONNALLY. The Senator has covered a great deal of territory with his question. Let me ask the Senator a question. Does he not agree that the House amendment gives the veterans more benefit and more guaranty than they now have under the existing regulations?

Mr. CUTTING. Except with regard to widows and dependents, I think there is no word in the House amendment which is in any way mandatory on the executive branch of the Government. I think it allows the President to do a great many things which he already has authority to do.

Mr. CONNALLY. Of course, the President under the Economy Act can do almost anything. He could put all these men back on the rolls 100 percent, but the Senator from New Mexico knows he is not going to do it.

Mr. CUTTING. No; but the President has said he is going to do certain things. If we do not adopt the House provision, he can still do those things which he has promised to do, and the House amendment does not compel him to do one single additional thing.

Mr. CONNALLY. Let me say to the Senator from New Mexico that while the President, irrespective of the House amendment, could still do all of the things he is authorized to do under the Economy Act, the House amendment does guarantee to the veterans certain things. The amendment of the Senator from South Carolina [Mr. BYRNES] gives added assurance to the veterans in addition to the House amendment. We are voting in something more than is contained in the House bill.

I have no contest to make with the Senator from New Mexico. I want to pay my tribute to the Senator for his earnestness and his sincerity and his zeal for the soldiers. I am not saying that the amendment gives the soldiers all they are entitled to. I think my amendment adopted the other day was a fair and just amendment, but we cannot get it; we cannot secure it. We cannot secure the amendment of the Senator from Oregon [Mr. STEIWER] or the amendment of the Senator from New Mexico [Mr. CUTTING]. When Senators are confronted with that kind of situation what are we going to do? Are we going to refuse all aid because we cannot get exactly what we want?

Did the Senator ever vote for a bill in the Senate which he approved in every line and in every paragraph? No Senator ever had that experience. I have been in the Congress some 15 years. Legislation is a matter of accommodation and compromise. We cannot write every line in a bill or every paragraph. We have had to do the best we could. If I thought we could get more than the House amendment and the Byrnes amendment, I would stand here and fight for it. But, whether other Senators are convinced or not, I am convinced that we cannot get it, that it would be vetoed, and I am assured by those who have a right to speak that if we adopt the Byrnes amendment and the House amendment, the House will concur, the President will approve the bill, and the veterans will get something instead of oratory and enthusiasm. The veteran wants sustenance and not buncombe.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Montana?

Mr. CONNALLY. I yield.

Mr. WHEELER. Assuming that the President does veto the bill, then he is still in position to do everything provided in the Byrnes amendment and everything provided in the House amendment as the bill now stands. So that as a matter of fact the veterans would not lose anything if we voted for the bill and passed it and he vetoed it, because the understanding is or it has been repeatedly said that he intends to do all the things that are in the House amendment and in the Byrnes amendment, anyway.

Mr. CONNALLY. If the Senator's philosophy is correct, there is no use to do anything but leave it alone. The President can do and he will do all the things that he may desire, but we are trying to get the assurance of a statute as far as we can. The Senator from Montana would leave it all to the President, so why vote for the Steiwer amendment? If we kill it, will not the President have the power still to do all that is in that amendment? Of course he will. That answers the Senator.

Mr. WHEELER. I do not think it does at all.

Mr. CONNALLY. Everybody else thinks so. [Laughter.]

Mr. WHEELER. What we are trying to do is to write into the statute something that will give the President authority to do certain things. We were promised certain definite things by the administration and by the Veterans' Bureau. When the Economy Act was passed, we were told what they

would do. The Veterans' Administration did not keep their word. We are trying to see that something is written into the law that will absolutely give the veterans partial justice at least. The Senator says that if we vote for the Cutting amendment we are just giving the veterans buncombe.

Mr. CONNALLY. No; I did not say that at all.

Mr. WHEELER. Then I misunderstood the Senator.

Mr CONNALLY. I said "oratory and buncombe", meaning a form of oratory of which the Senate has heard a great deal. [Laughter.]

Mr. WHEELER. That is a difference without a distinction. I submit that the President, having promised the Members of the House and the Members of the Senate that he is going to do what is in the House amendment, the least he can possibly do and be consistent would be to put it into operation. Some of us are not satisfied with that. We want to write into the law that he shall do more than that. It seems to me we ought to express our views in the matter, and not simply be guided by the Veterans' Administration.

Mr. CONNALLY. We expressed ourselves the other day on the Connally amendment. The Senator's idea of a compromise is that the President says, "I will do the following if you will agree to it." The Senator's idea is "No; we will not agree to it, but we are going to insist on the President doing it anyway." The President agreed to accept the House amendment, and it was the understanding of the House that it would go into the law if the Senate approved it. The Senator from Montana wants the President to abide by a unilateral promise and then try to exact something more. That is not the idea of the Senate of the United States with reference to a compact or agreement.

Mr. WHEELER. I do not understand it as the Senator does. As a matter of fact, the Byrnes amendment is simply writing into the law what the President said he was going to do with reference to the Spanish-American War veterans.

Mr. CONNALLY. No; it is not. It goes farther than that.

Mr. WHEELER. The Senator from South Carolina at least made that statement to me. Possibly the Senator from South Carolina knows more about it than I do. I am saying that is what he said to me, that this was simply writing into the law what the President had said he was going to do.

Mr. CONNALLY. In the form of a letter?

Mr. WHEELER. Yes.

Mr. CONNALLY. He did not say that in a letter. He said he was going to give them aid and relief, but there was nothing definite about it. This is proposed to make definite what was uncertain. This is proposed to write into the law that which was nothing more than a letter before.

Mr. CUTTING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from New Mexico?

Mr. CONNALLY. I yield.

Mr. CUTTING. Let me see if I clearly understand the Senator from Texas. He said that the President made a certain agreement with Members of the House, and that if the Senate is not willing to abide by that agreement the President on his side is not bound to abide by it. Either the President feels that the agreement which he reached was a just one, or he does not. Surely the Senator from Texas does not imply that the President of the United States, after reaching an agreement which he thought was a just one, would thereupon modify the terms of it on account of some action or failure to act on the part of somebody else?

Mr. CONNALLY. Oh, no; the Senator from New Mexico is not warranted in making those assumptions. What the President agreed to do was this: He said, "If Congress writes into the bill these words, I shall approve it." He made concessions, just as I am compelled to make concessions here today by voting for the Byrnes amendment and the House amendment. I do not mean to say that I am satisfied with what is being done. Men make concessions. The President has made concessions. The bill carries $100,000,000 more than would have been carried under the Economy Act. I think it is an unfair position for Senators to take to assume that because the President has said, "If you make that into the form of a bill, I will approve it" that he is thereby morally bound to do that without the enactment of such a measure, while Senators withhold on their part the right to go ahead and get more if they can, and then if they cannot get more hold the President to some fanciful or imaginary compact.

Mr. STEIWER. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Oregon?

Mr. CONNALLY. I do.

Mr. STEIWER. I understand the Senator to say that the President's proposition was that if Congress wrote the House amendment into law, extending certain protection to the veterans, he would carry out those instructions. Is that what the Senator said?

Mr. CONNALLY. That is what I understand he is to do anyway if it is the law. He would approve the bill.

Mr. STEIWER. Therefore the Senator is basing the virtue of his claims for the President on his agreement to obey the law.

Mr. CONNALLY. I have a tender affection for the Senator from Oregon, but he does himself no credit in making a reference of that kind to the President. He could veto the bill, of course. The President is not going to violate the law.

Mr. STEIWER. I was not really referring to the President. I was referring to the anomaly presented by the Senator from Texas.

Mr. CONNALLY. The Senator from Texas has more anomalies than he has anything else, for that matter. [Laughter.] The point I was trying to make was that the President agreed to approve the bill; and if he does approve it, it will become the law.

Mr. President, we have got to realize that the Senate of the United States, though it may be the greatest deliberative body on the globe, is not the only body on the globe. There is a body over at the other end of the Capitol which under the Constitution has just as much power as the Senate when it comes to legislative matters.

The President, over at the other end of Pennsylvania Avenue, when it comes to legislative matters, has more power than either body unless we have two thirds of both bodies to overrule him. Those are the facts. There is no use ignoring them. They cannot be ignored. They cannot be brushed out of the way. The President and the House of Representatives have already agreed as far as they could agree. In addition to that agreement the Senate is securing a still further concession and we are faced with the dilemma of taking what we can get or voting it down and getting nothing for the soldiers except a veto.

Mr. FRAZIER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from North Dakota?

Mr. CONNALLY. I yield.

Mr. FRAZIER. I should like to ask the Senator from Texas if he did not feel, when he voted for the economy bill, that the administration would treat the veterans fairly?

Mr. CONNALLY. I shall say frankly to the Senator from North Dakota that we had assurances that the Economy Act would be administered in a liberal and generous fashion, and we relied upon those promises. There is no doubt that Senators relied on such assurances, although I believe the Senator from North Dakota did not vote for the bill.

Mr. FRAZIER. No; I did not vote for the bill. I do not like to legislate that way.

Mr. CONNALLY. Then the Senator was not defrauded; he was not deluded; he was not deceived.

Mr. FRAZIER. If the Senator was mistaken with reference to the economy bill, how does he know that he is not mistaken on the proposal of the President to veto the bill if this amendment is adopted?

Mr. CONNALLY. Of course the Senator from Texas may be mistaken. He is frequently mistaken. He was mistaken

when he thought the Senator from North Dakota was going to ask a question that would elucidate the matter and bring forth additional information. [Laughter.]

Mr. President, that is the situation and we cannot ignore it. We need not try to fool ourselves or delude ourselves with the idea that we are going to be able to go back home and tell the soldier, when he gets no additional relief, "I made a speech for you. Yes; I made a long speech. I sent it to you under my frank at route 3, box 47." But, Senators, when his compensation does not arrive, when his Spanish-American War veterans' pension is not delivered, he is not going to be able to subsist very long on a franked speech. He will not be able to subsist long on all the oratory which may be poured out here.

Mr. LA FOLLETTE and Mr. CUTTING addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I will yield first to the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, I am very much interested to know what the Senator from Texas thinks the veterans about whom he is talking will get from the House amendment, if it is adopted?

Mr. CONNALLY. The Senator has read the House amendment, has he not?

Mr. LA FOLLETTE. Yes; I have.

Mr. CONNALLY. The Senator knows just as much about it as the Senator from Texas, if he has exercised his usual astuteness.

Mr. LA FOLLETTE. If the Senator from Texas had reached the same conclusion after reading the House amendment that I have, he would not be making the speech he is making now. The reason why I asked the Senator the question is this:

The Senator says, in a nutshell, that the choice here is between getting something for the veterans and getting nothing for them. I should like to know what there is in the House text which gives any assurance that any substantial benefit is to be derived for the veterans from it.

Mr. CONNALLY. Let me say to the Senator from Wisconsin that I have not time now to analyze the House amendment in all its details. If the Senator from Wisconsin, with his analytical mind and his intellectual powers, has read it and does not know what is in it, I cannot pause now to explain it to him. Let me say to the Senator, however——

Mr. LAFOLLETTE. Tell me just 2 or 3 things, if they are in it, that are any guaranty, that are any assurance to the veterans who have had this cruel and harsh treatment under the Economy Act that they will receive any substantial change under the House text.

Mr. CONNALLY. Let me say to the Senator from Wisconsin that the delegation in the House representing the soldiers were just as good friends of the veterans as the Senator from Wisconsin. They labored over this matter for a week or 10 days. They were convinced that the House amendment was a substantial improvement over what they secured under the Economy Act. Now, in addition to the House amendment, the Senator from South Carolina [Mr. BYRNES] has an additional amendment giving security to the veterans of the Spanish-American War. When I say "nothing" I mean nothing in the way of new legislation; nothing except the old Economy Act, which the Senator from Wisconsin denounces, and yet which he is willing now to leave in full force and effect because he does not get just exactly what he wants in the way of an amendment.

Mr. LA FOLLETTE. On the contrary, Mr. President, I am as anxious as the Senator from Texas to get tangible results. I state to the Senate frankly, however, that I have read the House text, and I have read it again; I have listened to the analysis of the Senator from New Mexico [Mr. CUTTING], who has been a student of these matters; I have listened to the analysis of the Senator from Oregon [Mr. STEIWER]; and I state to the Senate that I am unable to find a single tangible assurance contained in that language which will give any substantial improvement to the veterans if it is enacted. I think, in all fairness, that as long as the Senator from Texas is putting it here as an issue between something and nothing, the Senate is entitled to have the Senator from Texas tell us just exactly what that "something" consists of.

Mr. CONNALLY. I will tell the Senator something of it right now.

Under the Economy Act and the regulations, more than half of all Spanish-American War veterans go off the roll entirely. The Senator understands that; does he not?

Mr. LA FOLLETTE. Yes.

Mr. CONNALLY. All right. More than half of them go off entirely. Under the amendment offered by the Senator from South Carolina all veterans who are 55 years of age and above, and who are 50 percent disabled, will stay on the roll.

Mr. LA FOLLETTE. Provided they take a pauper's oath, and after they have been rated by the Bureau.

Mr. CONNALLY. All right; but the Senator wanted to know. Now I am telling him, and he is not satisfied with the information.

Mr. STEIWER. Mr. President, will the Senator yield to me?

Mr. CONNALLY. In a moment I shall yield to the gallant Senator from Oregon.

Let me repeat to the Senator from Wisconsin that at present half of them go off the roll entirely, while under this proposal we can keep on the roll all of those above 55 years of age—and that covers nearly all of them, because a man 20 years old at the time of the Spanish-American War is only 55 now. The average age is 60 years. So when we keep on the roll all of the Spanish-American War veterans 55 years of age and above who are as much as 50 percent disabled, even though the veteran does have to prove that he is in need, if he is in need had he not better prove it and get something than to stay in need and get nothing?

I do not favor the need clause—no. I never have voted for it in the Senate. I have voted against it; but if we are to have it, it is better than nothing. It at least gives those who are in need something, and those who are not in need probably can get along without it.

Mr. TYDINGS. Mr. President——

Mr. STEIWER. Mr. President, the Senator from Texas was challenged just now by the Senator from Wisconsin to state one thing of value to the veterans in the proposal for which he is contending. He singled out the thing which I assume he regards as most important.

Mr. CONNALLY. The Senator has no right to make any assumptions. If the Senator heard what the Senator from Texas said——

Mr. STEIWER. I will not make that assumption then; but he singled out a thing which he thought worthy of presentation to the Senate, and he told the Senator from Wisconsin that one thing of value to those veterans was the assurance carried in the amendment that Spanish War veterans over the age of 55 would get a certain protection. Let me restate to the Senator, and then I shall no longer trespass upon his time, just what is given to those veterans.

Mr. CONNALLY. I hope the Senator will hurry. I desire to conclude my remarks.

Mr. STEIWER. If they are over 55 years of age, if they make a pauper's oath, and if they are 50 percent disabled, they get $15 a month. If they are 62 years old, they are protected by the Economy Act in any event. So the only people the Senator from Texas is talking about are those between 55 and 62 years old. The Senator knows that that is true.

Mr. CONNALLY. The Senator from Oregon proceeds to deny something, and then he proves it. He pretends to show that the amendment of the Senator from South Carolina does not give any security, and yet he admits that it does save the men above 55. What do they get now? Under the Economy Act more than half of them go off the rolls with nothing, and those above 62 get $6. Is it not better to give

the majority of them at least $15 than to cut more than half of them off and give the others only $6 a month?

Mr. STEIWER. They can starve at either rate.

Mr. CONNALLY. And under the Senator's plan of having the bill vetoed they probably will. I yield now to the Senator from Maryland.

Mr. STEIWER. Is the Senator accusing the President of that? Is the Senator saying that if the Congress does not restrict the President's power he is going to starve those men?

I want the Senator to answer that question if he will.

Mr. CONNALLY. The Senator wants me to answer which question—the one about the President, or his own question? Has the Senator got himself confused with the Presidency?

Mr. STEIWER. Not at all.

Mr. CONNALLY. What was the question? I shall answer it.

Mr. STEIWER. I know the Senator wants to be fair.

Mr. CONNALLY. I do. That is the reason why I am pausing to have the Senator state what the question was.

Mr. STEIWER. If the Senator's blood is not stirred too much with excitement in his declamation, I know he wants to be fair.

Mr. CONNALLY. I hope so.

Mr. STEIWER. The Senator has just said that if we do not succeed in passing some limitation, if we do not succeed in changing this law in some way so as to bind the hands of the President with respect to the curtailment in pensions, these men are going to starve anyway. What conclusion does the Senator want to draw from that statement?

Mr. CONNALLY. The Senator from Texas said that under the present Economy Act the men above 62 were guaranteed only $6 a month. I submit that no man can live on $6 a month. I want to give them more. Does not the Senator from Oregon?

Mr. STEIWER. I certainly do.

Mr. CONNALLY. I yield now to the Senator from Maryland.

Mr. TYDINGS. Mr. President, speaking for myself, I desire to say that I think the need clause in the pension bill is a very good one. It is a humane clause, because the less money is given to those who do not need it the more money can be given to those who do need it; and for non-service-connected disability I think the veteran should make out a case of need. In these times when the taxpayer is taxed on his moving pictures, his radio, his automobile, his gasoline, his automobile tires, his income tax, and hundreds of other taxes, and when 12,000,000 people are out of employment, and we are appropriating money to furnish them with employment, we ought not to give away money to non-service-connected disability veterans unless there is need for it.

Mr. CONNALLY. I thank the Senator for his illuminating contribution.

Mr. LA FOLLETTE. Mr. President, the Senator has told me what is in the Byrnes amendment to the House amendment, but I hope he is going to go on and tell us what is in the House text.

Mr. CONNALLY. All right; I shall tell the Senator. If he could not find out from reading it, I shall tell him.

In addition to what the veterans have now, they have the guaranty that a board will be appointed, and that these cases will be reviewed by a board not connected with the Veterans' Bureau, an impartial board which will pass upon these presumptive cases. That is not guaranteed at present.

Mr. LA FOLLETTE. What happens after the 31st of October?

Mr. CONNALLY. The Senator will not let me answer one question until he propounds another. Did not the Senator from Texas answer correctly? Is not that a guaranty that these men have not under the present law?

Mr. STEIWER. Mr. President——

Mr. CONNALLY. I want the Senator from Wisconsin to answer that.

Mr. LA FOLLETTE. Mr. President, these boards are set up, as I read the language under the law, with the task of reviewing all of these presumptive cases; and any case which is not acted upon or has not been disposed of by the 31st day of October goes off the roll.

Mr. CONNALLY. Yes; and on the other hand they go off the roll on the 1st day of July under present conditions, and yet the Senator cannot tell the difference between the House provision and the existing law!

Under the existing law and regulations all these presumptive cases go off the rolls on the 1st day of July. Under the House bill they are continued to the 31st day of October. In the meantime these boards are set up to review all cases. If that does not answer the Senator from Wisconsin, I do not know how to answer him. He challenged me, and said that the House provision gave no added benefits. If that does not reply to him, I cannot answer him.

Mr. LA FOLLETTE. I asked the Senator to show us the substantial benefits.

Mr. CONNALLY. Is not that a substantial benefit?

Mr. LA FOLLETTE. I do not so regard it.

Mr. CONNALLY. Oh well, I do not understand the word "substantial" if that is the case.

Mr. LA FOLLETTE. Will the Senator tell us what else is guaranteed to the soldier?

Mr. CONNALLY. If the Senator from Wisconsin, after reading the House provision a number of times, does not know what is in it, I cannot enlighten him now.

Mr. LA FOLLETTE. I just wanted to know if that one proposition in the House text was the thing upon which the Senator from Texas was basing his impassioned appeal to the Senate to capitulate and abandon its position.

Mr. CONNALLY. If the Senator from Wisconsin had been listening, and if he can gain any impression at all as to what the poor powers of the Senator from Texas were undertaking to convey, he would know the reasons that I have been urging. I have already consumed a great deal of time, and in order to answer the Senator I cannot go back and repeat my whole speech.

In conclusion, Mr. President——

Mr. CUTTING. Mr. President, may I ask the Senator a question?

Mr. CONNALLY. I am very anxious to close. I am anxious to conclude my remarks.

Mr. CUTTING. The Senator says that under the present regulations these presumptive veterans will be taken off the rolls on the 1st of July, but that under the House compromise they will remain on the rolls until the 31st of October. Will the Senator tell us whether it is not perfectly possible for the President's boards to act immediately? If he establishes them in sufficient number, and if they are instructed in such a way by the Veterans' Bureau and the Director of the Budget, are they not going to be able to take those men off the rolls perhaps by the 15th of July or the 1st of August?

Mr. CONNALLY. I shall answer the Senator. The Senator asks, "Can they not do it immediately?" They could not do it immediately unless they had a committee for each veteran. I do not believe, of course, and I do not think the Senator believes, that they can review this large number of cases within 2 weeks' time. That is impracticable. Of course, the Senator can imagine all sorts of things. If we are going to indulge in fancy, if we are going to indulge in bogies and ghost stories, of course, we could conjure up all sorts of things; but if they stay on only a month, that is more than they will stay on under the Economy Act.

Mr. CUTTING. Mr. President, if they are going to stay on the rolls only a month——

Mr. CONNALLY. The Senator did not say that. I said, "If they stay on only a month."

Mr. CUTTING. I am saying, "If they stay on only a month." [Laughter.] If they stay on only a month, then does not the Senator think that if we did not pass this House compromise the President would remove them on the 1st of July, and not let them stay on the rolls a month?

Mr. CONNALLY. Is it on that assumption that the Senator has been making all his speeches in favor of his amendment?

Mr. CUTTING. Mr. President, I have been trying to write something mandatory, something not dependent on the Director of the Budget.

Mr. CONNALLY. That is what we are doing now—writing something mandatory, so that they will have certain rights.

Mr. CUTTING. But the Senator has not shown anything mandatory.

Mr. CONNALLY. I will not argue with the Senator about that.

In conclusion, Mr. President, let me say to Senators that this is not the last session of Congress which will convene. The Senate and the House will be back here in January. We do not part with all of our legislative authority when we adjourn tonight. Our legislative functions do not become paralyzed because we wait until January. Let us adopt these substitutes. Let us try them out. Let us set up these boards. Let them examine these presumptive cases. Let us observe the results. Let us weigh the consequences. Then, when we come back here in January, if the Veterans' Bureau has not been honest in administering this act, if the President has not kept faith, the Congress then can do what some Senators want it to do now, but which it cannot do in the face of a veto. Two thirds can override a veto then just as well as now, and we shall have the added benefit of the experience and observation of the workings of this measure.

Mr. President, I dislike to part with the Senator from New Mexico and the Senator from Oregon. I pay tribute to their zeal and to their industry and to their sympathy for the soldier. I am just as anxious about the veterans as they are. I do not approve the House measure and the Byrnes amendment as being sufficient. If I were writing this amendment, I would make it more generous. But, as I view it, it is either accept this or have a veto, a veto to hope, a veto to the very guaranty which Senators have been pleading for; and, believing that, I am going to vote to accept this compromise, let the House adopt it, let the President sign it, and we shall go home having really done something for the veteran besides make him speeches.

Mr. TRAMMELL. Mr. President, except for the fact that we are considering a different amendment from the one we had before us about a week or 10 days ago, the Senator from Texas has repeated the speech, almost verbatim, he made at that time to persuade Senators not to vote for a 15-percent restriction. He pleaded just as earnestly at that time as he does at this time that if Senators would only vote against the 15-percent restriction and adopt the 25-percent restriction, as proposed by his amendment, then everything would be lovely, the soldiers would be protected, and everybody would be happy. But it seems his prediction and his forecast have not come true.

Again, when the Senator finds that it looks as though a certain number of the Senate, at least, believe in more liberal policy and consideration of the veterans he makes an appeal for the purpose of defeating the more liberal provision made for and in behalf of the veterans, as proposed by the other amendment. Had not the Senator, when we first had before us last week the matter under consideration, made that persuasive appeal—that is, persuasive to some—that we should then defeat the 15-percent restriction and take the 25-percent restriction, or that we would have no chance whatever, the 15-percent restriction would have been adopted. Everyone knows that last week it was a tie vote and that the question was decided only by the vote of the Vice President.

The Senator's [Mr. CONNALLY] appeal worked very successfully at that time. A number of us who were fighting for a reduction not to exceed 15 percent had fought up to the line and had practically won the victory; but by the very persuasive argument of the Senator and his assurance that nothing could be achieved unless it was achieved through a 25-percent restriction, some Senators, instead of holding the line, broke the line and voted with the Senator for his 25-percent proposal.

The same effort is again made to get those who believe in the more liberal treatment of the veterans, instead of holding the line to break loose and go with those who want to give the veterans the least possible they can get under the circumstances. I should like to remind Senators of that little incident and of this repetition of the argument made in the hope of catching some Senators, just as was done before.

If we could have had a vote without the argument of the Senator from Texas, which was persuasive, on the 15- and 25-percent amendments, we would have won by at least 8 or 10 votes for the 15-percent restriction. We would then have been in a much better position to have effected a compromise which would have meant something for the soldier.

As far as I am concerned, I am for something for the soldiers. There is a little to be gained in this proposition, it is true, but it is of minor consequence, and I imagine that all the rejoicing throughout the land which will go up, if the Senator from Texas and those with him win on this proposition at this time, will be on the part of the Economy League and those in sympathy with them; and, on the contrary, the soldiers of the country and those who believe in them, who believe that they should have fair treatment, will be bowed down in despair and in disappointment. I hope the Cutting-Steiwer amendment will be adopted.

Mr. NORRIS. Mr. President, I regret very much that I am compelled to part company with the Senator from Texas [Mr. CONNALLY] on this very important proposition. The Senator from Texas started out in his great oration by saying, in effect and substance, that the way to do something for the soldier was to stop talking, not have a lot of oratory, which he called "bunkum" or something of that kind, and then proceeded to talk for an hour and a half. [Laughter.] I would not have said a word, I had no intention of saying anything, because I did not want to be classified by my friend from Texas as one who would indulge in bunkum or useless talk; but after he has set the pace and the precedent I think I am justified in saying just a few words.

Mr. President, I am not criticising the Senator from South Carolina [Mr. BYRNES] or any of those who support the House amendment as amended by the amendment of the Senator from South Carolina. I am not criticising those who say we must take that or get nothing. They may be right. I do not believe they are. I have more confidence in the President of the United States than those who take that position.

It is said that if we agree to this substitute, known as the "Cutting-Steiwer amendment," we will meet a veto from the White House. I do not believe it; but if I knew that we would, I would still say of the President, as I say to Senators who are opposed to the Steiwer-Cutting amendment, "I concede your motives are high and pure, and that you are acting in the best of faith from the viewpoint which you take."

I see nothing in the House amendment as amended by the Senator from South Carolina. But I am not frightened now—I have never been frightened—by the threat of a veto, and for many years I have lived under that kind of a threat. I have my responsibilty, others have theirs, and the President of the United States has his. I am conceding that others are acting from motives which are pure, and that the President, from the way he looks at it, is doing the same, with the highest of patriotic motives and purposes. But that does not excuse me if I look at the matter from a different standpoint from his. I have my responsibility, others have their responsibility, and they cannot get away from theirs by trying to say that somebody else who has a responsibility of a different kind, of a more important kind, perhaps, looks at the matter differently from the way they do.

If we all carry out our responsibility as we see it, if we all follow the dictates of our consciences and do our duty as we see it, without fear and without favor, we will all feel better when we get through, regardless of the outcome.

I do not for a moment criticize those who favor the House amendment as amended by the Byrnes amendment. But as long as I know I cannot see anything in it, as long as I believe the Steiwer-Cutting amendment is a just and a fair compromise, it seems to me, though it does not go as far

as I should like to have it go, as long as I believe that I am going to vote for it, even though every friend I have criticizes me and says that I am wrong. I should be sorry to have the criticism, I should like to avoid it if I could, but I am not going to be scared away from what I believe to be my duty by a threat that somebody else higher in power will nullify what I do if I do not obey and do as I am told to do.

Mr. VANDENBERG. Mr. President, in addition to what the Senator lays down respecting the justice or the merits of the situation I suggest to him that, on a mathematical basis, the only difference remaining in dollars and cents between the House proposition and the Steiwer-Cutting proposition does not exceed $30,000,000, which is less than 1 percent of the amount appropriated in a bill which went through the Senate yesterday in half an hour with the administration's blessing. I do not believe that even the President of the United States will undertake to make a major issue of $30,000,000 under such circumstances.

Mr. NORRIS. Mr. President, perhaps I had better say that I am reminded by the suggestion made by the Senator from Michigan that the President's ideas are in conflict with mine and others here. There is not a man in the United States in whose sincerity, in whose honesty, and in whose courage I have greater faith than the man who now sits in the White House.

Mr. CONNALLY. Mr. President, feeling that way, if the President told the Senator that he was going to veto the bill, would he believe him?

Mr. NORRIS. Yes; I would believe him; of course I would, if he told me he was going to veto it; but I would vote for the amendment just the same if I believed it was right. I am not going to be driven from what I believe to be my duty by the threat of a veto, even if it comes from my own father. I do not mean to criticize the man who vetoes the bill. He has his right and he ought to follow his convictions. I am willing to take his advice, I am willing to compromise to meet his idea, but I will not go farther than it seems to me I am justified in going, and I am going to be the judge of that. Nobody else, however great, however good a friend, or however greatly I may be obligated to him, is going to control my conscientious convictions.

Mr. President, that does not mean any disrespect to my friends. If I had a friend I could lead around by the nose and tell what to do as I can my dog, I would not respect him any more than I do my dog, probably not as much, because there was a time in my life when I had a dog, and I loved him as dearly as anything I ever had, and I would have gone almost as far for him as for my own life.

I only want to say that it does not mean one lacks in loyalty to another Senator because he does not vote as the other one says. It does not mean one lacks in loyalty or friendship or confidence in the President of the United States if he does not agree with him on everything. We never had a President with whom we agreed on everything. There are no two men here who agree on everything.

There is not a married man in this Hall who always agrees with his own wife [laughter]; and usually in such a case he finds out after he has disagreed with her that he was wrong and she was right. [Laughter.] So we may find out afterward that we were wrong in these great questions of state; I concede that; but we can only go according to the light that God has given us, carry out the dictates of our consciences, and wherever they land us let us land there and maintain our own self-respect, and even the respect of our fellows who do not agree with us.

As I read the Cutting-Steiwer amendment, I am impressed with its fairness; I am impressed with its moderation and the way to compromise that it opens; the opportunity that it affords to clear the roll of those pensioners who ought not to be there by methods that will be controlled by the President himself.

As I look at the other proposal, I see nothing in it except the sop that comes in the way of the amendment of the Senator from South Carolina which is given to the soldiers of the Spanish-American War. I think when the Senator from Texas was pressed he practically admitted that, after all—at any rate, that is all I could find in analyzing what he said in his eloquent speech—its only advantage was that it gave to the soldiers of the Spanish-American War something which they would not have without it.

Mr. CONNALLY. Mr. President, will the Senator from Nebraska yield to me?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Texas?

Mr. NORRIS. I yield.

Mr. CONNALLY. There is one other advantage that I might mention. I do not know that it is of any consequence to the Senator.

Mr. NORRIS. It will be, I will say to the Senator. I want to meet these questions in a fair way.

Mr. CONNALLY. Under the House bill a limitation of 25 percent is placed on the cut which may be made in all service-connected cases, with the exception of such presumptive cases as may be eliminated. In the economy law there is no such provision as that. Does the Senator not regard that as a substantial benefit to the veterans suffering from directly service-connected disabilities and to the presumptive veterans also?

Mr. NORRIS. I think——

Mr. CUTTING. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield.

Mr. CUTTING. I desire to say that I am sure the Senator from Texas does not mean to misstate the provisions of the House compromise. The only restriction on the cut in directly service-connected disability cases provided by the House amendment is in "the rates of compensation" made payable, not in "the compensation being paid" to the individual veterans; so that the individual veteran may have his rating cut down any extent, but the "rating schedules" of the Bureau cannot be cut down more than 25 percent. That is the main difference between the Steiwer-Cutting amendment and the amendment of the House.

Mr. NORRIS. I thank the Senator.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. NORRIS. I yield to the Senator from South Carolina, but I will say to the Senator that I am about ready to conclude. I will yield the floor in a very few minutes, but I yield to the Senator to ask me any question that I may be able to answer.

Mr. BYRNES. I merely wanted to say that the construction placed upon the language of the section is certainly not in accord with my construction or justified by the language itself. The words "rates of compensation" refer to the difference in ratings by the regulations. There was a rating different from that which existed prior to the economy law. I do not agree with the construction placed upon the language by the Senator from New Mexico.

Mr. BONE. Mr. President, may I ask the Senator from South Carolina a question?

Mr. BYRNES. The Senator from Nebraska has the floor.

Mr. NORRIS. I yield to the Senator from Washington.

Mr. BONE. The Senator from Michigan a moment ago made a most astounding statement. He said that there was involved in all of this controversy only the sum of approximately $30,000,000, and in a Congress that has been appropriating billions of dollars I wonder if we are now going to dismember our entire program over this little item of $30,000,000 which is less, as the Senator indicated, than 1 percent of the amount we appropriated the other day. Certainly all this controversy would not be justified if that is the amount involved. I should like to know whether that is true or not; and I wonder if the Senator from South Carolina could enlighten us on that subject?

Mr. BYRNES. There is no question as to the statement of the amount of money involved in this particular amendment. I think it was stated that approximately $50,000,000 would be added to the sum for veterans by the adoption of the House compromise plus the amendment which has been

adopted by the Senate today; that that is the amount of the additional appropriation that would be made available to the veterans. I have not attempted to secure from the Veterans' Administration an estimate of the cost of the Steiwer-Cutting amendment. The Senator from New Mexico said it could not be done, but the information I had at the time it was pending here before was that it would cost something over $100,000,000. There were various estimates, one running up to $130,000,000 at that time. The Senator from Oregon, as I recall, stated that his amendment would mean an expenditure of approximately thirty or forty million dollars less than the amendment of the Senator from Texas [Mr. CONNALLY]. I only state the estimate as to the House compromise, and that is the best information I could get as to that.

Mr. BONE. Mr. President, may I ask the Senator from Michigan to repeat his statement for the benefit of the Senate? It was so astonishing to me that I should like to have it repeated.

Mr. VANDENBERG. Mr. President, I will be happy to do so, if the Senator from Nebraska will yield.

Mr. NORRIS. Mr. President, I do not believe that Senators ought to take my time in having side discussions. The figures can come out in the time of the Senators who want to participate in the discussion. I should rather continue.

When interrupted I was about to discuss something to which I called the attention of the Senator from South Carolina in regard to his amendment to the House amendment. I wish to refer to the amendment of the Senator from South Carolina to the House amendment just briefly. The amendment provides:

> Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, who served 90 days or more, was honorably discharged from the service, is 55 years of age or over, is 50 percent disabled, and in need as defined by the President shall be paid a pension of not less than $15 per month.

I think, Mr. President, by the time the soldier gets through proving all these things which are necessary and answering the questions that will be asked probably by an unfriendly Bureau—as I think we all know the Bureau has been unfriendly and technical, trying to require proof according to the technicalities of the law—when the soldier gets through with the Bureau in establishing all those facts he will be dead of old age.

He must show that he served 90 days; he must show that he was honorably discharged; he must show that he is 55 years of age; he must show that he is 50-percent disabled, and "in need as defined by the President."

Mr. STEIWER. Mr. President, will the Senator let me interrupt him there?

Mr. NORRIS. Yes.

Mr. STEIWER. It is rather eloquent, I think, that the amendment from which the Senator is reading does not define the disability; that is to say, it does not define the method of fixing the disability. That would be done by a construction made in the Veterans' Administration. The evaluations of different disabilities or injuries will be subject to their procedure, and I suggest to the Senator that it might be quite possible that they would make regulations under which practically no veteran of the Spanish-American War could ever qualify with a 50-percent disability.

Mr. NORRIS. The Senator has said in part what I was about to say, that under this proposal the question would arise as to what was a 50-percent disability as defined by the President. I know and you know, Mr. President, the Senate knows, and God knows that the President cannot write these definitions. He is going to and must delegate the duty to someone else, presumably to a bureau that has been, I think ever since I have dealt with it, as technical as possible in passing upon these claims, construing the doubt against the soldier in most cases that have come to my personal attention.

The soldier must not only prove that he is disabled according to that definition, but that he is in need according to the definition. What does that mean? It may mean anything. With an unfriendly bureau it will mean practically nothing to the soldier.

"In need." I do not believe in the history of Congress we have ever passed legislation that would afford a precedent for anything of this kind. What will constitute being "in need"? Will it apply to a man who has an income of $2,500 or $1,000 or $500? Will it make any difference whether he has a wife to support or not? Will it make any difference whether he has a mother dependent upon him or a sister or children? Who is going to decide what that means? We have left it wide open, as far as the proposed law is concerned, to make it a practical impossibility for this provision to do any good to the Spanish-American War veterans.

Why should we do that? Why enact that kind of a law? Why open that door and put on guard at it the Bureau that has always been technical in construing the claims of the veterans of our various wars?

Mr. President, we have laid the road wide open for a complete failure. It seems to me no man living can point out a thing that is unfair in the Cutting-Steiwer amendment. I have not heard anybody yet point to an error that is in it; anything that is in it that is unjust. Therefore, Mr. President, without fear and without hesitation, I am going to vote for the substitute, and I hope nobody will vote any other way, except according to his own convictions, on account of anything that may happen in the future. If it shall be vetoed, we will meet that situation when it arises. Let us not stop now until we have exhausted every resource to do justice to these thousands of men who, by this cruel order, have been put out upon the streets practically in suffering and in distress.

Mr. FESS. Mr. President, will the Senator yield to a question?

Mr. NORRIS. I yield.

Mr. FESS. The statement was made by the Senator from Texas that if this amendment were added the bill would be vetoed, which would force us to pass a continuing joint resolution.

Mr. NORRIS. That does not follow by any means.

Mr. FESS. I wanted to ask whether we could follow the Senator in that statement? If we were to meet that kind of a situation, and be forced to act upon a continuing resolution, if the sense of this body is that this thing ought to be done, could the resort to a continuing resolution prevent our doing this? Would not the way still be open?

Mr. NORRIS. Oh, yes; I think so.

Mr. FESS. I could not follow the Senator from Texas in that respect.

Mr. NORRIS. I could not, either. I think the Senator from Texas was wrong about it, without any idea of being wrong. I may be wrong and he may be right; I realize that; but there is not anything bad about that. If we put this amendment in the law and the President thinks it ought to be vetoed, he will veto it. When that time comes we will meet the situation. We will then have to perform our duty. He will then have performed his duty. There will be no suspicion that we acted from a bad motive, and I would be the last man in this body to intimate that the President had acted from any other than the very highest and noblest of motives. If it comes to that, and we can get nothing but what we have on the statute books now, we will have to take it. But that does not excuse us from not doing what we believe ought to be done, and that is to right this wrong.

Mr. ROBINSON of Indiana. Mr. President, I have just received a telegram from Mr. Vincent Bendix. As Members of this body know, Mr. Bendix is a very prominent and thoroughly representative business man of the United States. The telegram reads as follows:

> CHICAGO, ILL., *June 14, 1933.*
>
> HON. ARTHUR R. ROBINSON,
> *Senate Office Building:*
>
> Regarding war debts, I strongly believe our country definitely cannot afford any substantial reduction or cancelation, especially when debtors are easily able to currently pay the interest and later can positively liquidate the principal with various kinds of tangible considerations. Foreign misleading and malicious propaganda is directed merely to cheat our country out of billions of

dollars and place the great burden on our citizens, and in the end will amount to a great penalty on American foreign business and a correspondingly great bonus to our foreign competitors. Debt discussions should not be entangled with the Economic Conference.

VINCENT BENDIX.

Mr. President, everybody knows, in fact, I think it has never been denied, that the House of Morgan and organized wealth of this country desire to unload Europe's debts on American taxpayers. That same group of individuals is doing everything in its power to take bread from the mouths of the disabled veterans of the United States. The record discloses that the National Economy League is recruited from Wall Street. The record shows also that the President of the United States, in submitting the indefensible so-called "Economy Act", followed the behest of Wall Street. The very program of the President with reference to veterans' legislation is the program of the National Economy League, many of whom have their names in the record here as beneficiaries of large gratuities from the House of Morgan.

Mr. President, I have just learned that the Chief Executive of the United States has accepted $10,000,000 from Great Britain in connection with the debts. The installment of Great Britain due tomorrow is something over $79,000,000. The entire installment should have been paid, or none. Yet the very Chief Executive who takes $400,000,000 from the veterans of the United States undertakes to accept today $10,000,000, following the program of the House of Morgan, Wall Street, and organized wealth, a little more than 10 percent of the amount that is due. Everybody understands perfectly well that if this President listens to Wall Street, that is all we will get of that installment. Thus we would donate $69,000,000 to Great Britain. Oh, that some of our American statesmen would think more of America and less of Europe!

In just a moment we are going to vote on this measure and I shall not detain the Senate. Understand, this great wrong has been done to the disabled veterans of America. Understand perfectly well, so far as the World War veterans are concerned, that if they were service connected under the former structure of the laws they had to show affirmatively 10-percent disability. If their disability was not connected directly with the war, it was up to them to show affirmatively 25-percent disability. So the injustice done to the World War veterans was done to disabled men all the way through.

So far as the Spanish-American War veterans are concerned, their benefits have been practically wiped out in the most cruel fashion by the dictator who has been placed over the destinies of the defenders of the Nation. All in the world the Steiwer-Cutting amendment undertakes to do is to bring some little measure of justice to the Spanish-American War veterans who served their country well and worthily more than 30 years ago when service records were not known. Whatever records were kept have been lost. Yet they are asked to show and to prove service connection. Is there anyone here who can refuse to vote for the small meed of justice contained in this amendment?

We are simply trying to bring some little measure of justice to the veterans; in other words, trying to right in some small way the great wrong that was done to all of them. I hope the Senate will show in its vote now on this question that it is at least as friendly to the defenders of the Nation as it is to Europe and the powers that owe this country billions of dollars, one of the largest of which has just offered approximately 10 percent of the installment due tomorrow, which has been accepted by the President of the United States.

Mr. ROBINSON of Arkansas. Mr. President, it will require only a brief time for me to express the thoughts in my mind in relation to this controversy. That the issue has become very tense, everyone in the Chamber must realize. Subjects closely akin to the one now under consideration have from time to time been brought forward and always there has been revealed very profound feeling.

During the course of today's debate, references have been made to subject matters which, in my humble judgment, are only remotely, if at all, connected with the issue here. It has been said that there should never have been the Spanish-American War, that the then President of the United States precipitated the country into a conflict with Spain without warrant and without right, simply yielding to public sentiment. The declaration has also been made that this Government should not have participated in the World War. I cannot see that the United States could have avoided engaging in that war.

Mr. President, as I see it, no advantage whatever is to be gained by entering into a debate here at this time on the merits or justice of the cause of the American people in the two conflicts to which reference has been made. I have never felt that President McKinley committed a crime against his country and against civilization or that the Congress committed an unpardonable error when it declared war against Spain in 1898; nor has it seemed to me that there was sound basis for the theory of those who supported the cause of the Central Empire; namely, that the United States sent her sons to danger and to battle in violation of the cause of justice and humanity, when this Congress recognized a state of war with Germany in 1917. Whatever may be the justice or injustice of the causes involved in those great conflicts, history must decide. No act of ours can relieve our people and our Government from the responsibilities and the duties that arise out of the conflict.

There is no Senator here who is not willing and anxious to respond to those sentiments of patriotism and manhood which inspire and prompt every local citizen of the country to do justice to the soldiers who wore our uniform in the Spanish-American War and to those who wore it in the world conflict; but it is not to be assumed that any Senator or group of Senators can monopolize for themselves the right and title to patriotism which may be claimed by public officials who differ from them and who yet perform their duty in accordance with their conception of justice to the living and the dead.

There is involved here today no question of war debts. There is involved here today no question of the success or failure of the London Economic Conference. Senators on this side of the Chamber may respond, if they choose, to the small, secret influences that are at work from other sources to prolong this session indefinitely, so that the opportunity may be afforded of using the Senate and the House of Representatives as a forum to impair the strength and break down the effectiveness of our representatives in the Economic Conference.

The Senator from Indiana [Mr. ROBINSON], who preceded me on the floor, declared that the acceptance of a partial payment on the war debts constitutes a yielding of the claim as to the balance, and that if 10 percent be paid now it means that no additional sum shall be received. On what authority, I inquire, is such a declaration made? Is it the purpose of the Senator from Indiana to weaken the arm of the President in his efforts to carry out the mandate of Congress respecting the subject of war debts? Does he believe that if the Constitution of the United States devolved upon him, rather than upon the President, the obligation of conducting our foreign relations, he would be able, by some magic process known only to his mind, to assure collection of the debts in full?

Let me say, for the benefit of those who are precipitating in advance of the 15th of June a debate on this subject, that while I have no authority to commit or to bind the President of the United States, it is my belief that he is acting strictly within the line of his duty; that he is not influenced in the slightest degree by the House of Morgan or any other financial interest in the United States; that he is prompted solely by a sense of weighty responsibility and of duty to the American public.

Yes; you can make it harder for him. Speeches like that of the Senator from Indiana may be regarded by some here and by others abroad as having some foundation in fact or circumstance. By raising that issue here and now, and declaring that the acceptance or receipt of a partial payment means the cancelation of the remainder, you may give encouragement, if you wish, to the forces which agitate in

favor of cancelation. What will be said in the debtor countries should they take note of the declaration of the Senator from Indiana? It will be said that a leader of the opposition to the administration stated, on his responsibility as a United States Senator, that the President, inspired by the House of Morgan, has yielded the substance and right of the people whom he represents and serves. Will not the advocates of cancelation take heart and courage?

Let it be understood that the President from the beginning has recognized that he has no authority to alter in the slightest degree the existing arrangement respecting war debts. Do you understand the significance of that declaration? No change can be made without approval by the Congress. It is not fair, it is not just, it is not patriotic, to indulge in expressions of suspicion here, particularly when they involve detrimentally the best interests of the United States.

In the next place, the President has proceeded throughout the discussions and negotiations on the theory that any payment tendered or received shall in no wise operate to effect a change in the debt settlements heretofore entered into.

The third principle in these important discussions having relation to the debt discussions conducted by the President is that the debtor making partial payment recognizes the validity of the obligation.

In the fourth place, it is believed that it is not sound policy to pursue a course that will prompt the obligor nations into the position of undeniable and decisive default, since this will bring the controversy to a point of disadvantage and insurmountable difficulty to the United States.

Again, who controverts the suggestion that a debtor claiming inability to meet his obligations is entitled to the privilege of discussing the subject with his creditor? The controlling principle that has guided the Executive has been, however, that no arrangement can be or will be entered into except upon the condition that it shall be submitted to the Congress and approved before it becomes effective.

Those who have not been directly concerned with a study of this problem, or with efforts to compose the disputes that revolve around it, may be unable to appreciate the many difficulties in the present situation. They may believe that they could conduct the negotiations more skillfully and more effectively than the President can conduct them. They are not at liberty, however, from any fair standpoint, to confuse the public mind by the statement of partial truths, or by giving expression to misinformation. In doing so, they assume a responsibility which they have neither the authority nor the intelligence to discharge.

I pass now to a consideration of the proposed substitute that has been offered by the Senators from Oregon and New Mexico.

As stated in the beginning, this controversy has been prolonged and somewhat intense. In the hope that practical help may be given in arriving at a conclusion, I am impelled to make these few remarks. I do not ask any Senator to yield his views, or to take a course which appears to him to be unjust, but I do ask that we all pursue a course which intelligent men may regard as practicable and fair.

We have an amendment proposed by the House of Representatives. To that amendment the Senator from South Carolina has proposed an amendment. The amendment of the Senator from South Carolina having been incorporated, the Senator from Oregon and the Senator from New Mexico offered their amendment as a substitute. I said 2 or 3 days ago, after we had debated these questions at some length, that in my opinion we had better take the vote then on the Steiwer-Cutting amendment; that time would be saved by doing so. It appears that that view has been supported by subsequent events.

The President will veto the independent offices appropriation bill if the Steiwer amendment is incorporated in it. I grant that the Senate has a perfect right to vote for the amendment notwithstanding that fact, but those favoring it also have the right, if they choose to do so, to place the responsibility on the Chief Executive, the announcement being made that the bill will be vetoed if the amendment is incorporated.

Yes; perhaps you can incorporate this amendment and send the bill to the President and have a veto of the independent offices appropriation bill, and then, as suggested by the Senator from Ohio, if a continuing resolution is offered, we can write the Steiwer amendment into the continuing resolution and have it vetoed again. But who here thinks any such course will be pursued?

The course that will be pursued is, in all probability, if we have a veto of the independent offices bill, that the veto will be sustained, because the vote on this amendment, whether the Steiwer amendment is carried or defeated, will disclose that there is not the two-thirds vote necessary to pass the bill over the President's veto. Then, after months of labor, and after weeks of discussion, we will demonstrate the fact that we have moved in a circle, and are right back at the position from which we started. If a continuing resolution is then presented, and the Senate sees fit to do so, by the same vote by which it incorporates the Steiwer amendment it can incorporate it in the continuing resolution.

Mr. CUTTING. Mr. President, I do not want to disturb the Senator's argument, but would it not be possible, under those circumstances, to write into the continuing resolution, not the Steiwer amendment, but the House amendment?

Mr. ROBINSON of Arkansas. Certainly it would be possible, but that is the very point; if the Senate is going to yield on it, and place the responsibility on the President, let us do it now, and end this session of Congress.

Mr. CUTTING. Mr. President, if the Senator will yield, then we would be in an entirely different situation, I think. We would know that we could not get what we wanted, and the responsibility would be exactly where it belongs.

Mr. ROBINSON of Arkansas. The Senator may be assured of it now. I make the statement on the authority of the President that this bill will be vetoed if the Steiwer amendment is incorporated in it, and that statement is not made with a view to intimidating Senators in their votes; it is made in order that the situation may be made known, and that the practical course may be clear. If, as the Senator from New Mexico implies, we will finally have to take the House amendment with the Byrnes amendment added to it, then the sensible thing to do is to do it now, without a week's delay, and thus make it possible to end the session.

Mr. ASHURST. Mr. President, would not the President be disingenuous if he failed to make that disclosure now?

Mr. ROBINSON of Arkansas. I think so. He has made the disclosure. I have discussed the matter with him repeatedly, and during the last 2 days have sought to find some way of composing this controversy. The President is perfectly willing to take the responsibility. He does not base his opposition to the amendment so much on the amount of money that is involved as upon what he designates "a principle."

The fundamental objection to the Steiwer amendment, according to the President, is that it would preserve the 6-year period of presumption and restore to the rolls practically all presumptive cases, regardless of the fact that their disabilities cannot be traced as a matter of fact or of medical knowledge to the military service. The American Medical Association has supported the presumption of 2 years which is contemplated by the President's regulation.

The second feature of the Steiwer amendment which the President regards as objectionable is that it would restore to the rolls more than 75,000 Spanish-American War veterans, quite irrespective of service connection or need or degree of disability.

Mr. President, a good deal has been said here today about the pauper's oath. No such thing is involved in this legislation. I wish to ask the Senate now to take into consideration the case stated yesterday by the Senator from Oklahoma [Mr. GORE] and answer to their consciences whether they wish to perpetuate such cases, a millionaire with an

enormous income drawing a pension of $30 a month, justifying his action on the ground that he uses it to pay his income tax!

Mr. President, that type of man is not entitled to receive a pension at the expense of the millions of people who live and toil in this country. There are thousands of men on the pension rolls now who have large incomes who pay little to the support of the Government, and there ought to be some means of eliminating them. No one would denounce the President as an enemy to the human race, as some have sought to do here today, if he removed from the pension rolls the millionaire in Oklahoma, who uses his $30 a month pension to pay his income tax.

I express the hope that the Steiwer amendment will be rejected and the House amendment agreed to.

THE LONDON ECONOMIC CONFERENCE

Mr. BORAH. Mr. President, I do not desire to intrude myself into the debate on this subject of debts, but in view of the fact that it has been discussed here I think it not inappropriate to say a word as to the view which I entertain with reference to what has taken place today between the President and the British Government.

My view is that the debt situation has not been changed in the slightest by reason of anything which has taken place, according to the reports which we have before us. The President has accepted $10,000,000 upon a debt due. He has not changed or sought to change the contractual relations between the debtor and the creditor; and so far as I understand from reading the report in a brief moment, he has not entered into any negotiations with reference to any change.

The British Government owes the balance due; in other words, in accordance with the express terms of the contract. It is true that the President has stated that he would not characterize the failure to pay as a default. I presume that had a reason or a justification; nevertheless, it does not change the contract or change the relationship of the debtor and the creditor in the least. I do not understand that the President has undertaken to do anything of that kind. I do not understand that he has accepted the $10,000,000 upon any condition which would affect the balance of it, either for collection or in the way of adjustment, cancelation, or reduction.

Let it be understood, if there is any misunderstanding upon the other side of the water, that the Congress of the United States alone can change the terms of this contract. The President has so announced, and before any reduction, any modification, or any cancelation, can possibly take place, the Congress must act upon the matter.

Although I do not know, I presume that the amount which was paid was all the debtor was willing to pay, but I find nothing here which gives the debtor any advantage of the situation whatever by reason of any communication between the President and the British Government.

We are now prepared to take what course we may, either in the way of reduction or cancelation or collection, as freely and as unhampered and as unembarrassed as if the $10,000,000 had not been received. In other words, we have $10,000,000, and the balance of it is precisely where it was before the $10,000,000 was paid. I am unwilling to find fault with mere expressions in these negotiations, since no change as to our substantial rights have been effected. A great and most momentous conference is in progress. I am as anxious as anyone to protect our rights, but I do not wish to embarrass negotiations, so long as those negotiations indicate no substantial forfeiture of the rights of the American people.

Mr. REED. Mr. President, I note the President's statement that, in view of the representations that were made to him by the British Government, and in view of the fact that they have paid about one eighth of the amount which they were obligated to pay tomorrow, he has no personal hesitation in saying that he does not characterize the resultant situation as a default.

I suppose a default by any other name will smell the same; but can it be anything else but a default? A definite agreement has been made between two nations that there should be paid some $79,000,000 on the 15th day of June. No one has power to change that definite agreement, so far as the United States is concerned, save the Congress of the United States. Congress has not changed it.

When the day for performance comes, the debtor turns over to the creditor about one eighth of that which he has promised to pay, and the Executive, charged with the execution of the law, soothes the debtor's feelings by saying that he personally does not regard this clear default as a default!

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. ROBINSON of Indiana. Let me suggest, right there, the foreign viewpoint as evidenced by a London dispatch of the Universal Service, written by William Hillman. I quote from the dispatch as follows:

> President Roosevelt, Washington denials to the contrary, is reported already to have agreed to accept a "token" or "goodwill" payment of 10 percent from Britain, and the present delay in announcement is understood to wait upon finding a formula by which to express the administration's solution of the debt dilemma.

Then the story concludes with this very significant statement referring to Mr. Neville Chamberlain. I hope that the speech of Mr. Chamberlain does not sour in him; he is expected to make it as soon as we adjourn.

> Chamberlain appeared before Commons in the afternoon and begged off his expected debts-policy statement by promising to announce the Government's intentions tonight. When he made a tardy appearance in Parliament at 10:10 p.m., he said he was still not in a position to make a complete statement, whereupon Commons adjourned. Chamberlain forecast an adjustment "satisfactory" to Britain and promised full disclosures at 10 o'clock tomorrow night.

It is hoped in some circles that by that time we shall have gotten rid of veterans matters and adjourned the Congress so that Mr. Chamberlain may make his speech.

Mr. KING. Mr. President, will the Senator from Pennsylvania yield for a question?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I yield.

Mr. KING. Does the Senator mean to state that there is no difference in meaning between the word "regard" and the word "characterize"? The Senator stated that the President said that he did not "regard" it as a default. The President, as I understand, said that he did not "characterize" the partial payment as a default. There is a difference, I submit, between the words "characterize" and "regard." May I also suggest to the learned Senator to consider the fact that Congress alone has the right to change or modify the terms of the contract. The President would not have the right to change the terms, and therefore he may be entirely right in saying that he does not "characterize" the nature or quality of Great Britain's procedure. If there is any characterization—under a proper interpretation, if characterization is to be made, it would seem that Congress is to undertake the task.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Louisiana?

Mr. REED. Yes.

Mr. LONG. I should like to inquire if the Senate has among its Membership an entomologist? [Laughter.]

Mr. REED. Did the Senator say "entomologist"?

Mr. LONG. Yes.

Mr. REED. Mr. President, quite seriously, the only security America has for the payment of its international debts is the good faith of the debtors. On that and on that alone we advanced this vast amount of wealth, borrowed from our taxpayers for the purpose. The only security for the payment is the good faith, the character, and the honesty of the debtor nations. What becomes of that good faith, of that character, of that honesty, and of the will to pay when the President of the United States says to all the world that a failure to pay is not characterized by him as a default? How can that good faith and that desire to

pay exist when the head of our Government issues a public statement such as this?

Remember, Mr. President, that in all the correspondence we are given which has passed between our Government and the British Government there is not the shadow of a suggestion of their inability to pay; there is no pretense that they have not the capacity to pay what they agreed to pay; there is no pretense that the debt is not just; there is no pretense that they did not enter into the debt settlement with their eyes wide open, gladly accepting the reductions we then made, with appreciation for the generosity we showed; there is no pretense about all that. There is merely an indisposition to pay; they do not want to pay. That is all that appears from the correspondence, and, almost as a contemptuous gesture, they hand us about 12 percent of what they had promised. Then, when through our President, we say, "Wo do not regard that as a default", what can lead us to think that any Briton will care to exert himself to pay anything of the December installment?

Mr. ROBINSON of Indiana. Mr. President——

Mr. REED. I yield to the Senator.

Mr. ROBINSON of Indiana. I should like to ask the very able Senator from Pennsylvania if it is not true that Great Britain at present has a larger supply of gold than ever before in her history?

Mr. REED. I do not know that to be a fact. I do know the fact with regard to France.

Mr. ROBINSON of Indiana. It is true of France, is it not?

Mr. REED. Yes; it is true of France.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Maryland?

Mr. REED. I yield.

Mr. TYDINGS. If the Senator had been in the President's place would he have accepted the 10 percent?

Mr. REED. I would have accepted it; I would accept a postage stamp; but I would have made it perfectly plain that as for the unpaid balance I regarded its nonpayment as a breach of faith, as a dishonorable thing, as a plain default.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. REED. Yes.

Mr. ROBINSON of Arkansas. Then, according to my information, they probably would not have paid anything, and would have actually been in complete default, and thus prevented the Government of the United States even from having an opportunity of getting anything at all.

Mr. REED. I differ with the Senator as to that.

Mr. ROBINSON of Arkansas. If the United States had stated to Great Britain, "Unless you pay all this debt, I denounce you as dishonest", as the Senator has implied he would have done, and declared, "You are in default", I think it is certain that nothing ever would have been paid and there would have been a default of all the indebtedness.

Mr. REED. We differ as to that. I should have said to Great Britain, "I depend upon your good faith as America depended upon your good faith when she advanced this money to you. We still depend upon it, and we believe, from past experience, that Great Britain honors her word." I believe, in that event, there would have been no default.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. REED. Yes.

Mr. TYDINGS. I take it from the Senator's remarks that he is in favor of the President's addressing a note to France, through the Secretary of State, saying, in effect, "We, the Government of the United States, feel that the French Government is thoroughly dishonorable, that it is a defaulting Government and deserves no contact with us at all, and therefore your Ambassador should be recalled."

Mr. REED. Mr. President, I would suggest to the Senator that we are now engaged at the London Conference in the farcical performance of writing agreements with a number of governments, when right before our face lies the evidence that they do not regard their agreements as binding upon them. I think it is a silly thing to do. Why should we accept new promises from governments that dishonor their existing promises? Why should we have new debt negotiations with these governments if, as the President says, he is going to swap a dishonest promise for a new promise that probably will be no better?

Mr. ROBINSON of Indiana. And for the old promise we have their bonds.

Mr. REED. We have their bonds, but their bonds constitute merely promises, and now it is proposed that we surrender them and take other bonds based only on good faith where good faith does not exist.

Mr. GEORGE and Mr. VANDENBERG addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. REED. I will yield in just a moment. I said that unless America shall have gained by the experience, she has lost everything in this transaction, and what experience should teach us is to be very chary in accepting the promises of peoples whose promises are only good in fair weather. Now I yield to the Senator from Georgia.

Mr. GEORGE. Mr. President, I wanted to ask the Senator if my recollection is at fault when I recall that he very heartily approved the extension very generously granted about June a year ago by the then President of the United States when he assured us that there was a reason why insistence upon the payment of the installments then due by one of our sister nations could not be made?

Mr. REED. That is quite true. I approved the moratorium because under the facts as we were told them it looked as though it would avoid the bankruptcy of central Europe.

Mr. GEORGE. Does the Senator think that the world has so greatly improved at this time as to take away all justification for the President of the United States to accept a partial payment upon the maturing installment?

Mr. REED. I am not objecting to his accepting a partial payment; I am objecting to glossing over the default of seven eighths of that debt and his destroying the value of that debt for this country.

Mr. President, it seems to me that it comes——

Mr. BLACK. Mr. President, will the Senator yield?

Mr. REED. I will yield at the end of the sentence. It seems to me that it comes strangely from the President, who is cracking the whip over the Congress, to make drastic reductions in the compensation of our veterans who suffered from combat-incurred injuries at the same time he is, in effect, giving to one single country in Europe more than it would take to pay all the allowances about which we have been debating, for the Steiwer-Cutting amendment would not increase the pension roll by anything like the amount of money annually which this gracious gesture to Great Britain decreases our revenue. We lose more by this pretty gesture to Great Britain than we would lose by doing justice to the veterans who are suffering from injuries received in combat; and it is for them that the majority of the Senate is concerned.

Now I yield to the Senator from Alabama.

Mr. BLACK. As I understand, the Senator was objecting to glossing over an extension of seven eighths of this debt?

Mr. REED. It is not an extension; it is a default.

Mr. BLACK. Why does the Senator object to glossing that over and not glossing over the moratorium for the entire debt?

Mr. REED. In that case the payment was definitely extended by agreement between the countries that were in default.

Mr. BLACK. They did not pay the money, did they? They have not paid it as yet, have they?

Mr. REED. We agreed that payments should be extended in 10 annual payments.

Mr. BLACK. They defaulted, did they not?

Mr. REED. If the Senator does not see the difference between our agreeing to an extension and our not agreeing to an extension, I am afraid I cannot enlighten him.

Mr. BLACK. I do see this difference that now we get part of it while under the moratorium we received none and have received none yet.

Mr. REED. That may satisfy the Senator.

Mr. President, a word more about the pending bill and I have finished. It is quite true, doubtless, that the President will veto this bill if it shall contain the Cutting-Steiwer amendment. We are expected to vote against our own good judgment because the whip is cracked over our heads. We were not sent here to take orders from the White House; we were sent here to vote, according to our consciences, as we honestly think best; and it is a poor excuse for us to go back to our own States and say, "No; we did not believe in this. It is true that we had plain warning all the way that the Executive was going to use his power over the veterans; it is true we all thought that our confidence had been abused in the way the economy bill was applied, but when the chance came to us to rectify all that, although we believed it ought to be rectified, the President said he was going to veto the bill, and so we voted contrary to our belief." What will we say to those who call attention to our power to override a veto?

Last night we had a test vote on the question of the compensation of veterans. The Senator from Alabama [Mr. BLACK] moved to recommit this measure to conference, so that some such amendment as the Cutting-Steiwer amendment could be considered. The vote on that question was 48 yeas and 31 nays. Out of those 31 nays surely there must be 5 Senators who want to see justice done to the veterans who have been so brutally treated by the Executive order. There must be 5 out of that 31 who will vote for justice in spite of the telephone messages they have been getting and in spite of the cracking of the whip; and if 5 of them will change their votes, we will then have more than the two-thirds vote necessary to override a veto. But suppose they should not—suppose the veto should be sustained—it would be necessary to come back to us with either a continuing joint resolution or an appropriation bill; and it will then be within our power—and we have the votes, beyond peradventure—to put the Steiwer-Cutting amendment on that measure, whatever it may be. In the long run in this contest Congress will win.

We know that this is just and, knowing that it is just and knowing that if we exercise ordinary manly fortitude we will win, there is no excuse for our being terrified by the threat of a veto.

Mr. JOHNSON. Mr. President, I had no intention of discussing in any degree this matter at the present time. So much has been said, however, that I am very glad to have the opportunity to say to my fellow Senators a word or two of the position which I have occupied for some years in respect to it.

Great Britain could have paid and should have paid the installment that is due tomorrow. I have no criticism of the President in receiving, of course, a sum which has been paid on account. I have no criticism, indeed, if the statement has been plainly made that this particular matter of debt is within the Congress of the United States, in their jurisdiction alone, and that Congress has the right and the power to determine for the Nation whether there shall be cancelation or reduction in any of the debts subsisting.

This question, sir, with me has gone far beyond the question of dollars and cents. No financial idea—save, of course, the good faith that a debtor always owes to his creditor—have I now in speaking of it at all. Something else is involved in this debt situation besides the mere money that ought to be paid under the contracts that have been made.

I saw with amazement the other day, when the great Economic Conference opened at London, the Premier of Great Britain inject, notwithstanding the agenda of that great Conference, this controverted question. I read with astonishment yesterday that of all orators who addressed that conference, three of them berated the United States of America—three of them; indeed, one of them severely and bitterly criticizing our country.

This thing has gone beyond the mere payment, I repeat. Today our dignity and our honor and our self-respect are involved. It is silly to say to me that there has been no default in $69,000,000 of the amount that is yet due, because that is the indubitable fact. There are $79,000,000 due, $10,000,000 paid, accepted by the President, I assume, solely on account of the subsisting indebtedness, and $69,000,000 of that sum in default at the present time.

There was once a Democratic President, whose fame has lived during all the years, who, once confronted with a situation much more serious than any debt, expressed himself in no uncertain tones. He struck then what I believe is the keynote of the present situation. Grover Cleveland in his famous Venezuelan message wrote words that are written in the annals of the history of this country and that, as long as there are Americans and as long as we yet have a Republic, will be read by Democrats, Republicans, all Americans alike, with approval and with enthusiasm.

Senators will recall, I presume, that dispute which occurred many years ago. Then, in a concluding sentence in a splendid special message to the Congress of the United States, Grover Cleveland wrote these words:

> I am, nevertheless, firm in my conviction that while it is a grievous thing to contemplate the two great English speaking peoples of the world as being otherwise than friendly competitors in the onward march of civilization and strenuous and worthy rivals in all the arts of peace, there is no calamity which a great nation can invite which equals that which follows a supine submission to wrong and injustice and a consequent loss of national self-respect and honor beneath which are shielded and defended a people's safety and greatness.

When Mr. MacDonald on Monday last did a thing that in my opinion constituted not only bad manners, but bad sportsmanship, when other representatives in that Economic Conference yesterday spoke of the United States of America in tones of scorn for all the world to hear, then there was injected into the debt situation, concerning which they were speaking, an element that we cannot forget. Today, sir, the question of those debts becomes a matter of national self-respect. Today, sir, those debts become a matter of national dignity with us. I do not care whether we ever collect a penny from any nation on the face of the earth. There is the obligation written by them as they desired. There is the obligation witnessed by the bonds which they handed to us for the payment of those obligations. There is the agreement that we had, and we are berated because we yielded to their blandishments and to their importunities concerning those debts, and permitted settlements to be made for 50 percent, and less, save in one case, of the particular obligations. Then how different was their attitude.

Today, gratitude? Not a bit of it. To scorn our Nation is held up in a great world conference. In a world forum America is denounced. And the palpable combination of these nations owing us makes this matter of greater importance than the mere collection of any sum; the consequent loss of national self-respect and honor, which are, as Mr. Cleveland put it, after all the shield and the defender of a people's safety and a people's greatness, is after all far worse than the loss of the money due us. There are the debts, we can say. We do not ask any nation to pay that cannot pay. There they are. If they cannot be paid because of incapacity and poverty, well and good, but to observe our debtors berating and denouncing us in a world forum because as creditor we have treated them with unexampled generosity is something that makes my gorge rise. Because of the very circumstances of bad faith I would insist upon our obligations and leave those who can and will not meet their just obligations, to the obloquy which is the price of broken faith.

Mr. President, permit me now to say a word upon the pending bill. I have sat quietly these 3 days and had no intention whatsoever of speaking on it at all; but when, sir, the question is presented to us that we cannot adopt an amendment because of the possibility of a veto, I will not remain silent. I yield to no man upon this floor on the other side of the Chamber in my respect and my admiration, aye, in my affection for the present President of the

United States. I was willing to risk a political career in order to do my part in his election last year. But the man does not live, Mr. President, be he one sort or another, be he in one position of power or another, who can say to me that I must do something that I believe ought not be done and compel me then to act in defiance of my own judgment and my own conscience. And, of course, no such request has been made of me.

What ought we to do? Every man upon this floor has the same thing to say. Wrong has been done to the veterans of the United States, wrong that should be repaired. No man denies it. If he does let him say it upon this floor now. Wrong has been done. It ought to be repaired. The only reparation possible that is adequate is that which is accorded by the Steiwer-Cutting amendment. It is said that if we adopt it we get nothing. Not so! Not so! It goes to conference with the other House, as I understand the rule, and the other House determines what it will do in respect to it. The opportunity is presented when it goes to conference of having the conferees write into the bill that which they deem appropriate. It is the only opportunity for a compromise upon this vexed question. Vote against the Steiwer-Cutting amendment and the matter is ended, and we are utterly remediless. Vote for it, and it goes to conference, and subsequently, if it be necessary for us to yield or recede, that can be done and the possibility exists yet there in the conference for some action to be had.

Again it is asserted, and was asserted by my very dear friend from Texas [Mr. CONNALLY] today, that if we do not do as the House has done or as the amendment of the Senator from South Carolina [Mr. BYRNES] would have us do, we would be utterly unable to get anything for the veterans. I deny it! I deny it! That originally may have been the position that was taken when first this contest began. Oh, how short our memories. We were told, with the same authority with which we are told today, that if we adopted any such amendment we had to provide in the very amendment itself for the taxes to enforce that amendment. Better judgment prevailed subsequently and we hear no more of that.

We were told in the beginning of this contest that we could not practically alter a "t" or dot a single "i" in what became known as the economy bill, so far as veterans were concerned. Already the House has agreed upon another measure, another measure that was far from contemplation at the time this contest was initiated. Do not forget that. It is evidence of the wisdom and good faith of the President that he is willing to change his mind when he sees that he has been in error in any particular or in reference to any legislation.

I will not believe that when the President of the United States has decreed that what has been done by the House is the appropriate thing to be done; that thereafter, because some fanciful contract may not have been consummated by a vote in this body, the President will recant and retract his agreement in regard to what has already been agreed between him and the House, and would continue the cruelties we all know have occurred.

My opinion of the President is far different from that, Mr. President. When he agreed to that which was an advance in what had been done by the House, then no matter whether the House passes that bill or not, he will do just exactly what he said was just and right and proper, whether or not any amendment or bill be finally passed. To imagine that any other thing would be done would be, it seems to me, a reflection upon the President rather than a compliment to him.

So, by whichever mode we approach the reality—and my friend from Texas was speaking of realities, and realities alone, today—through whatever mode we approach the reality, this amendment, if we believe it to be right and just, should be adopted by the Senate, and the subsequent events then would give us the opportunity to act again if it were desired.

I do not intend to occupy time in speaking of the veterans. I looked the other day at the pictures that were presented here by one of the men sent from Fort Bayard in the custody, for a brief period, of the Senator from New Mexico [Mr. CUTTING]. It was a sight, indeed, to wring one's heart. Not only did it wring one's heart but the cruelty and the injustice of it roused our indignation.

There was a man with a total disability. There he was, receiving $100 a month, married, with one lung gone, with a heart that could be seen through the gaping wound in his back, reduced to $20 a month—an amount, of course, upon which he could not live, and which, unless it be rectified by the Government, means his death. But there was another point in connection with it that to me was all-important, too. He was put in this pitiful condition by a bureaucrat in this land; put in that pitiful condition where there was nothing for him to do but die; and then that same bureaucratic office reviewed his case. They reviewed it with all the wounds of the man before them, I assume; and then, in their generosity, they raised his stipend to $30 per month—a man living a living death, and two doctors of this body examined him with care and reported their findings, now a part of the record.

If you want to aid these men for whom every one of you has expressed heartfelt sympathy, if you want to do something that may be done for the people who bore the brunt of the battle in the days gone by and who proudly wore our uniform, if you want to respond as we ought to respond to those who require our aid and our help and who are entitled to comfort the rest of their days, there is only one way that you can act today, and that is by the adoption of the Cutting-Steiwer amendment.

Mr. GLASS. Mr. President, I do not intend to be drawn into a discussion of foreign debts owed to this Government, because I do not think such discussion has any appropriate place in the consideration of the pending question. I rise simply to say that at the appropriate time I do intend to enter upon that discussion, and I am going to enter upon it in full concurrence with the suggestion of the Senator from California that the honor and self-respect of this Nation are involved. I intend to enter upon it with a view to dissenting totally from some of the declarations and sentiments that have been expressed upon this floor within the last few months in respect to these debts.

All I care to say about the debts right now is that it is to be deplored that the attempt has been made here to make a partisan fight upon the matter, when I assert upon my own knowledge that the views entertained by the President of the United States today do not differ one whit from the views that were entertained by his predecessor, or that would be entertained by his predecessor had he been reelected to the Presidency.

I say upon my personal knowledge that Mr. Hoover entertained precisely the same views about the desirability of readjusting foreign debts that Mr. Roosevelt entertains today; and any attempt, in an effort to make a partisan matter of this debt question, to asperse or malign Mr. Roosevelt because, charged by the Constitution with the negotiation of foreign affairs, he might be willing to receive representations from foreign nations as to their attitude on the debt question, is unworthy of any Senator on the other side of this Chamber.

When the appropriate time comes I intend to show that our money was put against the blood of these nations, and that from the day we entered into a war that we declared was our righteous cause and the "cause of civilization" and the first American offensive, 106,000,000 of the boys of these debtor nations were killed in battle in the cause that we professed to be our cause. I should like to see the mother or father in America who would have been willing to have his or her son killed on the battlefield of Europe as these 106,000,000 boys were killed——

Mr. REED. Mr. President, will the Senator yield?

Mr. GLASS. Not yet.

Mr. REED. I should like to suggest to the Senator that the total male inhabitants of Great Britain, Italy, and France are not 106,000,000.

Mr. GLASS. Oh, well, the Senator knows what I mean. I mean 1,600,000. Are not they enough? Are not they enough? Would you have been willing for your boy to be killed rather than to lose a few paltry dollars?

Not only that, but for 3 years, before we realized that it was "a war for civilization", many millions more were killed. Not only that, but for 3 years and after we made fortunes—fabulous fortunes—out of the very money that we loaned these foreign nations, requiring them to spend every dollar that was loaned in this country, at extortionate prices, for our products; and the Federal Treasury collected alone in 4 years more than Great Britain owes to the United States now—collected it in excess-profits taxes from these fortunes made out of the expenditures of these millions of dollars in the United States.

Oh, no; there is no sentiment involved in the discussion; but when the time comes, standing upon the self-respect and honor of the United States, I intend to rise in my place in the Senate and discuss with any Senator who wants the contest the right at least of decent consideration of propositions that may be presented to us for the settlement of these debts and undertake to show that the talk about American "generosity" in their adjustment is a sham and a fraud, because we did not manifest any.

Moreover, I resent the suggestion of the Senator from Pennsylvania [Mr. REED] that those Senators who may exercise their right under their oaths and under their consciences to vote against the Steiwer-Cutting proposition are "under lash." I have seen the lash wielded, and I have known it to cover the back of the Senator from Pennsylvania, too.

Mr. REED. Perhaps the Senator will tell us when.

Mr. GLASS. Numerous times.

Mr. REED. Will the Senator name one time?

Mr. GLASS. Oh, yes; I could name numerous times. Can the Senator name one time whenever the "lash" was applied to my back? Can the Senator name one time whenever I have stood here in my place and failed to vote my convictions, regardless of White House influence?

Mr. REED. Of course I cannot.

Mr. GLASS. Then why does the Senator, pointing his finger here, talk about Senators on this side being "lashed" into a certain position?

Mr. REED. Because the Senator knows very well that the White House has been calling up Senators all day long.

Mr. GLASS. The Senator from Virginia attributes to other Senators the same self-respect and the same degree of courage that he claims for himself. I assume that any Senator who votes today will vote his convictions and not vote under lash; and I resent the suggestion of the Senator from Pennsylvania that the contrary is true. The Senator from Pennsylvania can be lashed just as well as any other Senator I know on this floor.

I intend to vote against the Cutting-Steiwer amendment. I have no doubt on earth that particular cases of great hardship may be presented pathetically, as one a while ago was presented by the Senator from California [Mr. JOHNSON]; but that does not constitute a system.

Mr. CUTTING. Mr. President, will the Senator yield?

Mr. GLASS. I am going to vote against the proposed amendment because I feel that no man who will not fight for his own country is worth living in that country.

Mr. CUTTING. Will the Senator yield?

Mr. GLASS. When he comes out of the combat without wounds, without disability, he has no right to raid the Federal Treasury perpetually because he was called into the contest—called in under draft, too, when it was a question of being shot here or shot at abroad. [Laughter.]

Mr. CUTTING. Will the Senator yield?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from New Mexico?

Mr. GLASS. The first speech that ever I heard the Senator from Pennsylvania deliver when he came into this body was against the bonus. I voted against the bonus, and I never have apologized for it for a moment. I never cast a vote here of which I was prouder, and never expect to. I had two boys in the front-line trenches, one of them being nearly killed. I had a nephew there, who was gassed so badly that he will never recover. He was decorated by his country for extraordinary heroism. I had a sister in a hospital in France, and two daughters in the hospitals in this country, to relieve trained nurses. I would not want ever to speak to one of them if they would join in the raid upon the Federal Treasury made by people who have never suffered any disability. Thousands of those in the service got better treatment, better clothing, better food, better discipline, the only discipline they had ever gotten in their lives, after they went into the service.

I would empty the Federal Treasury for any man who was wounded in the war, or for those who had been dependent upon a man who was killed in the war, but I have not any respect for any man, whether he be a millionaire or a pauper, who, drafted into the service of his country to defend its honor and its security, would take a dollar for his services from the Treasury. It is commercializing patriotism, a word we roll under our tongues, and I am not one to condone that.

For the reasons I have given, I want it distinctly understood that when I vote against the Steiwer-Cutting amendment, I am not doing it under "lash", nor in fear of the votes at home.

Mr. REED. Mr. President, the Senator from Virginia tells us that he is going to discuss the debts at some time in the future.

Mr. GLASS. At an appropriate time; yes.

Mr. REED. At an appropriate time in the future; and he defies any Senator to dare to joust with him at that time and on that subject.

Mr. GLASS. Oh, no; I simply invite any Senator to do it.

Mr. REED. Very good. I accept the invitation, and I hope that I shall be here when the Senator makes his speech.

Mr. GLASS. I hope so. [Laughter.]

Mr. REED. Mr. President, I most cheerfully grant the courage, the independence of thought, the entire freedom of action now and always displayed by the Senator from Virginia. I am only sorry that he is so little charitable as not to be willing to make a similar allowance. Like him, but not with his courage, I opposed the bonus from that time in 1922 when it was first suggested down to the latest bonus proposal that has been put before us. I opposed it, although it meant flying directly in the face of the wishes of my own comrades in the Army.

Mr. GLASS. Yes; and that is when I thought the Senator was a great Senator.

Mr. REED. And I kept on opposing it right along until the present, and I hope that the Senator's opinion, or some small fragment of it, will remain.

Mr. GLASS. A good deal of it remains.

Mr. REED. That is very kind. Just a word more. I cannot sit quiet and allow the argument to be made that from 1914 down to Armistice Day in 1918 the Allies in Europe were fighting our cause for us. They were not doing anything of the sort; they were fighting their own war, and there was not a precious one of them who would have given a hair of the head of a single soldier for the United States or the interests of the United States. They were wholly selfish in all they did, and they were immeasurably lucky when Germany stupidly dragged us into the war in 1917. They held it as incredible luck, because the war was slipping, so far as they were concerned. At the time we were dragged in Russia was caving in, and their war was going to be lost, and would have been lost if we had not come in. They thanked their lucky stars for the support we were able to give them from the beginning. They thanked their lucky stars they were able to buy munitions here. They thanked their lucky stars that the American Battle Fleet went instantly to Scapa Flow to help hold the ocean in their control.

Talk about their fighting our war all that time! They were fighting their own war, and nobody else's. There was

not one single thought of our interest in all they did. They did not even want to give us credit for being in the war.

They demanded of us that we send no officer of a grade higher than captain, and that our enlisted men and line officers be fed as replacements into French and British regiments. Had they had their way, history would not have known that the United States was in the war. We would have had all the expense and a lot of casualties and not even the credit of participation.

I cannot sit still when it is said that we ought to cancel all these debts as our contribution for what they did for us. They did nothing for us before or after the armistice. They were selfish throughout.

Mr. HATFIELD. And they were amply rewarded under the Treaty of Versailles.

Mr. REED. Of course they were. They got what they were after in millions of square miles of territory, in dominion over millions and millions of human beings. They got all the booty of the war, and that was what most of them were fighting for. Talk about it being our war!

Mr. KEAN. Has the Senator even seen the place where the armistice was signed, and the monument that has been erected there, which does not mention the United States as being in the war at all?

Mr. REED. Yes; I have seen that. They give us no credit. In Great Britain today they are saying that we did nothing but make money out of the war; that we did not join in the fighting of it. Yet the fact is that the American Army on the western front, on the day of the armistice, was larger than the British Army, but there is not 1 Briton in 10,000 who knows that.

Talk of giving us credit! They regard us as "easy marks"; and I will debate that question with the Senator from Virginia at the appropriate time about which he speaks.

Mr. GLASS. Mr. President, if the Senator is not able to sit in his chair at what I have said today, he will not be able to sit down at all at what I will say when I discuss the question at the appropriate time. [Laughter.]

Mr. COPELAND. Mr. President, I never felt less like addressing the Senate than I do at this moment, but there are some things I feel it necessary to say to my colleagues on this question, so vital to the veterans of this Nation.

Mr. President, we are about to return to our respective constituencies. I say to my colleagues that we are going to face great groups of wronged veterans who are enraged by what we have done in this session of the Congress. I am not talking about non-service-connected damaged men; I am talking about those who suffered combat injuries, and who are suffering from broken bodies directly traceable to the war. It would not be true to great groups of men and women in my State if I did not face the wrath of a Senate anxious to adjourn, long enough certainly to say a few words on this subject.

I suppose that what I am going to say might more properly be said in the Democratic caucus of the Senate than to be said in the Senate proper. But I want to call the attention of my Democratic colleagues to the fact that there will be practically 100 percent vote for this amendment on the opposite side of the aisle.

Mr. President, if I may repeat, there will be practically 100 percent vote on the other side of the aisle in favor of the pending amendment. That will be accepted by the public as an evidence that the Republican Party is the party that befriends the soldier.

We have had here the threat of a veto, and the charge has been made that the lash is being applied to place the Democratic side in line. That, too, will be used throughout the country as an evidence that the Democratic Party is unfriendly to the soldier. It will still further consolidate the position of the Republican Party. I would not be true to my party if I did not say this much, even though it may be thought by some to be in bad taste.

Let me remind my friends in the Senate that we did not cut our own salaries 25 percent. We took a 15-percent cut. Fifteen percent off $10,000 is all we took.

I voted the other day against the Connally amendment. I did not think then, and I do not think now, that it would be decent for me, at least, to vote for a 25-percent cut in the veterans' compensation, when I took only a 15-percent cut in my own salary.

Mr. LONG. Mr. President, did not the President take a cut in his own salary? How much was that cut?

Mr. COPELAND. Mr. President, I did not yield for that particular question. I do not want to pass criticism on anybody. I am not going to criticize the President or any Senator. I voted for a 15-percent cut in my own salary, and it is not decent for me to vote for a 15-percent cut in my own salary and ask that there be a 25-percent cut in the compensation of veterans. That is the way I feel about it.

Mr. DILL. Mr. President, I call attention to the fact that the Steiwer amendment provides for a cut of 25 percent.

Mr. COPELAND. Not to exceed 25 percent.

Mr. President, I am not going to be diverted, and I am not going to split hairs.

Mr. LOGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Kentucky?

Mr. COPELAND. I yield.

Mr. LOGAN. I simply want to ask the Senator if he is not overlooking the fact that while we cut our salaries only 15 percent we increased the income tax very materially and cut our mileage 25 percent, and that the veterans, as I understand, do not pay any income tax on the amount they receive from the Government.

Mr. COPELAND. I heard today about one veteran—one veteran of the Spanish-American War—who used his pension to pay his income tax. That is the case of one swallow making a summer. There is not another case like it to be found in the history of our country; yet that was held up to us today as a reason why nobody should have a pension.

Why should we not pay our income taxes?

Mr. LOGAN. I think the Senator misunderstood what I had in mind when I suggested that there was more than 15 percent taken from our salary. The extra income tax amounts to $300 or $400; mileage was cut one fourth; and, adding the items together, I think the cut amounts to 20 percent instead of 15 percent.

Mr. COPELAND. Well, let us say the cut was 20 percent. But now we are being urged to provide that the veterans shall take 25 percent.

I remember very well that after the armistice I myself served upon a soldiers' reception committee in New York. On Fifth Avenue we erected benches along the park and in front of the public library. With the greatest of enthusiasm we welcomed back these boys. We were ready then to give them everything in the world. In the language of New York, "We promised them the Woolworth Building, and now we are giving them doughnuts." It is not fair; it is not just.

When we passed the economy bill we never dreamed that the things would happen that have happened; and I want the law written so definitely and so specifically that some veterans' administrator will not provide regulations to determine just how much these boys shall have. I want it written in language that the man who runs may read and understand.

I think the Steiwer-Cutting amendment is fair; it is clear-cut. It goes further in percentage than I would have it go, but it does not leave to administrative officers to say how much the cut shall be or how it shall be handled.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER (Mr. HAYDEN in the chair). Does the Senator from New York yield to the Senator from New Mexico?

Mr. COPELAND. I yield.

Mr. CUTTING. I hope the Senator from New York will make it clear when he says the percentage goes further than he would go that he means it cuts the veterans further than he would want to cut them.

Mr. COPELAND. Oh, yes. I thank the Senator. We ought not to cut these men 25 percent. I voted for the

Trammell amendment because it was, in my opinion, a fairer amendment. If we had adopted the Trammell amendment, we would have had something to present to the other House that would have had in it the opportunity for compromise. There would have been brought back in the compromise something which would be much more liberal than anything we may now adopt.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Missouri?

Mr. COPELAND. I yield.

Mr. CLARK. I have heard it stated here on the floor of the Senate repeatedly today in the debate on this subject that the economy bill would never have passed if any Member of the Senate or any Member of the House had had any idea that cuts of more than 25 percent were to be imposed on the veterans; and yet, Mr. President, it was repeatedly stated on the floor of the Senate during the debate on the economy bill that a saving of $400,000,000 was to be effected, and it is impossible to conceive of any way in which a saving of $400,000,000 could be effected without making cuts of more than 25 percent. The Senator will recall that on the floor of the Senate when I offered an amendment for a cut of 25 percent it was voted down, and I was not even able to get a roll call on it.

Mr. COPELAND. So far as I am concerned—I can speak for nobody else—I never dreamed that such cruelties would be perpetrated upon the men who fought for our country; I do not care whether they were drafted or they volunteered, they did go out, ready to give their lives to their country, and many of them did. I never voted believing that any such regulations could have been formulated by anybody who had a heart in his body.

I want to say something about the "pauper oath." We pride ourselves that we live in a democratic country. I do not want any American citizen to have to go to any official and make oath that his need is such that he must have relief. I want every soldier treated just like every other soldier. I do not want these veterans to have this money because we are extending charity.

We have always resisted the idea that this payment was anything except compensation for services rendered. These men went away, many of them under draft. Other men who had disabilities, but not enough to keep them from their ordinary activities, were permitted to stay at home and earn money—much money. When we passed the Adjusted Compensation Act it was with the idea of returning to these men some of the money they might have earned had they had physical disabilities and stayed at home.

Now, when we talk about giving them this compensation we demand that they shall take an oath that their poverty is such that they need this money and must have it.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from New York yield to the Senator from West Virginia?

Mr. COPELAND. I yield.

Mr. HATFIELD. There were 280,000 soldiers engaged in the battles of our country in the Spanish-American War. Fifty-seven thousand of those soldiers suffered from dysentery from either the amoebic form or the Shiga's infection. Twenty-one thousand of them suffered from typhoid fever due to the Eberth' bacillus or from paratyphoid, making altogether 30 percent of the 280,000 soldiers who were infected with either one of those maladies. What would the Senator say, from the standpoint of a physician, as to the percentage of those men who would acquire a permanent disability because of such infection?

Mr. COPELAND. I remember very well, Mr. President, that we sent an army down to Chickamauga Park, was it not? They went down there and died of typhoid fever like flies. I do not care whether the Spanish-American War veteran ever faced a volley or not; he faced death in a more terrible form than those men who faced the rifles on the battlefields.

Mr. HATFIELD. And the complications that followed.

Mr. COPELAND. And every man who suffered at Chickamauga and recovered some degree of health after having typhoid fever was a weakened man from that day forward and was not competent physically to do what a well man could do.

Mr. President, there is not any question at all that the Spanish-American War veterans faced disease and death in more terrible form than any soldiers who have since been in battle. Yet we know of such cases as the one to which I referred the other day, of a man who had been a major in the Spanish-American War, who was wounded during that war, who also suffered disease during his service, who now at 70 years of age is broken in health, and yet has had his pension reduced from $50 a month to $6 a month as a result of "regulations."

I do not want any regulations; I want the law written so that everybody may know exactly what it means. It should be understandable without the intervention of any Veterans' Administrator.

Finally, Mr. President—and I speak once more to my colleagues on this side—we render a disservice to our great President if we fail to guard him from the actions of cold-blooded officials. No man who has ever been elected to the Presidency had more friends than Mr. Roosevelt. I spent the day yesterday in my State. I had dinner last night with a great group of business men in one of the leading cities of my State, 90 percent of them, at least, being Republicans. Every man there had kind words to say for President Roosevelt. He has the respect, the regard, and the affection of the American people, and, so far as I am concerned, may I say to my Democratic colleagues, I want him to retain that respect and regard and affection. It is not right that we should menace his popularity by permitting the passage of any law which will impose unnecessary hardships upon any man in America.

My plea to you—and particularly because the threat of a veto has been made—my plea to you is to do what you think is right; what you think is right for the party, what you think is right for the President, and, above all, to do that which you think is right by the veterans.

Many of these veterans and their wives have made financial commitments; they have purchased homes, expecting that the contract made with the United States Government was a valid contract. Let us not, Senators, now take this step which will ruin them financially and break their hearts.

Let us not do that which will threaten the popularity of our President and hamper him in his great work.

He is doing a great work; our country recognizes it. The Congress during the past 3 months has done more than all the Congresses that have convened for 40 years past. If we can have a real recovery of business, as I believe we are going to have—and recovery is now on the way—let us not hamper it or interfere with it by any action which will impair the influence of the President.

So, Mr. President, my appeal, particularly to my own colleagues, but also to the entire Senate, is to do right by these men who fought for us.

Mr. WALSH. Mr. President, I can state very briefly and directly my position on the pending amendment. In a word, I am going to vote for the pending amendment because I have lost faith and confidence in the bureau of the Government entrusted by the Congress with making economies in veterans' compensations and pensions upon a liberal and just basis. That is a strong statement, but I submit that the facts justify it and lead to no other conclusion. Let us review them briefly.

Shortly after the 4th of March we enacted the economy law. The banks of the country were closed. The credit of the Government was threatened. The President asked Congress to give him the power to make drastic reductions in the expenses of the Government, to cut salaries, and to rewrite all legislation affecting the veterans of all wars. We gave him that power willingly. The country demanded and approved it. On the floor of the Senate I, myself, with other

Senators, pleaded that he be given that power, expressing my sincere confidence in the belief that he would administer with liberality and with justice the extraordinary powers granted. Because we all believed reasonable and not unfair regulations would be adopted, we voted for the bill. On that occasion I offered an amendment on the floor of the Senate. I said, whatever else we do in transmitting this power to the President, let us not leave the battle-casualty veterans to the whims of any Government bureau. I asked that they be protected from bureaucratic uncertainty and a definite policy toward them be declared, and that their rights, subject to reasonable reductions, be defined with certainty.

In fairness to the Government, I inserted in that amendment a provision which permitted the Government, in case a veteran's condition improved or he recovered, to readjust the compensation base. Had I offered on that occasion an amendment that no disabled veteran whose disability was service connected could be cut, undoubtedly and unquestionably such an amendment would have gone into the bill. But in fairness to the Government itself, so that it could not and ought not to pay veterans when they recovered from their disability the same compensation as before, I allowed a phrase to be inserted in the amendment giving the Government elasticity as to rates.

Now, let us consider how this amendment, declaring a congressional policy in behalf of disabled veterans with service connections, was distorted and perverted. Let us analyze the attitude of mind applied to interpret this amendment.

On April 20 regulations were promulgated under the power which we decreed in the economy law. That these regulations shocked all who had knowledge of veterans' legislation cannot be denied. I do not hesitate to say that I have not found anyone from the highest to the lowest official of the Government who has undertaken to justify or defend these regulations. Every strong adjective which could be found has been resorted to by conservative and informed Members of the Congress in order to describe the character of those regulations. "Inhuman", "unjust", "cruel", "brutal", have been the descriptive words. I have heard a Senator on this floor assert that these regulations were reasonable or just.

Even the National Economy League, which appeared before the special joint congressional committee studying veterans' legislation, asking to have the overgenerous benefits that the Congress had enacted in the days of prosperity repealed or modified, protested, and some of them denounced as too drastic the regulations which were issued by the Government. Even the very forces that appeared before the committee of this body trying to battle down, and in many cases remove, in view of the economic conditions in this country, the laws where we had been overindulgent and extravagant in our benefits to the veterans, protested vigorously against these regulations. Senators and Representatives protested. In the press and in public meetings protests were made, and day went after day until finally came the 20th of May, when we began talking about adjournment, when Congress was getting nervous and restless, and when Members of Congress felt that they could not go back to their constituents to defend these regulations after having voted this power to the President.

Mr. President, on the 20th of May, when rumblings were becoming widespread, when it was known that the Congress was becoming rebellious at the delay in correcting the generally admitted injustices, a new set of regulations containing slight modifications were issued. These regulations are before us. They do not meet with the approval of those who sought justice for the veterans, and yet were willing to accept and support the economy program of the administration.

What was the next concession? The House amendment. When it was found that the Senate had adopted the Connally amendment another concession through the House provision was proposed. Again, after the hospital amendment had been adopted, knowing the temper and spirit of this body, a further concession was made and today we received the additional Spanish-American War prospective benefits.

Mr. President, this is a story of hesitancy and indifference for which every Democrat will have to apologize.

It has been like getting blood out of a turnip, like getting blood out of a corpse, to get liberal regulations for the veterans of the World War.

The proposition now is to let that same Bureau continue to make regulations and dispense justice, when we have had to fight and fight to obtain the slightest concessions to deserving veterans and their dependents.

I am going back to my constituents for the first time since I have been in this Chamber with my party in power. I will go rejoicing, except for our record toward the veterans. I believe the record has been a glorious one on the whole. Even if we have differed in some few particulars, we can all agree that the President has shown mastership and leadership that has inspired us and that has commanded the approval of the country. Yes, in a few days I shall go home to a community in Massachusetts of 12,000 people with its factories closed and only 400 or 500 people out of the 12,000 employed. I can patiently listen to their tales. I can make some explanation and offer some hope to them because of the record this administration has made in their behalf, but when I see those wounded and diseased veterans, when I see those widows and orphans who are penniless by Governmental decree, I shall have no defense. When I see, as I will see, marching into my home, the unemployed, battle-scarred veterans, the insane and tubercular veterans, asking me to explain why my party repealed or reduced to a pittance their benefits, I must admit that I cannot defend many of the acts of injustice that I feel have been inflicted upon them. I should like to hear some Senator here make a defense. I should like to hear somebody say these regulations are fair and just and all that the veterans are entitled to because of the need of economy. What Senator, I inquire, can write in all honesty to a constituent of his and say, "I uphold and defend the veterans' regulations of the Government; they are just and fair to the veterans and to the taxpayer"?

Mr. President, look at the table inserted in the RECORD by the Senator from New Mexico [Mr. CUTTING] setting forth a few cases of what has been done, not to those who have benefits because of presumptions of disease contracted in the service, but those who received serious wounds in actual combat. Let me read only a few of them. Here is one with a gunshot wound whose old rating was $17 and new rating $8; gunshot wound, old rating $49, new rating $20; pleurisy $27, reduced to $8; heart $70, reduced to $40; gunshot wound, paralysis from discharge, $100, reduced to $20; three gunshot wounds $40, reduced to $20; amputation right leg $80, to $40; shrapnel wound in head and high explosive $77, reduced to $20; deafness in combat $39, to $18; gunshot wound $71, to $20.

Mr. President, the indefensible and extreme character of these regulations can be best understood by quoting some statistics furnished by the Veterans' Administration itself.

Prior to the Economy Act, the annual expenditure for disability compensation was $204,620,000. This includes disabled and diseased veterans of service connection origin, and also that class of veterans who are insane or diseased and have been compensated on the presumption that their diseases were the result of their military service.

The Economy League recommended reductions for this class so that the disbursement would be about $125,000,000. The regulations issued by the President reduced these allowances to $64,902,000 annually, which is $156,837,875 less than the appropriation made in the independent offices appropriation bill that passed the Congress prior to the 4th of March, but which was not signed by President Hoover. These figures show a total reduction of 70.72 percent in compensation to this class, which is a reduction which no one can or no one has defended.

It is a reduction that will bring misery, suffering, and destitution to many veterans injured in actual service, and also to their dependents.

A few more facts pointing out the extreme reductions that have been made are as follows: The compensation paid to widows and dependents of World War veterans has been reduced 34.60 percent. The pensions paid to Spanish War veterans have been reduced 66.61 percent. The reductions in both these classes of beneficiaries was greatly in excess of that recommended by the Economy League, who made an extensive study of the question of veterans' legislation, and recommended every possible reduction that they thought could be fairly made in justice to the veterans and to the taxpayers.

Were these awards originally just? If not, why should the officials be retained who fixed these rates? Are bureau officials expected to be honest with taxpayers only in periods of depression? If these are undeserving awards the fault is with the administration of the law and not in the law itself. That there may have been abuses and overratings is the fault of the administration and not Congress. What has been done to punish the responsible officials for these alleged discriminations and this favoritism that is alleged to have cost millions of dollars? These are not presumptive cases, not men reeking with tuberculosis, not men crazy mad and insane, not veterans who are unable to trace their disease to service, but men with battle wounds. Who can defend in the name of economy such cuts and slashes?

What is now proposed? We are asked to continue the same authority and the same discretion in that very Bureau where this record of extreme reductions has been written. As for me, I cannot do it. Mr. President, it seems to me there has been an atmosphere of indifference if not actual hostility to the veterans in these bureaus. No man that I know of who has believed in and urged economy, who has devoted his efforts to helping the soldiers, has been invited to make suggestions in regard to these regulations or in regard to changes that might right the errors made and the injustices done.

I repeat, I am convinced that there is an atmosphere of antagonism and hostility to veterans' petitions where pity and sympathy ought to go hand in hand with reductions and economy. I may be mistaken. I hope I do not do anybody an injustice, but the facts show, and the record shows that we have had to plead and fight from the day the economy bill was passed to this day, and only when the Congress was on the threshold of adjournment have we obtained, and grudgingly made, the slight and yet inadequate concessions that have been made here to remedy regulations no Member of the Senate defends.

Mr. CUTTING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from New Mexico?

Mr. WALSH. I yield.

Mr. CUTTING. Speaking of the atmosphere which has been going out from these quarters all over the country, may I quote a telegram which I received this morning, which is the direct result of that kind of propaganda? I do not know the author of the telegram. He lives in New York. The telegram reads:

> Go home. Stop stealing the taxpayers' money to pay pensions to men who never lost a finger nail in actual military service. Go home.

That is what we are faced with. People think we are fighting for men who do not deserve to be on the rolls—for grafters, for panhandlers. That is the result of the propaganda that is going out from Washington, and the Senator knows it.

Mr. WALSH. Mr. President, what is the present proposition? The proposition is to instill hope and confidence that justice will be done, but they must put their trust in the same bureau that presented a record of indifference to our obligations. It is a declaration that we must recognize economy, yes, but an economy that cuts all veterans and puts whole groups off the pension roll and reduces the widows and dependents of veterans to a mere pittance. I do not admit that our economic condition requires this extreme treatment.

On the other side, we have an amendment that will settle this issue, that will make the veterans feel that we have treated them fairly, and that can be defended both as an economy measure and as just to the veterans.

Mr. President, as between those two alternatives I have no hesitancy as to what I shall do.

Mr. President, one of the best definitions of justice I have ever heard is by the poet Whittier:

> Justice: The hope of all who do right, and the fear of all who do wrong.

Mr. President, if we have not hope of knowing that which we do is right, that it will be supported and sustained, then we will have at least our conscience to sustain us. But there is justice, and we are fighting injustice—3 months of injustice; 3 months of pleading and begging to change regulations that all concede are extreme, drastic, and unfair. Were the original regulations just? If so, why the modifications? If the other concessions made were just, why have we been continuously changing them?

I am for this amendment because it is just. It is fair to the country for it reduces benefits that should be reduced, in view of our economic condition. It is fair to the veteran. It protects the rights of service-connected disability veterans. I shall vote for it, and go back home, look my constituents in the face, and say to them, "Yes; I recognize that the economy law I voted for did you an injustice that I did not anticipate, but I took the first opportunity presented when I discovered it to try to restore the measure of justice to which all reasonable people think you are entitled. I insisted that you share in the economies necessitated by present conditions in America but I have tried to be reasonable and fair and not extreme, unjust, or unmindful of the debt of gratitude we owe you."

Mr. DILL. Mr. President, I have listened with so much interest to Senators here who grow enthusiastic over the Steiwer amendment, and attack with great vehemence the House provision with the Byrnes amendment attached, that I have secured the two amendments and tried to read them and understand them. Frankly, with the exception of the last paragraph of the Steiwer amendment, one is just as indefinite as the other, and just as hard for any ordinary man to understand; and I submit that it is just as impossible to tell what is going to happen under either one as it is under the other.

The vice of both of these propositions is that there is not a specific, definite, written statement in either with the exception of the last paragraph of the Steiwer amendment. Both of them create boards. Both of them give the right to overturn these pensions that are being paid. Neither of them does the thing that Senators talk about as the thing that should be done. One has tried to imitate the other. Worst of all, in my judgment, is the fact that the language of the last six lines of the Steiwer amendment will permit the cutting of the pensions of Civil War veterans to the extent of 25 percent. I do not think the Senator intended that. I maintain, however, that it is the only fair construction to put on that language.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. DILL. I yield to the Senator from Oregon.

Mr. STEIWER. The language was drawn in such a way that it would not cut the pensions of the Civil War veterans; and if the Senator will examine the Economy Act, and advise with the drafting bureau and our own lawyers, as I did, he will change his view upon that subject.

Mr. DILL. It may be that that is true.

Mr. STEIWER. It is true.

Mr. DILL. But the language is so simple that I do not see how any man who reads the English language can misunderstand it, because it wipes out any provision of the Economy Act, Public Law No. 2, that interferes with this. If the Senator wants to stand on it, he can do so; but I would not vote for anything that would by any possibility allow the pensions of Civil War veterans to be cut 25 percent.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. DILL. I yield to the Senator from Florida.

Mr. TRAMMELL. The Senator from Washington said that this would interfere with the provisions of the Economy Act. The Senator supported the Connally amendment for a 25-percent reduction in order to defeat a limitation of 15 percent; and that amendment specifically provided that in the case of all wars preceding the World War, as well as those after the World War, a 25-percent reduction should be permitted. I called attention to that specifically on the floor of the Senate and asked Senators if they wanted to vote to reduce Civil War veterans' pensions 25 percent. In spite of my calling their attention to it, the Senator saw fit to take that in preference to the limitation of 15 percent.

Mr. DILL. I desire to say to the Senator that I never had any conception that the Connally amendment did that, and I do not believe it did it. Nevertheless, the point I make is that the Steiwer amendment as it is written here, with the exception of the last paragraph, does not differ enough from the House amendment to be worth fighting about.

There are two bad features of the last paragraph of the Steiwer amendment. One is that it opens the door to cutting the pensions of Civil War veterans 25 percent; and anyone who will read it cannot put any other meaning on it, regardless of drafting attorneys or anybody else. The second bad feature about it is that it places on exactly the same basis the men who have been placed upon the rolls because they are past 62 years of age and those who have not been placed on the rolls on that basis.

I desire to offer as an amendment to the House provision and in addition to the Byrnes amendment, an amendment that will provide that notwithstanding the provisions of Public Law No. 2, no Spanish-American War veteran or veteran of the Boxer rebellion or the Philippine insurrection who is past the age of 62 years and who was entitled to and receiving a pension under the laws existing prior to March 20, 1933, shall be reduced more than 25 percent.

If that amendment is adopted, the dollar-a-day men, the men who are on the rolls because they are past 62 years old, cannot be cut more than 25 percent. That was the intent of the Senate when my amendment was adopted to the Economy Act. Nobody ever dreamed that these men past 62 years would be cut below $20 a month at most.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. WHEELER. Do I understand that the Senator says that the language—

> Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, the pension paid to veterans of any war prior to the World War, or to any widow and/or dependent of such veterans shall not be reduced more than 25 percent of the amount being paid prior to March 20, 1933—

means that the Civil War veterans' pensions can be cut?

Mr. DILL. Why not?

Mr. WHEELER. Why, of course, it does not do anything of the kind.

Mr. DILL. Why not? Was not the Civil War before the World War?

Mr. WHEELER. Yes; but the public act referred to does not give any authority to cut the pensions of Civil War veterans. Consequently, this measure simply says that under any law that is previously passed giving the right to cut pensions, they shall not be cut more than 25 percent.

Mr. DILL. The Economy Act permits them to be cut 10 percent.

Mr. WHEELER. Yes.

Mr. DILL. Does not the Economy Act permit the Civil War veterans' pensions to be cut 10 percent?

Mr. WHEELER. What I am saying is that this amendment simply says that under any act under which they have previously been able to cut them more than 25 percent, they shall not under this provision be able to cut them more than 25 percent.

Mr. DILL. It does not say that. It says notwithstanding any provision of that act.

Mr. WHEELER. Of course, it says that.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. STEIWER. Let me remind the Senator from Washington, in order that he may be relieved of his distress, that the pension laws providing pensions for Civil War veterans were not repealed. The Economy Act repealed certain other pension laws, but did not repeal those laws; and those laws now stand unimpaired in every respect, except that in the Economy Act the rate for the fiscal year was cut down 10 percent.

Mr. DILL. Perhaps the Senator is right.

Mr. STEIWER. I know I am right. I do not like to be so sure about it, but I spent some hours in arriving at a conclusion concerning the matter.

Mr. DILL. At any rate, I should like to see the amendment written so that there cannot be any question about it.

The other point I desire to make against the Senator's amendment is that he puts the men who are not 62 years of age on the same basis as those who are past 62 years of age.

There has been for a considerable period of years in this country a pension law providing that when any man who was in the Spanish War reached the age of 62 years, he was entitled to a pension of $30 a month. Until that time he was entitled to a pension only on the basis of disability. I believe there should be a difference, and I believe there properly is a difference between those who have not been put on the roll because of age and those who have been put on because of disability.

For that reason I am offering this amendment to perfect the House amendment, in addition to the Byrnes amendment—not as a part of it but in addition to the Byrnes amendment. It will insure that every Spanish War veteran past the age of 62 years, now on the rolls, shall not be cut more than 25 percent, and then those who are between 55 and 62 will come under the provisions of the Byrnes amendment. With that change in it there is not enough difference between the two amendments to be worth fighting about so far as the language of the House section and the language of the Senator from Oregon is concerned.

Mr. CUTTING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from New Mexico?

Mr. DILL. I yield to the Senator.

Mr. CUTTING. For 4 hours on Monday the Senator from Oregon [Mr. STEIWER] and I stood on the floor of this Chamber explaining the differences between these two amendments. I am sorry the Senator from Washington does not agree with us that the differences amount to anything; but, if that is the case, will the Senator explain why one of these propositions is sure to be vetoed and the other one will be accepted?

Mr. DILL. The reason, I understand, is because of the difference in the amount that it will cost the Government. That is one of the reasons. Another is that it is claimed that there are included in this amendment certain presumptive cases that are not included in the other.

Mr. CUTTING. Then certainly there are some substantial differences.

Mr. DILL. But the trouble is that the language of both of them is so involved that a man would need to take 2 or 3 days to analyze them, sentence by sentence, to get the legal effect of them. I am always annoyed by language that is so written that the average man cannot understand it, to say nothing of a man who is familiar with legal terms.

I do not want to delay the Senate. I do want to offer this amendment, and have it read at the desk, and ask for a vote.

The PRESIDING OFFICER. The Senator from Washington offers an amendment, which will be stated.

The CHIEF CLERK. It is proposed to add a new paragraph after the amendment of Mr. BYRNES, as follows:

> Notwithstanding any of the provisions of the Public Law No. 2, Seventy-third Congress, no pension of any veteran of the Spanish-American War, the Boxer rebellion, and the Philippine insurrection who is past the age of 62 years and was entitled to a pension and

being paid under the laws existing prior to March 20, 1933, shall be reduced more than 25 percent.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. This is a perfecting amendment. It is in order and takes precedence over the substitute. The question is on the amendment offered by the Senator from Washington [Mr. DILL] to the amendment of the House to the amendment of the Senate No. 47, as amended. The Senator from Louisiana is recognized.

Mr. LONG. I just wanted to make that inquiry.

The amendment was agreed to.

Mr. CLARK. Mr. President, when the President of the United States announced this afternoon through his natural spokesman in this body, the Senator from Arkansas, that it was his intention to veto the independent offices appropriation bill if it should contain the Steiwer-Cutting amendment, he did so assuming the responsibility of his high office, under his own oath, performing his own duty as God gives him to see his duty. It now devolves on each individual Senator, under his individual oath of office, on his personal responsibility, to make up his own mind and to perform his duty according to the dictates of his own conscience.

Mr. President, the situation in which the Senate and the country find themselves today vividly illustrates the dangers and the vice of the Congress of the United States in abdicating its constitutional functions and granting to the Executive powers and duties imposed upon it by the Constitution of the United States. This situation does not arise today; it did not arise yesterday. This situation takes its origin in the month of March 1933, when the Congress of the United States deliberately abdicated its own functions, tied its own hands, and delegated to administrative officials appointed by the President of the United States powers and duties which the Constitution of the United States had imposed upon the Congress. We had a right to assume, and those of our number who are members of the Finance Committee were put on notice that what has been done would be done. I voted against the Economy Act; and, whatever may be its effects upon my personal political fortunes, that is one of the things which I wish to be written on my tombstone when I am dead.

It ill behooves anyone who deliberately signs a blank check to protest that the amount filled in is greater than the signer happened to expect. Under the powers conferred in the Economy Act, the administrative officials of the Veterans' Administration and of the Bureau of the Budget have made regulations which contain instance after instance of what is generally recognized on all sides as constituting most execrable cruelty. The men who prepared those regulations must have hearts of ice. So flagrant has been the situation that a demand has arisen on all sides for a liberalization of those regulations for the purpose of undoing some of the inequities and injustices therein contained.

When the independent offices appropriation bill came into the Senate, the Senator from New Mexico [Mr. CUTTING] and I collaborated in the preparation of an amendment which he offered in our joint names. That amendment at that time represented not what we should have liked to do in the way of removing the inequities and cruelties of the regulations promulgated by the Veterans' Administration, but it did represent the absolute maximum we had any hope at that time of being able to enact into law as an amendment on this legislation.

Mr. President, in the progress of the debate, in the exposition of the regulations, and in the consideration of instance after instance of gross unfairness and of gross cruelty wrought by those regulations, sentiment was created in this body which went far beyond the scope of the original Cutting amendment. I say frankly, as I said a moment ago, that the only reason why the Cutting amendment was originally limited as it was, was that we believed that to be the absolute maximum we had any opportunity of enacting. If I had any hope now, Mr. President, that affirmative Senate action on the Steiwer-Cutting amendment would contribute to the amelioration of the inequities of the regulations already promulgated, my vote would be cast for this amendment. My only purpose has been throughout to obtain the maximum consideration for those cases of disability of service origin and of those cases involving a presumption where the presumption amounts almost to a certainty that the disablement either originated in or was accentuated by military or naval service.

The Senate agreed to the Connally amendment, representing a still further advance over what the Senator from New Mexico and myself had originally contended for, a very much greater advance over the scope of the original Cutting amendment. The House of Representatives refused to accept the Connally amendment. The conference report came before us, and before its consideration was begun I joined in conference with the Senator from Oregon [Mr. STEIWER], the Senator from New Mexico [Mr. CUTTING], the Senator from Wisconsin [Mr. LA FOLLETTE], and others for the purpose of agreeing on a parliamentary procedure by which we would be able to insure a vote on the original Cutting amendment.

Mr. President, I favor the provisions of the Steiwer amendment with every fiber of my being. If I believed there was any chance of the Steiwer amendment's being enacted into law, I should unhesitatingly vote for it. If I believed that we could pass the bill over the President's veto, when he vetoes it, I should unhesitatingly vote to put the amendment in and vote to pass the bill over the President's veto. If the Steiwer amendment is adopted and the President vetoes the bill, as he has pledged himself to do, I will vote to pass the bill over his veto.

We are confronted with a practical situation in this matter, however. As an old colored man out in Missouri used to say, I would rather have part of something than all of nothing. [Laughter.]

The provision of the House amendment unquestionably represents a great advance in the liberalization of the regulations promulgated by the Veterans' Administration. It provides for payments of $50,000,000 in excess of those which would be provided for under present regulations. It provides for restoring to the roll 156,000 presumptive cases, not permanently, I grant, but it would restore 156,000 presumptive cases which are about to be stricken off. These men will be put back pending the time that there can be a complete review of the cases.

It contains substantially, although in somewhat different language, the provisions of the amendment which the Senator from New Mexico and I originally offered.

Mr. CUTTING. Mr. President, may I recall to the Senator the language of the amendment which he and I introduced?—

> Nothing in this act shall authorize the President to reduce to a degree greater than 25 percent the compensation, pension, or allowance of any veteran or dependent of a veteran—

And so on. Those words "compensation, pension, or allowance", as I remember it, were insisted on by the Senator from Missouri in order that there might be no room for argument whatever.

Mr. CLARK. That is correct.

Mr. CUTTING. Will the Senator from Missouri compare those words with the words contained in the so-called "House amendment", "Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities", and so on, be reduced more than 25 percent. Does the Senator think those words mean the same thing, and if they do not, why should not the House compromise have adopted the word "compensation" instead of the words "rates of compensation"?

Mr. CLARK. So far as I am concerned, I much prefer the word "compensation" to the words "rates of compensation." On the other hand, it is perfectly obvious that the term "rates of compensation" was inserted in the amendment on the theory that to the extent to which a veteran's

condition was improved, his compensation should be correspondingly reduced, and it was for that reason that those words were used.

Mr. BYRNES. Mr. President, because this is the second or third time the statement has been made, I ask the Senator from Missouri to yield to me.

Mr. CLARK. I am glad to yield.

Mr. BYRNES. Under the contention of the Senator from New Mexico, if the amendment contains the statement that the compensation received by a veteran on the date mentioned should not be reduced more than 25 percent, the effect would be that if on that day there were a veteran who had been determined to be suffering from a disability of 50 percent, and upon a subsequent examination it should be found that he no longer suffered any disability, under the language for which the Senator from New Mexico contends, he would still have to be paid compensation upon the basis of what he was receiving in March less 25 percent.

Mr. CUTTING. Now, Mr. President——

Mr. BYRNES. I do not yield.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. BYRNES. The language of the amendment provides that the rate of compensation shall be reduced not more than 25 percent. Therefore, if in March there were a veteran who was determined to be suffering with a disability of 50 percent, by this amendment the rate of his compensation could not be reduced more than 25 percent; but should a veteran, some individual, heretofore determined to be suffering with a disability of 50 or 75 percent, be cured, and no longer suffer with any disability, the administration would not be forced to pay him the disability allowance he was receiving last year less 25 percent. The words "rates of compensation" are essential to the intelligent administration of that provision.

Mr. CUTTING. Mr. President, it is quite obvious, from what the Senator from South Carolina has said, that he has not read the Steiwer-Cutting amendment, because beginning with line 14, page 4, it is provided:

> That in the event of a change in the degree of disability of any such veteran the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced by more than 25 percent.

It is perfectly clear, from that language, that the Veterans' Administration has complete ability to rerate the veteran.

Mr. BYRNES. Mr. President, I know that the Senator from New Mexico has made that statement, and because I know him, I know that he is sincere in it; but, at the same time, I am absolutely satisfied that there is no justification for the contention. It is never the intention, under this amendment, that anything should occur other than that which the Senator from New Mexico has said, but I contend that it is absolutely essential that the words "rates of compensation" should be included instead of "compensation." Otherwise, any man on the rolls in March would have to be paid the compensation he was then receiving, even if it were determined, and he admitted, he was suffering no disability at all.

Mr. CUTTING. Then what meaning does the Senator attach to the proviso beginning with line 14?

Mr. BYRNES. Mr. President, I have not before me the amendment of the Senator from New Mexico, but I know the language of the amendment offered by the Senator from New Mexico accomplishes the same result that will be accomplished, which is the only intent of the amendment which was adopted in the House, and which is offered here, and the ex-service men of the House, Mr. PATMAN, of Texas, Mr. BROWNING, of Tennessee, and others, who know this law as no other men know it, agreed to that, and they were right.

Mr. CUTTING. Mr. President, all I can say is that the Senator from South Carolina makes that statement on the same authority back of all the other statements made on this floor from the beginning of the debate on the Economy Act, and we have found again and again that in administering the act no attention whatever has been paid to the pledges which have been made on the floor of the Senate.

Mr. STEIWER. Mr. President, will the Senator from Missouri yield to me for one observation? I do not want to interrupt his remarks.

Mr. CLARK. I yield.

Mr. STEIWER. The position of the Senator from South Carolina has been most thoroughly considerate, but after the Senator from Missouri shall have concluded his remarks and I can be recognized I am sure those of us who are responsible for the language which appears in the Steiwer-Cutting amendment can make it entirely clear to the Senator that his contention is unfounded, that the language in the House proposal is utterly inadequate, and that language of the kind we have used is absolutely essential. I will not take time to make the explanation until later.

Mr. CLARK. Mr. President, as far as I am concerned, I much prefer the Steiwer amendment to the House substitute. I would gladly go much farther than the Senator from Oregon and the Senator from New Mexico go in their proposition, but what is the situation with which we are confronted? By the broad grant of power contained in the Economy Act we have created such a situation that there is no power on the face of the earth to interfere with the regulations promulgated by the Veterans' Administration without the consent of the President, except by a two-thirds majority of both bodies. As far as I am concerned, I am in absolute sympathy with the purposes of the Steiwer-Cutting amendment, and if it is inserted in the pending measure and the bill is later vetoed by the President and again comes before this body for consideration, I shall vote to override the veto. This, however, is not the situation which confronts the Senate today.

Mr. WHEELER. Mr. President, let me say to the Senator that I heard the statement of the Senator from Arkansas to the effect that the President would veto this bill if the Cutting-Steiwer amendment were agreed to. I am satisfied, however, that the reason why that statement is made is the fact that the President of the United States does not understand the full purport of the Cutting-Steiwer amendment. I am just as sure as that I am standing here that the President of the United States would not think of vetoing the bill if misrepresentations had not been made to him with reference to the exact meaning of it from the experts of the department.

What the Senator from South Carolina says with reference to the Cutting-Steiwer amendment convinces me that not only has the President been misled with reference to the matter but that the Senator from South Carolina has been because I do not see how anybody can read the language of that amendment and come to the conclusion to which the Senator from South Carolina has come, and I am sure that he has been given wrong information about it; and not only that, but the experts who have been advising the President from the Veterans' Administration have given him the wrong information.

It seems to me that it is too bad, if I may say so to the Senator from Missouri, that we should be quibbling about a matter that is due entirely, in my judgment, to the experts of the Veterans' Bureau who are desirous to have their way and to impose their will upon the Congress of the United States.

Mr. CLARK. Let me say to the Senator from Montana that I would not put anything past the officials of the Veterans' Bureau.

Mr. WHEELER. Mr. President, I am sure that they have given the wrong information and a misinterpretation. The trouble seems to be that the Senate is going to be forced to act because of the views of a few experts of the Veterans' Bureau, who have given the Senate misinformation, who have misled the President of the United States, and who have misled the Congress of the United States.

It is said we must go ahead and follow their judgment or the judgment of some one of these experts. I, for one, am

not willing to see the veterans of the Nation sacrificed because some little expert in the Veterans' Administration says that we have got to do this or we have got to do that. I wish the Senator from South Carolina, for whose judgment I have great respect, and who, I am sure, has worked zealously and faithfully in this matter, and the leader on this side of the House, for whose judgment I have great respect in legal matters, would take the time to sit down and analyze this proposal instead of taking the judgment of the experts and the judgment of somebody else. I am sure if they will do that they will come to the conclusion that the Steiwer amendment does not bind the hands of the President of the United States. It does not bind the Department if the desire is to do what is right.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from South Carolina?

Mr. CLARK. I yield.

Mr. BYRNES. I do not know about the Senator from Arkansas, but certainly, so far as the Senator from South Carolina is concerned, the statement he has made is based upon his reading of the language of the amendment. I have never had any doubt about the interpretation of it. It never was suggested until it was suggested by the Senator from New Mexico that the proposal could be interpreted in any other way. But if it be true, if the Senator be correct, and the Veterans' Administration has construed it as I have construed it, then the Senator from Montana, for once, is safe, and this language will be construed as we intend it to be construed.

If it be a fact that they have agreed with that construction, it makes certain that there will not be more than a 25-percent reduction in the rate of compensation that was received by any veteran on a given date in March. That is what the Senator from New Mexico wants; and if the Veterans' Administration is in accord with that construction, then we are all agreed that is what will happen and nothing more.

Mr. WHEELER. But how can the Senator say, with the proviso in his amendment, that it limits the cut to the compensation received on the given date in March, when it expressly says that there shall be a rerating? I am at a loss to understand how the Senator from South Carolina or anyone else can come to the conclusion that the veterans cannot be rerated in the event that their disability has been overcome, we will say, to the extent of 50 percent.

Mr. BYRNS. I concede that that could be done. If a man was 50 percent disabled in March, and was awarded a pension and since then has entirely recovered, would the Senator think that because he was disabled in March, but has now entirely recovered, he should receive compensation for 50-percent disability?

Mr. WHEELER. Of course not.

Mr. BYRNES. That is all that is provided.

Mr. WHEELER. I say that under the provisos in this amendment they can eliminate that man entirely from the roll of the Veterans' Bureau.

Mr. BYRNES. Undoubtedly under the House amendment that can be done; the rate of compensation cannot be changed, but if a man's disability has changed he is eliminated. If it be determined that a veteran is not disabled, he goes off the rolls; but if he stays on the rolls the rate of compensation for the disability remains the same; the rate of compensation remains the same though the rate of disability does not remain the same. If next year a man recovers and becomes entirely well, he goes off the rolls under either provision. If he stays on the rolls, under the House amendment, the rate of compensation cannot be reduced more than 25 percent. I am absolutely certain about that and absolutely sincere in the belief that the gentlemen who prepared the amendment are absolutely correct.

Mr. WHEELER. Perhaps I misunderstood the Senator, and if the Senator from Missouri will pardon me, I should like to ask another question.

Mr. CLARK. I yield to all Senators engaged, for I think this is a helpful colloquy.

Mr. WHEELER. Do I understand the Senator to contend that if a year ago a veteran was disabled 50 percent and today his disability has disappeared, that, under the Cutting amendment, he would not be removed from the rolls?

Mr. BYRNES. No; I say he would be; and I say that under the House amendment, if his disabilities disappear, he would also go off the rolls.

Mr. WHEELER. Of course.

Mr. BYRNES. All the House amendment provides is that the rate of compensation to be paid for disability, assuming the compensation is $50 a month, shall not be reduced more that 25 percent; that the veteran shall not be reduced more than 25 percent for a 50-percent disability; but if the veteran recovers, if his disability disappears, he goes off the rolls. The rate of compensation for the disability remains the same, but he no longer receives it because he is no longer disabled.

Mr. WHEELER. Well, of course——

Mr. BYRNES. That is what the words "rate of compensation", as framed by gentlemen of the House, mean, and that is what they are intended to mean. I think the Senator from New Mexico has identically the same object in mind, and it is accomplished by his amendment.

Mr. WHEELER. It is accomplished?

Mr. BYRNES. It is.

Mr. WHEELER. I understood the Senator from South Carolina to say that it was not accomplished.

Mr. BYRNES. No; I say the same thing is accomplished under either amendment.

Mr. CLARK. Mr. President, in response to what the Senator from Montana said a few moments ago, I will say to him that personally I very deeply regret the position taken by the President of the United States. I feel, as does the Senator from Montana, every confidence that if the President of the United States had the opportunity of studying this matter as some others have he would not act upon the advice of the officials of the Veterans' Bureau. But, Mr. President, we are confronted by the fact that the President of the United States has officially announced, through his spokesman in this body, that he will veto this bill if it contains the Steiwer-Cutting amendment. Personally I regret very much that a matter of $30,000,000—large as it is actually but small as it is in comparison with the vast sums we are appropriating—should be allowed to stand in the way of further justice to the veterans of our wars. I wish the $30,000,000 might be scaled off the huge sums being spent on reforestation camps and used for the purpose of carrying into effect the provisions of the Steiwer-Cutting amendment; but I do believe, Mr. President, that while the provisions of the House substitute, with the addition of the amendment of the Senator from South Carolina which was adopted this morning, fall short of the Steiwer-Cutting amendment, we are confronted with the necessity of taking the House substitute or running the danger of getting nothing, and that there will be no amelioration whatever of the effect of the regulations. For that reason——

Mr. McGILL. Mr. President——

Mr. CLARK. I will yield in just a moment. For that reason (and I can say, for the benefit of the Senator from Pennsylvania, that I am not one of the Senators who talked to the President or any Cabinet officer today) I am very reluctantly going to vote against the Steiwer amendment, in the hope of getting the utmost for the ex-service men that can now be secured. I now yield to the Senator from Kansas.

Mr. McGILL. Mr. President, in the event the Steiwer amendment should be adopted, and if the bill were vetoed, does the Senator see any way by which we could accomplish the same end as would be accomplished if the bill were passed with the Byrnes proposal adopted?

Mr. CLARK. I see no way except by overriding the President's veto in each House.

Mr. McGILL. In other words, if the Steiwer-Cutting amendment is adopted and then the bill be vetoed, the Sena-

tor takes the view that nothing can be done on behalf of the veterans?

Mr. CLARK. Under the powers granted by the Economy Act, the only way of which I know to change the regulations, without the consent of the President, would be by a two-thirds majority in each House. I do not believe that a two-thirds majority of each House could be obtained; and I am too much interested in the welfare of the veterans of this country to indulge in idle gestures; I am too much concerned about the welfare of the veterans of this country not to take what I can get, rather than to run the risk of losing everything that may be obtained.

So long as I may serve in this body I will never be willing to vote away the functions and duties imposed upon me by the Constitution and then to attempt to alibi myself to my constituents by idle gestures for political purposes.

Mr. LONG and Mr. STEIWER addressed the Chair.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. STEIWER] and the Senator from New Mexico [Mr. CUTTING], in the nature of a substitute for the amendment of the House to the amendment of the Senate numbered 47, as amended.

Mr. VANDENBERG and other Senators asked for the yeas and nays.

Mr. STEIWER. Mr. President, before the yeas and nays are ordered, I want to change one word in order to perfect the substitute. The Senator from New Mexico and I are under obligation to strike out the word "affirmative", on page 2, in line 22.

The PRESIDING OFFICER. Is there objection to the modification suggested by the Senator from Oregon?

Mr. STEIWER. Mr. President, the yeas and nays not having been ordered, I think the modification may be made. We desire to strike out the word "affirmative", in line 22, page 2, and substitute for it the word "the", so that the line will read:

> Unless the evidence clearly discloses—

And so forth.

This modification, Mr. President, requires but little explanation. It makes it easier for the Bureau to rebut the presumption of service connection and to remove the veteran from the rolls. It is a concession to the Veterans' Administration, or to the White House, as the case may be, and is against the veteran; but we deem it more appropriate.

Mr. President, I am not going to detain the Senate for longer than 2 or 3 minutes. I now address myself to the question that has been discussed here late this afternoon by the Senator from South Carolina [Mr. BYRNES], the Senator from New Mexico [Mr. CUTTING], and others, because in my opinion it is the crux of the whole situation. Correct understanding of that question may determine the vote of Members of this body.

It was said earlier in the afternoon by those opposed to the Cutting-Steiwer substitute that there is so little difference between the two proposals that we might as well accept the House amendment. The explanation I hope to make will have a bearing upon that proposition, and I submit that it will convince any Senator who will listen to me that there is a most vital difference between the two, and that that difference justifies the Cutting-Steiwer proposal and condemns the House proposal.

The difference chiefly is in line 7, on page 4. The House proposal reads, commencing in line 6—

> That in no event shall the rate of compensation payable for directly service-connected disabilities * * * be cut more than 25 percent—

While in the Cutting-Steiwer proposal the language is that—

> In no event shall the compensation being paid for directly service-connected disabilities * * * be reduced more than 25 percent.

What is the distinction between the two expressions? Let me explain.

The equation that makes up a veteran's compensation has two factors, as we all know. One is the rate of compensation which is provided by law or by regulation. That is the rate which stipulates the amount that shall be paid for a disability in any certain degree. The other is the rate or rating of the individual's disability, a thing personal to the veteran himself. In order to determine how much the pension shall be under the compensation law it is necessary to determine both the factors; that is to say, the rate or rating of his disability or how much he is hurt and to provide the rate of compensation, which is the figure that will be paid for that degree of disability or injury.

When it is recited, as it is in the House language, that the "rates of compensation payable shall not be cut", it means exactly this and nothing else, that even though the rates of compensation shall not be cut the rates of disability may be changed from time to time and rerated at the will and the pleasure of the Veterans' Administration. Therefore there is nothing in the House language that places any substantial restriction upon the Veterans' Administration in making drastic cuts in compensation. If we agree to the House language, the Veterans' Administration can proceed in the next 3 months, as they have in the last 3 months, to make such cuts as they wish. The President by regulation has cut the rate of compensation of total disability from $100 to $80, which is 20 per cent, but on the average throughout the whole Nation the Bureau has cut the rate of disability more than that.

The total resulting is something like 54 percent in the service-connected cases, and that is made up of 20 percent in cut of rate of compensation, and the other 34 percent is made up of the reduction in rates or rating of disability. So I assert most earnestly that the House language gives no protection, and from the statement made by the Senator from South Carolina [Mr. BYRNES] I think he does not regard it as giving protection except in the sense that it provides against cuts in the "rates of compensation payable * * *". The pending substitute does afford protection by restricting reductions in the amount of compensation being paid March 20, 1933.

The argument was made that because in the Cutting-Steiwer substitute we used the phrase "compensation being paid shall not be cut" it was inelastic, that it was not susceptible to review, and that if a man recovered he would still be on the rolls. That is manifestly untrue and in error, because, as pointed out by the Senator from New Mexico, it is provided in line 14:

> That in the event of change in the degree of disability of any such veteran, the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans' Act of 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced more than 25 percent.

In other words, the Veterans' Administration, although they cannot change the compensation except where there is change in degree of disability, can review the case under the law and change the evaluation of the disability. With respect to this I will say, as I said about something else a little while ago, this language was carefully considered by the sponsors of the proposal. It was written for the purpose of providing elasticity and at the same time of preventing the application of an unfair and arbitrary rating schedule; making it possible to reduce the evaluation of disability in those cases in which recovery is had and incidentally to increase the evaluation of disability in those cases where the disability becomes more serious. But it was also written with the idea that by the language in line 7 we would place upon the Veterans' Administration a hard and fast restriction under which they could not, in the future as they have in the past, cut ruthlessly and indiscriminately in order to save money at the expense of crippled men.

Mr. President, I am not going back over the ground that has been covered so thoroughly this afternoon. Like the Senator from Louisiana [Mr. LONG], I am ready for a vote. When it is thought there is no difference between the two propositions and we find that one prevents a cut beyond 25 percent in direct service-connected cases, and the other does not prevent a cut beyond 25 percent, we are moved to ask what is the attitude of this body with respect to combat disabilities. That is all that is in the issue involved in this paragraph.

What is the attitude of this body with respect to the men wounded on the field of battle? What is the attitude of this body with respect to the men whose bodies are filled with shell fragments and shrapnel, the men with an arm or a leg gone, who are reduced in health and almost destroyed, living dead men upon the face of the earth? Are we going to protect them or are we going to permit the Veterans' Bureau to continue its pillage in these cases? We know the situation. We are not going to deceive anybody. We are not going to deceive ourselves. We are not going to deceive the veterans. The issue is clear cut and plain; we will protect the American veteran, or we will betray him. He who has fought the Nation's battles deserves better than betrayal.

Mr. GORE. Mr. President, the Senator from Oregon [Mr. STEIWER] asked, "Are we going to permit the Veterans' Bureau to continue its pillage in these cases?" There can be only one answer to that question. The junior Senator from Missouri [Mr. CLARK], himself a soldier, and a known friend and champion of the veterans, has just announced that he intends to vote against the Steiwer-Cutting amendment and intends to vote for the conference report. I shall follow his example.

The heart of every Senator must have been moved by the eloquent references to our battle-scarred veterans. I was particularly impressed by the eloquent remarks of the senior Senator from Massachusetts [Mr. WALSH]. He iterated and reiterated his devotion to the battle-scarred veterans of our various wars. I am sure that sentiment is shared by every Senator. I do not intend to weary the Senate by repeating that I have as deep a desire and as fixed a purpose as anyone on either side of the aisle, or at either end of the Capitol, to see that justice is done to our battle-scarred veterans and our disabled and deserving heroes.

Mr. President, I am equally concerned that justice should be done to the American soldier and the American citizen; that justice should be done to the American veteran and the American taxpayer. Each has a claim upon us. We are under obligation to both. We ought not to default either debt. Let us discharge our debts to the battle-scarred veterans. Let us discharge our debt to the battle-scarred taxpayers, to the overburdened taxpayers of the country.

Mr. President, I was not a member of the committee which handled this legislation up to the present parliamentary situation. I do not profess to be as familiar with its details as I ought to be or as I should like to be.

The junior Senator from Texas [Mr. CONNALLY], himself a Spanish War veteran, I know has the welfare of all the Spanish War veterans at heart. I know that he would not, here or elsewhere, sacrifice their interest. I find the Senator from Texas supporting the committee which has been charged with the responsibility of managing the legislation. I feel justified, therefore, in voting against the Steiwer-Cutting amendment and in voting for the committee report, sustaining the committee, when in doing so I am but treading in the steps of the Senator from Texas [Mr. CONNALLY] and the Senator from Missouri [Mr. CLARK].

Mr. President, the pending measure at least moderates some of the harsher provisions of the recent Executive order. I think some of them were too harsh. I supported the Walsh amendment when the economy bill was pending in this body in order to erect a safeguard against injustice; but the pending measure, at any rate, is a distinct gain as against the Executive order. The pending proposition moderates some of the harsher provisions of the Executive order with reference not only to the World War veterans but with reference to the Spanish War veterans. It has a double advantage. There is a distinct advantage to each class of those veterans. Shall we not avail ourselves of that advantage?

Two birds in the hand are better than none in the bush—better even than one; and, as suggested by the Senator from Missouri, it is better to have a part of something than to have all of nothing. I know that some of our soldiers feel that they are getting "nothing." Some of them naturally remember that when they set sail to the strains of martial music they were assured by eloquent orators that "nothing is too good for the soldier." Some now question the sense in which the word "nothing" was used in that assurance.

Mr. President, I can appreciate the reaction of Senators to the statement that a Presidential veto is impending if this measure passes the Congress. I do not know. Indeed, sir, I do not wish to know. Personally, I do not feel that I have any right to know. Under our Constitution all legislative power is vested in the Congress. Under our Constitution all executive power is vested in the President. The powers are distinct, vested in independent and distinct departments. I think they should be so. Under our Constitution the power to veto legislation is vested in the President. I think that power ought to have been vested in the President. I think that upon occasion it has been wisely exercised, although Thomas Jefferson never exercised the veto power one time during his occupancy of the White House.

But, sir, when the Congress passes a measure which the President regards as unconstitutional it is not only his right but his duty to veto it. When the Congress passes a measure which the President deems to be impolitic, fraught with danger to the public welfare, it is his right to exercise the veto power. Some Senators indicate that they shall be dissuaded from voting against the Steiwer amendment and supporting this legislation, which provides some measure of relief, on account of the statement made here concerning the pendency of the veto. I hardly think that justifies a deliberative body in changing its mind or its judgment concerning serious legislation such as that now pending. Our duty is our duty.

The VICE PRESIDENT. The question is on agreeing to the amendment, in the nature of a substitute, offered by the Senator from Oregon [Mr. STEIWER] and the Senator from New Mexico [Mr. CUTTING] to the House amendment to Senate amendment numbered 47, as amended.

Mr. STEIWER and other Senators called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NEELY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NEELY. While the Vice President was absent from the Chamber, the Senator from Oregon [Mr. STEIWER] offered a perfecting amendment to what is commonly known as the main "Steiwer amendment."

The VICE PRESIDENT. The Senate is voting on the modified amendment now.

Mr. VANDENBERG. I call for the regular order.

The VICE PRESIDENT. The clerk will continue the calling of the roll.

The calling of the roll was resumed.

Mr. LEWIS (when Mr. COOLIDGE's name was called). At this moment may I announce the general pair of the Senator from Massachusetts [Mr. COOLIDGE] and the Senator from New Hampshire [Mr. KEYES].

Mr. WAGNER (when his name was called). I transfer my pair with the senior Senator from Missouri [Mr. PATTERSON] to the senior Senator from Nevada [Mr. PITTMAN], and will vote. Before voting, I wish to announce that if the senior Senator from Missouri were present he would vote "yea." I vote "nay."

The roll call was concluded.

Mr. HEBERT. The Senator from South Dakota [Mr. NORBECK] is unavoidably absent.

Mr. LEWIS. Will the Senator from Rhode Island be so kind as to announce the pairs, if any, that I have failed to announce?

Mr. HEBERT. I am informed that the Senator from Illinois has announced all of the pairs. I rose merely to announce that the Senator from South Dakota [Mr. NORBECK] is unavoidably absent. If present, he would vote "yea" on this question.

The result was announced—yeas 51, nays 39, as follows:

YEAS—51

Austin	Borah	Caraway	Cutting
Barbour	Brown	Carey	Dale
Black	Bulkley	Copeland	Davis
Bone	Capper	Costigan	Dickinson

Fess	Kean	Norris	Thomas, Okla.
Frazier	La Follette	Nye	Townsend
Goldsborough	Lonergan	Overton	Trammell
Hale	Long	Reed	Vandenberg
Hastings	McAdoo	Reynolds	Walcott
Hatfield	McCarran	Robinson, Ind.	Walsh
Hayden	McNary	Schall	Wheeler
Hebert	Metcalf	Shipstead	White
Johnson	Neely	Steiwer	

NAYS—39

Adams	Clark	Harrison	Russell
Ashurst	Connally	Kendrick	Sheppard
Bachman	Dieterich	King	Smith
Bailey	Dill	Lewis	Stephens
Bankhead	Duffy	Logan	Thomas, Utah
Barkley	Erickson	McGill	Thompson
Bratton	Fletcher	McKellar	Tydings
Bulow	George	Murphy	Van Nuys
Byrd	Glass	Pope	Wagner
Byrnes	Gore	Robinson, Ark.	

NOT VOTING—6

Coolidge	Keyes	Patterson	Pittman
Couzens	Norbeck		

So the modified amendment, in the nature of a substitute, offered by Mr. STEIWER and Mr. CUTTING to the House amendment to Senate amendment no. 47, as amended, was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the House amendment to Senate amendment no. 47, as amended.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. May the Chair inquire whether the Senator from South Carolina [Mr. BYRNES] desires a further conference? Certain amendments having been rejected, the question is whether the Senator from South Caroline desires a further conference.

Mr. BYRNES. I do not think that is necessary.

FOURTH DEFICIENCY APPROPRIATIONS—CONFERENCE REPORT

Mr. BRATTON. Mr. President, I send forward the conference report on the fourth deficiency bill and ask unanimous consent for its immediate consideration.

Mr. McNARY. Mr. President, in view of the confusion and the lateness of the hour, and since the Senate is to be in session tomorrow, I shall object to the present consideration of the report on the deficiency bill.

The report submitted by Mr. BRATTON is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 8, 9, 11, and 12.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, and 10; and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$1,460"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 2, 5, 6, 7, 13, and 14.

SAM G. BRATTON,
CARTER GLASS,
KENNETH MCKELLAR,
FREDERICK HALE,
Managers on the part of the Senate.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
W. B. OLIVER,
W. A. AYRES,
Managers on the part of the House.

DEPRESSIONS AND CRISES, AND SO FORTH

Mr. GORE. Mr. President, I ask unanimous consent to have printed in the RECORD, an editorial from the New York Herald Tribune; also an address by Dr. Benjamin M. Anderson, whom I regard as one of the greatest economists in this country; also an address by Dr. A. B. Adams, of the University of Oklahoma, who is an authority on depressions and crises; and two reports from Comptroller General McCarl.

The VICE PRESIDENT. Without objection, that order will be made.

Mr. GORE. Mr. President, I ask unanimous consent to have printed in the RECORD an address by Dr. Benjamin M. Anderson, whom I regard as one of the greatest economists in this country; also an address by Dr. A. B. Adams, of the University of Oklahoma, who is an authority on depressions and crises, and an editorial which will appear in the New York Herald Tribune, June 15, 1933.

The addresses and editorial are as follows:

A PLANNED ECONOMY AND A PLANNED PRICE LEVEL

(An address by Benjamin M. Anderson, Jr., Ph.D., economist of the Chase National Bank of the City of New York, before the Pilgrims of the United States at a dinner given in honor of Sir Josiah Stamp on the evening of Thursday, June 8, 1933, at the Plaza Hotel, New York City)

ECONOMIC REVOLUTION OR ECONOMIC REVIVAL?

We must be clear as to our objectives. To my mind, the great and vital problem confronting the United States and the world today is that of getting many millions of men back to work, getting business going again, getting goods moving throughout the country and throughout the world, increasing enormously the volume of production in the world, so that the volume of consumption may also be greatly increased. But among the proposals which purport to have this economic revival for an objective there are not a few which really look toward different ends. There are, as usual, social revolutionaries who like to fish in troubled waters, who would seek radically to recast the whole economic system, to shatter the sorry scheme of things and "then remold it nearer to the heart's desire."

Whatever else measures of this sort might accomplish, they would not, in the near future, restore production and consumption in the world or set men to work. And there are many more moderate proposals which, while they might or might not be meritorious in themselves, if adopted in a tranquil time, when the general economic machinery is functioning well, would, none the less, interfere with economic revival if adopted today. There are schemes for the redistribution of wealth, which schemes may or may not have merit, considered as long-pull measures, but they certainly are not revival measures. There are other proposals, growing out of the righteous anger of honest men who have discovered iniquity, which are punitive in their nature, and which can easily go so far as to impair the efficiency of existing economic machinery which is necessary to facilitate revival. We must be clear as to our objectives. If, as an incident to revival measures, or if, as contributing to revival measures, we can end old abuses and can improve the general economic system, so much the better. But we must not permit the present unhappy state of the world and the present flux of bewildered political opinion to be capitalized by those who advocate new and untested economic theories in the making of hazardous experiments. This sick economic world of ours is a patient in a hospital, not a subject for experimentation in a laboratory. And if, as I believe is the case, we can cure this patient by tried and tested measures, surely we have no right to discard those tried and tested measures and to turn the patient over to a new school of physicians who have some theories that have never been known to work.

In medicine when radical new measures are proposed it is at least the common practice to try them out on animals first, and then, after long and careful experimentation, to try them out tentatively on human beings. We must certainly ask the new schools of economic practitioners to try things out on a small scale first, tentatively and cautiously, before they ask us to transform the whole economic system radically.

OLD ECONOMICS AND NEW ECONOMICS

We have heard a great deal about the failure of the so-called "old economics" and the need for new doctrines. I think it can safely be said that there has been no failure of the old economics in this post-war period, because so little of what the old-economics advocates has been done. The old economics taught and teaches that tariffs should not be unduly high and that goods should move with reasonable freedom across national borders. The post-war period has seen a steadily mounting body of tariffs and other trade barriers choking the flow of goods across national borders.

The old economics taught that excessive credit and artificially cheap money would generate great speculation and the piling up of unsound debts which could not be paid and which, in their qualitative deterioration and collapse, would create crisis and panic. But we spent the post-war years, especially from 1922 into 1928, in an altogether unprecedented expansion of credit at artificially low interest rates, with rediscount rates held below the

market instead of above the market, as the old rules prescribed, and we generated a credit bubble and a speculative bubble, the collapse of which has brought us untold disaster.

John Stuart Mill knew the dangers both of excessive tariffs and of excessive credit. No new economics was needed to avert them.

The old economics taught that international debts must be paid primarily with goods and services. It taught that the debtor country, in the period when it was borrowing, would have an import surplus, but that when it began to repay it must have an export surplus, sending out more goods than it consumed, and it taught that a creditor country, when the time came to receive payments, must receive an import surplus, a so-called "adverse balance of trade." But the old economics also knew what the new economics seems unwilling to admit, namely, that it was good for a creditor country to receive an excess of imports; that the term "adverse balance of trade" under these circumstances was a meaningless and misleading phrase. The old economics taught that when goods come into a country in payment of debts they do not reduce the ability of the country to buy the products of its own labor, but, rather, increase its total income and its total consumption. The foreign goods coming in in payment of debts are sold in the creditor country and the proceeds in money are not taken out, but, rather, are turned over as income to people within the creditor country, increasing their incomes by the same amount in money as the goods which come in in payment of the debts and leaving them with undiminished buying power for their domestic products. But the new economics seems to be returning to seventeenth and eighteenth century policies with respect to these matters, seems to be afraid of goods, afraid of production, afraid of income, and afraid of an abundance of goods for consumption.

The old economics knew very well that it was absurd to try to expect any definite equivalents in imports and exports as between two particular countries. It understood triangular and quadrangular trade. It knew that if a country's general balance of trade with the whole world was in proper adjustment to its creditor or debtor position things were going right, and that nothing need be done about it. The new economics seems to be veering strongly toward the notion that the volume of exports and imports with every particular country must be regulated, and that trade must be discouraged with every country which does not buy more from us than it sells to us. It is not pleasant to see this recrudescence of sixteenth- and seventeenth-century fallacies!

The old economics taught that there is no such thing as a general overproduction. It taught that the power to consume grows out of the power to produce, that consumption grows out of production. A man producing one commodity, as automobiles, contributes to the supply of automobiles, to be sure, but equally contributes to the demand for wheat, for silk, for cotton, and for other commodities which he wants. And the man producing cotton or cotton goods contributes to a supply of these things, but also to demand for silk, for sugar, for automobiles, and for other things which he wants. The old economics recognized that things could be produced in wrong proportions, some things too much, others too little, and that then great abnormalities and distortions would come. The old economics recognized that when you had overproduction of certain things and underproduction of other things, the terms of exchange between them could be so deranged that the buying power of the producers of the excessive commodities would sink very low, and then even the underproduced commodities would seem to be overproduced, because they could not be sold. But it sought the remedies in better balance and better proportion, and not in a general contraction of all production. The old economics saw purchasing power growing out of production, and it held that a good equilibrium among the various elements of production meant large aggregate purchasing power, which could take care of large aggregate production. The new economics separates production and buying power. It looks on goods on the one hand and buying power on the other hand as separate and independent things, and it proposes artificial increases of buying power through currency and credit manipulations.

A PLANNED ECONOMY

One of the most dangerous of the proposals of the new economics is that of a so-called "planned economy." Economic life as we have known it has been, in large measure, an unconscious thing, in the sense that no mind or no group of minds has seen the whole picture, and certainly no one mind or group of minds has directed the whole picture. Intelligence runs through it, but it is the intelligence of individuals or organizations seeking their own particular wages or their own particular profits, seeing their own sources of supply, seeing their own markets, but not seeing with any great clearness the movements of the system as a whole.

AUTOMATIC VERSUS CONSCIOUS CONTROL

In general it is not the function of government under the present system to produce goods or to perform economic services. The actual direction of industry, the decision whether more shoes shall be produced and less hats, is not made by the state or by collective society but is left to the choice of independent producers. These independent producers make their decisions with reference to the state of the markets. The up-and-down movements of prices and wages determine whether more or less of a given thing shall be produced. If prices are rising in a given industry and falling in another, the tendency is for labor and capital to flow from the industry where prices are falling to the industry where prices are rising. The tendency is, moreover, for consumers to consume less of those goods the prices of which are rising, and to consume more of those goods the prices of which are falling. Oversupply of any given commodity, accompanied by falling prices, thus tends to correct itself, since production declines and consumption increases, whereas the shortage of supply of another commodity, accompanied by rising prices, likewise tends to correct itself through an increase of production and a curtailment of consumption. Under this system of free, private enterprise with free movement of labor and capital from industry to industry, the tendency is for an automatic balance to be maintained and for goods and services to be supplied in right proportions. A social order is created, a social cooperation is worked out, largely unconscious and largely automatic, under the play of the impersonal forces of market prices and wages.

This system obviously predicates a sound money which men can trust. The success of this system, moreover, depends upon its flexibility and the quickness with which readjustments can be made, and this in turn depends largely upon the extent to which it is competitive and free from unified conscious control. If a government of a collective system undertakes to regulate the business of a country as a whole and to guide and control production, there is required a central brain of such vast power that no human being who has yet lived, or can be expected to live, can supply it. When millions of people are working, each at his own special problem, studying his own special market, making his readjustment piecemeal, under the guidance of market prices, the problem is manageable. If a central brain must do the thinking for all of them, chaos is inevitable. Great mistakes are made and these mistakes are carried much further than would be possible under the competitive system, controlled by free prices.

Here, then, is the central contrast between our present system and a planned economy—in the problem of coordinating the economic activities of men and making a social order. Our present system relies upon the unconscious, automatic functioning of the markets. A "controlled economy" must do it, if at all, by conscious public planning, a central brain guiding, controlling, and regimenting the masses of men, controlling production, controlling consumption, controlling the distribution of wealth, and in a large measure regulating the lives and activities of men.

The limits of economic theory and statistics

If we wish revival without an early relapse into chaos, I do not think we shall go far with the advocates of the planned economy. They cannot make a comprehensive plan. The ablest and best trained brains, given unlimited power, could not do it. The ablest students of economic theory can, for a little while, at times when their energies run high, see in theoretic outline, in schematic outline, an abstract picture of the economic order. The concatenation of prices and costs, the interrelation between the industries, the international interrelations, the relations of capital market, money market, securities market, and industry—there is a body of economic theory dealing with these matters sufficiently definite and sufficiently clear to enable us to reach some very important practical conclusions regarding public policy. But to put flesh and blood upon this abstract skeleton, so as to make it a thing adequate for conscious control of industrial life, is an impossibility. We have an immense mass of statistical detail regarding many phases of economic life, but not nearly enough for purposes of this sort, and not, moreover, in manageable form. Further, it cannot be assembled with sufficient speed to enable one central planning body or one central brain to use it in making day by day decisions. Neither economic theory nor statistics begins to supply the necessary foundation for dealing with such a problem. The best industrial and financial intelligence sees only a part of the picture with definite realism. The coordination of the multitudinous elements must be through the markets, and not through a central brain or central authority.

Economics must yield to politics in practical administration

But, further, no one supposes that if we are to have a planned economic order the matter would be turned over to the men who have trained themselves to see the whole economic picture. They would not be regarded as competent to handle the administrative problem—and they would not be. The thing would be turned over to practical administrators, chosen primarily with respect to their ability to get along with men, and with respect to their acceptability to controlling political groups, and instead of economic planning we should get political compromise. The plans that would be made would be only partially harmonious from the standpoint of economic consistency. They would be, in large part, a mere resultant of political pressures, contradictory in their economic implications.

The administrative problem would be an impossible problem, particularly difficult in the United States because of our conflicts of State and Federal jurisdictions and our constitutional limitations. With the control of industry, it would involve an immense bureaucracy—a bureaucracy so great that it might, indeed, go far in solving the problem of unemployment!

We used to have an immense respect for the power of the Federal Government to give us clean and efficient administration. In the old days, when the Federal Government had very limited functions, our Internal Revenue Service was extraordinarily clean and efficient (if one forgets the scandals of the seventies), there was immense respect for Federal law and its administration, and we made frequent contrasts between the efficiency of Federal administration and the inefficiency of State and local administration. But when we gave the Federal Government problems similar

to those of the States and municipalities, as in the case of prohibition, we saw the same evils creep in, the same abuses, the same corruption of Federal law-enforcement officers as we had had when the States and municipalities dealt alone with the liquor problem. The regulation of industry and the enforcement of regulation are increasingly impossible to the extent that it is thorough-going. Let Federal agents go about inspecting the affairs of business men, and you will have a multiplication of the evils and abuses, including bribery and blackmail, that we see in our municipalities enforcing building codes, tenement-house regulations, and so on.

War-time experience inapplicable

It is urged that we have an experience on which to build in this connection. During the war we did have a good deal of regulation and control of industry, and it is thought that this experience can be applied today. I believe that that war-time experience will be largely useless as applied to our present problem. The objectives in the war time were simple and clear. We were overstraining our productive capacity, and the problem was to produce essential goods. So-and-so many tons of steel were needed for such-and-such definite purposes. So-and-so much wheat was needed to go across the water. There was a definite military problem, and the big purpose of the war control was to hold down the production of nonessential commodities to provide resources for essential commodities. There was the definite further problem of holding prices down and limiting profits, along with the maximization of the production of specific needed goods. There was unlimited demand and limited supply, and the problem was to restrict demand and to direct supply.

The present problem is radically different. It is the problem of getting men to work producing goods that can be sold. No central brain can know which these goods are. The markets know. The individuals in charge of industries, each studying his own specific market, can know, but not even they can know how much demand can be increased as they and their fellows each increase production, each take on new employees, and generate new buying power for all other products.

Who will coordinate the trade associations?

I am particularly apprehensive regarding the proposal to allow trade associations on a great scale to get together, with the Sherman law waived, to raise prices and limit output, euphemistically called "adjusting supply to demand." If one industry alone does this, it may, if it does not overdo it, increase its profits, although even one doing it could easily mean less men at work. But if all of them do it, they will simply strangle one another.

Here there would not be one central plan, but merely a central validation of a multitude of conflicting special plans. The great and growing increase in demand which will come as men are steadily added to the pay rolls, and as more and more raw materials are used, increasing the buying power of producers of raw materials, will simply not materialize. There is no surer antirevival measure than a wide-spread application of this plan.

The plan would prevent the restoration of balance between manufactures and raw materials and foods

One of the great troubles in the present situation has been that manufacturing has curtailed output—"adjusting supply to demand", as the phrase goes—on a colossal scale, while agriculture and raw material production have gone on largely unchecked. There is an immense unbalance between extractive industries, on the one hand, and manufacturing on the other, manifest in the exceedingly low prices of raw materials and agricultural products as compared with the prices of manufactured goods.

We want this unbalance corrected, and the great correction will come through the expansion of manufacturing activity at home and abroad. The lowering of the tariffs, permitting manufactured goods to come in from abroad, but, much more important, enabling foreign countries to buy on a great scale the raw materials and foods in this country which they need, will restore this balance. It will lead to an almost explosive rise in the prices of foods and raw materials in the United States, and to an almost explosive expansion of manufacturing industry here and abroad. Our own factories, sharing an expanding market with reasonable foreign competition, will produce and sell vastly more goods than they can do with exclusive control of the depressed agricultural market and the depressed raw-material market.

I am not wholly hostile to some measure of cooperation under Government auspices, looking toward the restriction of output in certain raw-material lines, particularly where wasting natural resources are involved. We probably need it in the extraction of crude petroleum from the ground. Here supply is little influenced by price, but rather is governed by the discovery of new fields, and by the necessity which every producer faces of pumping oil if his neighbor is pumping, in order to protect his own oil from being drained away. Natural gas may present a similar case. Lumber possibly does. And the long-sick bituminous coal fields may well justify careful study and conscious public planning. But I know no case of manufacturing, refining, or processing industries where I should be willing to see trade associations get together with the Sherman law waived, to raise prices and restrict output. I should regard that as a measure tending to increase, rather than to diminish, the unbalance between raw-material production and manufacturing, and I should regard it as an antirevival measure.

Political conflicts and compromises

I have indicated that economic planning cannot be done on strict economic lines. It inevitably involves political compromises and the conflict of political purposes which will make the plan an economic disharmony. There will be conflicts among different trades—steel wanting higher prices, the railroads wanting lower steel-rail prices. There will be conflicts between labor and capital. There will be political maneuvers and pressures. Congressmen and Senators, under bombardment from their constituents, will be spending an ever-increasing amount of energy in putting political pressure upon the coordinator to favor this or that or the other special interest—and the Congressmen and Senators are sufficiently overburdened with private affairs at the present time not to welcome much more of this kind of thing. Let us hope that the Administration will use these vast new powers with the greatest caution, in the most tentative manner, try them out on a very small scale, and extend the application very gradually. A sudden sweeping application could create a fearful chaos.

Overburdening Washington

Let us bear in mind, too, the limitations upon nervous and physical energies in Washington, and let us have in mind that we must not put an unbearable burden upon the ultimate coordinator, the President of the United States, whose great abilities and high courage we recognize, and at whose immense social energies we marvel, but of whom we must not demand superhuman things.

Fortunately our economic system is not a closely fitted mechanism but, rather, a very loosely articulated and flexible organism. A closely dovetailed mechanism would break down in short order, if called upon to carry out all the conflicting purposes and if subject to all the conflicting control mechanisms which the different schools of economic theory and the different political forces are simultaneously applying to it. But a loose and flexible organism can stand a great deal of abuse and can respond to a great many contradictory purposes. If our administration can succeed in its main objectives at the London conference, we can stand a good deal of experimentation and even a good many unsound policies in domestic matters. They will do harm, but they won't be fatal.

Lower tariffs and a resumption of the gold standard essential

In the present state of world fear and apprehension, reciprocal tariff reduction seems to be about the only way that the matter is politically feasible. I believe that it is perfectly feasible and desirable, from the standpoint of economics, for us to lower our tariffs and restore our gold standard, whether other countries go along with us or not, and that we should speedily find ourselves with a rapidly growing trade, with our currency held in high esteem throughout the world, and with our position, both relatively and absolutely, enormously improved, if we were the only country that did it. We should get a greatly increased proportion of world trade, export and import, we should greatly strengthen our own internal economy, and we should stimulate the world as a whole. Other countries, moreover, would follow our example.

The view has been expressed that, if the London conference fails and we turn to the plan of controlled economy in the United States, we must then raise our tariffs in order to protect the rising costs which this would involve. This seems to me to be particularly erroneous. I think that in this case we should all the more need lower tariffs to protect our consumers against excessive price increases by trade associations, free from the operation of the Sherman law, and to protect the trade associations themselves from the strangling effect of one another's activities upon their markets.

I have in mind here a remark made to me several years ago by a British economist, that England didn't need to have a Sherman law because she had free trade, but that in the absence of free trade she, of course, would have to have one.

PLANNED ECONOMY VERSUS PLANNED PRICE LEVEL

There is another line of thought and body of proposals, in many ways different from that which I have just been describing, which would not seek to regulate prices, wages, and industrial activity bit by bit, but which feels that enough is accomplished if, by currency and credit manipulations, we control the general average of commodity prices, leaving general industrial decisions to individual enterprises. There are some minds capable of trying to combine price-fixing and industrial regimentation with the notion of currency and credit manipulation designed to make all prices rise, but I do not know any clear economic theorist who would do so, and I should say that the two general notions are economically contradictory, and that a scheme which combines them is a political rather than an economic synthesis.

It is very important that we should recognize that the vast powers which our Congress is giving the President, in legislation adopted or pending, do, in fact, represent political compromise rather than consistent economic planning, and that the simultaneous exercise of all these powers would get us into hopeless chaos. We must distinguish between the political legislation and the administrative economic program under the powers, if we are to see clearly or to hope for any good outcome. The President does not need to do all the things that he has authority to do, and there is every reason for believing that he intends to do only those things which he believes to be necessary to get the business machinery working. He has himself indicated very clearly, in connection with the agricultural legislation, that he regards it as experimental, intends to apply it experimentally, and, if it does not work well, to acknowledge it promptly. This experimental attitude is good, within limits. The danger comes if there are so many experiments that they breed un-

certainties, and if business men must be constantly altering their plans as the news from Washington varies from day to day.

Greater volume and more employment

There are those who believe that the way to start business going is to raise prices and wages by whatever method this could be accomplished, and that, in particular, a rise in the prices of manufactured goods and a rise in wage rates in factories should be the starting point. I think this view very definitely wrong. I think that what the factories need is greatly increased volume, and that what labor needs is, first of all, greatly increased employment. The price rises that we want to come first are in foodstuffs and in raw materials. Ultimately, as employment increases and as raw materials and foodstuffs rise, the aggregate of buying power in the country would be so greatly increased that the prices of manufactured goods and the wages of factory laborers can rise also, but this should be a later step, brought about by natural forces, by the markets, rather than a first step artificially forced. To get rising prices of manufactures, or even rising wage rates, before there is an increase in employment and an increase in volume of production, is merely to choke off demand, and to add to the misery of the millions of unemployed the additional burden of a rising cost of living.

PRICE LEVELS, DEBTORS, AND THE GENERAL ECONOMIC PICTURE

I want to say something about that school of economic thought which sees all our difficulties in terms of the price level, the general average of commodity prices, and which believes that if we could stabilize the general average of commodity prices, we should solve all our economic problems. They do not agree among themselves as to which price level is to be stabilized. Some wish to take the general average of commodity prices at wholesale, others would take the cost-of-living average, which would involve retail prices and rentals and perhaps wages of domestic servants, and should, of course, include physicians' fees and things of that sort.

Still others think in terms of a larger number of things which are bought and sold, including real estate itself and even stocks and bonds, and would make their price level wider than the commodity price level. But, in general, this school maintains that if we keep the price level stable, we should avoid all trouble. Rising prices generate speculation and unsound credits, falling prices rob debtors, and, if they go too far, make it difficult, and in many cases impossible, for debtors to pay their debts. The solution, from the standpoint of this school, is to strike at prices—not at particular prices, but at the general average.

Exclusive concentration upon the commodity price level as a criterion of credit and currency policy must necessarily lead to failure to use credit and currency policy properly with respect to other and at times much more important phases of the economic situation. Thus, in 1928 and 1929, after years of overexpansion of credit which had generated an absolutely wild stock-market boom, we were told by the advocates of commodity price stabilization, notably Professor Cassel, that we should not tighten money rates to check the stock-market boom because commodity prices had not risen, and that we should, in fact, increase the volume of credit because commodity prices had moved down moderately. Whatever may be said of commodity price stabilization, as one among several goals of credit policy, there are many other things also to be considered in the rest of the economic situation in determining credit policy. Exclusive preoccupation with commodity prices can lead only to disaster.

It is usual for adherents of this school to use the terms "value of money" and "general level of prices" as if the one were merely the opposite side of the other. When prices have risen they say that the value of money has fallen, and when prices have fallen they say that the value of money has risen. There is no harm in this if they are merely giving a definition of the value of money, though I don't think that such a definition is very useful. But there is great harm in this if they conclude from the fact that the general average of prices has risen or fallen that money is somehow or other to blame and that the remedy is to be found in currency manipulation.

It may or may not be true that the cause of a rise or fall in the average of prices is due to money. A rise in prices may be due to the fact that the world has increased its consumption of goods and decreased its production of goods, as was true during the war, so that goods become scarce and dear. It may be due, on the other hand, to money itself, as was the case from the middle nineties down to the war time, owing to the fact that the world's production of gold increased enormously, and that gold itself was cheapened. But the great fall in prices from 1929 to the present is, in my view, much more due to nonmonetary causes than to monetary causes, and I think that the remedy is to be found very much more in nonmonetary measures than in monetary measures. From the end of the war on, the world was busy in multiplying tariffs and other trade barriers which operated to prevent the marketing of goods. But, from 1922 on to 1929, we offset that by creating an unsound fabric of credit, which made it possible for lending countries to extend vast foreign loans to debtor countries, selling them goods without receiving goods in payment, and which enabled the debtor countries to consume far more goods than they could afford to consume on credit. Then, with the smash in 1929, these credits ceased, and repayments began to be demanded, and then the effect of the trade barriers, which prevented the normal marketing of goods, promptly manifested themselves, and the great international staples fell violently in price because they no longer had markets. Later, and more slowly, declines in other prices came, as the decline in the purchasing power of the producers of the great international staples made it impossible for them to absorb, in accustomed amount, the manufactured goods they were used to buying.

Price raising versus price stabilization

An interesting development of this school's line of thought is the doctrine, widely current today, that we should radically raise the level of commodity prices. In 1920 proposals were made that we should stabilize the prices then existing, and the doctrine was that it doesn't matter where prices are, so long as they are fixed, either a rise or a fall being regarded as an evil; but today we are being told that prices should be radically raised, and, in particular, that they should be raised to the level of 1926, this average being considered one that would be fair to debtors and creditors, or being considered one that somehow or other has a sacrosanct quality, for reasons not definitely stated.

Let me say that the effort to reach the 1926 level of commodity prices from the present level would involve a rise of about 66 percent, and that such a rise, put through by methods of currency manipulation in a short period of time, would involve all the evils against which the adherents of the price stabilization school have so eloquently warned us. It could come about only as the result of an immense speculative movement, in the course of which some prices would rise very much more than others. There would develop a new great unbalance in the price and cost system, and an immense instability in general economic life. There would develop also a great new group of speculative debtors. You cannot extend credit without creating debt. Credit and debt are opposite sides of the same shield. Every creditor has a debtor. Every debtor has a creditor. If we ease the burden of existing debtors by this method, it would only be to transfer that burden to another group, and we should have at that time the same kind of instability that we had in 1929, the same imminent disaster of violent reaction, and the same cry from ruined debtors for more credit and more currency manipulation. The adherents of the doctrine of relief from the present situation by currency and credit manipulation must set themselves much more modest objectives than the 1926 price level if we are to avoid disaster.

In the second place, however, while all of us would recognize that it is desirable to have a rising price level in the present situation, if it comes soundly, it is surely necessary to raise the question whether the desirable thing is to strike directly at the price level or to use indirect means for rectifying troubles that have led to the great fall in prices. A physician, dealing with a headache, does not usually rub the patient's head. He looks about to see if there is not a typhoid germ or something of that kind, or he considers whether there may not be a digestive upset. Even if we set a higher price level as an objective, we have still the question of whether we wish to strike directly at the price level or use indirect methods of reaching it. Moreover, the identification of the value of money with the reciprocal of the price level surely begs the whole question if it is to be made a premise in the argument. Is it money and currency that are at fault; is it gold that is at fault; or is it the strangling of the markets for goods and the disturbances in the balance among the different industries?

I am convinced that it is the latter primarily. I am convinced that it is, first of all, the excessive tariffs and other trade barriers which we have been so laboriously building up, year after year, and which we have so intensified since the great trouble began in 1929. I am convinced that if the London Conference is successful in getting these trade barriers down that there will come a great rise in commodity prices throughout the world. Each country will be able to dispose of those commodities which are most depressed in price, because produced in great excess within its borders, with an immense lift to the buying power of the producers of those things. The countries will balance one another, equilibrium will be restored, an immense wide-spread growth of employment will create additional pay rolls and additional buying power on the part of labor, an immense increase in the utilization of existing plant and equipment will create additional buying power for shareholders and partners in businesses, income growing out of increased production will support an immensely increased consumption, and prices will rise. We shall not need to force an expansion of credit. Expanding industry will invite an expansion of credit.

I should be greatly concerned if we set as our objective any particular level of prices. How far prices can safely rise without generating unreasonable speculation and unsound credits is not something we can tell about in advance. The tests of whether we have a wholesome situation are not to be found in any particular level of prices, but, rather, in whether there is a good balance among prices, full employment, and things of that kind.

Finally, I am very sure that no technique exists, even in theory, through which, by means of credit and currency manipulation, we could reach a particular price level and hold it. There are some to whom money is a very simple matter, and the question of monetary control is a very simple matter. They believe that by merely manipulating the quantity of money or the quantity of money and credit you can raise or lower prices as you please or you can hold them steady if you wish. It doesn't matter whether your money is sound gold money or irredeemable paper money. The question of quality makes no difference at all. It is purely a question of quantity. And the question of whether the credits are sound credits, based on moving goods for which markets exist, or whether they are unsound speculative credits based on fictitious values of real estate and securities or an unusable plant and equipment makes no difference.

To my mind, on the other hand, the question of the quality of money and the quality of credit is all important. I do not believe that sound money is possible which is not definitely linked to precious metal of fixed weight and fineness. I have no confidence whatever in the possibility of a managed paper currency divorced from gold. It has been a great satisfaction to me to see recent statements from Mr. Chamberlain in England to this same effect, and from President Roosevelt in his joint communiqué with the Italian representative, Signor Jung, that he, too, believes that gold must be restored as the standard of value.

Paper money, divorced from gold, without change in quantity, can fluctuate enormously in value, whether measured in the foreign exchanges or in the commodity price level at home I think that the worst possible state that the world could get into would be a welter of inconvertible paper in the main commercial countries, none of them anchored to gold, none trusted by the nationals of other countries, fluctuating in their relations day by day, introducing an incalculable speculative risk into every transaction, foreign or domestic.

We must get back to gold. One of the most important objectives of the London Economic Conference is precisely this.

There is likely to be, as a result of the unfortunate developments of recent years, and the unsound theories of recent years, a needless controversy between England and the United States in this London Conference over the particular rate at which the pound sterling and the dollar are finally stabilized. We have the feeling in this country that a high sterling is desirable, and our British friends have the feeling that a low sterling is desirable for them, each feeling that it has an advantage to gain by jockeying regarding this point. I am convinced that, from our point of view, the all-important thing is a strong and steady sterling, and that the particular rate is far less important than prompt settlement of the matter. We want a sterling which can bear its accustomed load in international commodity financing and in facilitating the flow of goods.

The notion that we must fix a price level which we desire and England a price level which she desires, and then try to adjust the gold stabilization rate to these price levels, seems to me a very dangerous notion, which can only lead to prolonged debate and interfere with the settlement. The fear that, if the rates are fixed too high for any particular country, that country may have to undergo some further downward price adjustment is not one which I should suppose need be considered, unless the rate were fixed very high indeed. Prompt settlement at London, including the lowering of tariffs and the stabilization of exchange, accompanied by a good modus vivendi regarding the interallied debts to be reached in separate negotiations, should cause such a radical upswing in general confidence and such a general rise in the level of world prices as to mean that the only difference for any country in a higher or lower rate of stabilization would be in the extent to which its prices rose rather than the fact of a rise itself.

The gold standard rules

In this London Conference questions will doubtless arise regarding the so-called "rules of the game" for the gold standard. I hope that our British friends will not ask us to repeat the errors which we made from 1922 to 1928 in generating an immense expansion of credit which, unneeded by commerce, went into securities, real estate, excessive foreign loans, and installment finance. I hope that they will put their emphasis upon the great fundamental that neither the gold standard nor any other monetary standard can work well if you have (a) excessive tariffs and trade barriers and (b) the gigantic creation of international debts. If only gold and securities are free to move across international borders, the securities turn bad after a while, and then there is not enough gold. That is quite true. But if trade barriers are moderated sufficiently so that there can be an adequate flow of goods throughout the world, so that countries which are in debt can increase their exports to the point necessary to pay their debts, then there is plenty of gold. The mobility of goods can supplement gold, and credits can be safely extended, because the goods against which they are extended can move from producer, through the markets, to consumer. In that case, a moderate revolving fund of credits can keep going a great volume of trade, while with the excessive trade barriers even a vast and growing body of long-term credits cannot permanently maintain trade.

GOVERNMENT CONTROL OVER BUSINESS

An address by Dean Arthur B. Adams

A new departure in our national policies in reference to the relationships of the Government to business is contained in most of the emergency legislation which has been put forth by the Roosevelt administration. The Inflation Act and the industrial-control measure in reality will mark the beginning of a new era in our national economic life as well as in our political policies. When the industrial control bill becomes a law this Nation will have abandoned, at least temporarily, the traditional policy of the preservation of competition and will have adopted one of forced elimination of competition. The provisions of the bill definitely limit the freedom of private initiative in business; when it passes, there will be enacted into law the policy of Government control over private business activities. As a result of this measure the Nation will have definitely abandoned the laissez-faire doctrine and will have adopted the policy of Government regulation of private business.

The industrial-control measure and the Inflation Act are complimentary acts, and so interwoven in their causes and effects that it is necessary to consider these acts together in order to understand the policies of the "new deal" in reference to the relationship of government to business.

The object of the Inflation Act is to raise artificially the general price level by deliberate reduction of the purchasing power of the dollar. The act provides that the President may cheapen the dollar through the use of one or the other of the following methods: (1) By reducing the gold content of the dollar; (2) by adopting bimetalism; (3) by a limited coinage of silver; (4) by issuing Government paper money; and (5) by forced inflation of bank credit. The President is given the power to use any or all of these means of cheapening the dollar in order to raise the general price level. Thus far he has declared the Nation off the gold standard and has used only the method of forced inflation of bank credit through the purchase of Government securities by the Federal Reserve banks in order to raise prices; but it is expected that he will use one or more of the other methods of cheapening the dollar as a result of agreements that may be reached at the forthcoming Economic Conference in London.

The industrial-control measure is designed, first, to maintain and to regulate prices by limiting industrial production through trade-association agreements in each industry. It is designed, secondly, to reduce and to regulate the number of hours of labor of each laborer in each industry, and thirdly, to raise real wages (purchasing power) of the mass of laborers of the country.

These three objectives are to be accomplished by the following methods: First, the bill permits all business enterprises in each industry to make joint agreements as to the volume of production, the hours of labor, and the rate of wages to be paid. These agreements are to be made through trade associations in each industry. Each agreement is to be subject to the approval of the Government and is to be administered under the supervision of the Government. In carrying out the provisions of the measure the Federal Government is to be given the power to force each business enterprise to cooperate with all other enterprises in the respective industries in making the trade agreements; the Government is to be given complete supervisory power over the carrying-out of all trade agreements. To make effective the power of the Government, each business enterprise is to operate under a Federal licensing system, and, in a case of violation of any of the provisions of the trade agreement, the license of any business enterprise may be canceled and the enterprise prevented from carrying on business. The industrial-control measure is truly an emergency measure if not a revolutionary one. Each business is to operate under Government supervision and control of its general business policies.

Why were these two drastic legislative measures decided upon by the administration? The main reason why they were decided upon was that private business demonstrated its inability to effect business recovery after more than 3 years of a disastrous business depression. There was a public demand that the Government do something about the business depression, and many business men and laborers requested that the Government present a plan to end the business depression. The depression became so bad that more than 12,000,000 workmen were unemployed and private charity was inadequate to support them. It looked as if the Nation would be forced to accept the dole system for the unemployed. Prices continued to fall and the burden of debts and taxes became so heavy that many debtors were unable to pay even the interest on their debts and taxpayers were unable to pay their taxes.

The natural course under the laissez-faire policy would have been to let business readjust itself on a lower price level, and to have forced debtors and creditors to agree to scale down the excess debts. A great number of people believed that such a method of readjusting business would have been too drastic, and that before the process would have been completed the majority of our business enterprises might be wrecked. Certainly, under the present circumstances, such a readjustment of business would have been a long-drawn-out one with little prospect of improvement in the unemployment situation. This was the view taken by the President; therefore his administration decided to force the price level up by the passage of the Inflation Act. As a result of the passage of the Inflation Act it became necessary that the administration also force a rise in real wages and a reduction in the hours of labor in order to maintain a balance between production and consumers' purchasing power under conditions of a rising price level. This was the immediate reason for the industrial-control measure.

Inflation of prices would not cure the fundamental problem of the inadequacy of real wages and consumers' purchasing power; the deficiency of consumers' purchasing power is the kingpin of our national economic jam. Inflation alone would produce only a national economic spree or jag which, when it ran its course, would leave the Nation in a worse economic condition than it now faces. Unquestionably inflation would increase prices temporarily and would cause a temporary increase in the volume of business and in the volume of production. Such a movement would slightly decrease unemployment. But, unless wages were increased more rapidly than prices, the beneficial results of price inflation would be temporary only.

In order to understand the heart of the economic impasse which confronted this Nation in March 1933, one must understand that our industrial system has passed from a state of a deficiency of capital and production to one of a surplus of capital and production; that the Nation has passed from a state where it was necessary for society to save all it could in order to increase the capital and production of the Nation, to one where it is neces-

sary for society to distribute a larger and larger proportion of the proceeds of production (or national money income) to wage earners so that the consumers of the Nation may have enough purchasing power to purchase the finished goods which are produced. Under the laissez-faire policy a smaller and a smaller percentage of the national money income went to labor. If industry is to operate again on a normal basis, a smaller percentage of the national money income must go to property owners in the form of interest and profits and a larger percentage of it must go to laborers and to small business men as wages and wages of management. Only by increasing the real purchasing power of consumers and decreasing the surplus funds for new investments can industry find a market for the goods which it is able to produce.

Under the laissez-faire policy, when prices go up the rise in wages lags behind the increase in prices. This lag of wages behind prices causes a decrease in the actual purchasing power of consumers; a shortage in consumers' purchasing power would bring about another business depression. In order to force wages up under conditions of rising prices it was necessary for the Government to assume control over the wage scales of industry. Also, because of the growth of mass production and the use of automatic machinery, there was an enormous amount of unemployment in this country in 1929 before the depression started. If we are to have business recovery, it is necessary to reduce the hours of labor of workers in order to increase the number of jobs for the unemployed; the natural tendency of competitive private industry is to increase the hours for employees when profits are low. Low wages and long hours are the fundamental reasons why the industrial-control measure was formulated.

Again many of our big business men have maintained that our antitrust acts which prohibit trade agreements among competitors made it impossible for industry to adjust production to the market demand. They take the position that under conditions of higher wages and shorter hours it will be necessary for the different business enterprises to agree upon the volume of production in order to keep down overproduction and ruinous prices. The production-control provision of the proposed law was a concession to the business interests on the part of the administration in return for the concession which business is to make in reference to the higher-wages and shorter-hours provision of the law.

We may summarize the reasons for the inflation and control acts as follows: The Inflation and Industrial Control Acts were decided upon because it was the opinion of the President and his advisers that it would be impossible to have an orderly business recovery without having an increase in the general price level. By the time the Inflation Act became a law it became evident to the administration that the ultimate success of inflation would depend upon an increase in the money income of the consumers of the Nation at least equal to the increase in the prices of consumers' goods. In other words, it became evident that if a balance between production and consumption was to be maintained, and that if the unemployed were to be reemployed with an improvement in business, the Government must force a rise in the wage level and a reduction in the hours of labor.

Will these acts prove to be successful and beneficial? Inflation will prove to be a benefit to the Nation if it can be and is controlled. Heretofore inflation has never been controlled, but the Inflation Act puts into the hands of the President of the United States the power to control the amount of inflation. It is the theory of the act that the Presiden will stabilize the general price level at somewhere near the 1926 price level and that he will succeed in getting other nations to do likewise. If he succeeds in this policy, inflation will not be a detriment to the Nation; but should he fail, the act may prove to be disastrous to our business edifice.

The administration of the control measure will be one of the most delicate and complicated problems that has been attempted by our Federal Government. Its administration will require the formulation of definite industrial plans for each industry affected by the law. To do this wisely and fairly will necessitate the employment of our most expert and most honest business managers and national economists as administrators of the act. The bill now provides for a 1-man administrator as the responsible head who will employ his advisors and assistants. The plan seems to be to have an advisory board of 10 experts—5 representing employers and 5 representing labor and the public.

In the formulation of trade agreements for each industry there will be the problem of deciding on the correct volume of output and the distribution of the quotas of production among the different enterprises. The decision on the exact wage scales and hours of labor in each industry will not only be difficult from the standpoint of social justice but decision on the questions will be a battle between immediate self-interest and public welfare and justice. The soundness of the decisions on each of these three great problems in each industry will depend more upon the public honesty than upon the technical wisdom of those making the decisions.

According to recent newspaper dispatches from Washington, the administration is planning on using several dollar-a-year men in the administration of the control measure. I question the advisability of such a policy. The dollar-a-year men were by no means entirely satisfactory as agents of the Government in administering war-regulatory measures. The principal functions of the wartime dollar-a-year employees was to stimulate production and to keep prices down and profits reasonable. They succeeded in stimulating production, but they did not succeed in keeping prices down and profits reasonable. The principal job of the administrators of the new control measure will be to regulate production (to limit it, but not too much) and to raise wages and shorten hours. I fear that the dollar-a-year men would not be disposed to materially raise wages and shorten hours, and I fear also that their control of production would be to unduly limit output in order to push prices up and to keep them high.

The great bulk of the dollar-a-year men in Washington during the war were really representatives of various industries—from which they received their incomes while in Washington—and as public officials the majority of them served their industries first and the public last or not at all. Would not the dollar-a-year men employed to administer the new control measure go to Washington to serve their particular industries specifically, rather than go there to serve the Government and the general public interest?

The success or failure of the industrial control measure will depend largely upon whether big business dominates the control policy in the interest of immediate profits or whether the Government dominates the policy in the interest of a permanent higher national money income and a balance between production and consumption. If the act is dominated by big business to serve its immediate ends, prices will be forced up and production will be limited unduly, but real wages will not be increased in proportion to the increase in the price level and there will result a shortage of consumers' purchasing power.

Should the control measure be administered by the Government to serve the ultimate interest of the Nation, profits would thereby be limited and big business might object to the administration of the measure and attempt to make it unpopular with the public. However, should the measure be administered in the interest of immediate profits to business, big business would cooperate with the Government, but an administration in the interest of immediate profits would result in a shortage of consumers' purchasing power, and another disastrous business depression would result. In other words, the act wisely and correctly administered may not be generally popular with big business, but if it is not wisely and correctly administered, it will ultimately bring disaster to both big business and the public.

[Editorial from the New York Herald Tribune]

THE GREAT EXPERIMENT BEGINS

The passage of the industrial recovery bill has been accompanied by statements from the president of the National Association of Manufacturers and the president of the Chamber of Commerce of the United States endorsing its main provisions and calling upon business to give its administration whole-hearted cooperation. This is the proper spirit. The vast experiment the new law launches in the governmental regimentation of industry must be undertaken with good will and forbearance on both sides. Only so can its risks be minimized and the country be spared the application of a dictatorship ruinous economically and socially.

Both of the spokesmen mentioned very naturally stress the advantage to business in the bill's relaxation of the antitrust laws. This, of course, is its compensatory feature. They also voice their confidence in its administrator, presumably Gen. Hugh S. Johnson, who has been organizing his staff and perfecting his plans to give the bill's provisions immediate effect. Here is the most hopeful note in the whole discussion. For on the administration of the statute, far more than on its terms, depends the success of the experiment.

All of which suggests that the real test of the Roosevelt regime is now at hand. Congress has given the President virtually every power he has asked for, comprising a greater authority than was ever wielded before by a peace-time Executive in the history of the country. The Nation's currency, its agriculture, industry, and transportation are all now subject to his control to a degree inconceivable a few months ago. With Congress out of the way, he must proceed at once to prove that he has the wisdom to exercise this prodigious trust in a way not only to solve the problem of the emergency but to preserve the national heritage. By the latter we mean, of course, that complex of institutions and customs, political, social, and moral, at the foundation of American life. There can be no victory that sacrifices or alters them.

Significant beyond measure, therefore, will be his choice of those to whom he must delegate his authority. If he continues to confide it to men like General Johnson, the country, while vigilant, will follow his leadership in the faith that his intention is not to remake but to restore America. On the other hand, should he begin picking for key positions political favorites or radical theorists, it will know that ahead of it lies not the United States of its dreams but the Union of Soviet Socialist Republics.

But let none of us anticipate this contingency. Every patriot today owes the President the benefit of the doubt and his full cooperation in making a success of the extraordinary program settled upon.

PRINTING OF NATIONAL INDUSTRIAL RECOVERY BILL (S.DOC. NO. 76)

Mr. HARRISON. Mr. President, I ask that House bill 5755, an act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, as agreed to in conference, be printed as a Senate document. My reason for making this request is that it may be several days before the bill will be signed, and there is quite a request for copies of it.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

BEDFORD COUNTY, TENN.—TRANSFER OF JUDICIAL DISTRICT

Mr. BORAH. Mr. President, from the Committee on the Judiciary I report favorably House bill 5909, to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district, and I call the bill to the attention of the Senator from Tennessee [Mr. McKELLAR].

Mr. McKELLAR. Mr. President, this bill merely provides for the transfer of one county in Tennessee from one division of the middle district to another. I ask unanimous consent for the immediate consideration of the bill.

Mr. McNARY. I have no objection.

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Bedford County of the Nashville division of the middle district of the State of Tennessee is hereby detached from the Nashville division and attached to and made a part of the Winchester division of the middle district of such State.

CONFIRMATION OF J. ELLIOTT RIDDELL TO BE COLLECTOR OF CUSTOMS, KENTUCKY

Mr. BARKLEY. Mr. President, earlier in the day the President sent to the Senate the nomination of Mr. J. Elliott Riddell, of Kentucky, to be collector of customs. I have been authorized by the Committee on Finance to report the nomination favorably, and I so report it. I ask unanimous consent, as in executive session, that the nomination be confirmed.

The VICE PRESIDENT. The clerk will read the nomination.

The legislative clerk read the nomination of J. Elliott Riddell, of Kentucky, to be collector of customs for customs collection district no. 42, at Louisville, Ky.

The VICE PRESIDENT. The question is, Shall the Senate advise and consent to the nomination?

Mr. McNARY. Mr. President, is this the nomination of a collector of customs in Kentucky about which the Senator spoke to me?

Mr. BARKLEY. Yes; this is the nomination.

Mr. McNARY. I have no objection.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. BARKLEY. I ask unanimous consent that the President may be notified.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

NOTIFICATION OF THE PRESIDENT OF CONFIRMATION OF HERBERT J. DRANE

Mr. FLETCHER. Mr. President, I ask unanimous consent that the President may be notified of the confirmation of the nomination of Herbert J. Drane to be a member of the Federal Power Commission.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

REPORT OF JOINT COMMITTEE TO INVESTIGATE DIRIGIBLE DISASTERS (S.DOC. NO. 75)

Mr. WALSH. Mr. President, I present a report from the Joint Committee to Investigate Dirigible Disasters. I ask that the report be printed and referred to the Committee on Naval Affairs.

Mr. KING. Mr. President, does the Senator expect to have the report printed in the RECORD?

Mr. WALSH. No; I do not ask that it be printed in the RECORD. I should have said that this is a majority report, not a unanimous report.

Mr. KING. As a member of the joint committee, indeed the chairman of the committee, I was unable to participate in the closing hours of the hearing because, as a member of the Finance Committee, I was compelled to take part in the conferences upon the industrial recovery bill.

The report of the special committee on the *Akron* disaster was presented by the committee's attorney, and it was agreed to, I am advised, by the members of the committee, except the Senator from California [Mr. JOHNSON] and myself. I have had no opportunity to examine the report because of the multiplicity of my public duties, but I have been advised of the nature of it and the findings of those submitting the majority report. I do not agree with the majority report and desire to file a minority report as soon as time permits. I ask permission to submit a minority report as soon as possible after adjournment and request that it be printed with or following the majority report.

Mr. WALSH. The members of the joint special committee join in the request that that be done.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah? The Chair hears none, and it is so ordered.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 47 minutes p.m.) the Senate took a recess until tomorrow, Thursday, June 15, 1933, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate June 14, 1933

COLLECTOR OF CUSTOMS

J. Elliott Riddell, of Louisville, Ky., to be collector of customs for customs collection district no. 42, with headquarters at Louisville, Ky., to fill an existing vacancy.

CONFIRMATION

Executive nomination confirmed by the Senate June 14, 1933

COLLECTOR OF CUSTOMS

J. Elliott Riddell to be collector of customs, district no. 42, Louisville, Ky.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 14, 1933

The House met at 12 o'clock noon, with the Speaker pro tempore [Mr. BANKHEAD] in the chair.

Rev. Edward P. McAdams, pastor of St. Joseph's Church, Washington, D.C., offered the following prayer:

God of our fathers, who has elected the people of these United States to be the torchbearers of Thy truth and of Thy knowledge in these days of distress among the nations, vouchsafe, we beseech Thee, to infuse into the minds and hearts of their assembled Representatives the spirit of Thy wisdom, knowledge, counsel, and understanding, and that in their deliberations and by their enactments they may be actuated to the perpetuation of Your ideals, the consummation of Your plans, the furtherance of Your will, the relief of distress among the nations of the earth, to the spiritual advancement and to the physical prosperity of the people of this country. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H.Con.Res. 23. Concurrent resolution authorizing the enrollment, with amendments, of H.R. 5661, the Banking Act of 1933.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; that the Senate insists upon its amendments to said bill, requests a conference with the House thereon, and appoints Mr. BRATTON, Mr. GLASS, Mr. McKELLAR, Mr. HALE, and Mr. KEYES to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1869. An act relating to the manner of appointment of certain officers of the United States.

FOURTH DEFICIENCY APPROPRIATION, 1933

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. BUCHANAN, TAYLOR of Colorado, AYRES of Kansas, OLIVER of Alabama, TABER, and THURSTON.

Mr. BUCHANAN. Mr. Speaker, for the information of the House, I think within 20 minutes we will have a conference report on this bill.

Mr. SNELL. I would say that is very fast work.

HOWARD UNIVERSITY—COMMUNISM

Mr. DE PRIEST. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DE PRIEST. Mr. Speaker, at the session last night I happened to be absent when my colleague from North Carolina [Mr. BULWINKLE], made some remarks about Howard University. I am glad to see the gentleman on the floor today. I know nothing about the remarks made by Dr. Johnson, charged to him in the Chicago Defender, but I do know that every Member of Congress has been misquoted by newspapers. Every man in public life is usually misquoted by newspapers. If Dr. Johnson is guilty of teaching communism at Howard University, then it is about time Howard University had a new president. [Applause.]

I never have been in favor of communism. I think the Members on this floor know that. In every talk I have made I have been against it, but I am not willing to condemn Dr. Johnson by a report published in a newspaper. The Members of this Congress ought to know, since Congress is making liberal appropriations for that university, so I sent to Dr. Johnson this morning for a statement of his stand on communism. I think we are entitled to know the situation, but I also know the newspapers, and I know the Chicago Defender. It is in my district. I know it very well.

Mr. Speaker, I am going to ask unanimous consent that the Clerk read to the House Dr. Johnson's statement, so that you can hear for yourselves just what he has to say about it. This is a statement issued to the press, denying that he believed in communism, just after this article came out in the Chicago Defender. I ask unanimous consent that the Clerk may read this.

Mr. BLANTON. Mr. Speaker, reserving the right to object, and I shall not object, I should like to ask whether or not specific inquiry was made of the president of Howard University whether or not he made the statement attributed to him, that the gentleman from North Carolina [Mr. BULWINKLE] put into the RECORD last night? Was he asked whether or not he made those statements?

Mr. DE PRIEST. Dr. Johnson is not in the city. I asked his secretary to send me the release that he wrote immediately after the statement came out in the press.

Mr. BLANTON. Does this explanation come from the president of Howard University?

Mr. DE PRIEST. It comes from the secretary of the president of Howard University.

Mr. BLANTON. It does not come from the president, himself?

Mr. DE PRIEST. This is a statement that Dr. Johnson issued himself.

Mr. BLANTON. But we ought to know whether or not he made the statement attributed to him; not his general ideas about the matter but whether or not he made the statements that were attributed to him by the press and which were put into the RECORD last night. That is what we should like to know. I agree that if he did make those statements Howard University ought to have a new president.

Mr. DE PRIEST. We agree on that.

Mr. BLANTON. I do not think a statement from his secretary should be read.

Mr. DE PRIEST. No. This is a statement he issued himself.

Mr. BLANTON. Then we ought to follow that up and get a "yes" or "no" statement as to whether or not he used the language attributed to him.

Mr. DE PRIEST. I am willing to go farther than that. I am willing to have this Congress investigate the whole thing. We want to know what is going on. I do not think it is good Americanism to teach communism to the students of this country. [Applause.] We have had outbursts in several colleges lately. Some students have been suspended from school for spreading that kind of propaganda.

Mr. BLANTON. Unfortunately, it is not only Howard University that is involved. It is also some of the large white universities, and they ought to be cleaned up, and the American father should investigate and send his son only to institutions in the United States that do not teach communism. [Applause.]

Mr. DE PRIEST. I am happy to say that this is one time the gentleman from Texas and I agree on something. [Laughter.]

Mr. BLANTON. I, too, am gratified immensely that I can heartily endorse the patriotic American utterances which our colleague from Illinois has used so eloquently in denouncing un-American communism.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. DE PRIEST]?

There was no objection.

The Clerk read as follows:

BRIEF SUMMARY OF VIEWS ON COMMUNISM EXPRESSED BY PRESIDENT JOHNSON IN HIS BACCALAUREATE SERMON, JUNE 4, 1933

"I am not a Communist. I am always on my guard against any dogmatic panacea for the settlement of the complex difficulties which confront us in the modern world. On the other hand, I am not in accord with those who believe that the best way to deal with communism is to persecute those who believe in it. And I am not of the opinion that patriotism requires any thoughtful man to subscribe to the doctrine that there is nothing good to be found in the Russian experiment. The determination of the leaders of this movement to make use of modern scientific and technical resources to emancipate the masses of the people from poverty and its ills, including the disease of acquisitiveness, is a commanding undertaking which no modern nation can ignore. The enthusiasm and devotion with which they give themselves to their major purpose is suggestive of the kind of idealism which religion has always felt to be precious. The way to meet this new movement is not to persecute those who believe in it, or merely to focus attention upon the errors and perversities which may appear therein, but to beget on our own soil and in a manner consistent with the religious and political beliefs of our fathers, a movement which sets forth objectives no less splendid and which can arouse the whole-hearted allegiance of our citizens. Many men in America are trying to do this. Their work is timely, their patriotism is wise, and their following will increase."

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. DE PRIEST. I yield.

[Here the gavel fell.]

Mr. DE PRIEST. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. COCHRAN of Missouri. I agree with the view expressed by the gentleman from Illinois. It is not only Howard University, but a few days ago the mother of a student in one of our public high schools in the District

of Columbia told me that her son had advised her that one of his teachers had a Soviet primer translated and had read it to the class in high school.

Now, the gentleman from Texas [Mr. BLANTON] is a member of the Appropriations Committee and is a member of the subcommittee on District of Columbia Appropriations. I have told the gentleman from Texas what this lady told me, and I am going to get that teacher's name and turn it over to the gentleman from Texas. Knowing the gentleman from Texas as I do, I am sure before he gets through with this teacher, if she read that primer as charged, she is going to find herself out of a job.

Mr. BLANTON. The difficulty about the matter is that the Committee on Appropriations acts merely as the servant of the House, and it cannot legislate. It can only appropriate. It has to appropriate according to legislation that is passed in the House. It cannot pass legislation itself.

Mr. COCHRAN of Missouri. But the gentleman can bring out information and knows how to do it.

Mr. BLANTON. I am in favor of cutting off all appropriations from any teacher who teaches communism in the United States.

Mr. COCHRAN of Missouri. I will have the information for the gentleman in a few days.

Mr. SISSON. Mr. Speaker, will the gentleman yield?

Mr. DE PRIEST. I yield.

Mr. SISSON. Will the gentleman from Illinois tell the House what occasioned this statement which has just been read into the RECORD from the president of Howard University?

Mr. DE PRIEST. It is an answer to newspaper charges that he preached communism.

Mr. SISSON. But he merely said in substance that he thinks there may possibly be something in the Russian experiment. Does the gentleman think that is objectionable?

Mr. DE PRIEST. I am not trying to defend Dr. Johnson.

Mr. SISSON. Would the gentleman deny the right of free speech in America?

Mr. DE PRIEST. I have presumed that in America the people had the right of free speech, but this involves a school sustained in large part by money appropriated by the Federal Government. I do not think this school or any other institution in America which teaches un-American doctrines should receive Federal aid. [Applause.]

Knowing Dr. Johnson as I do; knowing Dr. Johnson as a Baptist minister in favor of God and God's teachings, and knowing that communism is against the teachings of God, I cannot believe he is a Communist.

Mr. BOYLAN. Mr. Speaker, will the gentleman yield?

Mr. DE PRIEST. I yield.

Mr. BOYLAN. In the statement read by the Clerk I do not think there was a definite statement from the doctor. I think the matter should be looked into further and a more definite statement obtained from him as to his attitude on this question. Does the gentleman agree with this? I ask this question as a friend of Howard University and as a supporter of the appropriations for its maintenance.

Mr. DE PRIEST. Mr. Speaker, I may say for the benefit of the gentleman from New York that I will prepare a resolution this afternoon to investigate communism as taught in the American schools, all of them. Let us know what is going on in our school system. These long-haired communistic professors are ruining some of our children in many of our institutions. [Applause.]

Mr. BLANTON. Mr. Speaker, availing myself of the privilege the House accorded to Members to extend, I want to commend with all my heart the patriotic expressions against communism made by our colleague from Illinois. He demonstrates his fitness as a leader of his colored race. If such sound doctrine of patriotism were preached by all colored leaders it would be impossible for the destroying blight of the red flag of Russia ever to gain a foothold in the hearts of colored people.

In connection with what has been said today and yesterday about Dr. Johnson, president of Howard University, I received in my mail from New York this morning an issue of the New York Age, which carries at the top of its front page this slogan: "The national Negro weekly. Accurate and dependable." It was printed in New York on Saturday, May 27, 1933. This paper brought the information that on Thursday night, May 18, 1933, before a large audience at the Mount Olivet Baptist Church, One hundred and Twentieth Street and Lenox Avenue, this president of Howard University, Dr. Mordecai W. Johnson, dumbfounded his audience by saying that communism is a religion and that religion is not so much about God but about the nature of the world, and that he did not mind being called a Communist, as the day will come when "being called a Communist will be the highest honor that can be paid to an individual," and he further said that "that day is soon coming." This colored newspaper claimed that over a year ago this Dr. Johnson was severely criticized for similar statements.

This New York Age further asserted that Dr. Johnson seemed to be in hearty accord with the practice of the Soviet Union of putting all women to work, his claim being that women are still the slaves of men.

This colored newspaper, the New York Age, took the position that it was none of its business whether Dr. Johnson was a Democrat or Republican, or Socialist, Fascist or Communist, as he had a perfect right to his own opinions, but inasmuch as he is the president of Howard University, which is the largest institution of higher education in America for young Negro men and women, and that the funds for this university and his own salary are provided by the United States Government, it behooves him to exercise judgment and display discretion when speaking in public. And this colored newspaper expressed the fear that Dr. Johnson is not rendering any good service either to Howard University or to the young colored men and women of America.

I sincerely hope that our colleague from Illinois—who is in a most strategic position to do it—will carefully check up these alleged utterances of this president of Howard University, and if he has been quoted correctly, he should demand that as a menace to Americanism and good government, he should be removed from this institution. If the charges are untrue, he should be exonerated.

Mr. LAMBETH. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

Mr. McFADDEN. Mr. Speaker, reserving the right to object, and I do not intend to, I should like to address the House for 10 minutes following the gentleman from North Carolina.

The SPEAKER pro tempore. The Chair will put the gentleman's request later.

Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. LAMBETH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks by appending to them a speech delivered by the Honorable Cordell Hull, Secretary of State, chairman of the American delegation, before the World Monetary and Economic Conference at London this morning.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina? The Chair hears none, and it is so ordered.

Mr. LAMBETH. Mr. Speaker, I have been striving diligently to secure the floor since Monday in order to avail myself of the first opportunity to reply briefly to the speeches delivered Saturday by the gentleman from New York [Mr. FISH], the gentleman from Massachusetts [Mr. TINKHAM], and the gentleman from Pennsylvania [Mr. McFADDEN].

At the outset I wish to make clear to them and to the House that what I say will be said in the utmost good spirit and good humor. With two of these gentlemen I have enjoyed a very pleasant association on the Foreign Affairs Committee and I am happy to count all three of them as my personal friends. However, the subject matter of their addresses of Saturday is of such importance not only to the

House and to our country but to the entire world that I am constrained to trespass briefly upon their indulgence and yours.

These gentlemen combined against the London Conference in an onslaught which was magnificent but not war.

It was not war, I say, because war implies an enemy. And these gentlemen were attacking their own Government, together with a project of that Government which even they would hardly condemn as in itself bad.

The fact is they did no more than exhibit pardonable, because uncontrollable, weakness common to all three. I mean that they did what they have been doing with various degrees of frenzy whenever the word "international" or anything like it was used.

Upon hearing read an appropriation item for the International Monetary and Economic Conference, the honorable and gallant gentleman from New York suffered such an eclipse of his ordinarily sound ethics that he persisted over the protest of his own leader and distinguished colleague [Mr. SNELL] in violating an agreement against points of order. And why? I can only guess what his modesty prevented him from saying with regard to a most conspicuous omission of which the President was guilty in appointing the delegates. Actually the President had left out the ranking minority member of the House Committee on Foreign Affairs, the honorable and gallant gentleman from New York.

I must add that the point of order was overruled as pointless and that this devoted effort to protect the country against the presidential blunder went awry. The objector "took nothing by his clamor", as the honorable and learned gentleman from Massachusetts might say.

By way of avoiding the slightest dispraise of him, I concede the natural effect when he learned who had and who had not been appointed delegates. He got wounded at the opposite end of the foot from where Achilles was. But I would have suggested consultation with a good chiropodist rather than exhibition of the injured member in any such way.

Hear the complaint: "Since 1920, under Republican administrations, such well-known and distinguished Democrats as Oscar Underwood, Owen Young, Bainbridge Colby, Joseph T. Robinson, and Claude A. Swanson have been appointed and have served as delegates at important international conferences." But in 1933 under a Democratic administration only Senator COUZENS, among Republicans, was appointed, not the ranking minority member of the House Foreign Affairs Committee, the honorable and gallant gentleman from New York.

Hear again: "None of the delegates has had any experience in international conferences or European affairs. None has any knowledge of foreign languages or has traveled extensively abroad or understands conditions there. In brief, the American delegation represents the 'new deal' at the International Conference, or 'innocents abroad', and naturally the London Conference is doomed to failure." So instead of considering the delegates eminently qualified by their supposed ignorance of anything foreign, as he should logically do, he only saw their inferiority in accomplishments to the ranking minority member of the House Foreign Affairs Committee, the gentleman from New York.

One of the delegates, Senator KEY PITTMAN, of Nevada, is from the least-populous State in the Union, we were told by the gentleman from the most populous State in the Union, who further reminded us that "the great States of New York, Pennsylvania, and Illinois are unrepresented, as is also New England."

Still another criticism was that all the American delegates are over 60 years of age. What a contrast with the youth of the gallant gentleman from New York!

Now, I want to ask what possible good the honorable and gallant gentleman and his two associates expect to accomplish by damning the American delegation and the Economic Conference in advance.

Surely the state of the country and of the world is such that even though we can expect little of disarmament conferences until peace has been made in Europe, the most jealous nationalist may well look toward increased economic cooperation with hopeful eyes. Probably not much can be done in lowering tariff barriers. The conference may not completely solve the problem of an international monetary yardstick or standard. Commodity prices may not receive any immediate boost. But what harm can it possibly do, assuming that the President knows his own mind and that our delegates are not imbeciles, for representatives of some 65 countries to discuss such things?

In this general connection it has been well pointed out that many of the common economic difficulties are not international at all, except in their universality; but really spring up within national areas. If Canada or Sweden or Argentina has found a good way of dealing with some trouble by no means confined to her, why should we not learn it? We have thus learned from others, as they have likewise learned from us, time and time again. The International Monetary and Economic Conference at London comes at a period when the exchange of counsel along many economic lines is more needed than ever before.

From any conceivable point of view, the Conference is one string to the country's bow. Even if it fails completely, it will have been worth trying. Then President Roosevelt and the rest of us will know what we can count upon and what we cannot count upon. A program of increased self-dependence, of more nationalism rather than less, will follow. Congress, with the hearty assent of the country, has just conferred upon the President most abundant powers. But few of us, and least of all such interests as our cotton and tobacco growers, can consent to look with actual indifference upon the question of foreign trade.

In our great enterprise at London we can regard our delegates with the fullest pride and faith. An unofficial commentator of recognized authority estimates them thus: "No American delegation has ever been more highly respected, or even feared, abroad. This is due to a realization of the hard practicability of the American position, though married to the usual American idealism. The delegation unfailingly emphasizes that business recovery is entirely possible within America's own borders, irrespective of international accords."

Mr. Speaker, I do not expect miracles from the London Conference. All of us recognize the vast difficulty in securing satisfactory agreements out of a conference of 60 different individuals, not to speak of all the nations. The hopes of a war-worn and depression-weary world have looked up to the London Conference under the leadership of such men as President Roosevelt, Ramsay MacDonald, and others. We do expect from the Conference at least an agreement to stabilize international exchange, so that foreign trade can be resumed. Without such an agreement, we can look forward only to chaos so far as trade relations with the rest of the world are concerned.

Secretary Hull, speaking for our Government, in London today said:

> If, which God forbid, any nation should obstruct and wreck this great Conference with the short-sighted notion that some of its favored interests might temporarily profit while thus indefinitely delaying aid for the distressed in every country, that nation will merit the execration of mankind.

In like manner, Mr. Speaker, any representative of the American people who is so hostile toward this conference as wantonly, gratuitously to prophesy its complete failure will bring down upon himself the execration of the American people.

Again, I ask, what possible good can the tactics of these three gentlemen do?

TEXT OF SPEECH DELIVERED BY THE HONORABLE CORDELL HULL, SECRETARY OF STATE, CHAIRMAN OF THE AMERICAN DELEGATION, BEFORE THE WORLD MONETARY AND ECONOMIC CONFERENCE, LONDON, JUNE 14, 1933

Mr. Chairman, it is appropriate that the nations should meet in this great capital to deal with the crisis which besets them all. The compelling necessity for the present meeting of chosen representatives from 65 nations has been demonstrated by disastrous experience. The whole panic-ridden world is looking to this Conference for leadership with a program of basic relief, and every participant here must realize at the outset that distressed peoples

in every land expect concord, cooperation, and constructive results from these proceedings. The success or failure of this Conference will mean the success or failure of statesmanship everywhere, and a failure at this crucial time would long be conspicuous in history.

It is universally agreed that economic calamity, with attendant losses, sufferings, and hardships unparalleled in our time, have for 3½ years afflicted each nation and the world in common. Depleted treasuries, collapsed price levels, a destroyed international finance and commerce, greatly diminished domestic production and consumption, 30,000,000 of unemployed wage earners, a prostrate agriculture, universal monetary and exchange instability, mountainous debt and tax burdens constitute some of the awful panic experiences of recent years. The people of all nations now realize that despite unbounded opportunities they are actually worse off and more insecure than they were 12 years ago and that the necessity for new policies and new leadership is obvious and urgent.

This is a conference of representatives of sovereign governments; I have absolute faith in its complete ability, power, and disposition to move the world, and this it will accomplish if it promulgates a program which, in conjunction with suitable domestic programs everywhere, will restore confidence, employment, and full and stable prosperity alike in every country. We would be false to the trust reposed in us by the anxious audience of humanity everywhere if this great tribunal were complacently to adjourn with the humiliating implication that we are incapable of providing new policies at all and that the same nation-destroying, world-wrecking economic policies that have been in operation since the war must continue.

If we are to succeed, narrow and self-defeating selfishness must be banished from every human heart within this council chamber. If, which God forbid, any nation should obstruct and wreck this great conference with the short-sighted notion that some of its favored interests might temporarily profit while thus indefinitely delaying aid for the distressed in every country, that nation will merit the execration of mankind.

Ignoring all realities all nations have strenuously pursued the policy of economic isolation, each futilely and foolishly striving to live a hermit's life.

The cherished idea of the extreme type of isolationist that each nation singly can, by boot-strap methods, lift itself out of the troubles that surround it has proven fruitless. Each nation by itself can to a moderate extent restore conditions by suitable fiscal, financial, and economic steps. Thus the administration of President Roosevelt has within 3 months adopted an effective domestic program to promote business improvement in the fullest possible measure. The equal necessity for an equally important international economic program of remedies is clear. A brief examination of existing problems and conditions and the underlying influences chiefly responsible for their creation sustains this conclusion.

When every nation is visited by disastrous panic it is for the isolationist a mere coincidence. For him no panic has an international character, cause, or cure. He credulously believes that the present depression just happened to come upon all countries at the same time and that, despite demonstrated failure to do so since 1929, each by its own local program can at will restore full prosperity.

Economic nationalism as practiced since the war comprises every known method of obstructing international capital and trade, such as high tariffs, quotas, embargoes, exchange restrictions, and depreciated currencies. Many governments, by manifesto, are constantly changing their tariff and other obstructions so that their utter lack of stability is seriously destructive of business. These trade barriers inevitably caused a disastrous reaction upon production, employment, prices, and distribution within the confines of every nation. Under the ravages of these combined methods of extremism uncounted millions of people are starving in some parts of the world while other parts are glutted with vast surpluses. Raw materials are fenced off from factories, factories from consumers, and consumers from foodstuffs.

How many nations can get along without world trade? The indispensable nature of international commerce is better understood when we recall that most Latin American countries ordinarily sell abroad from 30 to 85 percent of their total production of movable goods; England must sell 25 percent; Germany, 30 percent; Canada, 30 percent; Australia, 30 percent; New Zealand, 40 percent; and Japan, 45 to 60 percent. A serious decline of the international market can cause a severe impairment of the economic and financial life of these large exporting countries, and this in turn dislocates all foreign trade and, as has been demonstrated during this panic, cuts deeply into all production and throws tens of millions of wage earners out of employment.

The strangulation of international trade from more than $50,000,000,000, the amount it should be according to the prewar rate of annual increase, down to a rate less than $15,000,000,000 reveals a most tragic phase of this short-sighted and ruthless policy. An international transaction has become an exception rather than a rule. Each country proposes to sell but not to buy, to export but not to import, and to get rich at the expense of the other.

The inevitable effect of these contradictory practices has been to reduce to the lowest level all prices of primary commodities bought and sold in world markets with similar effects upon commodity prices back in each country. The inability of peoples in different countries to transfer goods in payment of balances strains all domestic financial structures. Currencies and exchanges become unstable. These practices, offensive and defensive, have forced business in every nation to an artificial basis and plunged the world into economic war.

The more extreme proponents of these disastrous policies in operation during the post-war period, in a spirit of mistaken selfishness or unreasoning fear, have insisted strenuously upon the very minimum of economic contacts with other nations. Their slogan has been the talismanic word "prosperity" and each nation living by itself was to grow rich and the people everywhere were to wax fat and be clothed in purple and fine linen. In their eyes it was unpatriotic not to buy home-made goods regardless of costs.

In the making of tariffs thought was given only to the safeguarding of the home market, even to the extent of protecting the more inefficient individual businesses, inefficient industries, and industries clearly not justifiable economically. No serious thought was given the disposition of surplus production through exchanges. The home market was to be kept separate from the world market and prices bearing no relation to those of other countries would be fixed arbitrarily within each nation.

Has not the time come for governments to cease erecting trade barriers with their excesses, rank discriminations, and hate-breeding reprisals and retaliations?

Honest intelligence now compels the admission that nations are substantially interrelated and interdependent in an economic sense with the result that international cooperation today is a fundamental necessity. The opposing policy of self-containment has demonstrated its inability either to avoid or arrest or cure the most destroying depression in all the annals of business.

This Conference should proclaim that economic nationalism as imposed upon the various nations is a discredited policy; and from those who insist that the world should continue in this discredited policy the Conference must turn aside. Many measures indispensable to full and satisfactory business recovery are beyond the powers of individual states. The extreme difficulty is manifest of one nation by itself undertaking largely to reduce its tariffs or to remove exchange restrictions or to stabilize its exchange and currency or to restore the international financial credit and trade structure.

It is equally true that mutually profitable markets could only be obtained by the liberalization of the commercial policies of other countries, and this is only possible by the simultaneous action of all governments stabilizing exchange and currencies and reducing to a reasonable extent trade barriers and other impediments to commerce between nations.

This Conference must formulate plans to deal effectively with these difficulties. Satisfactory conditions of peace and prosperity and human progress itself require the maintenance of a growing international commerce. The Conference must make clear whether civilized countries can ignore this economic fact and shirk the duties which such fact imposes.

Let me here reassert the principle that trade between nations does not mean the displacement of established home production and trade of one country by that of another. International trade is chiefly barter of a mutually profitable exchange of surpluses by different countries either directly or in a triangular manner. It specially contemplates too that an enterprising nation goes out into the world and locates and develops new markets for the goods it effectively produces. The gradual and careful readjustment of the excesses of tariff and other trade barriers to a moderate level would not contemplate either unreasonable or excessive competitive imports against efficient domestic industry operated under normal conditions on the one hand nor monopolistic price advantages at home on the other. This policy, if practiced generally among the nations, would insure healthier and more prosperous conditions in all industries at all efficient in every country. This broad program while disclaiming extreme economic internationalism on the one hand would challenge extreme economic nationalism on the other and launch every nation upon a sane, practical, middle course. It would reciprocally supplement efficient home markets with capacious foreign markets. In no others half so feasible can the present 30,000,000 of unemployed wage earners be returned to work nor bankrupt agriculture be restored to solvency nor famished industry be brought back to normal.

The world cannot longer go on as it is going at present. A successful meeting of this Conference in my judgment is the key to widespread business recovery. While it is true that at the present time there does not exist a sufficiently informed public opinion in support of a necessary program of international economic cooperation, it is my firm conviction that the losses and sufferings of peoples in every country have been so great that they can soon be aroused into aggressive support of such a program.

The first and greatest task at the present juncture is the development here in this hall of a will and a determination on the part of nations vigorously to advocate this course. Thereafter plans and methods will readily take form. My firm prayer, therefore, is for a spirit of cooperation necessary to create a unified leadership program in this Conference that will carry hope to the unnumbered millions in distress throughout the world. A preliminary step indicative of sincere purpose would be the immediate general adherence by all the participating governments to the tariff truce already agreed to by at least a dozen countries to continue to the end of this Conference. The full program should comprise a succession of methods and plans of international cooperation.

All excesses in the structure of trade barriers should be removed, all unfair trade methods and practices should be abandoned, the

nations should attack these conditions and problems simultaneously, and by as many effective methods as we can devise. In the monetary field suitable measures must be taken to provide for an immediate policy which will give the greatest possible measure of stability for the period during which the groundwork will be laid for enduring reform. Simultaneously all the nations must stimulate the natural sources of employment, restart the wheels of industry and commerce, and so build up consumer power that a rise of the price level will of necessity follow.

Then the Conference must face the vexing problem of a permanent international monetary standard and lay down the proper function of the metals, gold and silver, in the operations of such a standard in the future.

Coincident with the immediate and the ultimate monetary problems there is the necessity of taking measures for the removal of restrictions upon foreign-exchange dealings. This may involve a balance-sheet reorganization of certain countries. The American delegation is prepared to offer concrete suggestions in regard to all these questions.

The nations which sent us here are interested above all else in peace and prosperity, and the prerequisite of either is a wise readjustment of economic policies. Economic conflicts, with some exceptions, are the most serious and the most permanent of all the dangers which are likely to threaten the peace of the world. Let this great Conference therefore proceed to the herculean task of promoting and establishing economic peace, which is the fundamental basis of all peace.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. I have listened with a great deal of interest to the statements that have been made by our colleague the gentleman from North Carolina [Mr. LAMBETH], and I want to pay my respects to the delegation which President Roosevelt has sent to London, some of whom are our colleagues. We know them and we know they are the right sort. However, they are in an atmosphere of intrigue, European intrigue, and, as I have said to this House on several occasions when the proposal to send a delegation to London was pending, the Conference was for the purpose of dealing with the debts which the Allies owe the United States.

Confirmation of this was given day before yesterday by Premier MacDonald at the opening of the Economic Conference. When the appropriation bill providing for the expense of the Conference was up on the floor of this House the Chairman of the Foreign Affairs Committee, who is now in London as one of the delegates, denied that debts were to be discussed and everyone connected with the administration has made similar statements. I wonder now what our colleague [Mr. MCREYNOLDS] thinks, and what he will do under the circumstances.

In this morning's paper we have this information, and I am quoting from the Philadelphia Ledger:

Warning halts British speech on debt policy. Congress still sitting. "Say nothing", Lindsay phones London.

Now, who is Lindsay? This is Sir Ronald Lindsay, who was negotiating this debt matter even before the present President took office. This is the same Lindsay that I referred to in a resolution which I presented to this House on February 25 last, in which I asked that he be recalled. My resolution was as follows:

Whereas on February 15, 1933, the Washington Star, in an article concerning the war debts, published the following statement in regard to the lobbying activities of the British Ambassador, Sir Ronald Lindsay, intimating that he had been able corruptly to influence Members of the House of Representatives in the interests of Great Britain:

"Sir Ronald Lindsay realized that, on the one hand, he had to deal here with a government which had no longer any authority from the country and, on the other hand, that every day public sentiment was changing from friendly to hostile toward Great Britain. All this, he thought, was due to a misunderstanding of America's problems on the part of the British cabinet. The public statements Chamberlain was making were a clear illustration of the lack of comprehension of the situation in America by a majority of the British Government.

"Lindsay decided to make a comprehensive survey of the situation himself. This was a difficult and delicate task for a foreign ambassador, who is supposed to deal exclusively with the State Department. He talked the situation over with Secretary Stimson and obtained the latter's approval to deal direct with the legislative body of the United States and eventually with the President-elect himself.

"Lindsay did good reporter's work. He talked to almost every Member of Congress who had any definite opinions on the debt question and whose voice was likely to influence the coming debates. After having gained a comprehensive picture of the attitude of the Congress he managed to obtain an invitation from the President-elect to come and visit him at Warm Springs on the eve of his departure to London to present his complete report.

"Roosevelt and Lindsay talked together for hours and, according to reliable reports, they surveyed not only the debt question but also the question of the Geneva Conference and the far-eastern conflict. He obtained a clear picture of the future foreign policies of the incoming administration."

And

Whereas the Government of the United States has never lost its authority, as falsely realized by Sir Ronald Lindsay, and the House of Representatives has never lost its authority; and

Whereas Sir Ronald Lindsay, Ambassador of Great Britain to the United States, has rendered himself obnoxious by publicly invading the Capitol of the United States and attempting to influence legislators in the interests of Great Britain; and

Whereas the said Sir Ronald Lindsay is conducting an extensive propaganda in the United States for the cancelation of the war debt owed to the United States by Great Britain, to the end that England may dishonor her signature without incurring too much the contempt of the world, and whereas the United States has had enough and to spare of British propaganda; and

Whereas Sir Ronald Lindsay, Ambassador of Great Britain, is required by law to confine his communications to the Secretary of State, and whereas it is a gross violation of United States rights for him to issue statements to the press in an attempt to defeat the measures of the United States Government, and whereas he has been guilty of such violations of United States rights and has given offense to the people of the United States; and

Whereas there is no authority in the United States which can confer upon a foreign functionary the right to interview any person, other than the Secretary of State, connected with the Government, and whereas the Secretary of State and his principal, the Executive, have no power to permit a foreign functionary to interfere with the Government of the United States by interviewing Members of Congress, and whereas it is an insinuation against Members of Congress to assert that they willingly permitted themselves to be interviewed by the British Ambassador in his violation of their right to freedom from molestation on the part of foreign functionaries, and whereas the said unlawful molestation of Members of Congress by the said Sir Ronald Lindsay and his attempt corruptly to influence them to defeat the measures of the United States Government in the interests of Great Britain constitutes an invasion of the rights and privileges of the House of Representatives; and

Whereas the Logan Act (U.S.C., Criminal Code, title 18, sec. 5) makes it a crime for a private citizen of the United States to have intercourse with a foreign functionary unless that private citizen has been duly authorized by the Government to have such intercourse, and whereas neither the Secretary of State nor the Executive has power to permit intercourse between a private citizen of the United States and a foreign functionary in regard to matters which have been or which may be the subject of legislation by Congress, when such matters affect the revenue of the United States; and

Whereas the lobbying activities of the said British Ambassador, Sir Ronald Lindsay, carried on in the halls of the Capitol, at the British Embassy, in the houses of citizens of the United States, in the offices of predatory international bankers, on shipboard, on trains, and elsewhere, have for their purpose the taking from the United States Treasury of assets which it is the sworn duty of this Government to protect by every means within its power, not stopping short of war, if need be; and whereas the said Lindsay's lobbying activities likewise have for their purpose the defeat of measures enacted into law by the Government of the United States to insure the repayment of moneys advanced to Great Britain on her written promise to repay them; and whereas the lobbying activities of Sir Ronald Lindsay likewise have for their object the overthrow of the Government of the United States and its reorganiaztion as a part of the British Empire: Therefore be it

Resolved, That it is the sense of the House of Representatives that its rights and privileges have been invaded by Sir Ronald Lindsay, British Ambassador to the United States, in his molestation of Members of Congress and private citizens in the interests of Great Britain, and by his subversive activities against the Government of the United States and his attempts to defeat the measures of the United State Government, and that his lobbying activities and utterances assail the honor and dignity of the House of Representatives and constitute an attack upon the integrity of its legislative proceedings, and that a copy of this resolution be sent to the President of the United States, the Secretary of State, and the Department of Justice.

This same gentleman now telephones to his Government in England warning England against permitting Neville Chamberlain, Chancellor of the Exchequer, making his speech before the Economic Conference and says nothing must be said until Congress adjourns. Twice during last evening in the House of Commons Mr. Chamberlain rose to speak and each time had to say he was sorry he could not give the promised information.

Reading further from the Philadelphia Public Ledger:

America placed on defensive in economic parley. Europe refuses to act until debts are settled. Hull revises speech.

These performances should show the American people why President Roosevelt has been so insistent that Congress adjourn before the opening of the London Economic Conference. Interpreted, it discloses complete cooperation between Premier MacDonald and President Roosevelt on the conduct of this Conference and on the conduct in the handling of the June 15 payments on war debts.

We all know that the Lausanne Conference provided for a cancelation of the reparations due the allied governments down to 10 percent of their value. We all know that the Lausanne agreement is not complete so far as the allied nations are concerned until they have persuaded the United States to likewise cancel the debts down to 10 percent, which means the taxpayers of the United States are to pay the debts owed by Europe.

We have other reports in the papers today indicating that tomorrow, when the payments are due, amounting to some $140,000,000, Great Britain, the leader of the united front against us, proposes to offer a token or something of the sort for 10 percent of the amount due us, and we know that in Washington today we have their ultimatum. This, I understand, the President will accept, with an apology. This is his second step toward cancelation of these debts.

Apparently the London Conference cannot function until Congress adjourns. Now, why should this be? Why should this Congress, which has the sole authority to deal with this debt question, not have full information before it today? Who has any authority to negotiate or to accept a token or a partial payment of the debt that is due tomorrow from Great Britain? Nobody but the Congress of the United States. Why does the President carry on these negotiations? Why does this House sit supinely by and permit this?

It is intimated that a token will be accepted and that then the President of the United States will enter into some treaty looking toward a revision downward, to 10 percent, of this debt later on, just as England and France and the other countries have decided—and we, the people's representatives, sit by and let them get away with it.

The Congress of the United States should beware of negotiations which are taking place relative to a further reconsideration of this debt question, because such a plan absolutely nullifies the wishes of the Congress and the people of the United States.

Mr. BYRNS. Will the gentleman yield?

Mr. McFADDEN. Yes; I yield.

Mr. BYRNS. I may be mistaken, but I understood the gentleman to say it had been admitted that an arrangement would be made by which the debt would be reduced.

Mr. McFADDEN. "Intimated", I said.

Mr. BYRNS. I thought the gentleman said "admitted."

Mr. McFADDEN. No.

Mr. BYRNS. I just want to remind the gentleman that the question of the debt settlement is not on the agenda and will not be taken up, so our delegation at the London Conference assures us.

Mr. McFADDEN. I hope that is the case, but I may say to the gentleman that during the sessions of this Economic Conference in London there is another meeting taking place in London. We were advised by reports from London last Sunday of the arrival of George L. Harrison, Governor of the Federal Reserve Bank of New York, and we were advised that accompanying him was Mr. Crane, the Deputy Governor, and James P. Warburg, of the Kuhn-Loeb banking family, of New York and Hamburg, Germany, and also Mr. O. M. W. Sprague, recently in the pay of Great Britain as chief economic and financial adviser of Mr. Norman, Governor of the Bank of England, and now supposed to represent our Treasury. These men landed in England and rushed to the Bank of England for a private conference, taking their luggage with them, before even going to their hotel. We know this conference has been taking place for the past 3 days behind closed doors in the Bank of England with these gentlemen meeting with the heads of the Bank of England and the Bank for International Settlements, of Basel, Switzerland, and the head of the Bank of France, Mr. Maret. They are discussing war debts; they are discussing stabilization of exchanges and the Federal Reserve System, I may say to the Members of the House.

The Federal Reserve System, headed by George L. Harrison, is our premier, who is dealing with debts behind the closed doors of the Bank of England; and the United States Treasury is there, represented by O. M. W. Sprague, who until the last 10 days was the representative of the Bank of England, and by Mr. James P. Warburg, who is the son of the principal author of the Federal Reserve Act. Many things are being settled behind the closed doors of the Bank of England by this group. No doubt this group were pleased to hear that yesterday the Congress passed amendments to the Federal Reserve Act and that the President signed the bill which turns over to the Federal Reserve System the complete total financial resources of money and credit in the United States. Apparently the domination and control of the international banking group is being strengthened.

Mr. BYRNS. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. BYRNS. I am sure the gentleman will agree with me that no composition of our foreign debts can be made without the consent of Congress, and I am reminded that the President made this statement yesterday.

Mr. McFADDEN. I am pleased to hear that the President is making that statement. The papers from London and New York and all over this country are stating that negotiathions are on dealing with the debts. As a matter of fact, it was determined at the London Conference of July 20, 1931, that this conference should be held following the Lausanne Conference. It follows a complete sequence of events: First, the Hoover moratorium of June 1931; then the London Conference of July 1931; then the standstill agreements and the conferences with the Bank for International Settlements on the German reparations matter; followed by the Lausanne Conference; and now the London Conference dealing with debts, international exchange, and trade. This conference is an international conference, and our participation should not be construed as a party proposition. It is international in every sense of the word. It was Hoover's plan, and it has been accepted by Roosevelt. We are being led by the international Jews operating through Great Britain and the Bank of England, and it is the purpose of those who are directing and cooperating that debts be reduced to 10 percent or canceled entirely.

Again I repeat—there can be no cancelation; there can only be the transference of the burden of payment from the backs of the foreigners to the back of the American taxpayer.

I want to say further that these people who control and dominate the Federal Reserve System are greatly exhilarated because you have taken into the Federal Reserve control the entire credit and money resources of the United States. You are forcing all of the State banks in the United States to become members of the Federal Reserve System under the penalty that if they do not join the new system they will have to close up, because their deposits are not guaranteed. No bank will be able to keep open whose deposits are not now guaranteed since the passage of this guaranty bill.

So you have these international bankers controlling this London Conference. There can be no question about that. They are, no doubt, gratified that all of our financial resources are now turned over to them.

I want to see an American banking system controlled by Americans, for the benefit of the 125,000,000 people, not dominated by foreigners.

The gentleman from North Carolina [Mr. LAMBETH] referred to the fact that our delegation to London have had no experience in international conferences, but I would call his attention to the fact that while they may be inexperienced in international conferences they have with them so-called "financial experts" who understand international economic and financial questions. Professor Sprague, to whom I have just referred, has had charge of the stabilization fund,

now amounting to $1,300,000,000, which, after all, is really the British treasury, and which, under Professor Sprague's direction, has been used to keep down prices in the United States and to speculate in the international exchange market principally in the control of the value of the pound and the dollar. The operation of this stabilization fund has been a great aid to England in tying up all of her trade agreements with the different countries of the world prior to the convening of the present London Economic Conference.

Then there is James P. Warburg, who was called in by the President and who has sat in on all of the conferences here in Washington participated in by the foreign representatives recently, and he is the financial adviser at the Economic Conference and at the conferences in the Bank of England to which I have referred. Mr. Warburg, you undoubtedly know, is the head of the international Jewish financial group who were largely responsible for the loaning abroad of the vast billions of dollars by the people of the United States and which loans are now frozen. We must not overlook the fact, however, that J. P. Morgan & Co. were close seconds in these transactions, and in connection with this I wish to point out that George L. Harrison, Governor of the Federal Reserve Bank of New York, is closely identified with the Morgan House in all of the undertakings internationally in which the Federal Reserve banks participated.

Such are the influences which are dominating and controlling that conference.

Mr. BYRNS. Will the gentleman yield for one more question?

Mr. McFADDEN. I yield.

Mr. BYRNS. I want to address this question to the gentleman and other Members of the House on both sides of the aisle. I shall ask the gentleman to reply to it. Does not the gentleman think that since the House of Representatives can take no action whatever, it would be infinitely better if we refrained from discussing newspaper reports of what may be or may not be done in London, thus running the risk of saying something that might in some way interfere with the efforts of the American representatives to that Conference?

Mr. McFADDEN. I will say that there is no one who would like to see the situation solved more than the gentleman now addressing you at this time.

[Here the gavel fell.]

Mr. McFADDEN. I ask unanimous consent for 5 minutes more.

The SPEAKER pro tempore. Is there objection?

Mr. O'CONNOR. Reserving the right to object, will the gentleman answer one question?

Mr. McFADDEN. I will.

Mr. O'CONNOR. What particular expert adviser would the gentleman recommend should be sent over there?

Mr. McFADDEN. I am not recommending anyone. That is not my business.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. O'CONNOR. Who would the gentleman suggest?

Mr. McFADDEN. I am not suggesting anyone.

Mr. O'CONNOR. The gentleman is interested in it, and he must know someone.

Mr. McFADDEN. Yes; there are many.

Mr. O'CONNOR. Who are they?

Mr. McFADDEN. There are plenty of them. I want to again call attention to the statement in the paper this morning of Mr. Neville Chamberlain's address being held up waiting for Congress to adjourn. We are told that the whole Conference is being held in abeyance. What is there that the American people should not know about this? It seems to me that Congress should remain in session. There is nothing that is indicated that is taking place over there for the benefit of our people that these matters should not be discussed here. Congress, if it adjourns today or tomorrow, will not reconvene of its own volition until next January, a period of over 6 months. It seems to me, during this important discussion, which is dealing with the future welfare of this country, so far as economics and finances are concerned, that this Congress should remain in session. I am willing to stay here for the next 3 months or the next 6 months, because it is the most serious condition that the people of this country have ever faced. There is no demand that Congress adjourn at this time except the demand that comes from the administration apparently to get rid of us.

I want to point out now that Great Britain's position is to dominate this Conference to the benefit of Great Britain, and not to help the people of the United States. It is the purpose, under the leadership of Great Britain, to cancel or reduce these war debts down to 10 percent. It is the purpose of these financial advisers who have gone over there, who are more interested in the cancelation of these debts than anything else—both Mr. Harrison and Mr. Warburg, for they are for cancelation, 100 percent. They also are to deal with the fixing of the ratio between the pound and the dollar. England is interested to see to it that the dollar becomes that fuzzy little piece on the end of the tail of the English lion; England wants to stabilize the pound sterling at 3.25 to 3.40 and keep the dollar stabilized where it has been, and if we do not look out that is just exactly what is going to happen. England is out to capture the world's trade and become the world's banker; she wants sterling to help her and the dollar not to interfere. There is involved in this that which I said in my first speech delivered before this House some 4 years ago, the enlargement of the facilities of the Bank for International Settlements, and possibly the moving of that bank from Basle, Switzerland, to London. Into that bank are to be deposited certain portions of the world's gold, or it may be done by process of earmarking our gold, but they are after control of the gold, and when they get control of the gold we will go back on the gold basis, but who will control? England will control the International Bank, and our participation will be by and through these international banking groups, J. P. Morgan & Co., and the Warburgs, of New York and Hamburg, Germany.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania [Mr. McFADDEN] has expired.

AMENDING FEDERAL FARM LOAN ACT

Mr. DISNEY. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 3344) to amend section 14, subdivision 3, of the Federal Farm Loan Act.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma [Mr. DISNEY]?

Mr. SNELL. Reserving the right to object, will the gentleman yield?

Mr. DISNEY. I yield.

Mr. SNELL. Has this bill been considered by a committee?

Mr. DISNEY. Yes. The Banking and Currency Committee favorably reports the bill.

Mr. SNELL. And it has the unanimous support of the committee?

Mr. DISNEY. We have a majority report. It may not be a unanimous report. I do not know that all members of the committee were present.

Mr. SNELL. If there is some opposition, I wish the gentleman would wait until we can get in touch with them.

Mr. DISNEY. The gentleman from Massachusetts [Mr. LUCE] and the gentleman from Maine [Mr. BEEDY] were present and discussed the bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That section 14, subdivision 3, of the Federal Farm Loan Act (39 Stat.L. 372) is hereby amended to read as follows:

"Third. To accept any mortgages on real estate except first mortgages created subject to all limitations imposed by section 12 of this act, and those taken as additional security for existing loans: *Provided*, That the first-mortgage loans shall be made without regard to the mineral rights therein."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed. A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. LAMNECK]?

Mr. BYRNS. Mr. Speaker, reserving the right to object, I want to ask the gentleman if he is going to discuss the International Conference?

Mr. LAMNECK. I am going to discuss war debts and the International Conference.

Mr. BYRNS. Then, Mr. Speaker, I object. I feel it is my duty to do this. We have had two speeches on this subject, one on each side, and I think we are making a mistake in undertaking to discuss something that is now being discussed by the Conference at London. We accomplish nothing by it, and it means nothing except an expression of our own individual opinions.

Mr. LAMNECK. It means a lot to the United States.

Mr. BYRNS. That may be; but I believe in leaving this matter to the conferees over there, confident that they are not going to discuss debt settlements because it is not on the agenda, and as such statements can only tend to provoke some opposition, I object. [Applause.]

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes on the war debts.

Mr. BYRNS. I object.

Mr. LAMNECK. I object. There will be no more speeches here today.

Mr. MOTT. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes, not on the subject of war debts.

The SPEAKER pro tempore. Is there objection?

Mr. LAMNECK. Mr. Speaker, I object.

Mr. MOTT. Will the gentleman withold his objection for a moment?

Mr. LAMNECK. There will be no more speeches today if I can stop it.

FOURTH DEFICIENCY APPROPRIATION BILL—CONFERENCE REPORT

Mr. BUCHANAN. Mr. Speaker, I present a conference report on the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, and ask unanimous consent for its present consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. BUCHANAN]?

There was no objection.

The SPEAKER pro tempore. The Clerk will read the report.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 8, 9, 11, and 12.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, and 10, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$1,460"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 2, 5, 6, 7, 13, and 14.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
W. B. OLIVER,
W. A. AYRES,
Managers on the part of the House.

SAM G. BRATTON,
CARTER GLASS,
KENNETH MCKELLAR,
FREDERICK HALE,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment no. 1: Appropriates $100,000 for contingent expenses of the Senate for inquiries and investigations ordered by the Senate.

On amendments nos. 3 and 4: Provides for uniforms for the Capitol police.

On amendment no. 8: Strikes out the appropriation of $2,500, inserted by the Senate, to enable the Public Utilities Commission of the District of Columbia to make an investigation of rents.

On amendment no. 9: Strikes out the appropriation of $300,000, inserted by the Senate, for loans for grasshopper control or eradication.

On amendment no. 10: Inserts the appropriation of $232,086.80, proposed by the Senate, for payment of the liability of the United States to non-Indian claimants on Indian pueblo grants, as authorized by the act of May 31, 1933.

On amendment no. 11: Strikes out the appropriation of $10,000, inserted by the Senate, for expenses of the American group of the Interparliamentary Union.

On amendment no. 12: Strikes out the appropriation of $3,000 for the expenses of delegates from the United States to attend the Ninth Pan American Sanitary Conference.

The committee of conference report in disagreement on the following amendments:

On amendment no. 2: Providing for 12 additional privates for the Capitol Police.

On amendment no. 5: Providing for additional female attendants for the Senate Office Building.

On amendment no. 6: Providing for reimbursement of expenses in connection with the Tennessee Valley Authority incurred prior to the enactment of the appropriation therefor.

On amendment no. 7: Appropriating $250,000 additional for the George Rogers Clark Memorial.

On amendment no. 13: Appropriating $150,000,000 for payment for capital stock of the Federal Deposit Insurance Corporation.

On amendment no. 14: Increasing from $5,000,000 to $8,000,000 the amount which may be loaned by the Reconstruction Finance Corporation for the repair of damage to private property by earthquake, fire, or tornado.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
W. B. OLIVER,
W. A. AYRES,
Managers on the part of the House.

Mr. BUCHANAN. Mr. Speaker, I move the adoption of the report.

Mr. TABER. Will the gentleman yield me 5 minutes?

Mr. SNELL. I think the gentleman ought to make a statement. This increases the amount by a considerable sum, and I think the gentleman ought to tell the House what the increases are and why they have been agreed to.

Mr. BUCHANAN. I am willing to answer any question that the gentleman may propound to me.

Mr. SNELL. Unfortunately the gentleman from New York knows very little about it, but I see you have increased it some three or four hundred million dollars. I think the gentleman should at least tell the House what he is asking it to vote on.

Mr. BUCHANAN. The greatest increase is the $150,000,000 to carry into effect the recent Banking Act we passed day before yesterday.

Mr. SNELL. What provision has been made to raise the $150,000,000 appropriated for this purpose?

Mr. BUCHANAN. No provision is made in this bill. This is an appropriation bill, not a revenue bill.

Mr. SNELL. The President the other day said he would oppose any more large appropriations unless taxes were levied to provide the money appropriated.

Mr. BUCHANAN. The Congress of the United States passed the banking bill and that rendered the appropriation necessary.

Mr. SNELL. Is the President going to refuse to sign the bill because it carries $150,000,000 for the raising of which no provision is made?

Mr. BUCHANAN. We will leave that problem to the Ways and Means Committee. It does not concern the Appropriations Committee.

Mr. SNELL. I notice in the papers this morning a statement that during the last 102 days we spent $300,000 a day more than was spent in the preceding 102 days. I think the gentleman should tell us something about this money situation. I think the House is entitled to know by how much each one of these amendments increases the expenditures.

I notice there is an item for 12 additional Capitol Police, Will the gentleman tell us why we need them?

Mr. BUCHANAN. We did not allow the 12 additional Capitol Police. That was a Senate amendment. The House conferees succeeded in having the number cut down to eight.

The necessity for these additional police is that the new park of about 60 acres between the Capitol Building and the station will no longer be policed by the Police Department of the District of Columbia. That burden has been thrown on Congress, and the force of the Capitol Police will have to take care of it.

Mr. SNELL. I thought we increased our own force here a short time ago to take care of that situation.

Mr. BUCHANAN. No. That was for the New House Office Building.

Mr. SNELL. How many have we at present?

Mr. BUCHANAN. We had 33, and we increased it by 6, which makes it 39 for both House Office Buildings, whereas the Senate has 32 for just one building.

Mr. SNELL. I know; but how many have we altogether in the Office Buildings and on the Capitol Grounds.

Mr. BUCHANAN. I do not recall.

Mr. TABER. I think, if the gentleman will yield to me, I can supply the information. I think, after these 8 are added, the number will be 126.

Mr. BUCHANAN. That is not for the Capitol Grounds alone, I may say to the gentleman from New York, but that is the total number.

Mr. TABER. That is the total number.

Mr. SNELL. Why, under Democratic control, do we need so many more police to protect us?

Mr. BUCHANAN. I think my colleague will recall that a few years ago, by reason of these grounds being insufficiently policed, a young lady while passing through the grounds was assaulted and outraged and lay in the hospital for months and months. It almost killed her. It crippled her for life. We do not want such a thing to occur again.

Mr. BLANTON. And a murder was committed right here in the Capitol Grounds not over 3 years ago. That was under Republican control.

Mr. SNELL. Will the gentleman tell me what experience the men will have whom it is intended to put on this augmented force?

Mr. BUCHANAN. The ones we will put on will have exactly the same experience as the ones the Republicans put on when they were in control.

Mr. SNELL. We did not ask for any more, did we?

Mr. BUCHANAN. You had plenty of them.

Mr. SNELL. If we had plenty of them then, why have you not plenty of them now?

Mr. BUCHANAN. Because we have more grounds to patrol.

Mr. SNELL. Where is there any more ground to patrol?

Mr. BUCHANAN. The 60 acres between here and the station that you did not have. Then we have a new House Office Building and a new Senate wing which the Republicans did not have.

Mr. SNELL. Is it not a fact that you have more Congressmen to give patronage to and you must have more jobs?

Mr. BUCHANAN. I am glad to say we have more Congressmen, and I think we will continue to have more.

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. KVALE. Can the chairman of the committee tell us why the President will permit $150,000,000 more to be expended here without demanding additional taxes, yet he sees fit to come to the Senate in person, as we understand he is doing this morning, and fight a compromise on veteran legislation that will involve but $40,000,000 or $50,000,000?

Mr. BUCHANAN. That is not a part of this bill.

Mr. BLANTON. Mr. Speaker, is the gentleman for or against the President?

Mr. KVALE. I am against the President if he insists on the veterans' cut without a compromise. Does that answer the gentleman?

Mr. TABER. Mr. Speaker, will the gentleman from Texas yield me 5 minutes?

Mr. BUCHANAN. Mr. Speaker, I yield the gentleman from New York 5 minutes.

Mr. TABER. Mr. Speaker, I think before the House goes on with this bill it ought to know what it is.

The first item of money is $100,000 for more Senate investigations.

The second item is for eight more police, $12,213.

The third item is for four additional female attendants for the Senate Office Building.

The fourth item is to complete the George Rogers Clark Memorial, which I supposed we had completed in the last appropriation bill, $250,000.

The fifth item is to pay to white squatters on Indian lands in Arizona, $232,000.

Out in our country if we go on our neighbor's land and build some buildings there and have not any title to it, when we get through we are just out of luck; but down in Arizona when they do this sort of thing, in the days of the new deal they get reimbursed by the Federal Government. [Laughter.]

The seventh item is $150,000,000 for the bank-guarantee bill.

The eighth item is $3,000,000——

Mr. BECK. Mr. Speaker, will the gentleman yield right there?

Mr. TABER. I yield.

Mr. BECK. Is there any reason why, as the bank insurance does not take effect for nearly a year, we should at this time appropriate $150,000,000?

Mr. TABER. Oh, no; but under the new deal we have to have all the money right now on everything, even though statements are presented to the committees which hold the hearings that not half of it can be used during the year for which the appropriation is made. This is the new deal.

Mr. ANDREWS of New York. Will the gentleman yield?

Mr. TABER. I yield.

Mr. ANDREWS of New York. I should like to ask the Democratic leadership a question. For the last week or 10 days we have heard the President's statement that he is willing to stay here all summer to balance the Budget. Now, we are haggling in the Senate over a matter of $40,000,000 to be provided for in new taxes. I do not know what bookkeeping system the Democrats are using today, whether it is the double-entry system of this year or some new system they are going to have next year. I should like someone on the Democratic side to tell me how they are going to charge the $150,000,000 authorized in the branch-banking bill passed yesterday, or are we to believe that the President is not for the Glass-Steagall bill, since there is no provision as yet for raising this large sum of money through taxes? I have enough confidence in the President, based on his statement of last week that he is willing to stay here all summer to balance the Budget, to believe that he means what he says; but are we to assume now that he is against the Glass-Steagall bill, or what does he mean by balancing the Budget?

Mr. TABER. I cannot yield further on that point.

In addition to these items we have referred to, there is an additional $3,000,000 to be lent by the Reconstruction Finance Corporation, making a total to come out of the Public Treasury of $153,598,000, and the total of this bill as it will probably pass will be $3,613,079,167.74. I suppose the reason it is $153,598,000 more than as the House passed it is because the Senate is not willing to have the House outdo it in spending the people's money and it wanted to go a little further. If we stayed in session another 2 weeks, there would be no bottom in the Treasury, and I do not believe there is any now. It seems to me we are going to get our Government in such a position that it can never work out of the picture.

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Speaker, my good friend, the gentleman from New York, usually speaks for a purpose, and generally that purpose is to give information, but I submit that those of you who were here last week when this bill passed can find but little, if any, information in the speech just made by the gentleman from New York [Mr. TABER].

The bill which you passed last week, known as "the deficiency bill", carried all of the items included in this conference report except those which the gentleman from New York [Mr. SNELL] elicited full information about by questions asked of the chairman of the committee immediately before the speech was made by the gentleman from New York [Mr. TABER]. In other words, this House last week approved without a record vote all the items included in the conference report plus the items which Mr. SNELL, in his inquiry of the chairman, disclosed just a few minutes ago, one of which is $150,000,000 made necessary by the bank-deposit guaranty bill approved yesterday. This House, by an almost unanimous vote on yesterday, passed that bill, and if there be any on that side of the aisle who object to this item's being appropriated for, they should register their objection and reasons therefor.

Mr. BECK. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield to the gentleman from Pennsylvania.

Mr. BECK. My inquiry is not an unfriendly one. I was simply wondering when I addressed the same question to the gentleman from New York why the $150,000,000 could not wait until the next session of the Congress and thus save to some extent the burden falling this year.

Mr. OLIVER of Alabama. I think the membership of the House feel that the suspension of the date when this is to be effective will in a large measure be helped when the general public understands that Congress has appropriated the amount required to guarantee such deposits. [Applause.]

It is a very splendid encouragement to the American public, who approve this guaranty provision as passed yesterday almost without dissent—there were perhaps six voting against it—if they now understand that the Government's contribution to the fund has been appropriated to make effective this very wise legislation. [Applause.]

Mr. McGUGIN. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield to the gentleman from Kansas.

Mr. McGUGIN. In line with what the gentleman is saying and in spite of the fact that yesterday the bank guaranty bill was passed by 191 ayes and 6 noes, and those who were for the bill were not proud enough of it to go on record and vote for it, I will ask the gentleman if anyone in this House can seriously complain against this appropriation of $150,000,000 except those who stood up here yesterday and voted against the bank bill.

Mr. OLIVER of Alabama. If the six Members and the gentleman who now propounds the inquiry was one of the six, feel proud of their opposition to that bill, then it is their privilege to make it known in the proper way and let their constituents understand what their reasons were for opposing the legislation.

Mr. McGUGIN. I was proud of that opposition then and I am exceedingly proud of it today.

Mr. OLIVER of Alabama. On the other hand, those of us who favored it are well satisfied and feel that the people of this country will give full approval to what we did. [Applause.]

Mr. SNELL. Will the gentleman yield for a question?

Mr. OLIVER of Alabama. I yield.

Mr. SNELL. I voted for the measure yesterday because I thought it was the best banking bill we could get at the present time, but the point I want to develop is what has been done to provide the money to pay this $150,000,000 appropriation. The President is quoted in the public press as saying that he would not sign a bill that provided an additional payment to soldiers of $170,000,000 because no provision had been made to finance the proposition. What provision has been made to finance this $150,000,000?

Mr. OLIVER of Alabama. The gentleman who is the leader of the minority is very familiar with all the legislation that has been passed at this session and knows what broad authority Congress has given the President to make the legislation effective. I have not time now to discuss those measures in detail, but since the President is not asking at this time, nor the Ways and Means Committee of the House suggesting the necessity of any further legislation, I respectfully submit that this is not the proper time to suggest we should postpone adjournment until legislation is passed for raising the funds that may be required. [Applause.]

Let me suggest to my distinguished friend from New York, who is usually very frank, that we understand, of course, the underlying purpose of his inquiries to the chairman of the committee, as well as other like inquiries he has made within the last week—and I think I am on safe ground in assuming that the gentleman is just a little fearful lest prosperity may return before we reconvene in January; and if so, that it would be very disastrous to his party. [Laughter and applause.] My belief is that the gentleman, rather than being anxious to suggest something constructive which he may have in mind, is entirely content to take up the time of the House in propounding mere futile inquiries in the chance hope that something may develop in the future to which he can later refer and then pose as an "I-told-you-so prophet." [Applause.]

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, the gentleman from New York [Mr. TABER] is one of the valuable Members of this House. It is only on very rare occasions that you hear a partisan speech from him, such as he delivered a few moments ago.

Mr. TABER. Does the gentleman approve of this item——

Mr. BLANTON. I am sorry, but I have not the time to yield to the gentleman. If the gentleman's party during the last 12 years had passed such a bill as the bank-deposits guarantee bill, against which the Republican leader from Kansas [Mr. McGUGIN] arrays himself, they would have saved the ruination of millions of families in the United States.

During the last 2 years there have been millions of families in the United States who for a lifetime have been scrimping and saving and denying themselves the ordinary necessities of life in order to put a little nest egg aside to use against the days of old age—amounting to $5,000, $6,000, or $7,000, stowed away in some bank that they thought was perfectly safe. If the gentleman's party had brought in such a bill as the guaranty bank deposits bill, which we Democrats have forced to be passed, no matter what it cost—if the little deposits of these families over the United States had been made safe—he would not have found the desolation and misery that now exist in so many millions of homes in the United States.

It is a great bill—the greatest bill that has been passed by Congress during the 17 years that I have served here.

I want to take my hat off to the men who have worked so hard to pass the bill, who have put their best services into it for its success, who have seen to it that Congress should not adjourn until the bill was signed and has become a law.

I have worked on committees with my friend from New York [Mr. TABER] and I think he has helped to save the Government many million dollars. He has been instrumental in helping us to save much money, but he has not been going along with his Republican Party very much, because during the last 12 years his party has been one of extravagance, one of money-spending, until it has been a scandal to the Nation.

Take this $20,000,000 Commerce Building on land that is worth $20,000,000 more. In order to construct it they had to tear down fine building after fine building, amounting in the aggregate to millions of dollars, in order that that great structure could be built there in honor—and I am glad to say they have it in big letters on the building—"Built under President Herbert Hoover and Secretary of the Treasury Andrew W. Mellon." We must never allow that inscription to be taken off that building, because it stands as an everlasting monument to the unprecedented extravagance of the Hoover Republican administration.

It takes an Indian guide every morning for the Secretary of Commerce to find his office by way of a secret elevator that was built especially for him and is daily run for him by its special operator. Very few Congressmen know how to find it. It is shut in and enclosed so that very few men in public life know where it is. The ordinary chiefs down there get lost trying to find their offices every morning. [Laughter.]

All these many other extravagant buildings, built and now under construction, are a part of the extravagant Republican regime.

Mr. ANDREWS of New York. Will the gentleman yield?

Mr. BLANTON. Certainly. I yield to the new leader of the Republican Party, the gentleman whom the minority are training up here to get in action so frequently.

Mr. ANDREWS of New York. Do I understand correctly that the gentleman from Texas agrees with the President?

Mr. BLANTON. Well, so long as the President knows where I stand and is satisfied, I do not care how ignorant my friend is on the subject.

Mr. ANDREWS of New York. Possibly the gentleman can explain why the President refuses to pay forty or fifty million dollars additional to deserving disabled veterans unless we impose new taxation, and nothing is provided to meet the $150,000,000 authorized in the branch-banking bill.

Mr. BLANTON. The gentleman from New York has no authority to say that. He cannot speak for the President. I want to say that the veterans of the United States have more confidence in the present Democratic President of the United States than they have in the gentleman's whole Republican Party. It was the gentleman's Republican Party that refused to pay them an honest debt, a debt of honor that was owing to them since the day they came back from France, for they should have been paid in cash instead of adjusted-service certificates.

The SPEAKER pro tempore. The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. BUCHANAN. I yield the gentleman 2 additional minutes.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. BLANTON. I am sorry, but I have only 2 minutes. Why did not those men who carried our flag in France have a right to come to their Nation's Capital last year? Other people have the right. Why did President Hoover run them out? Why did they not have the right? Will you Republicans answer that? When they came here this very same Republican Party that now makes itself out as a friend of the soldier, as the only friend the veterans have—it was this very same Republican Party, this cold-blooded, cruel Republican Party, that set policemen on them and ran them out of their Nation's Capital as if they were a bunch of outcasts. They will not forget that. It is the soldiers of the United States today who have absolute confidence in their present President. They know they are being cut. They know it hurts. They know they are cut to the quick, but they know that Franklin Roosevelt, before he quits, will see to it that justice is done to every disabled veteran of the war, and they know, too, that he is saving this Republic for them.

Mr. MARTIN of Massachusetts. When will it be done?

Mr. BLANTON. I regret I have not the time. Oh, nothing would be done at all for the veterans, either as to pensions or the bonus, if the Republicans had it in charge; but, thank God, men have it in charge now, led and guided by President Franklin D. Roosevelt, who know how to do things, and justice will be done all veterans. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Texas has again expired.

Mr. ARENS. Will the gentleman yield for a question?

Mr. BUCHANAN. I yield.

Mr. ARENS. I notice in the report the appropriation for $300,000 to fight grasshoppers is eliminated. Last year we had a plague in several of the Western States. Does the gentleman not think there should be funds available in case a plague occurs, if only for the purpose of protecting the Government's security? The Government has made a great many seed loans, and if the grasshoppers should appear again, as they did last year, the Government would lose its security. I should like to ask the gentleman whether there are any funds available in case of an emergency, or whether this eliminates all of them?

Mr. BUCHANAN. There are no funds available from the Federal Treasury now. I may say to the gentleman when this matter was considered last year there was a real threat, a real menace pending, when they found tens of thousands of eggs to the square foot, and even under those circumstances the Congress refused to appropriate.

This year there is no menace, or at least it has not appeared. The eggs are not there in the ground, and as far as I know there is no threat of any character whatever. So it would be foolish at this time of the year, at this late date when the grasshoppers would be hatching out, to appropriate money to fight them. When January comes along, if the Congress sees proper, it may, through a legislative bill, provide a permanent fund to meet these emergencies as they arise, and I commend that to the gentleman, if he wants to provide that fund to take care of these emergencies in connection with the pests that attack agriculture.

Mr. ARENS. It would not do any harm. If there was no plague, the money would not be used.

Mr. BUCHANAN. Well, I understand that, but it is too late now to do any good.

Mr. LEMKE. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. LEMKE. I think the gentleman is in error in his statement. There is not only an apparent menace but it exists now. In our State grasshoppers are hatching out by the millions and there is real danger of crop destruction.

Mr. BUCHANAN. Then it is too late for this appropriation to do any good.

Mr. LEMKE. I might state that for these same States, where the grasshopper menace exists, Congress last year appropriated $90,000,000 to make loans to the farmers to put in their crops, and now they are denying them $300,000 to protect the crops, after they appropriated $90,000,000 for loans with which to produce these crops, and your committee seems willing to permit these crops now to be destroyed by grasshoppers.

Mr. BUCHANAN. I may say to the gentleman that the only successful fight to be made against grasshoppers is at the time they are hatching out and while they are small. The Department could not get ready in time now to do any good. The money would be wasted.

Another thing, there is not one iota of testimony before our committee that there is any threat of any kind.

Mr. LEMKE. I appeared before the chairman's committee and I was sent to another committee—a legislative committee—by him. I went to the Chairman of the Agricultural Committee and he suggested that I get the amendment put on this bill in the Senate. I then went to the Senate, and the Senate added the Frazier amendment here in question.

This appropriation to prevent the grasshopper menace has the approval of the Secretary of Agriculture. There was plenty of evidence that I would have gladly presented to the conferees, and I know that Senator FRAZIER, the author of the amendment, had plenty of evidence. I feel that the House conferees deliberately closed their eyes to the evidence—apparently there was no attempt made by the conferees to get any information on the subject. I had plenty of information and testimony to give to the conferees and so did Senator FRAZIER.

Mr. BUCHANAN. Mr. Speaker, I move the previous question on the motion to adopt the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the adoption of the conference report.

The conference report was agreed to.

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment no. 2: Page 2 of the printed bill, after line 22, insert "Salaries: Twelve privates at $1,620 per annum each, fiscal year 1934, $17,820; one half of such privates to be selected by the Sergeant at Arms of the Senate and one half by the Sergeant at Arms of the House."

Mr. BUCHANAN. Mr. Speaker, I move that the House recede from its disagreement to the Senate amendment and concur in the same with an amendment.

The Clerk read as follows:

Mr. BUCHANAN moves that the House recede from its disagreement to Senate amendment no. 2 and concur in the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Salaries: Eight privates at $1,620 per annum each, fiscal year 1934, $11,880; one half of such privates to be selected by the Sergeant at Arms of the Senate and one half by the Sergeant at Arms of the House."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 5: On page 3, after line 10, insert:

"ARCHITECT OF THE CAPITOL

"Senate Office Building: For four female attendants, Senate Office Building, at $1,080 per annum each, fiscal year 1934, $3,960."

Mr. BUCHANAN. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 5 and concur in the same.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 6: Page 4, after line 22, insert "including reimbursements for any expenses prior to the enactment of this appropriation incurred at the direction of the President."

Mr. BUCHANAN. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 6 and concur in the same.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 7: Page 6, after line 7, insert:

"GEORGE ROGERS CLARK SESQUICENTENNIAL COMMISSION

"That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $250,000, or so much thereof as may be necessary, for the completion of the memorial authorized by section 2 of the joint resolution approved May 23, 1928, as amended, to be erected at or near the site of Fort Sackville in the city of Vincennes, Ind., in commemoration of the winning of the Old Northwest and the achievements of George Rogers Clark and his associates in the war of the American Revolution, and for the acquisition and removal of all structures on the site of such memorial, and for the grading, filling, and landscaping of the grounds thereof. Such sum shall be expended by the George Rogers Clark Sesquicentennial Commission in the manner provided in section 2 of such joint resolution, as amended."

Mr. BUCHANAN. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 7 and concur in the same.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 13: Page 15, after line 16, insert: "Payment for capital stock of the Federal Deposit Insurance Corporation: To enable the Secretary of the Treasury to make payment for capital stock of the Federal Deposit Insurance Corporation in accordance with the provisions of paragraph (c) of section 12B of the act entitled 'Banking Act of 1933', approved June —, 1933, $150,000,000, to be immediately available and to remain available until expended."

Mr. BUCHANAN. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 13 and concur in the same.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 14: On page 25, after line 18, insert:

"SEC. 5. Section 8 of the act entitled 'An act to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies', approved June —, 1933, is hereby amended to read as follows:

"'SEC. 8. The seventh sentence of paragraph (6) of section 201 (a) of such act, as amended, is hereby amended to read as follows: "The aggregate of loans made under clause (a) shall not exceed $8,000,000, and the aggregate of loans made under clause (b) shall not exceed $12,000,000."'"

Mr. BUCHANAN. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 14 and concur in the same.

The motion was agreed to.

On motion of Mr. BUCHANAN, a motion to reconsider the vote by which the several motions were agreed to was laid on the table.

DEPORTATION OF ALIENS AND SMUGGLING OF ALIENS

Mr. DICKSTEIN. Mr. Speaker, I move to suspend the rules and pass House Resolution 50, to provide for a select committee to investigate practices used in deportation of aliens, and to study extent of alien smuggling from Cuba, with an amendment.

Mr. GOSS. Mr. Speaker, I make the point of order there is not a quorum present.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 70]

Abernethy	Collins, Calif.	James	Perkins
Almon	Crosser	Kemp	Peterson
Andrew, Mass.	Crump	Kleberg	Reed, N.Y.
Ayers, Mont.	Culkin	Kramer	Reid, Ill.
Bacharach	Dingell	Kurtz	Robinson
Bacon	Douglass	Lee, Mo.	Sadowski
Bakewell	Doutrich	Lewis, Md.	Smith, W.Va.
Beedy	Fernandez	Lloyd	Snyder
Bolton	Frear	McGugin	Stubbs
Britten	Gavagan	McReynolds	Sullivan
Buckbee	Gifford	Mansfield	Sutphin
Burke, Calif.	Gillette	Martin, Oreg.	Terrell
Cannon, Mo.	Goldsborough	Montague	Tinkham
Cannon, Wis.	Harter	Montet	Treadway
Carpenter, Nebr.	Hill, Knute	Moynihan	Utterback
Chase	Hoeppel	Norton	Wadsworth
Claiborne	Hollister	O'Brien	Walter
Clarke, N.Y.	Hornor	O'Malley	Wilcox
Cochran, Pa.	Hughes	Peavey	Woodrum

The SPEAKER pro tempore. Three hundred and fifty-five Members are present, a quorum.

On motion of Mr. CULLEN, further proceedings under the call were dispensed with.

The SPEAKER pro tempore. The gentleman from New York moves to suspend the rules and pass House Resolution 50, with an amendment, which the Clerk will report.

The Clerk read as follows:

House Resolution 50

Resolved, That the Speaker appoint a select committee of five Members of the House, one of whom shall be designated as chairman, and such committee is directed to conduct an investigation into the procedure and practice, under the rules and regulations of the Department of Labor and/or the Bureau of Immigration, relating to deportations and/or affecting detentions pending conclusion of deportation proceedings, for the purpose of enabling Congress to ascertain whether or not any necessity exists for legislative measures to correct any unnecessary hardships to aliens against whom deportation proceedings are instituted under existing law and regulation; said committee is also directed to conduct an investigation into the extent of alien smuggling into the United States, especially from Cuba and other islands adjacent to the State of Florida, for the purpose of ascertaining what legislative measure under our immigration laws might tend to reduce the extent of these surreptitious entries to the United States.

SEC. 2. Such committee, or subcommittee thereof, is authorized to sit in Washington or elsewhere in the United States and, if deemed necessary, in the American consulate in Habana, Cuba, at the discretion of the chairman; to employ necessary stenographic, clerical, and other assistants and investigators; to have necessary printing and binding done; to require the attendance of witnesses and the production of necessary books, papers, records, documents, and other pertinent instruments of record, by subpena or otherwise; to make necessary traveling and other expenses, which shall be paid from the contingent fund of the House upon vouchers signed by the chairman and approved by the Committee on Accounts: *Provided*, That the total expenses under this section shall not exceed the amount authorized to be appropriated under section 4 of this resolution. Subpenas shall be issued over the signature of the chairman and served by persons designated by him. The chairman of the committee or any member of the committee may administer oaths to witnesses. Any person who, having been summoned as a witness by order of the committee, or subcommittee thereof, willingly makes default, or who, having appeared, fails to produce the necessary books, papers, records, documents, or other pertinent instruments of record required, or refuses to answer any question deemed pertinent to the subject then under consideration, shall be subject to the penalties provided by section 102 of the Revised Statutes of the United States. The committee shall report to the House with recommendations, by bill or otherwise, not later than the first day of the session of Congress convening on or about January 3, 1934.

SEC. 3. The Secretary of Labor and the Secretary of State are requested to issue such instructions as they may deem necessary to the personnel of their respective departments to insure to the committee or any subcommittee thereof the necessary cooperation in the conduct of this investigation and the appearance of desired employees for testimony and the production of desired books, papers, documents, and other pertinent instruments of record, whether the same be in Washington, elsewhere in the United States, or in the American consulate at Habana, Cuba.

SEC. 4. There is appropriated from the contingent fund of the House the sum of $2,000, or any necessary part thereof, for the use of this committee for the purpose of conducting this investigation, which amount shall be immediately available.

Mr. COCHRAN of Missouri. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Is the gentleman from Missouri opposed to the resolution as amended?

Mr. COCHRAN of Missouri. I am opposed to the resolution.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

Mr. JENKINS. Mr. Speaker, I object.

The SPEAKER pro tempore. The question is on ordering the second.

The Chair appointed as tellers Mr. DICKSTEIN and Mr. JENKINS.

The House divided, and the tellers reported that there were ayes 67, noes 35.

So a second was ordered.

The SPEAKER pro tempore. The gentleman from New York is recognized for 20 minutes and the gentleman from Missouri is recognized for 20 minutes.

Mr. DICKSTEIN. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, it was really surprising to see any opposition to this resolution, the purpose of which is to secure factual information, upon which to base legislation, by Members of this House and upon your authority to investigate into certain conditions which are alleged to exist.

What do we propose to do? The Committee on Immigration and Naturalization, after many years of public hearings, is still trying to find out where the leaks are, along the borders and with steamship companies, through which so many aliens are smuggled into this country.

I do not think either the Members on the Republican side or the other Members, who passed between the tellers in opposition, are really serious in trying to prevent an investigation to determine how so many Chinamen and other aliens get in here every day of the year through the operations of alleged smugglers' rings, and how best to correct the situation by legislation. I call your attention to one of the purposes for which this investigation is asked—line 3 to line 6, on page 2, I quote:

> For the purpose of ascertaining what legislative measures under our immigration laws might tend to reduce the extent of these surreptitious entries to the United States.

I think those who passed through the tellers in opposition to consideration of this resolution have an erroneous idea of the objects of the investigation.

I suppose you do not want to know how so many Japanese, Mexicans, and other aliens come into this country illegally every day. You do not seem to be interested. While you, gentlemen, are raising technical objections to this resolution, our country is being flooded with oriental and other aliens by all kinds of rackets in the smuggling of aliens.

Did you see the picture "I Cover the Waterfront"? If you did, you will recall when that ship came in and the inspector was examining the ship and they opened up a whale there they found a Chinaman. Now, you may think this is impossible, but it is true. Suppose I tell you that some months ago they found a bale of hay on a boat that came from China that had traveled almost 4 weeks; when they opened up the bale they found six Chinamen in the hay. Suppose I tell you that there were over 22,000 smuggled across the Mexican and Canadian borders? Are you still prepared to prevent authorizing this committee to conduct these investigations to find out just exactly what is the trouble?

I am not trying to build up a case; I am appealing to your sense of Americanism, because this committee at no time has had an opportunity to get the facts and the information as to why we have so much smuggling into the United States.

Suppose I tell you—and the figures will bear me out from your own administration in 1932—that over 8,000 aliens were smuggled into this country by the steamship companies, and only 1 percent of them were caught, and when we got them we deported them without penalizing the companies so that they would be more careful in the examination of their ships.

Did you know it has been charged by the newspapers and the press generally of the country that this racket of smuggling aliens has brought a profit to these unscrupulous persons amounting to over $20,000,000? Did you know that it is alleged there is a list somewhere in Habana, Cuba, of over 21,000 aliens who have actually been smuggled into the

United States from Cuba and perhaps as many more on the lists waiting to be smuggled in?

Now, what are we trying to do? This committee can be given information about places where they can study the question of the smuggling of aliens so that they can come back to the Congress and present such recommendations as will stop the leaks through which these smuggling groups operate, so that we may present a constructive report of conditions as they exist and then submit to you recommendations for constructive legislation that will be beneficial to the country.

And what are we asking in the way of funds? We are asking $2,000.

The resolution further provides that the investigating committee would also ascertain at first-hand the facts upon which we can base legislative measures to correct alleged abuses against aliens who are held on technical grounds over unreasonable periods of confinement pending deportation proceedings and other alleged questionable practices which inflict what are claimed to be undue hardships upon aliens suspected as being subject to deportation.

I do not think the Department of Labor or the Department of Justice have the time nor, possibly, the authority to conduct an investigation such as I propose this select committee of the House shall conduct. This investigation is intended to assist the Committee on Immigration and Naturalization in the formulating of legislative measures designed to stop the side doors for illegal entry to the United States and to correct abuses to aliens charged with being here illegally.

Ever since I have been the Chairman of the Committee on Immigration and Naturalization my attention has been called to the great number of cases which indicate careful study at first hand should be made to ascertain the facts that result in long detention of aliens held on technical grounds pending their deportation.

Just about 2 years ago the Honorable George W. Wickersham submitted to the President of the United States the fifth report of the National Commission on Law Observance and Enforcement, which report treated the Enforcement of the Deportation Laws of the United States. It was an exhaustive report and much of its information will prove increasingly valuable as time goes on.

Through the text of the pages of this report reference is frequently made to the fact that under present immigration laws tremendous power is exercised by the field personnel in deportation cases whereby members of the same office locally make investigations, conduct preliminary examinations, decide whether or not an interpreter is needed, act as interpreters, act as stenographers, conduct warrant hearings, and make recommendations to Washington as to whether or not a suspected person should be deported; and the records sent to Washington generally contain only so much of what has been done as the inspector wishes.

In short, the same man or the same group of men, in a given case act as the inquisitor, interpreter, prosecutor, judge, and later follow through and become the agency for the execution of the sentence pronounced. All through the processes of deportation the same administrative Department of Labor control and execute the methods and determinations which sometimes involve possible interference of the gravest kind with rights of personal liberty.

I believe it is as important to American institutions that fundamental principles of fairness and justice be observed in the administration of the immigration laws as it is that aliens unlawfully here should be sent out of the United States.

The many complaints that have come to me, as the Chairman of the Committee on Immigration and Naturalization, coming as they do from all parts of the country, convinces me that many times those fundamental principles of justice and fairness may have been sacrificed by overardent employees in the interest of departmental efficiency or by erroneous interpretation of the relative values of facts.

I am more and more convinced that Members of Congress should be delegated by the House to investigate these conditions from the viewpoint of a legislator in the hope that as a result of their personal inquiry in the actual existing processes in deportations your committee may evaluate the necessity for legislative action to further minimize abuses of the judicial principle stated by several Federal courts, to wit, that aliens as well as citizens are entitled to the protection of the fourth amendment to the Constitution.

Many complaints have come to me of undue hardships imposed by officials upon aliens held for deportation. They are too numerous to give in detail here. I will simply illustrate by a few instances of importance.

[From the Buffalo (N.Y.) Times]

JAILED ALIENS USE GRAPEVINE TO ASK BETTER TREATMENT—PETITION SIGNED BY 15 BEHIND BARS HERE POINTS OUT THAT NONE ARE CRIMINALS

A plea for better treatment during their imprisonment emanated Saturday through the "grapevine" route from 15 aliens held in the county jail as Federal prisoners.

The aliens attached their names to a petition in which they urged that the authorities provide them with better food and the means of taking exercise.

"We, the immigration prisoners of the Erie County Jail", the petition stated, "are sending out this message hoping that you will find space in your paper for publication. We take these means as our only way of expressing our opinions to the public as to what we regard as inhuman treatment. Amongst us there are no criminals. We have committed no crimes worse than being in the country illegally.

"We are compelled in some cases to remain in here as long as 8 months. We understand that with the immigration laws it takes time all right, but what we cannot understand and what we are positive the public does not understand is why we should not be accorded a little better treatment than the criminal cases in here."

A postscript said: "This letter may come to you from a point outside of the city as it would hardly be passed through the office."

I have a letter from a frantic wife and mother who tells me her husband is threatened with deportation although he has lived a respectable life in this country for 17 years and he has been confined in jail for over 4 weeks charged with being an alien because he had not taken out naturalization papers. She said she had taken him supplies which have disappeared and were never received by him.

I have a letter sent me from the managing editor of the Buffalo Times under date of November 14, 1932, which calls attention to six specific charges of abuse.

The following editorial from one of the Buffalo papers of just recent date which would seem to show the need of an investigation was just as essential now as it is reported to have been in that letter of November 1932:

[From the Buffalo (N.Y.) Times]

SIX MONTHS FOR NOTHING

When Frances Perkins became Secretary of Labor, succeeding "Bill" Doak, of unsavory memory, it was widely assumed that we were going to have a new deal in immigration matters.

The good news apparently has failed to percolate down to the immigration bureaucrats of the Buffalo district.

Jose Diuski, native of the Argentine, was released from county jail Monday night after being held for 6 months while immigration officers were trying to "pin something on him." With Diuski's money gone and his clothing reduced to shreds, immigration officers refused to heed the request of Jailer Edward Tranter that they permit him to remain in jail another day until he could be provided with new clothing in which to face the world. He was sent from jail to the county lodging house.

One of the first official acts of Miss Perkins was to dismiss from the service the stool pigeons and spies used by Doak to harass aliens. The act, we had reason to believe, was meant to signalize an end of Doak terrorism. But apparently local officials have been proceeding under the old Doak theory that the country can somehow be made safe and prosperous by making things tough for immigrants. We hope Miss Perkins will soon get around to ending alien abuses on the Niagara frontier against which this newspaper has repeatedly protested.

It is pleasant to know that Diuski, guilty of nothing, is at last free. But how many more friendless aliens are being held in jail without charges? It is time for another accounting.

In my office I have similar complaints from over all the Nation, and I dare say many of you have similar complaints from your own congressional districts.

It is these things which a legislative group of Congress should look into personally so as to frame laws intended to correct these abuses.

The so-called "Wickersham Commission", in its report on this subject, suggested that in deportation cases the alien

be given the benefits to be secured by consideration of the facts and law in his case by an independent board of review outside of but correlating with the Department of Labor. Such a board having a sort of quasi-judicial authority to pass upon the facts and law as they affect the alien upon appeal from the field service of the Immigration Service.

I have in the course of preparation a bill to follow out those recommendations, but have delayed to introduce it in the House pending the results that I hope will follow from the investigations proposed in this resolution. The need of a study of the actual operations in the field at several of the immigration stations by members of this legislative body is more and more apparent as the sections of that proposed bill are looked into.

The following statement from the Cosmopolitan Association of Erie County, New York, which association is federated with the Buffalo Educational Council and the Buffalo Society of Natural Science, speaks for itself:

At a regulation meeting of the executive board of the Cosmopolitan Association of Erie County the following resolution was adopted:

"We have watched with much interest the efforts of the Buffalo Times and a group of Erie County lawyers in behalf of the alien men and women who have been summarily seized and held in prison on a claim that they are unlawfully in the country.

"We join with others in condemning the methods of the enforcing authorities in depriving these unfortunate and illiterate persons of legal advice and subjecting them to a long prison confinement. In regard to the absence of a full and lawful hearing before a responsible judge, this is a violation of one of the basic American principles.

"We therefore gladly join with the other agencies which are now engaged in an endeavor to correct these great evils, and to this end we sincerely pledge our support."

E. CLAUDIA HANDLEY, (Mrs. Jas. H.), *President.*
MRS. BURR H. NICHOLLS, *Secretary.*

Now, please understand me, I am not criticising former Secretary of Labor Hon. William N. Doak, nor am I condemning the subordinate officials and the employees under him. The trouble seems to be the system and the laws under which the immigration laws are enforced, rather than the persons who execute them. I may say further that the very capable woman who is the present Secretary of Labor is making a splendid record for herself in a very difficult position. I believe she is sincerely trying to carry on in a manner which will be a credit to herself and to the Democratic administration. However, the Madam Secretary is under the same handicaps that surrounded her immediate predecessor, and it is my honest belief that an investigation such as I propose in this resolution will result in clarification of several provisions of the immigration law by the enactment of measures which will strengthen the arm of the Secretary and her capable subordinates in the enforcement of the immigration law.

Now, to recur to the topic which I discussed at the beginning, namely, the question of investigating the loopholes through which smuggling gangs operate.

I just want to refer briefly to extracts in the last annual report of the Commissioner General of Immigration covering the operations of the Bureau of Immigration for the fiscal year ending June 30, 1932. In his report Hon. Harry E. Hull states, with regard to this smuggling situation, in part, as follows:

During the year the border-patrol service as a whole apprehended 21,579 aliens who had smuggled themselves or had been smuggled in by other persons across the Canadian and the Mexican borders. One hundred and forty-nine smugglers of aliens were caught during the year, as compared with 228 during the previous year.

The service was called upon to deport to their home country from the El Paso (Tex.) and the Los Angeles (Calif.) districts 2,256 Chinese at a cost of $288,650.

The airplane is a growing and favored method of travel, and smugglers have not been slow to seize upon this modern and comparatively secure means of bringing inadmissible aliens over. There was captured in Canada recently an airplane smuggler who had been carrying Chinese to the United States and others from this country to Canada.

The situation regarding seamen and aliens smuggled in by steamships is indicated by the following abbreviated table from Mr. Hull's report:

Alien seamen deserted, ordered held on board vessel, escaped, removed from vessel, certified for contagious disease, and removed to hospital for treatment, as specified

Deserted:	
Chinese	76
Japanese	12
Others	1,256
Total	1,344
Ordered held on board vessel:	
Under sec. 20, Immigration Act of 1924	3,087
Not on visaed crew list	8,036
Escaped after being ordered detained on vessel	25
Removed to immigration station or elsewhere for safekeeping pending departure of vessel	153
Certified for loathsome or dangerous contagious disease	827
Diseased and other seamen removed to hospital for treatment	842

I want to emphasize that the professional smuggler, who is connected with a national or international ring that operates to get into this country aliens who otherwise could not come here, seems to experience little or no difficulty in getting criminal aliens by the thousands through the side doors left open by our immigration laws, while on the other hand honest, law-abiding citizens of the United States and upstanding aliens lawfully here for permanent residence are met with all kinds of obstacles when they try to bring into this country near relatives which the law entitles them to bring in to join the family circle here. Furthermore, certain smuggled aliens whose records are none too savory travel about with what sometimes appears to be immunity from immigration inspection, while on the other hand husbands of law-abiding American citizens with wife and American-born children are subjected to long detention in prisons and immigrant stations without bond pending a determination of their status here. These inequitable operations of the law and regulations promulgated under the law are subjects for investigation by this committee, as proposed by this resolution.

Now, in closing let me call the attention of the Members of this House who voted against the adoption of House Resolution 50 to the fact that by your action—that is, by your vote—I dare say you have extended aid and comfort to every person engaged in the nefarious profession of alien smuggling; they are watching the course of this resolution perhaps as carefully as you are, and I dare say that history will prove that your vote against this resolution providing for an investigation into these smuggling practices will bounce back to vex you among your own constituents. You restrictionists who voted against House Resolution 50 are not consistent.

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, the gentleman was very eloquent about the second proposition authorizing a select committee to investigate with respect to immigration smuggling, but he did not say one single word about the first purpose of the investigation, which is to inquire into the hardships concerning the deportation of undesirable or smuggled aliens in order to recommend legislation to soften our deportation procedure.

As to the smuggling of aliens into this country, what on earth can a select committee of five Members of this House ascertain in the way of facts that the special investigators of the Immigration Service or the agents of the Department of Justice cannot much better ascertain?

What legislation can be recommended after such an investigation concerning the guarding of our 3,000 miles of border between Canada and the United States and our many miles of border between Mexico and the United States and the coast line of the two oceans?

Mr. DICKSTEIN. Will the gentleman yield for one question?

Mr. LEHLBACH. No; I have only 5 minutes.

The Department of Labor has studied this question and time after time has fully covered it in its reports. The physical difficulties admit of this smuggling rather than any lack

of knowledge or any lack of recommendations by any special committee as to how to proceed to stop it, but the most important objection I have to the resolution is this: This resolution was referred to the Committee on Rules and the Committee on Rules, after a hearing and after consideration, refused to report it. This is, in effect, to discharge the Committee on Rules from the consideration of this investigation resolution, and my recollection is that in the 20 years of service I have had in this House, not a single resolution to investigate anything has been adopted by the House of Representatives without first a favorable report from the Committee on Rules. In order to check my recollection I wish to appeal to the gentleman from New York, whose time of service coincides with mine, whether my recollection is correct.

Mr. SNELL. I think the gentleman is absolutely correct. I have never known of such procedure as this with regard to any investigation.

Mr. LEHLBACH. I think this proposition to spend $2,000 to send five Members of the House to Habana, Cuba, on a vacation, where they can accomplish nothing and where they can bring back nothing of value in the line of information to this Congress is little short of outrageous.

Mr. Speaker, I yield back the balance of my time.

Mr. COCHRAN of Missouri. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, we now have about seven investigations ordered by the House. This resolution, which comes in the closing hours, has been considered by the Committee on Rules, as the gentleman from New Jersey [Mr. LEHLBACH] told you, and it has not been reported by the Committee on Rules. Seldom are we asked to vote on resolutions not reported favorably by the Rules Committee.

The resolution provides for the expenditure of $2,000, and in section 2 it gives the special committee the power to employ stenographic, clerical, and other assistants and investigators; to have necessary printing and binding done; to require the attendance of witnesses, which costs money, requires the production of necessary books, papers, and so forth; and to pay necessary travel and other expenses, which will be paid from the contingent fund of the House.

Just imagine for 1 minute how far you can go on $2,000. This is a little bait. If you start this investigation, before you get through it will cost fifteen or twenty thousand dollars.

We had a little experience in the last Congress when we investigated government in business. I forget how much it ultimately cost, but somewhere around $15,000.

Why does not the gentleman go to the Department of Justice and require them to enforce the law?

I know the gentleman will say we cannot get action from the Department of Justice or the Immigration Service. Remember, my friends, you have a new deal, and if you cannot get results you will probably be able to get new officials who will get results. Give the Democrats a chance before you start investigating. You know the former Secretary of Labor appointed a crook as special investigator at a very large salary, and the first official action of the new Secretary was to discharge him. Such a man should never be on the Government pay roll. They said it took a racketeer to catch racketeers; that was their only excuse for making the appointment. He only lasted a few hours after the Madam Secretary took office.

I want to repeat that if you have any information relative to the violations of law, why not go to the proper Government authorities who are ordered by law to make these investigations that should result in sending people to jail who violate the laws. That is what we appropriate hundreds of thousands of dollars for, and if they do not stop the practices you complain of, then get new officials who will.

So far as enacting legislation making it easier for those who have been ordered deported, that is a joke. Who wants to make it soft for aliens who violate our laws? Would you put them up in the best hotels while awaiting deportation? The place for them is in jail until the hour arrives to put them on the ship and send them back to their native country. I would rather spend this $2,000 to send crooked aliens back home rather than to do work that Government officials are charged by law to do. Aliens are being deported by the hundreds monthly. Aliens convicted of felonies must be deported under the law, and just as soon as they serve their time they are being sent back home. The State authorities are cooperating with the Government. I know this to be a fact.

I want to say in conclusion that we are operating now under a Presidential order that practically prevents any immigration. Some few people are still coming in. I am willing to vote for a resolution that will stop immigration entirely until the American people out of jobs get jobs. [Applause.]

I am not going to vote for this resolution to spend money when you have agencies in the Government for which you appropriate large sums of money to enforce the law—enforcement agents who are supposed to do what this resolution seeks to do. As far as I am concerned, I am opposed to a resolution of this kind until the Government authorities that are being paid for doing work of this kind shall fail to do their duty.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. DICKSTEIN. That is just what we are trying to do. The former President by his order is keeping out immigration, but the back door is open. We are trying to get hold of the international gang of crooks who are operating between certain ports. The Department is now apparently unable to obtain information. The committee could get that information under authority of this resolution to bring in books and papers and require the attendance of witnesses.

Mr. COCHRAN of Missouri. You have the Bureau of Investigation of the Department of Justice, and if they are not doing their duty, go to the Attorney General and show him they are not apprehending criminals, and he will get men who will bring them to court, for he is just that kind of a man. Give him a chance. If you know anything, go place the evidence on his desk, and see how quick he will get men on the job who will bring in this so-called "international gang of crooks" you refer to. That is part of his Department's duty. Do you tell me you have no confidence in the lady Secretary of Labor from your own city? Why not see her, and if you give her information that there is an international gang of crooks operating, she will soon have every inspector in the Immigration Service on the job. Give her what leads you have, and I am sure she will respond, for she is part of the new deal. You do not have one but two agencies you can appeal to—the immigration officials and the investigating division of the Department of Justice. I advise my friend from New York to get in touch with them.

The Attorney General announced a few days after he took office that America was no place for rackets and racketeers. Smuggling aliens over our borders is a racket. If it exists, it is a racket the Attorney General will break up; so go to him with what information you have and give him a chance.

Mr. DICKSTEIN. They are powerless. The committee would have the power to investigate where the Department cannot. The authority of Congress to its own committee would permit the finding of information which will enable constructive legislation to cure these evils when we come back here for next session.

Mr. COCHRAN of Missouri. A congressional committee can go no further than a Government enforcement officer. A Government enforcement officer can go into any part of the country, and he can go to other countries if necessary. I can see no need for this investigation when we have Government officials being paid to do just what you propose to do by this resolution.

Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Speaker, I have been a member of the subcommittee handling appropriations for the Department of Labor for many years, and regret that I cannot support this resolution which the Chairman of the

Immigration Committee has brought before the House. In my opinion, it would be a useless expenditure of money. I concur in the statement just made by the gentleman from Missouri [Mr. COCHRAN] when he suggested that there was no need for this inquiry, because if the gentleman from New York [Mr. DICKSTEIN] has knowledge of facts which he feels justifies legislation at this time, he should report that legislation to the House. Several times before I have called the attention of the gentleman from New York to the importance of reporting to the House some legislation that will correct the evils which do exist and which he claims to have knowledge of. It is not convincing to argue that $2,000 will enable a committee of five Members of the House by the inquiry here proposed to obtain information which may furnish the basis for needed legislation.

If the gentleman from New York will do what he now states he is willing to do, in reply to a question put to him by the gentleman from Missouri [Mr. COCHRAN]—namely, prohibit all immigration for the time being—and which he says, I repeat, he wants to do, and if he will go further and require the registration of all aliens and pass a law making it unlawful to employ in gainful employment anyone who cannot show that he is an American citizen, he will go far toward driving out of this country all aliens now unlawfully here and will at the same time remove the chief incentive for their coming here.

The Committee on Immigration is clothed with full authority to bring in legislation which will correct all of the secret wrongs and violations to which the gentleman from New York calls attention, and while he seems to have very full information as to what is going on, yet apparently he feels unable to draft legislation to correct the wrongs. I submit it would establish a bad precedent for the House to appropriate $2,000 to enable a select committee, which admits it now has much information of violations and wrongdoing, to make an inquiry for the purpose of recommending needed legislation.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. SNELL. Is there any information that could be available anywhere that is not in the Department of Labor at the present time?

Mr. OLIVER of Alabama. I feel sure there is not.

Mr. SNELL. That Department has made a number of investigations of exactly this same proposition.

Mr. OLIVER of Alabama. And they are earnestly endeavoring to enforce our immigration laws. We now have a very capable and active Secretary of Labor, so why, just as she is taking charge of the Department, should this committee feel that it is incumbent on them to make an inquiry which the Department is not requesting? Would it not by implication express lack of confidence in the Department?

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. DICKSTEIN. I want the gentleman and the House to know that I am not aiming to criticize or seeking to embarrass anybody, the Secretary of Labor, past or present, or any other official. The committee is simply trying to obtain some information at the source for constructive legislation. How does the gentleman from Alabama explain that in the last fiscal year, according to the report of the Commissioner General of Immigration, over 8,000 were smuggled in on ordinary boats, and over 100,000 across the borders? Someone is at the head of that smuggling ring across the borders from Cuba and Canada.

Mr. OLIVER of Alabama. It so happens that the gentleman was himself partly responsible for increasing the amount that might be expended out of the regular appropriations in employing special agents to look up violations, and I was very glad to learn that the new Secretary of Labor had discharged them, because there was brought to the attention of certain Members of this House, in connection with the work of such special agents, some things which in my judgment were hurtful to the morale of the regular personnel and reflected no credit on the Department.

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

Mr. DICKSTEIN. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana [Mr. SCHULTE].

Mr. SCHULTE. Mr. Speaker, there has been a resolution presented here proposing to spend $2,000 for investigating the smuggling of Mexicans and Chinese coolies into this country. I believe that is the sole purpose of this resolution.

I am in hearty accord with this proposition, as I represent, in all probability, one of the largest manufacturing districts in this country. I represent the Calumet district, described by captains of industry as the "greatest industrial region in the world", "the workshop of the universe", and I stand here to protest against the invasion of this type of worker into my district and to fight for the rights of the citizens of the region I represent. The men and women of my territory, those who pay the taxes and work at honest toil to help pay their share of the cost of this Government—a cost, gentlemen, that is necessary in order that we can come down here and make laws for the protection of the people we represent and for their general welfare—are demanding to know for what reason these Mexicans are being brought into this territory and why they are allowed to cross the border unhampered. Not that I bear any ill will toward the Mexican or have any ill feeling toward him or his race, but I certainly do object to his being smuggled across the border and then being brought into my district and there replace the workingman who has lived in my territory for a number of years, only to find that when he goes to his place of employment that his job has been taken by one of these men who has been smuggled in and who is holding down his job at a lower rate of pay.

In times of depression the man or woman who has saved up a little money to purchase a home is now faced with the task of paying a heavier tax than before, owing to the fact that it is costing my district more than $100,000 a month, because of the large number of Mexicans who have found their way into the territory to take the jobs of the tax-paying citizen, and who are now dependent upon charity. So you see, it is not only unfair to the working man and woman of this country, but also unfair to the Mexican himself, as he becomes an object of charity in slack times. So, Mr. Speaker, I am in accord with this investigation as I believe that by going into the situation, and this committee being sent to the border where they may obtain first-hand information of just how the smuggling is taking place, we can come back here next January and pass a law that will be so airtight that never again will this situation prevail.

I hope that I am not misunderstood in the plea that I am making here today. I have no score against law-abiding citizens—whether they be Mexicans or whatever nationality—who have lived in my district for many years and who have done everything possible to keep the respect of their fellow man; nor have I any malice toward residents of my district who, although they have shown no inclination to become naturalized citizens, have lived in our territory long enough to pass the status of being classified as "floaters." I am pleading for a square deal for residents and citizens of my district who have shown by their faith, by their hope, and by their charity that they mean to live up to the laws of their Government and the wishes of their fellow man. I am pleading for these people regardless of color, creed, and nationality, against the outlawry of those who might stoop to gain a pittance from smuggling in undesirable aliens who, once within the confines of such thickly populated manufacturing districts such as I represent, take the daily bread from the widow and her orphan, the industry from the father and his family, and deprive the Government of the just tax to pay for the protection of law and order.

I hope that all of my colleagues in Congress will see the situation in the same light as we, the Members of Congress who come from the heavy populated or manufacturing districts of this great Nation. The thing that is uppermost in

my mind is for the protection of the workingmen in this country whether they be foreign born or American, and whether or not they are fully naturalized citizens of this great Nation. It is my ambition to help my people to again build up this country to the standard which it attained in 1921, when the price of labor was adequate enough so that the worker had a bank account and could enjoy not only the necessities of life but also some of the pleasures. And last, but not least, to send his children to school to receive a fair education, which would equip them mentally to combat some of the situations in this life and better equip them for good positions.

In my closing remarks I hope this bill will pass unanimously. I thank you.

Mr. DICKSTEIN. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, I must protest against the vicious attack which was just made by the gentleman from Alabama [Mr. OLIVER] on the distinguished Chairman of the Committee on Immigration, Mr. DICKSTEIN. There is no more patriotic or conscientious Member of this House. If the gentleman from Alabama wants to leave those remarks in the RECORD, I shall be content. I trust he will not revise them.

The gentleman from New York [Mr. DICKSTEIN], as Chairman of the Committee on Immigration, has probably done more to prevent the improper entry of aliens into the United States than any Member who has an obsession on the immigration question. As for myself, I have never favored immigration restriction bills, because I came to the conclusion many years ago that the spirit behind most immigration bills is antiforeigner and un-American. It is the same spirit that prevailed in the election of 1928. However, after we have passed immigration bills and kept honest, legitimate immigrants and aliens out of this country—men, women, and children who would contribute to our Nation—if there is smuggling of undesirable aliens, we surely should keep those people who are being smuggled in from coming into our country. When the Italians and natives of Poland are barred, principally because of their religions, we should be concerned about the smuggling of Chinese and other undesirables.

Everybody knows what interest is lobbying against this bill. It is the steamship companies who profit by this smuggling.

Mr. LEHLBACH. Will the gentleman yield?

Mr. O'CONNOR. Yes; and you cannot laugh it off either.

Mr. LEHLBACH. Will the gentleman yield for a question?

Mr. O'CONNOR. Yes; I yield for a question.

Mr. LEHLBACH. Has the gentleman spoken to any representative of steamship companies or any other interests on this question?

Mr. O'CONNOR. Oh, they would not come to me. I would be the last person they would approach. If the statements we heard before the Rules Committee are only partly true, if these aliens are being smuggled in from Canada, from Cuba, and from Mexico, anybody here who believes in upholding the immigration laws of our country should take greater pleasure in voting for this bill than all the immigration bills that have ever been presented to this House.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. O'CONNOR] has expired.

Mr. DICKSTEIN. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. KRAMER].

Mr. KRAMER. Mr. Speaker, in California and on the entire Pacific coast, the Japanese, the Chinese, and the Mexicans perform most of the common labor. After the border was closed at San Diego there still seems to be a hole in the fence. For some years I have been trying to find out how it is that Mexicans, Chinese, and Japs come in through those holes. The purpose of this is not to investigate the Department of Labor. It is to investigate where the leak is. Who is it down on the Mexican border or on the Pacific coast that is permitting these immigrants to come in illegally? I believe if this resolution provided for $50,000 it would be worth that to the Pacific coast alone, and I hope all of the Members of the House, and particularly the Members from the Pacific coast, will support this important resolution. Our inspection is entirely too easy and too loose and needs teeth in the examination of all those who seek entrance into the States.

Mr. COCHRAN of Missouri. Mr. Speaker, I yield the balance of my time, 6 minutes, to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, I should dislike very much for any of the new Congressmen to find themselves lined up today on the wrong side. In other words, if they are restrictionists, if they are men who believe in restricting immigration——

Mr. KRAMER. Is the gentleman referring to me as a new Congressman?

Mr. JENKINS. No. I did not have the gentleman in mind.

Mr. KRAMER. I have been on this side ever since I have been here, and I am very happy about it.

Mr. JENKINS. I did not have the gentleman in mind. I never thought about the gentleman.

What I started to say was that if there are any new Members here who have come to Congress with the idea that they wanted to be restrictionists they had better be on the side of the men who have been restrictionists here for years. Do not be misled by somebody who has failed in all his experience in this Congress to vote for any restrictive measure, and who has always voted against every restrictive measure. Let us not be fooled about Mexicans coming up to Chicago and places like that. When I was a member of the Committee on Immigration I visited every immigration station from Boston to San Francisco.

I know the conditions intimately. I think I know the Mexican situation. We have gone into that in times past, as the older Members know, extensively. The gentleman from Texas and the gentleman from El Paso know this.

Let us not be misled by this thing. Here is a measly little resolution calling for $2,000. What for? For no other purpose than to give somebody a little vacation, just a little junket. That is all it means. Let me say that the Department of Labor has not asked for this. The Department of State has not asked for this. They do not want this. Why? Because the State Department has a Consular Service of which it is proud. They know conditions. They are well posted. They do not need to be investigated.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I am sorry, but I cannot yield.

They know exactly what they are talking about.

The Department of Labor does not need this at all, because they have at these stations many fine men, men of great natural ability; men who love their work and who are devoted to the cause that they represent.

The border patrol is a great organization. I wish you could all see the border patrol—fine young men, most of them ex-service men. They know their business. They do not need to be told where these leaks are. Two or three years ago some of these district directors testified before our committee. They know what is going on. There are large numbers of the people illegally in this country already apprehended. What the Departments need is money. The Departments need money to send back the hundreds and thousands of people that have been apprehended. Why arrest any more when we cannot handle those we have apprehended?

What do you want to spend $2,000 on this for? Let us appropriate $200,000, $300,000, or $1,000,000, if you want to, and send these people back; but if you spend $3,000,000 or even $5,000,000, you cannot send them all back. Do not do a vain, foolish thing; do not do it simply because somebody wants to do it. Do what your good Democratic brethren want you to do—uphold the hands of the new Secretary of Labor.

Let me say I have had occasion to deal with the Secretaries of Labor for a long time. We had two Republican Secretaries of Labor, and they rendered fine service. I think from the way the new Secretary of Labor has started out

and the way she is handling this situation, if she continues, she will prove the equal of any of her predecessors.

She did not ask for this. Why? I will tell you why she did not. She had these fine men of the service here in Washington last week. There were called in from points throughout the United States chiefs from every station. They were called here and talked with the officials. These chiefs are men who draw $5,000 or $5,500 a year. They are competent men, men of education and experience. Many of them have two or three hundred assistants under them. They know more about this than a little committee would know. If this committee wants to go around and investigate conditions, why do they not do like old Judge Box did when he was a prominent member of the committee, make the trips and pay his own expenses, or, like Mr. Johnson did, make the circuit and pay his own expenses, or like I did, make such trip as they wish and pay their own expenses. They will find the same thing we found.

Mr. SABATH. When was it these gentlemen paid their own expenses?

Mr. JENKINS. I made the statement that they did. That is all I know about it. I do not wish to yield further.

Now, Mr. Speaker, I want to be serious about this matter. If you want to make an investigation, make an adequate one. Call up the Immigration Service and ask them what help they need. Talk to the Democrats in the Labor Department and ask what they need from the standpoint of immigration, and they will tell you that what they need first is to recodify the law. Time after time they have sent to the Immigration Committee requests for assistance to recodify the law and rewrite the law so it will be clear and understandable, but never since I have been here has anybody asked for any money for anything like this. The bill should be defeated. [Applause.]

[Here the gavel fell.]

Mr. DICKSTEIN. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, after the House had by a decisive vote stricken out the enacting clause and killed the McReynolds resolution that sought to spend $48,500 on attending a so-called "Institute of Agriculture" in Rome, Italy, which, after all, was a junket proposition pure and simple, and then after the Senate had placed this $48,500 junket as a rider on an appropriation bill, and the House last Saturday, June 10, 1933, reversed its former position and voted this Rome (Italy) junket of $48,500 by a vote of 150 to 118, I lost confidence on what might happen in a vote on this Dickstein resolution; hence, in the interest of the taxpayers of the United States, I made a horse trade with our colleague from New York [Mr. DICKSTEIN].

I agreed with him that if he would offer an amendment to his resolution providing that no more than $2,000 could be expended on the investigation it provided for, and that if he would promptly on the convening of next session give us a hearing and a vote on my bill to suspend all immigration to the United States for 5 years, I would vote for his investigation of the smuggling of aliens into the United States that has been going on for so long.

Under the provisions of his resolution, unless safeguarded by the amendment I demanded, there could have been spent on his investigation $100,000 or $200,000 or even $500,000, so I thought it was wise, to begin with, to cut off its fangs and to circumscribe it with a safe and sound limitation, so that not more than $2,000 could be spent under it. And the gentleman from New York accepted my proposition and has placed the amendment I demanded in his resolution, so that only $2,000 may be spent under it.

And the horse trade I made was an excellent one for the people. Because the gentleman from New York is Chairman of the Committee on Immigration. Without his help we are not going to get any bill favorably reported out of his committee to suspend all immigration. For years I have had a bill pending before the Committee on Immigration to suspend all immigration to the United States. During one year and another I have been able to get a hearing on the measure, and I have in each instance presented to the committee unanswerable evidence showing the justice and absolute necessity of such a measure, and that American heads of families would never be properly protected, and that there would never be sufficient jobs for Americans, until we stopped all immigration for at least a sufficient number of years for us to assimilate the foreigners we already have here, but it was always impossible to get such a bill reported to the House by such committee. The former chairman of the committee made many protestations of being in favor of stopping immigration, but he would never allow such a bill to be reported.

Again, on December 8, 1931, I introduced in the last Congress a bill (H.R. 4514) to prohibit the immigration of all aliens into the United States. Although I made endeavor after endeavor, I was never able to get such a measure reported. During the previous year I had, on December 12, 1930, introduced a similar bill, H.R. 15075, but could not get it reported, although I had promise after promise from the then chairman of the committee that he was in favor of stopping immigration, and that some day he would report such a measure and pass it.

Just as soon as this special session of the Seventy-third Congress convened, I introduced, on March 9, 1933, the bill (H.R. 109) to prohibit the immigration of all aliens into the United States for a period of 10 years, and that bill was referred to the Committee on Immigration and Naturalization, of which the gentleman from New York [Mr. DICKSTEIN] is chairman. As a part of the consideration for my horse trade, he has promised that as soon as we meet in the regular session next January he will give us a hearing on this bill, and that he will give the Members of the House a chance to vote on it. I know that the Congress will pass this measure if we can get it out of the committee. I also know that we will never get it out of the committee unless it is the wish of the chairman. And I know that every laboring man in the United States is vitally affected and interested in stopping all immigration for at least a period of 10 years.

So by making this trade with the chairman of the committee, we gain two very important and most valuable advantages for the American people, the first being to limit the expenses of this investigation to $2,000, by having the resolution thus amended so that not more than $2,000 can ever be spent under it, and the second advantage being that in January we will get a hearing before the committee and a chance for the Membership of this House to vote to stop all immigration of aliens into the United States for 10 years.

For years, also, I have been trying to get a law passed to require all aliens in the United States to be registered, and to force the undesirables and all others who refused to be naturalized to leave the United States, and to severely penalize all ships and companies engaging in smuggling, denying to them the privilege of docking at our ports.

I wish it were so that at this very hour we could prevail upon the chairman of this committee [Mr. DICKSTEIN] to call up and pass, under suspension of all rules, the bill to stop the immigration of all aliens into the United States for at least 10 years. Such a bill ought to be passed at this session before we adjourn.

There ought not to be an alien permitted to enter this country for the next 10 years, and especially until we put every American back to normal work. [Applause.]

Mr. McDUFFIE. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. McDUFFIE. Does the gentleman think the passage of this resolution will get his bill out of the gentleman's committee? [Laughter.]

Mr. BLANTON. The gentleman has promised me that he will bring in such a measure and allow the House to vote on it at the next session, but I am urging him to do it now. Before we adjourn we ought to stop all aliens from coming here.

Mr. McDUFFIE. I am surprised at the watchdog of the Treasury being willing to pay $2,000 to get his bill out of the committee. [Laughter.]

Mr. BLANTON. It would be worth $2,000,000,000 to American laborers and their families if we could stop immediately all aliens from coming here.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BLANTON. In just a minute. I will tell you exactly what I had in mind when I made my trade with the Chairman of the Immigration Committee. My purpose was to stop an expensive junket. Every Member here knows that I am against all junkets. I have been fighting against all junkets here for the past 17 years. I have never yet been on a junket. I have never yet spent one dollar out of the Treasury on any kind of a trip. I have been over much of the United States, and have checked up Government business in many parts of this Nation, and even over in old Mexico, but I paid every dollar of the expense out of my own pocket, and it did not cost the Government one cent. And it was to stop a possible expensive junket that I made the trade with the author of this resolution. It, under its provisions, authorizes this proposed committee to make investigations not only all over the United States but also in Cuba and the other islands adjacent to Florida. It also gives this committee authority to employ stenographic and clerical help, and assistants and investigators, with no limitation as to the number of each, but that is left entirely to the discretion of the committee, which also is given the power and authority to pay all of such employees unlimited salaries as large as it desires, and to have printing and binding done, and to require the attendance of witnesses, who have to be paid so much per day with mileage allowance, and to pay all traveling and "other" expenses.

Under such provisions contracts could have been made morally obligating the Congress to pay out huge sums of money, and there could have been spent, if we had not limited it with my amendment, as much as $100,000 or $200,000 or even $500,000, as other investigating committees have spent heretofore, in past history of the Congress. So I felt that it was safe and sound and absolutely necessary to have a limitation placed on the amount that could be spent, so I made the agreement with Chairman DICKSTEIN, that he would amend the resolution, as he did, providing that not more than $2,000 could be spent under it. So whether or not the resolution passes it is properly safeguarded, and I have secured rights most valuable to the people, and I am going to keep faith with the chairman and am going to vote for this $2,000 investigation.

As to these Chinese that have been smuggled into the United States, I am not in favor of paying out the tremendous expense it has cost us to deport them. I am in favor of stopping it in another way. Why, the Department of Labor spent $288,000 to deport 2,200 Chinese (in round numbers). That ought to stop.

I will tell you how I would stop it. I would penalize severely every ship that engaged in smuggling, and deny it the right to dock at our ports. Then I would send these smuggled Chinese out to Occoquan and put them to work and make them do gratis all of the laundering for Washington and the Government, so that our Government and the people here would not be robbed any more by these laundry monopolies that daily overcharge people here. Laundries charge more in Washington than in any other city in the United States. For an ordinary plain shirt with soft cuffs and no collar Washington laundries charge 20 cents, when practically everywhere else in the United States only 15 cents is charged.

I would send the smuggled Japs out to Occoquan and put them in a chain gang making ice, so that the poor people of Washington would no longer be robbed by the ice monopolies of Washington which charge 2½ times as much for ice in Washington as ice is sold for in Waco, Tex., and in Austin, the capital of Texas.

And I would put the smuggled Mexicans to work on the highways in the United States and make them wish a thousand times that they had not violated our immigration laws by crossing the Rio Grande unlawfully. As one Member I have all the information I want. I am ready now to pass proper laws to keep all aliens out.

And if we cannot do it before then, we can pass a law in the next session to stop all immigration for 10 years. Every Member here ought to do what I am going to do in the next session with the chairman of this committee. I am going to be after him continually; I am going to be ding-donging him from morning until night, every day and every week and every month until he brings a bill in here and passes it into law to stop all immigration to this country. I am going to worry the very life out of him until he brings in a bill that will make all aliens register, and until he brings in a bill that instead of spending money to send them back, will put all smuggled aliens to work here in a chain gang until they will want to go back home, and go at their own expense.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BLANTON. I yield to my friend from Missouri.

Mr. COCHRAN of Missouri. The gentleman enumerates many requirements he will exact from the chairman of the committee——

Mr. BLANTON. Yes.

Mr. COCHRAN of Missouri. Naturally, the chairman must be in good physical condition to do everything that the gentleman from Texas is going to ask him to do, and in order to be sure that he is in good physical condition, the gentleman wants him to have a joy ride to Cuba. [Laughter.]

Mr. BLANTON. I am against all junkets and against all joy rides. And I have succeeded in getting a most valuable amendment on this bill.

Mr. COCHRAN of Missouri. But now the gentleman is voting for one.

Mr. BLANTON. I am not objecting to the gentleman from Missouri or others voting against this bill. But I must keep faith with the chairman, who has assured us of valuable rights for the people. And I have a limitation on this bill that properly safeguards it, and I say that it is a valuable right secured for the people when you can put such a limitation on the bill. For I know from experience that such bills as this do pass here in this House, and I have fixed this measure so that if it does pass it will be as harmless as possible, for not more than $2,000 can ever be spent under it. And the gentleman from Missouri must not forget that on last Saturday, June 10, 1933, this House by a vote of 150 to 118 passed a junket measure to spend $48,500 on a useless and valueless most foolish junket to Rome, Italy, in the name of farmers, when the farmers of America would like to have that $48,500 kept in their Treasury. And in thus passing that $48,500 junket to Rome, Italy, this House reversed itself; because not long before, by a record vote, it had struck out the enacting claims and killed that bill. And this $48,500 junket to Rome, Italy, was placed back in an appropriation bill by the Senate, and we took a separate vote on that item here in the House last Saturday when I tried hard to kill it the second time.

Mr. DICKSTEIN. Mr. Speaker, I yield the balance of the time, 3 minutes, to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, every time a resolution to investigate comes before the House we find a conflict of opinion such as has developed in this debate. Some men take the floor and attack every resolution of this nature as a wasteful, extravagant raid upon the Treasury of the United States. Then, too, there are Members who explain the many advantages resulting from work of this nature.

Every committee of the Congress would be in a better position to pass on legislation if he were familiar with the work of the department of government involved. When the subject is important, when legislation is required, when Members are willing to offer their service without cost, then such resolutions as we now have before us should be considered.

Look at the splendid work that has been accomplished throughout the history of Congress, particularly the work

of investigating committees. I ask you to look up the record. Look at the investigation that turned the searchlight of public opinion on the great oil scandals. Where was the bureaucrat you talk about? The Department of Justice, the Bureau of Investigation, what did they do? It was the Senate investigation committee created by act of Congress that developed that situation and brought the offenders to justice.

Read your history. Never since the administration of Andrew Jackson has there been courage surpassing that of the Senate committee now investigating the investment bankers of America.

They dared to investigate the greatest money power in the world. Today, by reason of the passage of a resolution, the Senate of the United States is investigating the powerful House of Morgan, and the saving of billions of dollars will, I dare say, result to the people of the United States.

Better banking laws, more severe tax laws will be enacted because of this investigation.

I want to say to you it is all right to condemn resolutions of this kind, but in some of the foreign countries representatives of the people are allowed to go from one end of the land to the other during the recess of Parliament in order that they might observe the results of the enforcement and application of the law. It is a question of whether you want to place your faith in bureaucrats or trust to the integrity and honor of legislators. Surely you will agree with me when I say the cooperation of both will bring about better results. We want this committee to come to Buffalo. We want them to come and investigate the deportation situation there. We want them to observe the rigid application of the Canadian immigration laws which forbid American workers to enter Canada, while Canadian citizens are employed in large numbers in our country. The Department in the past has not been able to remedy these conditions. Give this committee an opportunity, and I feel certain that much good will result. When there is sufficient reason for the investigation and the cost is both nominal and limited we can well afford to support resolutions of this kind.

The SPEAKER pro tempore. All time has expired, and the question is, Shall the rules be suspended and the bill passed.

The question was taken; and on a division (demanded by Mr. SNELL) there were 77 ayes and 57 noes.

Mr. SABATH. Mr. Speaker, I object to the vote on the ground that no quorum is present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and eighty-one Members are present, not a quorum. This is an automatic call. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members.

The question was taken; and there were—yeas 194, nays 134, answered "present" 1, not voting, 101, as follows:

[Roll No. 71]

YEAS—194

Adair	Colden	Durgan, Ind.	Healey
Adams	Collins, Miss.	Eagle	Henney
Andrews, N.Y.	Colmer	Edmonds	Higgins
Auf der Heide	Condon	Eicher	Hildebrandt
Ayres, Kans.	Connery	Ellzey, Miss.	Hill, Ala.
Bailey	Connolly	Faddis	Hill, Knute
Beam	Corning	Fiesinger	Hill, Samuel B.
Beiter	Cox	Fitzgibbons	Hoidale
Black	Cravens	Fitzpatrick	Hughes
Bland	Crosby	Flannagan	Jeffers
Blanton	Cross	Fletcher	Johnson, Minn.
Bloom	Crowe	Focht	Johnson, Okla.
Boileau	Crowther	Ford	Johnson, Tex.
Boylan	Cullen	Foulkes	Jones
Brennan	Deen	Frear	Kee
Brown, Ky.	Delaney	Gibson	Kelly, Ill.
Brown, Mich.	De Priest	Gillespie	Kelly, Pa.
Brunner	Dickstein	Glover	Kennedy, N.Y.
Byrns	Dies	Goodwin	Kenney
Caldwell	Dirksen	Granfield	Kloeb
Carden	Disney	Green	Kocialkowski
Carley	Dobbins	Greenwood	Kopplemann
Cartwright	Doughton	Griffin	Kramer
Celler	Doxey	Griswold	Kvale
Chavez	Drewry	Haines	Lambeth
Church	Duffey	Harlan	Lanham
Clark, N.C.	Duncan, Mo.	Hartley	Lanzetta
Coffin	Dunn	Hastings	Larrabee
Lea, Calif.	Monaghan	Sandlin	Taylor, Tenn.
Lee, Mo.	Murdock	Schaefer	Thom
Lehr	Nesbit	Schuetz	Thompson, Ill.
Lesinski	O'Connell	Schulte	Underwood
Lindsay	O'Connor	Scrugham	Waldron
Lozier	Oliver, N.Y.	Shannon	Wallgren
Lundeen	Parsons	Shoemaker	Wearin
McCarthy	Peyser	Simpson	Weaver
McClintic	Pierce	Sirovich	Weideman
McCormack	Pou	Sisson	Welch
McGrath	Prall	Smith, Wash.	Werner
McKeown	Randolph	Snyder	West, Tex.
McMillan	Rankin	Somers, N.Y.	Whitley
McSwain	Ransley	Spence	Whittington
Major	Richards	Stalker	Wilcox
Maloney, Conn.	Richardson	Steagall	Wolfenden
Marland	Robertson	Strong, Tex.	Wolverton
Martin, Colo.	Rogers, Okla.	Studley	Woodrum
Mead	Rudd	Sumners, Tex.	Zioncheck
Millard	Sabath	Sutphin	
Miller	Sadowski	Sweeney	

NAYS—134

Allen	Dear	Lambertson	Rogers, Mass.
Allgood	Ditter	Lamneck	Rogers, N.H.
Arens	Dondero	Lehlbach	Ruffin
Arnold	Dowell	Lemke	Sanders
Bakewell	Eaton	Luce	Sears
Beck	Eltse, Calif.	Ludlow	Secrest
Beedy	Englebright	McFadden	Seger
Biermann	Evans	McFarlane	Smith, Va.
Blanchard	Farley	McGugin	Snell
Bolton	Foss	McLean	Strong, Pa.
Britten	Fulmer	McLeod	Swank
Browning	Gambrill	Maloney, La.	Swick
Brumm	Gasque	Mapes	Taber
Buck	Gilchrist	Marshall	Tarver
Bulwinkle	Gillette	Martin, Mass.	Taylor, Colo.
Burke, Nebr.	Goldsborough	Martin, Oreg.	Thomason, Tex.
Burnham	Goss	Merritt	Tinkham
Busby	Gray	Milligan	Tobey
Cady	Gregory	Mitchell	Traeger
Cannon, Mo.	Guyer	Montet	Truax
Carpenter, Kans.	Hamilton	Moran	Turner
Carter, Calif.	Hancock, N.Y.	Morehead	Turpin
Carter, Wyo.	Hancock, N.C.	Mott	Umstead
Cary	Hess	Muldowney	Vinson, Ga.
Cavicchia	Holmes	Musselwhite	Vinson, Ky.
Chapman	Hooper	Oliver, Ala.	Watson
Christianson	Hope	Parker, N.Y.	West, Ohio
Cochran, Mo.	Huddleston	Parks	Wigglesworth
Cole	Imhoff	Polk	Williams
Cooper, Ohio	Jenkins	Powers	Withrow
Cooper, Tenn.	Kahn	Ramsay	Wolcott
Culkin	Kinzer	Ramspeck	Young
Darden	Kniffin	Rich	
Darrow	Knutson	Robinson	

ANSWERED "PRESENT"—1

McDuffie

NOT VOTING—101

Abernethy	DeRouen	Kleberg	Reid, Ill.
Almon	Dickinson	Kurtz	Reilly
Andrew, Mass.	Dingell	Lewis, Colo.	Romjue
Ayers, Mont.	Dockweiler	Lewis, Md.	Shallenberger
Bacharach	Douglass	Lloyd	Sinclair
Bacon	Doutrich	McReynolds	Smith, W.Va.
Bankhead	Driver	Mansfield	Stokes
Berlin	Fernandez	May	Stubbs
Boehne	Fish	Meeks	Sullivan
Boland	Fuller	Montague	Taylor, S.C.
Brooks	Gavagan	Moynihan	Terrell
Buchanan	Gifford	Norton	Thurston
Buckbee	Hart	O'Brien	Treadway
Burch	Harter	O'Malley	Utterback
Burke, Calif.	Hoeppel	Owen	Wadsworth
Cannon, Wis.	Hollister	Palmisano	Walter
Carpenter, Nebr.	Hornor	Parker, Ga.	Warren
Castellow	Howard	Patman	White
Chase	Jacobsen	Peavey	Willford
Claiborne	James	Perkins	Wilson
Clarke, N.Y.	Jenckes	Peterson	Wood, Ga.
Cochran, Pa.	Johnson, W.Va.	Pettengill	Wood, Mo.
Collins, Calif.	Keller	Ragon	Woodruff
Crosser	Kemp	Rayburn	
Crump	Kennedy, Md.	Reece	
Cummings	Kerr	Reed, N.Y.	

So (two thirds not having voted in favor thereof) the motion to suspend the rules and pass the bill was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. Keller and Mr. Gavagan (for) with Mr. Bacon (against).
Mr. Boland and Mr. Sullivan (for) with Mr. Hollister (against).
Mr. Douglass and Mrs. Norton (for) with Mr. McDuffie (against).

General pairs:

Mr. Abernethy with Mr. Treadway.
Mr. Warren with Mr. Wadsworth.
Mr. McReynolds with Mr. Bacharach.
Mr. Crosser with Mr. Gifford.
Mr. Buchanan with Mr. Perkins.
Mr. Almon with Mr. Woodruff.
Mr. Parker of Georgia with Mr. Kurtz.

Mr. Rayburn with Mr. Andrew of Massachusetts.
Mr. Kleberg with Mr. Doutrich.
Mr. Ragon with Mr. Buckbee.
Mr. Shallenberger with Mr. Fish.
Mr. Lewis of Maryland with Mr. Chase.
Mr. Montague with Mr. Moynihan.
Mr. Fernandez with Mr. Reed of New York.
Mr. Mansfield with Mr. Cochran of Pennsylvania.
Mr. Driver with Mr. Stokes.
Mr. Crump with Mr. Clarke of New York.
Mr. Kerr with Mr. James.
Mr. Dickinson with Mr. Collins of California.
Mr. Patman with Mr. Peavey.
Mr. Boehne with Mr. Reece.
Mr. Palmisano with Mr. Sinclair.
Mr. Howard with Mr. Thurston.
Mr. Burch with Mr. Reid of Illinois.
Mr. Hart with Mr. Wood of Missouri.
Mr. Reilly with Mr. Meeks.
Mr. Kemp with Mr. Walter.
Mr. DeRouen with Mr. Terrell.
Mr. Wood of Georgia with Mr. Stubbs.
Mr. Smith of West Virginia with Mr. Peterson.
Mr. Romjue with Mr. Harter.
Mr. Jacobsen with Mr. Berlin.
Mr. Burke of California with Mr. Carpenter of Nebraska.
Mrs Jenckes with Mr. Cannon of Wisconsin.
Mr. Claiborne with Mr. Lloyd.
Mr. Utterback with Mr. Castellow.
Mr. Willford with Mr. Dingell.
Mr. Fuller with Mr. Owen.
Mr. Wilson with Mr. O'Malley.
Mr. Taylor of South Carolina with Mr. Dockweiler.
Mr. May with Mr. Cummings.
Mr. Hornor with Mr. Lewis of Colorado.
Mr. Ayers of Montana with Mr. Johnson of West Virginia.
Mr. Kennedy of Maryland with Mr. Brooks.
Mr. White with Mr. Pettengill.

Mr. McDUFFIE. Mr. Speaker, I have a pair with the gentleman from Massachusetts, Mr. DOUGLASS, who, if present, would have voted "aye." I voted "no", and I withdraw my vote of "no" and ask to be recorded "present."

The result of the vote was announced as above recorded.

AIRSHIP "AKRON" DISASTER

Mr. DELANEY. Mr. Speaker, by the direction of the committee appointed by the House and the Senate to investigate the *Akron* disaster and the need for dirigibles, I present the following report, which I send to the desk.

The SPEAKER pro tempore. The gentleman from New York presents a report on the *Akron* destruction, and the report will be referred to the Committee on Naval Affairs and ordered printed.

Mr. DELANEY. Mr. Speaker, I ask unanimous consent to have these recommendations printed in full in the RECORD.

The SPEAKER pro tempore. The gentleman from New York asks unanimous consent to have the report of his committee printed in full in the RECORD. Is there objection?

Mr. McCLINTIC. Mr. Speaker, I reserve the right to object. Inasmuch as this report is not a unanimous one, and that it is to be referred to the Committee on Naval Affairs, until that committee takes some action I think it should not be printed in the RECORD, for the reason that the report might be changed by the Committee on Naval Affairs, which has jurisdiction in the matter.

Mr. DELANEY. May I suggest for the benefit of the gentleman from Oklahoma that 5 of the Members of the House have signed the report, 3 Members of the Senate have signed it, 1 Member of the Senate has agreed to the report as given by this committee, and 1 of the Senators has indicated that he desires to file minority views. It seems to me, in view of the fact that Members are interested in this report, that it can do no harm to have it printed in the RECORD for their information. I am very glad to have it referred to the Committee on Naval Affairs for their future consideration.

Mr. FISH. Mr. Speaker, I reserve the right to object, to ask the gentleman from New York whether the report of those two investigators from the Department of Justice who investigated the alleged sabotage on the *Akron* has been made public?

Mr. DELANEY. The report, as far as we could without going into the secrets of this investigation, is contained in the report which I have filed.

Mr. VINSON of Georgia. What the gentleman from New York has in mind will probably be in the testimony and hearings and would not be in the report.

Mr. DELANEY. It will be in the hearings, which will be printed very shortly. All that will be carried out in full.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. DELANEY. Yes.

Mr. SNELL. What is the object of having this printed in the RECORD? Is it not very long?

Mr. DELANEY. These are the recommendations to which I refer. The report itself is quite voluminous.

Mr. SNELL. Then the gentleman intends to ask only that the recommendations be printed?

Mr. DELANEY. Yes.

Mr. SNELL. And those are short?

Mr. DELANEY. About a page and a half. I do not ask to have the whole report printed.

Mr. McCLINTIC. Mr. Speaker, I reserve the right to object. In view of the fact that all the major nations, with the exception of one, according to the information which I have, in the interest of safety and to prevent the loss of life, have stopped constructing ships of this type and magnitude, and also in view of the fact that the consensus of opinion on the part of the public is not favorable to them, I think the report ought to go to some committee where it can be thoroughly examined. Then, if that committee wants to take action, it ought to be taken, but I do not think that we ought to give publicity to a report when we know the source from which it emanated.

The SPEAKER pro tempore. The report has already been referred to the Committee on Naval Affairs. Is there objection to the request of the gentleman from New York?

Mr. McCLINTIC. Mr. Speaker, I object.

REPEAL OF THE EIGHTEENTH AMENDMENT

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD upon the subject of the repeal of the eighteenth amendment, and to include therein a statement made by myself to an organization in this city several week ago.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, under leave recently granted me for extension of remarks in the RECORD upon the subject of the repeal of the eighteenth amendment, I am submitting herewith my remarks to the National Organization of Women for Prohibition Reform, delivered upon the occasion of their annual banquet at the Mayflower Hotel, in the city of Washington, on April 4, 1933.

For 14 years since I became a Member of Congress I have voted for every measure designed to carry out the provisions of the eighteenth amendment. The result of the efforts to enforce this provision of the Constitution, as I have learned them throughout the Nation, has convinced me that the problem of liquor control in this country is essentially one that must be solved by the States. Statutory national prohibition has been declared a failure by both the Democratic and Republican Parties, by the American Legion, the American Federation of Labor, the American Medical Association, and the American Bar Association. Every fair-minded citizen must therefore recognize the eighteenth amendment as a Nation-wide remedy must be supplanted by some other method. Already 14 States have voted for repeal since the twenty-first amendment was submitted by the Congress, and no doubt 36 States, the required number to amend the Constitution, will likewise vote for repeal.

The measure of enforcement has grown less as the years have passed, even though we have had many changes in the personnel of the executive branches of both Federal and State Governments, from county sheriff to President—each sworn to uphold the law—since its adoption. Assuming for the sake of argument that as many as 13 States will not vote for repeal, who can predict future success for the eighteenth amendment? If it cannot be enforced, is it not only unwise but a waste of public funds to retain the eighteenth amendment as a part of our Constitution?

REPEAL OR NULLIFICATION

A very positive and decided sentiment for repeal means nonenforcement, because no law can be enforced without the

support of strong, healthy, public sentiment. The American people now recognize that they are presented with the question of repeal or nullification. Every good citizen desires to see the provisions of the Constitution of the United States carried out in full. The people of America infinitely prefer the repeal of the eighteenth amendment rather than have it nullified. If an overwhelming majority of the American people are opposed to the eighteenth amendment, it follows that the interests of good government demand its repeal.

No one can claim that the eighteenth amendment has been reasonably successful even in the Southern and so-called "dry States", but assuming it has been successful, the people of those States may continue any prohibition laws they desire and at the same time vote for repeal of the eighteenth amendment with perfect consistency. The Federal Government will continue to aid in preventing the shipment of liquor from wet to dry States, and this is as far as the Federal authorities should be called upon to go.

IT IS A QUESTION OF LOCAL SELF-GOVERNMENT

The people of my State are a thoughtful and tolerant people. They believe their police regulations should not be interfered with by any other State. They believe the views of the people of Illinois, for example, involving the police regulations of that State should not be enforced upon Alabama against its will. They must likewise feel that the rule of conduct of their own personal life, habits, and tastes as involved in the question of prohibition or any other similar question, should not be enforced upon the people of Illinois. The question, after all, is one involving the rights and dignity of the governments of our sovereign States.

NATIONAL TEMPERANCE DEMANDS REPEAL

Everyone respects the views of a sincere and practical prohibitionist, the type of men and women who are really concerned with the promotion of temperance. The American people, however, are sick and tired of the professional reformer, who for selfish or political purposes, is advocating the retention of the eighteenth amendment in the Constitution. I do not advocate the return of the saloon to my State, nor am I predicting what might happen in that State after the repeal of the eighteenth amendment, but I know my people have the intelligence and the capacity to deal with the liquor traffic in the most effective way.

I believe they do not wish to continue the annual expenditures of millions of dollars of the taxpayers' money in continuing a futile effort, but will, without emotion, without prejudice, and with a view of regaining the lost ground in the cause of temperance, vote to strike from our fundamental law a provision which has brought on confusion, added much to lawlessness in the Nation, and made hypocrites of millions of our best citizens. Such conditions are unworthy of the American people. As between repeal and nullification, I stand for repeal. Temperance in America demands repeal.

I submit below the remarks above referred to:

Madam Toastmaster, ladies and gentlemen, coming from the heart of the South and from a State which more than 25 years ago banned the sale of liquor, I venture the prediction that a majority of Southern States, if not all of them, will join Michigan and Wisconsin in a veritable procession of the States of this Union in their onward march to the repeal of the eighteenth amendment. The people are ready now to correct the grievous error of its adoption.

With characteristic idealism, impulsiveness, and oftentimes boldness, the American people have startled the world with their attainments. We must confess, however, that we have not always acted with calmness and prudence in our efforts to settle all our social, economic, and political problems. Our failure to deal in a practical way with the evils of the liquor traffic, a practical problem, is the outstanding example of recent years, and probably of all time, of a lack of matured deliberation in an effort to settle one of the serious problems of our day and generation. We have failed to deal temperately with temperance.

PEOPLE THINKING MORE ABOUT GOVERNMENT WILL CORRECT THEIR MISTAKES

The American people are ready to correct the social and economic evils of the past and guard against those of the future. These days of distress are challenging the best thought of the Nation, and men and women everywhere are taking more interest in their Government. They are scrutinizing the acts of men in public life, analyzing as never before the "whys and wherefores" of legislation and demanding more than ever that public office shall be a public trust. The American people are determined to rid the country of conditions growing out of those sumptuary laws which have encouraged graft and corruption in high place, given both financial and political power to a criminal class, enlarged the boundaries of the underworld, added strength to the strangle hold of organized crime, and made of good citizens hypocrites and criminals. These are some of the results of Nation-wide prohibition statutes growing out of the effort of those good men and women who seemingly believed that we could legislate out of man his taste, or legislate into him a code of morals.

EIGHTEENTH AMENDMENT LEGISLATIVE INTEMPERANCE

Nation-wide prohibition sentiment reached its peak from 1917 to 1919, and the moral phases of the question gained emphasis under the mental stress of war and the aftermath of war. The lines of divided sentiment were tautly drawn in 1919, and for years thereafter the chief issue throughout the Nation became that of "wet or dry." Believing the National Government could enforce any law applying uniformly to 120,000,000 people in 48 States, with their varied habits and tastes, many good people urged that the final chapter in a successful struggle for temperance in America could be written into an amendment to the Constitution. Then for the first time in our history a mere police regulation became a part of the fundamental law of the land. The adoption of that amendment was the severest blow ever dealt to the rights and dignity of the States of this Union. With due deference to those then clothed with authority and who thought they were serving their country best, the adoption of the eighteenth amendment was not farsighted statesmanship—it was legislative intemperance.

AMENDMENT CANNOT BE ENFORCED AND SHOULD BE REPEALED

Despite harsher and more restrictive laws, such as the "5- and 10-year law" and the extension of the 3-mile limit to 12 miles, and so forth, the more such laws we have passed, the more money we have spent for enforcement, the more difficult the problem has grown. Since the adoption of the eighteenth amendment we have had four Presidents, while in every State the executive and enforcement agencies from constable to governor have changed many times, each official charged with enforcing the law and all sworn to uphold the Constitution. Yet no statutes have ever been so flagrantly violated as those designed to prohibit the sale of alcoholic beverages. It is not surprising that today millions of people, including many total abstainers, who have studied conditions impartially, believe that as a Nation-wide remedy for the evils of the liquor traffic, the eighteenth amendment is a failure and can never be enforced. In the name of decency, honesty, and economy in government, as well as in the name of temperance, the eighteenth amendment should be repealed.

Admitting that in certain States the prohibition laws have been reasonably enforced, the fact remains that State laws in those sections, evidently supported by healthy public sentiment, would have been enforced equally as well and much more successfully without aid of the Federal statutes. The question is whether better results for real temperance can be obtained by the continuation of the present system of national enforcement or by the return of this problem to each State where it properly belongs and should have remained under our theory of a democratic form of government. This is the question which addressed itself to the intelligent membership of your organization as well as the other mothers, wives, sisters, and sweethearts throughout the Nation who are urging a "new deal", if you please, in our laws designed for the promotion of temperance.

TEMPERANCE CAUSE SET BACK MANY YEARS

Before the adoption of the eighteenth amendment advocates of temperance, after a century's struggle, met with much success as the years passed dealing with that question through the constituted agencies of the various States. There were, of course, violations of the laws; but many States, either by referendum or by legislative enactment, had actually banned the liquor traffic, and in every State there were laws further restricting the sale of liquor. Upon the adoption of the amendment and its auxiliary statutes much of the ground gained in the battle against the liquor evil was lost and the cause of temperance set back many years. In 14 of our sovereign States by an actual vote of the people enforcement laws have recently been discarded, to say nothing of the deliberate refusal on the part of other States to cooperate in Federal enforcement.

FAILURE IN ITS PROMISES TO PROTECT OUR YOUTH

The limitations of this hour will not permit a rehearsal of all the impractical and uneconomical phases of Federal enforcement, together with the evils which have grown out of it. An impartial investigation of actual conditions throughout the Nation today will disclose, instead of a sober youth with no taste for liquor, not only young men but, more appalling, young women have turned to the drink habit, one of the social evils practically unknown before the adoption of the eighteenth amendment. The cost in dollars of the experiment would have been justified, had it protected, as promised, the youth of America; but millions of our youth resent the eighteenth amendment and all the hypocrisy which has grown out of it.

MILLIONS OF GOOD WOMEN DISSATISFIED WITH CONDITIONS

It is no wonder that you were aroused, and with those leading spirits, such excellent women as Mrs. Sabin and her coworkers, threw yourselves into the front lines of the fight for prohibition reform. You saw, despite the vast expenditure of public funds for enforcement, conditions under which so many of those high

and low, sworn to uphold the Constitution, were "winking" at its violations. You saw liquor consumed in the home, in the presence of children who knew the laws of their land were being violated, even around the hearthstone, the very place where our youth must be taught the real meaning of temperance. You saw the "speak-easy" with its "stolen sweets" environment not only supplanting, but outnumbering the old barroom. You saw conditions under which one criminal and his gang plied his illicit liquor trade to the extent of $70,000,000 in 1 year, without the slightest hindrance from the hand of the law. He paid $30,000,000 for protection. That criminal finally went to the penitentiary, not because of violation of the liquor law, but because he failed to pay his income tax. You saw conditions under which the lives of innocent men, women, and children, ranging from the life of a United States Senator to those in humbler life, including two little children at play on the streets of New York, ruthlessly snuffed out, in this scheme of enforcement of the eighteenth amendment. Despite the congestion of our United States courts, the construction of bigger and better jails, crowded to overflowing, a constant flow and consumption of alcoholic liquor continues generally throughout the land. Yet we find many good citizens in our Nation still maintaining that the eighteenth amendment and its auxiliary statutes constitute the only solution to the liquor problem.

DISTRESSED FEDERAL TREASURY DENIED REVENUES, YET EXPENDING MILLIONS FOR ENFORCEMENT

The revenues from taxes on alcoholic beverages have been denied the Public Treasury, and have gone into the pockets of the beer baron, the bootlegger, and the racketeer by the hundreds of millions of dollars annually, while we spend from the Treasury millions annually to carry on a futile experiment. This money is needed today for balancing the National Budget, for the employment of good men, able and willing to work, but forced to beg bread for their little children. Visualizing these untoward conditions, the members of this organization, following the injunction of the great Apostle, "Be ye temperate in all things", banded themselves together as missionaries to preach and teach true temperance, and as militant patriots to strike down the withering hand of hypocrisy that is sapping American morals and undermining the forces of law and order.

TASK INCOMPLETE AND NEVER-ENDING

While felicitations and congratulations are in order, my dear ladies, upon the duties already performed, your task is but one third completed. The second step is to carry your fight for reform to the various States in an effort to see that the eighteenth amendment is repealed under the orderly processes of the laws provided, rather than continue to face a deliberate refusal to enforce the amendment, which means its nullification. The enforcement of any law depends upon public sentiment. Do not forget the pendulum of public sentiment swings rapidly in America, and should our people disregard the evils incident to the sale and consumption of alcoholic liquors, and fail to prevent them, we may return to conditions in the future equally as bad as those of today. You must continue your crusade for temperance in America.

DEMOCRATIC PARTY PLEDGED TO RETURN PROBLEM TO STATES

I would not violate the proprieties of this occasion by discussing politics before a nonpolitical organization. I hope you will pardon me, however, for feeling some pride in the fact that the Democratic Party, through its platform and its candidate for the Presidency, declared itself in favor of the repeal of the eighteenth amendment. The leadership in both parties, realizing the futility of enforcement, declared for repeal, and many Republicans, like my friend Senator WADSWORTH, have advocated and voted for a direct repeal, but no other construction can be placed upon the attitude of the Democratic Party and its pledges than that of urging the return of the temperance problem to the sovereign States of the Union, where, I repeat, it properly belongs, and should have remained, fighting in each State a return of the evils of the old saloon.

No citizen, wet or dry, should object to a submission of this question to the people of his State, and wherever a majority of the citizens of that State decide to remain dry, they are entitled to and should have the united support of every other State, as well as the National Government—in interstate shipment—in their effort to enforce State laws. Likewise, in those States where public sentiment is against the national prohibition law, which means no enforcement, the majority of the people of such States should assume the responsibility and deal with the liquor problem in their own way.

SUBMISSION TO CONVENTIONS SECURE MORE DIRECT EXPRESSION OF PEOPLE'S WILL

Both political parties declared for the submission of the question to conventions in each State rather than to legislatures. For the first time in the Nation's history such a method of amending the Constitution is being adopted. Such a method in its last analysis is more of a referendum and is desirable because it will more nearly secure the direct expression of the people better than the old method of submission to legislatures chosen in many instances upon issues in nowise related to the question submitted by the Congress involving an amendment to the Federal Constitution. If the submission of the proposed new amendment to conventions in the States, in preference to the legislatures of the States, should prove in actual practice as effective as it seems in theory, there is good reason to believe that hereafter other proposed changes in the organic law of our Republic will be considered by State conventions. The plan of submission is unique and, in many respects, a far-reaching experiment. Irrespective of our views for or against the national prohibition amendment it appears incumbent on all of us to afford this system of ratification by conventions the most thorough and eminently fair trial.

BACK TO FUNDAMENTALS

In our effort to repeal the eighteenth amendment, we are but seeking to return to the first principles of democratic government. We are seeking to have the citizens of my State and your State accord to the citizens of every other State the right to administer their own affairs and attend to their own business while we enjoy the same privilege. The eighteenth amendment was a great mistake. Let us continue our efforts to correct it. "Keep the faith; fight the good fight", and your reward will be found in a better and happier America.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein an address made by the Secretary of State, Hon. Cordell Hull, today before the Economic Conference in London.

The SPEAKER pro tempore. The Chair will call the attention of the gentleman to the fact that unanimous consent was given to the gentleman from North Carolina [Mr. LAMBETH] to incorporate that same address.

Mr. RANKIN. If so, I will withdraw my request, Mr. Speaker.

EXPLANATION OF VOTE

Mr. PARKER of Georgia. Mr. Speaker, on the roll call that was just concluded I desire to state I was detained from the Chamber on official business pertaining to my district. Had I been present, I would have voted "no."

FLAG DAY

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to address the House for 1½ minutes.

Mr. LAMNECK. Reserving the right to object, I should like to know what the gentleman is going to talk about? Is it the International Conference or war debts?

Mr. RANDOLPH. Mr. Speaker, this is June 14, and I want to put in the RECORD a few remarks, and a very few, relative to Flag Day, something that I believe has a deeper meaning in America.

Mr. LAMNECK. I do not object.

Mr. SNELL. Reserving the right to object, I should like to ask the majority leader what is the program for the balance of the afternoon?

Mr. BYRNS. It is the purpose to take a recess, subject to the call of the Chair, as soon as these unanimous-consent requests are acted upon.

Mr. SNELL. Are there going to be any more speeches?

Mr. BYRNS. Not on one subject, at any rate. [Laughter.]

Mr. SNELL. I wish the gentleman would make his motion immediately.

Mr. BYRNS. I will as soon as these requests are taken care of.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

Mr. HARLAN. Reserving the right to object, pending that I should like to ask unanimous consent to address the House for 7 minutes at the conclusion of the remarks of the gentleman from West Virginia.

The SPEAKER pro tempore. The Chair will state that only one unanimous-consent request may be pending at one time.

Is there objection to the request of the gentleman from West Virginia?

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. GOSS. What is the regular order?

The SPEAKER pro tempore. The regular order is, Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH] to address the House for 1½ minutes? Is there objection?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, today being June 14 there is in the National Capital and throughout all sections of this country, official observance of Flag Day. In connection with the observance of this day I should like to call

to the serious consideration of the Members of this House the fact that there is in America at this very hour an organization known as "The Young Pioneers of America", sponsored by the Communist Party of Red Russia, and each morning little boys the size of this youngster who sits beside me this afternoon place their hands to their foreheads and pledge allegiance to the red flag, not to the American flag. I believe it is worthy of the attention of the Members of this House today to say to all America and to the world that there are lying tongues abroad in this land; that there are false prophets walking up and down America, telling us that the interests of the home, the church, and the school, which you have fostered and which you believe to have made this country great, are not right. As one Member of this House speaking to the others, I want to see that American flag continue to wave from every public building in this land, with not a stripe erased nor a star obscured. I thank you. [Applause.]

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. GOSS. May I inquire what the regular order is right now?

The SPEAKER pro tempore. The regular order is a motion by the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. I am prepared to make it.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

Mr. BYRNS. Reserving the right to object, on what subject?

Mr. FISH. To extend my own remarks.

Mr. BYRNS. On what subject, may I ask the gentleman?

Mr. FISH. My own remarks.

Mr. BYRNS. I object if I cannot get the information I have asked.

The SPEAKER pro tempore. The Chair will call the attention of the gentleman from Tennessee [Mr. BYRNS] to the fact that unanimous consent has been granted all Members to extend their own remarks.

Mr. BYRNS. That is true, Mr. Speaker, as to a previous order; but I object to this request unless I know the subject matter which the gentleman wishes to discuss. I do not think the gentleman should refuse to answer the question that I asked.

The SPEAKER pro tempore. Does the gentleman ask unanimous consent to extend his own remarks?

Mr. FISH. I certainly do.

The SPEAKER pro tempore. The Chair will rule that the gentleman from New York, under a previous order of the House, has that permission.

Mr. BYRNS. Mr. Speaker, may I submit this: The gentleman has that right under a previous order, but the gentleman is making a second request now, to which I undoubtedly have the right to object. The gentleman is asking unanimous consent, and I object to the request.

The SPEAKER pro tempore. Is the gentleman from New York making an additional request to that already granted?

Mr. FISH. Well, I already have that. I am willing to make the additional request.

The SPEAKER pro tempore. Then the gentleman has the right to object.

Mr. BYRNS. Reserving the right to object, upon what subject does the gentleman wish to extend his own remarks?

Mr. FISH. I am going to extend my remarks on the Republican attitude and viewpoint on this International Conference.

Mr. BYRNS. Then, Mr. Speaker, I object.

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to address the House for 7 minutes on the question of industrial allotment and foreign trade.

Mr. GOSS. Mr. Speaker, I object and demand the regular order.

Mr. BYRNS. Mr. Speaker, I move that the House stand in recess subject to the call of the Chair.

Mr. TAYLOR of Colorado. Will the gentleman withhold his motion for a moment?

Mr. BYRNS. I withhold it for a moment, Mr. Speaker.

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks on my own bill and my own remarks before the Public Lands Committee and to add to them the reports of the Secretary of the Interior and the Secretary of Agriculture on that bill.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. FISH. Mr. Speaker, I am constrained, regretfully and reluctantly, to object.

RECESS

Mr. BYRNS. Mr. Speaker, I move that the House stand in recess subject to the call of the Chair.

The motion was agreed to; accordingly (at 3 o'clock and 32 minutes p.m.) the House stood in recess at the call of the Speaker.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 8:15 o'clock p.m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, further insists upon its amendments nos. 7, 10, 11, 13, 14, 15, 16, 17, 18, 19, 21, 30, 34, 43, 44, 45, and 46, and agrees to the amendment of the House to the amendment of the Senate no. 47, with an amendment.

Mr. BYRNS. Mr. Speaker, personally I had hoped very much that we could dispose of this matter tonight. I believe it would have been to the best interest of the country and the Congress if we could have voted on it tonight and then sent the bill to the President for such action as he may choose to take, dispose of the matter tomorrow and adjourn tomorrow sine die.

I do not know whether the failure to vote is going to delay the Congress for another day or two or not, but I am going to say this, that every possible influence I can exert is going to be put forth tomorrow to keep down debate and not get into a general discussion upon this matter which has already been liberally discussed.

I take it every Member of this House will come here tomorrow to vote one way or the other and fairness demands they have an opportunity to read the amendment of the Senate, which has been adopted within the last hour. Under these circumstances I think we had better, since there seems to be almost a unanimous demand for it, take an adjournment.

I do not want to see any Member taken advantage of, and some feel that if an adjournment is not had they will not have an opportunity to think it over. I am sure we want to be fair with everybody. Therefore, Mr. Speaker, I move that the House take a recess until 10 o'clock tomorrow.

Mr. McDUFFIE. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. McDUFFIE. I do not want to be in the attitude of opposing any move my leader makes. I think every gentleman on this floor has his mind made up as to what he is going to do. I shall follow my leader.

Mr. BYRNS. I may say to the gentleman from Alabama that several of us in an informal conference agreed that we would vote tonight, but when we came in on the floor the sentiment seemed to be almost unanimous that we adjourn over and we changed our plan to meet their wishes.

Mr. BLANTON. Move to take a recess until 10 o'clock tomorrow.

Mr. BYRNS. Mr. Speaker, I want to repeat that there are many, many Members who say that it is only fair to them that they have an opportunity to read in the RECORD tomorrow the amendment of the Senate upon the subject of veterans' compensation. I think, in justice to so many of

these gentlemen who have expressed this wish, the House should not refuse to give them the few hours necessary to think it over.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. O'CONNOR. An hour or two hours ago a number of Members of the House felt pretty well assured that there would be no business tonight, that there would be no vote. This will be one of the most important votes they will be called upon to cast.

Mr. BYRNES. Mr. Speaker, I move that the House recess until 10 o'clock tomorrow.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5091. An act to amend section 289 of the Criminal Code; and

H.R. 5661. An act to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 554. An act providing for per capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury;

S. 1650. An act amending section 74 of the Judicial Code, as amended (U.S.C., Annotated, title 28, sec. 147);

S. 1813. An act providing for the sale to Joe Graham Post, No. 119, American Legion, of the lands lying within the Ship Island Military Reservation in the State of Mississippi; and

S. 1872. An act to extend the times of commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 5755. An act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

CONFERENCE REPORT—INDEPENDENT OFFICES APPROPRIATION BILL, 1934

Mr. WOODRUM presented the conference report on the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes.

Mr. WOODRUM. Mr. Speaker, will the gentleman from Tennessee yield?

Mr. BYRNS. I yield.

Mr. WOODRUM. Mr. Speaker, this conference report, as the Membership of the House understands, has, even within the last hour, been acted on by the Senate.

Mr. BUSBY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BUSBY. What is the regular order?

The SPEAKER. The regular order is that the gentleman from Tennessee has yielded to the gentleman from Virginia.

Mr. BUSBY. I think all the debate has been on one side on this question. I think the regular order ought to be demanded and these speeches cut out, that the Members ought to go home or vote on the proposition.

Mr. Speaker, I demand the regular order, strictly.

Mr. BYRNS. I am making this motion in the interest of orderly procedure.

Mr. BUSBY. Mr. Speaker, I demand the regular order.

Mr. BYRNS. Mr. Speaker, I move that the House stand in recess until tomorrow morning at 10 o'clock.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. GAVAGAN (at the request of Mr. KENNEDY of New York), indefinitely, on account of illness of mother.

To Mr. KEMP, indefinitely, on account of illness.

ORDER OF BUSINESS

The SPEAKER. The question is on the motion of the gentleman from Tennessee [Mr. BYRNS].

Mr. TABER. Mr. Speaker, upon that motion I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BANKHEAD. Mr. Speaker, I make a point of order.

The SPEAKER. The gentleman will state it.

Mr. BANKHEAD. Mr. Speaker, I make the point of order that the conference report has not been printed, and, therefore, cannot be considered tonight.

The SPEAKER. The gentleman is correct.

Mr. GOSS. A point of order, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. GOSS. I make the point of order that the gentleman's point comes too late.

The SPEAKER. No; the point can be raised at any time.

Mr. GOSS. A roll call cannot be interrupted.

The SPEAKER. The yeas and nays have been ordered, but the roll call has not commenced.

The question is on the motion of the gentleman from Tennessee.

The question was taken; and there were—yeas 231, nays 125, not voting 74, as follows:

[Roll No. 72]

YEAS—231

Adair	Deen	Keller	Reilly
Adams	Delaney	Kelly, Ill.	Richards
Allgood	DeRouen	Kennedy, Md.	Richardson
Arnold	Dickinson	Kenney	Robertson
Auf der Heide	Dickstein	Kerr	Rogers, N.H.
Ayres, Kans.	Dies	Kloeb	Rogers, Okla.
Bailey	Dingell	Kniffin	Romjue
Bankhead	Disney	Kocialkowski	Rudd
Beam	Dobbins	Kopplemann	Ruffin
Beiter	Dockweiler	Kramer	Sabath
Berlin	Doughton	Lambeth	Sadowski
Biermann	Doxey	Lamneck	Sanders
Black	Drewry	Lanham	Sandlin
Bland	Duffey	Lanzetta	Schaefer
Blanton	Duncan, Mo.	Larrabee	Shuetz
Bloom	Durgan, Ind.	Lea, Calif.	Schulte
Boylan	Eagle	Lee, Mo.	Sears
Brennan	Eicher	Lehr	Secrest
Brooks	Elizey, Miss.	Lesinski	Shallenberger
Brown, Ky.	Faddis	Lewis, Colo.	Shannon
Brown, Mich.	Farley	Lindsay	Sirovich
Browning	Fiesinger	Lozier	Sisson
Brunner	Fitzgibbons	Ludlow	Smith, Va.
Buchanan	Fitzpatrick	McCarthy	Smith, Wash.
Buck	Flannagan	McClintic	Snyder
Bulwinkle	Foulkes	McGrath	Somers, N.Y.
Burch	Fulmer	McKeown	Spence
Burke, Nebr.	Gasque	Major	Steagall
Byrns	Gillette	Maloney, La.	Strong, Tex.
Cady	Glover	Marland	Studley
Caldwell	Goldsborough	Martin, Colo.	Sutphin
Cannon, Mo.	Green	Mead	Swank
Carden	Greenwood	Mitchell	Tarver
Carley	Gregory	Montet	Taylor, Colo.
Carpenter, Kans.	Griffin	Moran	Taylor, S.C.
Carpenter, Nebr.	Haines	Morehead	Thom
Cartwright	Hancock, N.C.	Musselwhite	Thomason, Tex.
Cary	Harlan	Nesbit	Thompson, Ill.
Castellow	Hart	O'Connell	Turner
Chapman	Hastings	O'Connor	Umstead
Chavez	Henney	Oliver, N.Y.	Underwood
Church	Hildebrandt	Owen	Vinson, Ga.
Clark, N.C.	Hill, Ala.	Palmisano	Waligren
Cochran, Mo.	Hill, Knute	Parker, Ga.	Walter
Coffin	Hill, Samuel B.	Parks	Warren
Colden	Hoidale	Parsons	Wearin
Cole	Howard	Patman	Weaver
Collins, Miss.	Huddleston	Pettengill	Werner
Colmer	Hughes	Peyser	West, Ohio
Cooper, Tenn.	Imhoff	Pierce	West, Tex.
Corning	Jacobsen	Polk	Whittington
Cravens	Jeffers	Pou	Williford
Crosby	Jenckes	Prall	Williams
Cross	Johnson, Okla.	Ragon	Wilson
Crowe	Johnson, Tex.	Ramsey	Wood, Ga.
Cullen	Johnson, W.Va.	Ramspeck	Wood, Mo.
Cummings	Jones	Randolph	Woodrum
Dear	Kee	Rayburn	

NAYS—125

Allen	Englebright	Lehlbach	Shoemaker
Andrews, N.Y.	Fish	Lemke	Simpson
Arens	Fletcher	Luce	Sinclair
Bakewell	Focht	Lundeen	Snell
Beedy	Foss	McCormack	Stalker
Blanchard	Gibson	McDuffie	Stokes
Boileau	Gilchrist	McFadden	Strong, Pa.
Bolton	Gillespie	McFarlane	Swick
Brumm	Goodwin	McGugin	Taber
Burnham	Goss	McLean	Taylor, Tenn.
Busby	Granfield	McLeod	Thurston
Carter, Calif.	Gray	Maloney, Conn.	Tinkham
Carter, Wyo.	Griswold	Mapes	Tobey
Cavicchia	Guyer	Marshall	Traeger
Christianson	Hancock, N.Y.	Martin, Mass.	Truax
Cochran, Pa.	Hartley	May	Turpin
Condon	Healey	Meeks	Vinson, Ky.
Connery	Hess	Millard	Waldron
Connolly	Higgins	Miller	Watson
Cooper, Ohio	Holmes	Milligan	Weideman
Crowther	Hooper	Monaghan	Welch
Culkin	Hope	Mott	Whitley
Darrow	James	Muldowney	Wigglesworth
De Priest	Jenkins	Murdock	Withrow
Dirksen	Johnson, Minn.	Oliver, Ala.	Wolcott
Ditter	Kahn	Parker, N.Y.	Wolfenden
Dondero	Kelly, Pa.	Rankin	Wolverton
Dowell	Kinzer	Ransley	Woodruff
Dunn	Knutson	Reece	Zioncheck
Eaton	Kurtz	Rich	
Edmonds	Kvale	Rogers, Mass.	
Eltse, Calif.	Lambertson	Seger	

NOT VOTING—74

Abernethy	Crosser	Kemp	Powers
Almon	Crump	Kennedy, N.Y.	Reed, N.Y.
Andrew, Mass.	Darden	Kleberg	Reid, Ill.
Ayers, Mont.	Douglass	Lewis, Md.	Robinson
Bacharach	Doutrich	Lloyd	Scrugham
Bacon	Driver	McMillan	Smith, W.Va.
Beck	Evans	McReynolds	Stubbs
Boehne	Fernandez	McSwain	Sullivan
Boland	Ford	Mansfield	Sumners, Tex.
Britten	Frear	Martin, Oreg.	Sweeney
Buckbee	Fuller	Merritt	Terrell
Burke, Calif.	Gambrill	Montague	Treadway
Cannon, Wis.	Gavagan	Moynihan	Utterback
Celler	Gifford	Norton	Wadsworth
Chase	Hamilton	O'Brien	White
Claiborne	Harter	O'Malley	Wilcox
Clarke, N.Y.	Hoeppel	Peavey	Young
Collins, Calif.	Hollister	Perkins	
Cox	Hornor	Peterson	

So the motion was agreed to.

The Clerk announced the following pairs:

General pairs:

Mr. Abernethy with Mr. Beck.
Mr. Douglass with Mr. Treadway.
Mr. Martin of Oregon with Mr. Frear.
Mr. Sumners of Texas with Mr. Evans.
Mr. Kennedy of New York with Mr. Britten.
Mr. Sullivan with Mr. Doutrich.
Mr. Driver with Mr. Bacharach.
Mr. Crump with Mr. Clarke of New York.
Mr. Cox with Mr. Merritt.
Mr. McSwain with Mr. Bacon.
Mr. Crosser with Mr. Hollister.
Mr. Mansfield with Mr. Powers.
Mr. Boehne with Mr. Wadsworth.
Mr. McReynolds with Mr. Reed of New York.
Mrs. Norton with Mr. Perkins.
Mr. McMillan with Mr. Moynihan.
Mr. Almon with Mr. Reid of Illinois.
Mr. Fernandez with Mr. Gifford.
Mr. Sweeney with Mr. Buckbee.
Mr. Fuller with Mr. Chase.
Mr. Kemp with Mr. Andrew of Massachusetts.
Mr. Gambrill with Mr. Collins of California.
Mr. Kleberg with Mr. Peavey.
Mr. Montague with Mr. Cannon of Wisconsin.
Mr. Gavagan with Mr. Peterson.
Mr. Lewis of Maryland with Mr. Stubbs.
Mr. Celler with Mr. Ayers of Montana.
Mr. Boland with Mr. Lloyd.
Mr. Wilcox with Mr. Darden.
Mr. Hamilton with Mr. Claiborne.
Mr. Smith of West Virginia with Mr. Burke of California.
Mr. O'Brien wih Mr. Harter.
Mr. Scrugham with Mr. White.
Mr. Ford with Mr. Robertson.
Mr. Terrell with Mr. Utterback.
Mr. O'Malley with Mr. Young.

The result of the vote was announced as above recorded.

EXTENSION OF REMARKS

HOUSE JOINT RESOLUTION 207

Mr. MONTET. Mr. Speaker, on yesterday I introduced Joint Resolution 207. I am sorry that under the present parliamentary situation growing out of the short time remaining before the adjournment of Congress it will be impossible to have this resolution considered.

The resolution is sufficiently self-explanatory in purpose and needs little elucidation. Last week the chairman of the Reconstruction Finance Corporation announced that his body had extended a $50,000,000 credit to China, $40,000,000 of which will be used to buy cotton and $10,000,000 to buy wheat. The statement said, "Shipment will be largely in American-flag vessels." But inquiry discloses that such a statement is uncertain in meaning and extent, if not actually misleading. A contract has been made between the Reconstruction Corporation and the Republic of China, acting through her Minister of Finance, T. V. Soong, and her American economic adviser, Dr. Arthur Young, formerly of the American State Department. The contract does specify that one half of the tonnage shall be shipped in American ships and, I believe, that all of it shall be thus shipped, if American ship operators will tender the same price as foreign tramp operators. As to the one half which is supposedly guaranteed to American ships, nothing is said as to rate; and as American rates necessarily are higher than foreign tramps, it may easily develop that the "one-half guaranty" is somewhat of a 'joker", if the getting of this one half is dependent on the Americans' meeting prices of their cheaply operated foreign competitors.

Mr. Speaker, I apprehend, from such inquiry as I have been able to make, that it was not without difficulty that our Government officers managed to get a promise from their Chinese borrowers that one half of the tonnage should go American. Our oriental friends seemingly felt that as they were to pay the freight bill additional to their $50,000,000 loan there should be no restriction on the means of shipment; that they should buy their freight space wherever it is cheapest, which we all know would not and cannot be American ships. It may well be that our American representatives did their best in this matter, according to their viewpoint, especially as the law does not mandate them to require American ships. I do not undertake to unfairly criticize them. But I do propose, to the best of my ability, that there shall be no repetition of such a situation, and that, so far as may prove possible or practicable, American shipping shall be protected in the Chinese deal more fully than is now the case.

Mr. Speaker, we have been striving for many years to advance our merchant marine. We have lines of ships, most of them now in private hands, encircling the globe, and we are providing assistance by the Government to maintain and improve these lines. It is axiomatic, and a fact frequently shouted by the ship operators, that what they need above all forms of assistance, is patronage by shippers and travelers. In plain patriotism, our exporters, importers, bankers, and others in international trade should extend a friendly preference to American ships, where they are rendering equal service; and, in most cases, they are rendering equal or even superior service. If it is the decent duty of private citizens thus to support the merchant marine, most assuredly it is the solemn duty of the Government itself to bend backward in doing so. Yet it is little short of amazing that in not one but three instances involving Government financing in the export or import market the leverage which the Government could employ to force the tonnage into American ships is not availed of. Sometime ago the Farm Board or its agencies exchanged American wheat for Brazilian coffee. No provision was made for the utilizing of American ships, and I understand that not 1 pound was carried in either direction excepting in foreign ships. Later the Farm Board disposed of about 25,000,000 bushels of wheat and flour to China, more than one half million tons, at a time when famine and disaster confronted her. Did American ships get this movement? No; that friendly preference which a borrower in distress might easily extend was totally ignored; the American agencies likewise ignored the control which they might, and, I think, should have exercised. The Chinese impersonally called for world-wide bids on the transportation; and, of course, it went to a bidder who let the tonnage out to foreign cheaply operated ships. Now, we have this

deal with the Chinese, where it appears they have condescendingly agreed, in uncertain language, to let us have one half the tonnage. If China operated a merchant marine, I think I should cheerfully concur that she should have the other half in her own ships. But she has little or no overseas shipping; and I submit that it is passing strange that she should struggle for, and insist upon, the right to pass one half, or perhaps more, along to ships of countries other than the United States.

I believe there is no one anywhere who reasonably could contradict this thought: That neither England nor any other country in the world would for one instant extend Government resources to facilitate a trade with another country, excepting upon the condition that her own vessels be used. I submit that any country in like situation, failing to make such provision, is recreant and negligent.

In the present deal with China I think there will be about one half million tons of wheat. That, I suppose, is likely to move through Pacific ports, so that our friends from the West who have been diligent in building up their shipping should have a natural interest in seeing that American ships capture all this movement. I understand the cotton will amount to about a quarter million tons, which normally would move out of Gulf ports. A splendid American line of freighters to the Orient has just been taken over by private interests, and they are entitled to the great support which this tonnage would give them. I believe that the total freight bill of both the cotton and wheat, at present American rates, would approximate less than 5 percent of the amount of the loan, and it seems not unreasonable to expect and to demand that the borrowers give the American merchant marine the benefit of this patronage. The amount of the freight bill is not so great that there is much chance for a big saving through use of cheap foreign ships, yet it is of material consequence to the American lines, who are required to maintain their scheduled sailings under all conditions. They should not be handicapped by competition from foreign tramps who render no regular service and, in fact, are interlopers.

There is also this important point to remember: This is not strictly a private type of commercial transaction. The 1932 law especially stipulated that the Reconstruction Finance Corporation might make loans such as these, only when such transactions could not be financed "in the normal course of commerce." The Government here is clearly doing something to aid China in procuring her needs, which China cannot facilitate through normal channels. If it is proper for China to seek out and accept the help and cooperation of the United States, it is equally fair and proper for the United States to demand and obtain China's consent that our shipping exclusively shall benefit. It will be noted that in my proposed resolution there is provision that exception be made as to American ships whenever the Shipping Board shall certify that conditions justify such exceptions. Certainly China—and other borrowers—may rely upon our Shipping Board for fair treatment in determining these points.

Mr. Speaker, may I say that several days ago the Chairman of the Senate Commerce Committee introduced in the other branch a bill (S. 1845) covering this same general situation, especially as to China. But it appears that that bill will not be pressed, since it was found that the Chinese contract had been signed. My resolution should convey to all concerned the emphatic feeling by Congress that there must be none of these loans made unless they specify American ships; and while, of course, we cannot do anything legally affecting the Chinese contract, I think the expressions of Congress may influence both the Reconstruction Finance Corporation and the Chinese representatives toward amending their contract so as to insure American ships as the resolution outlines. China has come twice to the United States for help and cooperation, and no doubt will come again. Let us acquaint her definitely of the feeling by Congress as to the spirit which should govern her transactions, and those of any other country.

FOLLOWING THE PRESIDENT

Mr. CHRISTIANSON. Mr. Speaker, there are two things that stand out in bold relief when one contemplates the session of Congress now approaching its end: First, the willingness of the legislative branch of the Government to grant broad powers to the Executive; second, the cooperation given to the party in power by members of the minority. Both are indicative of a new attitude, which may mark a basic change in governmental practice just as vital as the changes brought about from time to time by constitutional amendment.

In the past it has been the practice in this country for legislatures to guard their prerogatives jealously. The word jealously is used advisedly, for often the reason for the reluctance of the Congress to trust the Executive with power has been not so much fear that the Executive would abuse the power given as apprehension lest increase in the power of the Executive would result in diminution of its own importance in the scheme of government.

The centering of power in an individual, or in a compact group dominated by an individual, has always been deemed necessary in time of war. It is perhaps because it is generally acknowledged that the present economic situation presents a crisis no less serious than has attended any period of armed conflict that there is a willingness just now to "let the President do it." Similar situations abroad have resulted in the establishment of dictatorships in Italy, Germany, and other lands. The success of Mussolini gave the idea of centralized government a tremendous impetus.

There has been no dictatorship set up in America. But there has been a recognition that in solving the problem of the depression, conditions change so quickly that there must be lodged somewhere the power to adopt new expedients almost overnight, and that, obviously, no Congress, of two Houses, with a total Membership of 531 men, representing conflicting interests and differing ideas, even if in session continuously, could meet such a situation adequately. When the country is in danger, when it is attacked on many fronts, there is no time to await the decision of a debating society. There must be no haggling about details. There must be action—prompt, vigorous, and decisive.

Is there danger to our democratic institutions in the present practice of giving the Executive wide discretionary powers? I can see no such danger. Certainly, there is none when such powers are granted by a Congress which reconvenes automatically at definite intervals, without having to await being convoked by the Executive. Certainly, there is none when those powers are granted for a brief and fixed period, and cease absolutely at its expiration. Certainly, there is none when the Executive, and the Members of the legislative department as well, serve for short terms, their successors being chosen in elections conducted by and in the various States, over which the Federal Government exercises no control.

It is the peculiar genius of our dual system of government that it affords a double protection against usurpation. The Federal Government guarantees to each State a republican form of government, and the States in turn have complete control over the elections, the very holding of which insures the maintenance of the Federal Republic. The scuttling of democracy, which is comparatively easy in a country where the sovereignty of the people is expressed through one national government, therefore, could not be accomplished here except by armed revolution, unless the States acquiesced.

There is nothing, then, that need cause apprehension in the most loyal supporter of the Constitution that the grants of power in broad and general terms, instead of by minute direction, in the legislation passed by the present Congress constitute an impairment of the Constitution. Rather they strengthen the Constitution by proving its adequacy, by demonstrating that it is a living thing—not like the framework of a house, which must be torn down when the house is outgrown, but rather like the framework of an organism, which grows with and accommodates itself to the growing structure of which it is a part.

I have said that the present session has also been unique in the generous liberality with which the members of the minority have supported the party in power. It is perhaps idle to speculate as to the reasons for this almost unprecedented exhibition of political generosity. In fact, I suspect it is error to call it generosity. Certainly there was nothing in the attitude of the Democratic Members when they withheld from the late Republican administration support of some of the very policies which the present Democratic President has espoused to cause Republican Members of the present Congress to feel cooperative.

However gratifying it would be to one who still clings to the theory of perfectionism to believe that we have arrived at the time when political parties work together because they love each other, I fear that to say so would too much strain the credulity of a people who have long despaired of seeing miracles happen again. If political spears are ever beaten into hooks, they will not be pruning hooks.

It is something else than good will that explains the present disposition of Republicans in Congress to go along with the Democrats. First, so much of what the Democrats have advanced was recommended by a former Republican administration that Republicans in Congress would stultify themselves if they refused to support it.

The last Republican President sought to balance the Budget; the Democrats said it could not be done. Now, with the help of the Republican minority, they are doing it.

He sought to reduce pensions moderately; they said it must not be done. Now they are doing it drastically.

He asked legislation to protect the public against reckless and dishonest banking; they evinced only passive interest. Now, with Republican help, they are passing belated banking legislation.

He wanted to reorganize the structure of the Federal Government; they vetoed his recommendations. Now, without objection from Republican Congressmen, a Democratic President is effecting the reorganization.

He proposed unemployment relief through the adoption of a program of self-liquidating public works; they checkmated his effort by sponsoring instead a pork-barrel measure that would have placed a palatial post-office building in every crossroads village. Now, supported by Republican votes, the Democrats are starting a well-conceived and intelligent public-works campaign.

One reason, then, why the Republicans have gone along with the Democrats is that the latter have adopted so much of what until March 4 was a Republican program.

Another and perhaps more compelling reason is that the Republicans have realized the need for a unified and cohesive Government during the period of emergency, and have been willing to submerge party considerations in order to safeguard national interests. A man may love both his party and his country, but he would be a poor patriot if he did not love his country more than his party. Even although the Democrats did not in the last 2 years always show a disposition to distinguish carefully between partisanship and patriotism, the Republicans must show that they can subordinate party to country now; for if they do not, we may all finally find ourselves without either party or country.

The people have confidence in Franklin D. Roosevelt. He is a virile, forceful Executive; a leader with power to stir the people's imagination. As President, he belongs no less to the Republicans than to the Democrats. Good Republicans will not lag behind loyal Democrats in supporting him. They owe this duty, for in him the faith and hope of a stricken, suffering people are centered. If he fails, the reconstructive forces in the Nation lose their place of focus. If he is ever discredited those who are striving to rebuild America lose their rallying point. So we of the minority party are willing to follow the leader, not as whipped slaves in cringing obedience, but as free men who cherish individual opinions and convictions, but are willing, temporarily, to subordinate lesser things in order to attain the major objective, which is to bring back those conditions of living without which there can be no assurance of permanence for the free institutions of our country.

THE CIVIL SERVICE

Mr. HASTINGS. Mr. Speaker, I want to call the attention of the Members of the House to Senate amendment 33 on page 59 of the independent offices appropriation bill as it passed the House.

It will be recalled that section 8 of this bill is the so-called "retirement section" and deals with separations from the service.

Paragraph (b) contains the language as passed by the House, and is as follows:

> In making reductions of personnel due regard shall be given to the apportionment of appointments as provided in the Civil Service Act.

The Senate amended it by striking out paragraph (b) and inserting the following language:

> Reductions of personnel shall be made with regard both to efficiency and to apportionment of appointments by States as now provided by law, but when new appointments are made hereafter under Civil Service regulations, and there are persons on the eligible list who are residents of States which at the time are below the quota of Civil Service appointments allotted such States by law, preference in selection and appointment shall be given to those eligible persons who are residents of States having less than their Civil Service quota.

It will be noted that the original paragraph (b) as it passed the House only dealt with reductions of personnel in the Government service. I sponsored and favored that amendment. It should have been retained in the bill. Now, the first part of the Senate amendment to paragraph (b) deals with reductions of personnel but adds "efficiency", and by adding this word really nullifies paragraph (b) and makes it ineffective.

Civil Service status is determined by the Civil Service Commission, whereas efficiency is determined by the heads of bureaus and departments, and if the word "efficiency" is added to paragraph "b", as provided in the Senate amendment, it would render the paragraph entirely ineffective.

The new language in the Senate amendment deals with new appointments and is intended to modify and amend the third paragraph of section 2 of the act of Congress of January 16, 1883. The language is as follows:

> But when new appointments are made hereafter under Civil Service regulations, and there are persons on the eligible list who are residents of States which at the time are below the quota of Civil Service appointments allotted such States by law, preference in selection and appointment shall be given to those eligible persons who are residents of States having less than their Civil Service quota.

This is an effort to amend the act of Congress of January 16, 1883. Let us again examine the third paragraph of section 2 of the act of Congress approved January 16, 1883, which is as follows:

> Third, appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census.

This act requires that appointments shall be apportioned among the several States and Territories upon the basis of population as ascertained by the last preceding census, whereas the Senate amendment above referred to carries out the act of January 16, 1883, only when and if there are persons on the eligible lists who are residents of States which at the time are below the quota of Civil Service appointments allotted such States by law. In other words, if the Civil Service Commission fails and refuses to hold examinations and there is no eligible list from the several States, then the Commission is not required to follow the act of January 16, 1883. It gives the Commission an excuse not to follow this act.

I made every effort as one of the conferees to retain the House provision and strike out the Senate amendment. When I found this could not be done, being outvoted, the conferees agreed to eliminate both the House and Senate provisions from the bill. Now what is the situation? It leaves the act of January 16, 1883, above referred to, in

force. This act is mandatory. It requires all appointments to be made in the Federal service in the District of Columbia in proportion to the population of the several States. The House provision, as contained in paragraph (b), only applied to reductions in Federal employees in the District of Columbia. However, the Senate amendment would have nullified paragraph (b) by inserting the word "efficiency." The Senate amendment also had the effect of amending the act of January 16, 1883, with reference to new appointments.

It is the duty of the Civil Service Commission to keep lists of eligibles from which selections may be made at any time. There are approximately 33,000 Federal employees in the District of Columbia. Three or four nearby States have always had more than their allowance. I have inserted this list in the RECORD several times. This list shows that the act of January 16, 1883, has not been complied with. In the last few days the Washington newspapers, having received information that paragraph (b), inserted by the House was eliminated, are elated and seem to indicate that a victory has been won. However, let me remind the Members of the House and the people of the country that a House resolution has been passed authorizing and directing the House Committee on the Civil Service to make a thorough investigation of this entire question. This committee has met and is perfecting plans for the investigation. You may rest assured as to future appointments that the Members of the House will be alert and will see to it that the other States shall have their full quota of Federal appointments in the District of Columbia. Not only will the Civil Service Commission be investigated by the House Committee but each year when the Commission comes to Congress for its appropriation this investigation will be renewed and it will result in the act of January 16, 1883, being enforced.

While, of course, I favored paragraph (b), which was the House provision, let me repeat that it only applied to reductions in the number of Federal employees. The most important thing is the retention of the third paragraph of section 2 of the act of January 16, 1883, with reference to new appointments. While we regret that the House amendment was not retained, the Washington press may not be so elated by the striking out of both House and Senate provisions, because when the Committee on the Civil Service of the House is through making the investigation recently authorized, and when this question is kept fresh during each session of Congress, you may rest assured that the Members of the House will not be content if this provision of the Civil Service law is not complied with.

The District of Columbia, Virginia, Maryland, Iowa, and Vermont are together entitled to 2,005 appointments. They have 16,033, an excess of 14,026, or approximately one half of the 33,000 Federal employees in the District of Columbia.

With the permission of the House, I am again inserting the table showing the quota to which each State is entitled:

Figures based on United States Civil Service Commission's late report on condition of the apportionment, 1933

States	Entitled to	Received	Excess appointments
QUOTAS IN EXCESS			
District of Columbia	132	10,778	10,644
Virginia	659	2,273	1,614
Maryland	444	2,112	1,668
Iowa	672	745	73
Vermont	98	125	27
Total	2,005	16,033	14,026
QUOTAS FILLED			
Delaware	74	74	
New Hampshire	145	145	

Present condition of the apportionment detailed by States

States	Entitled to	Received	In arrears	Percent filled
Puerto Rico	482	24	458	5
Hawaii	115	13	102	11
California	1,544	342	1,202	22

Present condition of the apportionment detailed by States—Con.

States	Entitled to	Received	In arrears	Percent filled
Arizona	118	33	85	28
Alaska	18	5	13	27
Texas	1,584	433	1,151	27
Oklahoma	651	196	455	30
Michigan	1,317	442	875	33
Louisiana	571	207	364	36
Arkansas	504	180	324	36
New Jersey	1,099	408	691	37
Alabama	719	313	406	44
Mississippi	546	272	274	50
Georgia	791	384	407	48
South Carolina	473	228	245	48
Wisconsin	799	405	394	50
New Mexico	119	58	61	50
Ohio	1,807	925	882	51
Illinois	2,075	1,121	954	51
Oregon	259	125	134	48
Nevada	25	15	10	60
New York	3,423	1,868	1,555	54
Washington	425	240	185	56
North Carolina	862	485	377	56
North Dakota	185	130	55	70
Connecticut	437	254	183	58
Tennessee	711	438	273	61
Kentucky	711	481	230	68
Florida	399	276	123	69
Montana	146	90	56	61
Wyoming	61	41	20	67
Idaho	121	85	36	78
Colorado	282	215	67	76
Pennsylvania	2,619	1,976	643	75
Minnesota	697	543	154	77
Indiana	881	710	171	80
Nebraska	375	305	70	80
Missouri	987	780	207	79
South Dakota	188	160	28	85
Kansas	511	409	102	80
Utah	138	123	15	89
Rhode Island	187	173	14	92
Massachusetts	1,155	1,103	52	96
West Virginia	470	467	3	99
Maine	217	213	4	98

THE ECONOMY BILL AND ITS EFFECT ON THE VETERANS

Mr. RICHARDS. Mr. Speaker, before the Seventy-third Congress adjourns and passes into history, I wish to make a statement concerning the so-called "economy bill" passed in the early days of this session, its effects on the disabled veterans, and my reasons for voting against it.

Since the passage of this bill and the development of the injustices that it imposes upon many veterans of this country, under the new rules and regulations issued by the Veterans' Bureau, the rights of the disabled American war veterans have been discussed all over this country. In some quarters his patriotism has been impugned. I resent these implications. It is true there are some veterans, as there are always some in every group, who try to take advantage of the generosity of their Government, but it is my opinion from contact and personal knowledge that the veterans of this country as a group ask only for justice.

I readily admit that some have received and are receiving now benefits that they are not entitled to. But should vicious propaganda because of this condition be allowed to poison our minds against deserving cases? Should those who were disabled be caused to suffer therefor? In this hour of financial distress in our country the pendulum influenced by poison and propaganda has swung too far the other way, and the disabled veteran is unjustly paying for it.

This bill was presented to Congress on the heels of the most vicious propaganda ever circulated against the ex-soldier of any country. The Economy League and the United States Chamber of Commerce, supported mainly by subscriptions from the immensely wealthy, had saturated the American public with the general idea that the rank and file of American veterans were trying to fleece their Government. It was these same interests that yelled loudest that the boys of America be sent to Europe in 1917. They called those boys heroes then, because they were being sent to foreign soil to help secure the private debts that England and France and other foreign countries owed to them. They profited in millions then. They do not wish to pay anything now to the disabled veterans who secured their millions for them. When the war was won they still called them heroes for a day, but now they spend part of their ill-gotten gains by advertisement and propaganda to do a grave injustice to those who have come back wounded or

afflicted and to rob the dependents of those who died in the service of this country and the dependents of those whose bones rest on foreign soil.

No one has greater admiration for President Roosevelt than I. It has been and is now my desire and intention to uphold his hand in his efforts to restore this country to prosperity. It has been my pleasure, with rare exception, to vote for the entire program that he has presented to Congress in an effort to place this country again on an even keel; but, feeling as I do, I could not conscientiously vote for the economy bill as it was without amendments. I for one have never doubted the sincerity of the President in his statements that he would not do injury to any deserving veteran. I know that his heart beats to help all phases of physical suffering and sorrow. I have never for one moment thought that the President would knowingly and voluntarily do an injustice to an American war veteran; but I also know that the multiplicity of the duties confronting him in the crisis facing our country, with all the problems of relieving unemployment, with his plans for farm relief and the relief of the home owner, with all of his reorganization plans for our Government, with his honest desire to balance the Budget, and with every nerve and every faculty busy every day in consideration of the many problems facing our people, it is impossible for him or any other man under the sun to consider and to study the effect of this legislation as it applies to every disabled veteran. If it were possible for this matter to be settled by his individual hand and heart, I believe that justice would be done the disabled American veteran. However, this will not be done. It will be necessary for the President to delegate this authority to the Director of the Veterans' Bureau, advised by the Director of the Budget, and events have shown that their sympathy does not lie on the side of the disabled veteran. I believe the time will come when it will be my pleasure to defend the President's sincerity of purpose against the charges of some of those who are supporting this measure today and who will tomorrow be placing the blame upon the President with the claim that they did not know what the effects of this act would be.

It is true that this country is facing a great financial crisis. I am one of those who think that the expenses of every department of this Government must be cut in order that the Budget may be balanced. I am one of those who think that the American war veteran should take his cut, along with all other beneficiaries of the generosity of our country; but I am not one of those who think that the Budget should be balanced by the taking away of compensation granted by a grateful Government for disabilities received by soldiers in the service of their country.

The Democratic caucus itself decided by a majority vote that the veterans' appropriation should not be cut over 25 percent, with a view to placing the cuts where they should be without placing them where, in justice, they should not be placed. The law, as it was passed, in many instances cut the benefits now being received by actually service-connected disabilities as much as 50 percent. It places a great hardship also upon the dependents of those who died in the service. It denies hospitalization to many disabled veterans, when the hospitals to provide this treatment have already been provided by a grateful Government. It will place upon the shoulders of the States and the municipalities the expense of providing care for many disabled and incompetent veterans who should by right be wards of the Federal Government.

Heretofore legislation had taken a charitable view toward that class of disability known as "presumptive service-connected." In many of these cases, on account of the nature of the disability, absolute proof could not be shown that the disability was suffered in the service, due to the fact that tuberculosis, nervous disorders, and certain other ailments as a rule did not develop noticeably until some time after the inception of the ailment. The veterans therefore were allowed a presumptive period of service connection for a few years. Now in most cases this presumption will only be allowed for 1 year, and the result is that, since the war ended 14 years ago, the veteran is now not able to prove service connection.

As for the Spanish-American War veterans who served in a war when no service records were kept, when medical protection was not provided, when the services of supply were inadequate, this act practically places that veteran in the position that he will, 30 or 35 years after the war, be forced to present proof that his disability was incurred in the service, long after the possibility of providing this proof has disappeared with the years and failing memory. That is not justice.

For the reasons I have stated, and for many others I have not the time nor the ability to express, I voted against this bill and also voted for the two liberalizing amendments which came from the Senate and which were presented to the House later in the independent offices appropriation bill.

In my race for Congress last summer I promised the war veterans of my district nothing except a fair deal. That I intend to give to them insofar as my ability extends—no more, no less. I do not hesitate to credit those who voted for this bill with honesty and sincerity of purpose; but if I had voted for this bill, feeling as I do about its unjust effects upon disabled war veterans of our country, I would be a traitor to them and to my own conscience.

REPUBLICANS PREDOMINATE ON MORGAN LISTS

Mr. SABATH. Mr. Speaker, my attention has frequently been attracted recently to statements in Republican newspapers which have been so worded as to give the impression to readers that Democrats, rather than Republicans, predominated in the lists of the "preferred customers" of J. P. Morgan & Co., recently made public by the Senate investigating committee.

Because this is exactly the reverse of the truth, Mr. Speaker, I desire to make a few comments on the subject. Of all the hundreds of names contained in these lists, no less than 90 percent were those of pronounced Republicans! Let us keep the record straight in this matter.

In striking contrast to the publication of the name of a former Republican President—the late Calvin Coolidge—the name of our great Democratic President—Franklin D. Roosevelt—was conspicuous by its absence. Absent from the list also was the name of the previous Democratic nominee, Al Smith.

Prominent, however, in the list of Republicans were the names of a member of President Hoover's Cabinet—Charles F. Adams, former Secretary of the Navy; the late Senator Dwight W. Morrow, a former Hoover amassador to Mexico; United States Senator Hamilton F. Kean, of New Jersey; former Senator George Wharton Pepper, of Pennsylvania, and R. B. Mellon, a brother of Andrew W. Mellon, the former Hoover Secretary of the Treasury and later ambassador to Great Britain.

The number of Republicans on the bench whose names adorn the now famous "preferred-customers" lists of the Morgan company is little short of amazing. If the large city Republican newspapers had been fair, they would have emphasized this.

The Republican judiciary was represented on the Morgan lists, among others by Owen Roberts, Associate Justice of the United States Supreme Court; Robert von Moschzisker, chief justice of the Pennsylvania State Supreme Court; and John W. Kephart, also a justice on the Pennsylvania Supreme Court. The Morgan interests must have felt rather "secure" so far as any possible litigation before this Supreme court of Pennsylvania was concerned.

Two former Assistant Secretaries of the Treasury, both Republicans, who were listed, were S. Parker Gilbert and Charles D. Hilles.

The Republican National Committee was conspicuously represented in the list by the names of Joseph R. Nutt, its treasurer, Charles D. Hilles, former chairman and member of the executive committee of the same organization; Daniel Pomeroy, of New Jersey, a vice chairman; and Henry Roraback, Republican national committeeman for Connecticut.

Names of others in the lists who are Republicans and also identified with the greatest corporations of the Nation, are: W. C. Teagle, president of the Standard Oil Co. of New Jersey; W. W. Atterbury, president of the Pennsylvania Railroad; Samuel M. Vauclain, president of the Baldwin Locomotive Works; Walter S. Gifford, president of the American Telephone & Telegraph Co.; Clarence H. Mackay, president of the Postal Telegraph Co.; C. E. Mitchell, former president of the National City Bank of New York; Myron C. Taylor, chairman of the United States Steel Corporation; A. H. Wiggin, former president of the Chase National Bank; George F. Baker, Jr., director of the United States Steel Corporation; Guggenheim Brothers, the copper magnates; Anthony D. Biddle and D. Graham Craig, Morgan's Philadelphia representatives; Silas Strawn, former president of the United States Chamber of Commerce; and Marshall Field, Chicago merchant. Still others of the Republican faith included in the lists were Gerard Winston, Robert E. Olds, E. Edmund Machold, Edgar Rickard, former Republican State chairman from New York, Thomas S. and Thomas W. Lamont, George F. Allen, Arthur M. Andersen, Dominick & Dominick, Claude K. Boettcher, and so forth, and so forth, the whole number of Republicans running up into the hundreds.

Of the very, very few Democrats appearing in the long lists of names, let us consider that of John J. Raskob, former chairman of the National Democratic Committee. It is well known that Mr. Raskob has financial holdings in many American business enterprises; that he never pretended otherwise, and that it would be but natural that the Morgan company would include him among its favored customers. But in view of the fact that all his life he has kept his political and financial affairs as two separate and distinct interests, that he has frequently advocated policies not in alinement with those of the House of Morgan, it is perfectly apparent that the inclusion of his name on the preferred lists certainly did not influence him to alter his views on public questions.

The same is true as regards W. H. Woodin, the Democrat who is making such a fine record as Secretary of the Treasury. His firm had large business dealings with the Morgan Company, and at the time these lists were prepared no one had the slightest idea—Mr. Woodin himself perhaps least of all—that he would ever hold a public office. So it is obvious that his name was not included with any idea of influencing him as a public official but only for purely business reasons.

In all events the number of Democrats as compared to Republicans in these Morgan lists was as 1 to 10, or, more likely, 1 to 25. Yet some of the large city Republican newspapers, with the brazen effrontery that is so often characteristic of them where politics are involved, have sought to make it appear that it was principally Democrats that were named.

This misrepresentation has been so deliberate and willful that I have felt it should be pointed out and publicly condemned.

It is and always has been a historical and arithmetical fact that the Republican Party is the party of Wall Street and special privilege, and that the Democratic Party is the party of the masses, standing squarely for equal rights for all and special privileges for none. The Morgan lists proved conclusively the preponderant affection of the Wall Street crowd for Republicans.

REGIONAL SET-UP OF FARM CREDIT ADMINISTRATION

Mr. JONES. Mr. Speaker, under leave to extend my remarks, in accordance with the request of several Members of the House, I wish to have printed in the RECORD a brief chart of draft outlining the regional set-up of the Farm Credit Administration. This chart was prepared by one of the officers of the Administration. Similar organizations are provided for each of the land-bank cities.

REGIONAL SET-UP OF FARM CREDIT ADMINISTRATION

FARM CREDIT ADMINISTRATION OF HOUSTON

General agent to be chief executive officer of regional office Farm Credit Administration and ex-officio member of board of directors. Same board of directors for all four permanent units.

Land Bank of Houston	Intermediate Credit Bank of Houston	Production Credit Corporation of Houston	Bank for Cooperatives of Houston
President	President	President	President
First mortgage loans on farms through local farm-loan associations. Each borrower takes 5 percent of loan in stock (double liability eliminated). In many cases secretary-treasurer of local farm-loan association could also act as secretary-treasurer of local credit association.	Rediscounting notes of farmers endorsed by credit corporations and notes of cooperatives secured by ample collateral. Safe conservative policy necessary to permit sale of debentures to investors at low interest rates in order to obtain funds to loan.	Furnishing capital (preferred stock) for and supervision of local cooperative credit associations to enable farmers to make use of intermediate credit bank. Each farmer borrower required to buy and keep common stock amounting to 5 percent of his loan. Each local credit association can rediscount notes of good farmers up to about 4 to 6 times its capital and surplus. Unsound loans refused by local credit corporation. One dollar capital makes possible about $5 of sound production credit.	Loans on business basis to local cooperatives for financing facilities and providing working capital. Interest rate from 3 to 6 percent, depending on type of loan and cost of money. Cooperative borrowers required to take stock to amount of 5 percent of loan.

All regional banks where feasible to use same field force for appraisals, supervision, inspection, and collection. Field force under administrative supervision of general agent. Costs of field force allocated over all units on equitable basis. Entire system ultimately expected to be on self-supporting cooperative basis. All borrowers required to be stockholders in lending agency, but no double liability on any stock in the system.

TAINTING AMERICAN PUBLIC OPINION—ACTIVE HITLER PROPAGANDA IN THE HALLS OF CONGRESS DISTORTS FACTS

Mr. CELLER. Mr. Speaker, under the general leave granted Members for extension of remarks at the close of the session, I desire to place in the RECORD the following. The contents of this article has been prepared for me by Mr. Walter Hart Blumenthal, associate editor of the American Hebrew and Jewish Tribune, a scholarly gentleman and a fierce champion of the truth, one whose writings I have always enjoyed and whose works I have always admired.

When the gentleman from Pennsylvania [Mr. MCFADDEN] a few weeks ago, on the floor of the House, quoted from the

Protocols of the Elders of Zion, everyone was too astounded at his ignorance of the facts to reply. Everyone; that is, except myself, since I subsequently took occasion to point out the "aberrations of the gentleman from Pennsylvania."

The debate into which Mr. MCFADDEN interjected his bigotries had to do with the currency question and gold repeal. He asserted that the legislation was "foretold by a writer in the Dearborn Independent several years ago when that paper published the so-called 'Protocols of Zion.'"

He quoted at some length from the "Protocols" which among other things, according to the Pennsylvanian, predicted that—

When the crash comes the Gentiles will have the paper and the Jews the gold.

Is it not true—

Asked Mr. MCFADDEN—

that in the United States today the gentiles have the slips of paper while the Jews have the gold and the lawful money? And is not this repudiation bill a bill specifically designed and written by the Jewish international money changers in order to perpetuate their power?

It would seem unbelievable that these forgeries known as the Protocols of Zion should still be cited in one of the great parliamentary bodies of the world—cited and believed in by the citer. Yet not only is this so—years after the fabrication of the so-called "Protocols" was proved—but this alleged plot of the Jews of the world is still reprinted and circulated in booklet form.

Especially in Germany, editions continue to be circulated. For years the book has been distributed, especially in Germany, in enormous numbers, and translations which had appeared in many languages previous to the conclusive proof of forgery are still handed about. Moreover, the fake "sages of Zion" are quoted by Jew-baiters in innumerable writings, just as though they were valid documents.

Although 12 years have passed since the falsity of the "protocols" was proven in the London Times by its Constantinople correspondent (in articles published August 16–18, 1921), a ninth German edition of the Secrets of the Sages of Zion was published in Munich in 1929 and has been constantly used by the Nazis to foment falsehood and hatred against the German Jews.

As a matter of fact, that this bogus collection of documents consisted of unmitigated falsehoods and that it was a plain concoction had been shown by the eminent Jewish scholar, Lucien Wolf, in an article in the London Spectator in 1920, and by Dr. Salomon Reinach in the Jewish Tribune of Paris of the same year.

The gentleman from Pennsylvania [Mr. MCFADDEN], perhaps could not be expected to know this, although it is difficult to understand his ignorance of the fact that Henry Ford, in a letter dated November 1, 1927, addressed to Louis Marshall, of New York, as president of the American Jewish Committee, apologized to the Jewish people and retracted all the anti-Jewish falsehoods that had been published in his paper, the Dearborn Independent, and in his book, The International Jew. Ford sought to have withdrawn all foreign editions and translations, but new German editions of his book and of the forged protocols on which his book was based, are still being circulated.

Not only were the articles of Lucien Wolf and Salomon Reinach reprinted in current issues of the American Hebrew of New York, but leading newspapers of that day quoted releases from that publication.

The protocols were alleged to be the secret plans of the Zionist Congress held in Basle in 1897. They first came to the attention of the English-speaking world by a pamphlet called "The Jewish Peril", which was soon seen to be a political tract like many others that had appeared in the seventeenth and eighteenth centuries. The alleged author of the Russian original of The Jewish Peril was Prof. Sergyei Nilus. It was a rehash of several earlier works, chiefly a fanatical screed by a German named Hermann Goedsche, who, in 1868, had been dismissed from the Prussian postal service for forgery.

At that time there was considerable agitation against the Freemasons, and Goedsche fabricated a booklet which held Masonry and Judaism accountable for the ills of the world, and more particularly set forth the alleged designs and machinations of the Jews to secure domination over all the nations of the earth. In order to make his fantastic notions seem realistic, he introduced the public to a supposed secret assembly of the "elect of Israel", which he said was held once in every century around the tomb of a mythical "Grand Master Caleb, the Holy Rabbi Simeon ben Jehudah."

Goedsche's document describes a sort of protocol, which is addressed by a chief rabbi (really a fictitious character), who expounds the plan of Simeon, handed down from generation to generation, by which the Jews are to work with gold and the press for the subversion of monarchy and Christianity. They are to act, as Goedsche's forgery has it, as a universally disturbing and demoralizing force, and, in particular, they are to seduce and stir up the proletariat to political revolution, so that eventually they may establish the Jewish universal monarchy on the ruins of Christian society.

This fantastic document, which passed almost unnoticed at the time it appeared, was seized upon in the early eighties by the more irresponsible elements of the anti-Semetic movement then in process of formation by Trietschke and Stöcker and widely circulated as a broadside. It was reprinted in France as late as 1911, in connection with similar forged material concocted by Jew baiters. A copy of this was used by the repudiated monk, Nilus, who added some of his own brew to the cauldron of hatred and amplified Goedsche's handiwork. Nilus also had a motive of his own, for he was a participant in the Russian Revolution of 1905, having been a Czarist henchman for some time in a police bureau in Moscow.

In denouncing the Jews as the instigators of the Bolshevist revolution, itself a slander, the Czarist Party cooked up this fable with Nilus as the unsavory chef. He bolstered his story with details about having discovered the original manuscript of the protocols in Switzerland or elsewhere. The whole thing, from the first word to the last, is utterly baseless, stupid, and clumsy; the elders of Zion are imaginary; the plot to conquer the world is a silly device, conceived by certain crack-brained individuals to advance their own political ends. The so-called "protocols of the wise men of Zion" are unadulterated forgeries used as the basis for anti-Jewish propaganda in Europe and—alas—in the United States.

Nilus, the perpetrator of the fake protocols, as cited by the gentleman from Pennsylvania, was commonly regarded as a madman. He was a brain-clotted mystic, a well-educated Russian, whose pronounced eccentricities made him what alienists call a borderland type.

Let it not be supposed that such literary fabrications as the Protocols of the Elders of Zion are few. On the contrary, they were quite common in times now happily gone. In Europe false literature was a weapon commonly used in the seventeenth and eighteenth centuries in political and religious controversies. Even in our own country there have been instances, such as the pamphlet largely circulated during the Civil War, which purported to have been an authentic vision of George Washington in 1777 in which he saw and set down the vista of American history for a century ahead. Its purpose was to encourage the people to resist the Confederacy, and it was accepted as veracious by many readers. It narrates how the country is to be imperiled by the black demon—slavery—divided by the powers of darkness—war—triumph over these powers, and so forth. In fact, it was reprinted as authentic in the New York Magazine of Mysteries for 1910.

So numerous have been such impostures that an entire work, entitled "Literary Forgeries" by Farrer, appeared in London in 1907. Mr. Walter Hart Blumenthal, in two extended articles in the American Hebrew, January 21–28, 1921, gave a presentation of such forgeries other than the so-

called "protocols" that were then being circulated by foes of the Jews.

Anti-Semitism, however, has not depended on exploded fulminations such as this absurd concoction of a splenetic brain. Distortions of fact are rife with regard to the Jews of Germany. It is asserted on the one hand that they are capitalists controlling German industry. It is alleged on the other hand that they are Communists desirous of Sovietizing the Reich. These two assertions are mutually contradictory. Capitalists are usually content with a status quo; Communists are usually an impecunious lot who desire to get a share of things by a redistribution of wealth. The truth is, of course, that there are some Jewish capitalists and some Jewish Communists, just as there are some Christian capitalists and some Christian Communists.

German Jew baiters declare that it was the Jews who made Germany lose the war. As a matter of fact, 12,000 and more German Jews were war casualties in the ranks of the Reich. Nothing could more clearly destroy the nonsensical idea that the Jews of the world are banded together than the fact that in the Great War they fought and died in the armies of every country—fought and killed one another—just as in the Civil War in the United States Jews fought on the Confederate side and on the Union side, and in more instances than one were actually brothers. That does not look like a conspiracy to dominate the world.

What is more insidious than any cooked-up charges against alleged Jewish conspiracies is the underhanded propaganda now going on by Hitler agents in America, who presumably are not devoting themselves to their dubious cause out of sheer rancor against the Jews. Public opinion in America is being corrupted by these propagandists; even the Halls of Congress are not immune. Every Senator and Congressman recently received an 11-page mimeographed article, that was prepared by one T. St. John Gaffney, and was labeled "The facts in the case of the German National Socialists Against German Jewry and its political and economic control of the country."

Gaffney's confidential assignment is to contact American Federal officeholders, particularly Members of Congress, and if he can it is his job to hoodwink the State Department. It is easy enough to point out the conceded forgery of the stale and silly protocols of the Elders of Zion which the gentleman from Pennsylvania [Mr. McFADDEN] cited from the floor of Congress on May 29. But it is not so simple a task to show up the falsities of a cleverly presented document such as Gaffney put into the hands of every Member of the Senate and House not long ago. It would require as much space to analyze and answer Gaffney's distortions as he takes for his Nazi propaganda.

However, it would suffice if Members of Congress were familiar with the fact that Gaffney was long ago discredited, and under President Wilson was removed as American consul general to Germany. Although it cannot be shown that Gaffney is a paid German agent, the inference, in the light of his record, is plain.

According to the New York Sun of September 26, 1915, Americans caught in Germany at the outbreak of the war had complained to the State Department of Gaffney's partisan attitude. It was said that he showed such intense sympathy with the German cause as to make him offensive to many British subjects in Germany whom he was officially required to aid, the United States having taken over the consular and diplomatic interests of Great Britain.

In the New York Times of September 29, 1915, it was stated that the State Department had decided to ask for the resignation of T. St. John Gaffney, United States consul general at Munich.

From the New York Times of August 30, 1916, it appears that Gaffney went back to Munich after spending some time in the United States and returned to the country in August 1916, when he gained a great deal of notoriety by attacking the United States Government's policies on shipboard. To the disgust of a number of passengers, he openly approved the Zeppelin raids and the sinking of the *Lusitania*.

A year later, according to the New York Tribune of February 19, 1918, Gaffney was dropped from membership in a Republican club in New York City, ostensibly for nonpayment of dues. A member of the war committee of the club, however, said that the club was satisfied that since April 1917 Gaffney had been traveling between Berlin and Stockholm as a German propagandist.

As was pointed out in the columns of the American Hebrew in the issue of June 16, the gentleman from Illinois [Mr. SABATH] stated:

> It is clear that Gaffney has been engaged by the Hitler government to defend its actions.

A perusal of his pamphlet will convince any fair-minded citizen that—because of misstatement, undisguised intolerance, and exaggeration—it is not worthy of any consideration.

Unfortunately, sinister propaganda such as Gaffney's cannot be so lightly dismissed. To say that "it is not worthy of any consideration" overlooks the influence it may have with some of the Senators and Congressmen to whom it was sent and who may not be in a position to refute its fallacies and distortions. It sounds plausible, on the face of it, to point out, as does Gaffney, that while the 564,379 Jews of Germany, according to the latest 1925 census, constitute less than 1 percent of the population, this small element dominates German commercial and artistic life in what is alleged to be a sort of parasitic control and contamination, and the falsity of the statement must be shown.

Gaffney asserts that what has occurred under the Nazi terrorism is merely a "political housecleaning not a religious or racial persecution." It is almost incredible that this henchman of the double cross should have the audacity to state in his screed that "Hitlerism as an anti-Semitic force is one of the fictions of our day." In answer to that, one merely needs to refer to the National Socialist official program, which specifically disenfranchises German Jews as non-Aryans. The factual record of the persecution of Jews in Nazi Germany was set forth in the "White Book", which has just been issued by the American Jewish Committee, and which is documented in a manner to convince any fair-minded American. Even those unfamiliar with the facts must be given pause by allegations of this unsavory spokesman of Hitlerism when he declares "the revolution in Bavaria was entirely Jew-made."

He does not point out that whereas there are 564,379 Jews in Germany today, there were, in 1910, 603,811 German Jews. He does not point out the remarkable fact that, of this number, 96,000 Jews served in the German Army. His contention that the Jews dominate Germany does not point out that the last Reichstag had only 1 Jewish member among 608 deputies, with 12 others of Jewish descent; that the last Prussian Diet had 2 Jews and 2 others of Semitic descent out of a total of 423 members.

In every paragraph of the Gaffney statement lurk misstatements and manipulations of fact. Fortunately, the German census of 1925, which is the latest, refutes most of the figures of Gaffney, and other authoritative sources are available, such as the Statistisches Jahrbuch for 1932. Indeed, the willful distortions of Hitler hirelings such as Gaffney can be dismissed by the well-informed with a single brief quotation. The core of his contention that the Nazi policy and enactments are "not a religious and racial persecution but a political shake-up" is refuted by an unimpeachable American source. The Foreign Policy Association, in a bulletin published as long ago as January 21, 1931, stated that—

> Hitler's anti-Semitism forms the connecting factor and fundamental basis of his whole program.

This unassailable fact is borne out by the Nazi official platform of 25 points that preceded Hitler's elevation to the chancellorship, and by the official decrees and measures against the Jews that have followed his coming to power. These are printed in the newly released White Book issued by the American Jewish Committee and are literal translations of the statutes now in force.

The American spirit is revolted by injustice and religious persecution whenever and wherever these occur. American leadership and enlightened groups of American clergy, physicians, attorneys, and other civic figures have manifested their detestation of the abhorrent acts of the present German regime. It is well, however, that they be informed of the growing insidious propaganda—so un-American in its nature—that is now infesting our shores. Based on a spurious so-called "Aryanism", which will not pass muster with any unbiased anthropologist, the present Teutonic cult will vainly seek to sway American opinion to sympathy with the benighted policy that now prevails in the German Reich. The hard-won liberties of mankind are imperiled by the medieval tyranny that has been enthroned in a Hitlerized Germany. It behooves American leadership to be on its guard against the poison of propaganda that is seeking to taint American public opinion.

PERSECUTION OF JEWISH PEOPLE BY HITLER AFFRONTS LIBERTY-LOVING PEOPLE EVERYWHERE

Mr. YOUNG. Mr. Speaker, as Congressman at large from Ohio, I protest against Hitler's persecution of Jews in Germany. This is not a matter of concern to the Jewish people of Ohio only, nor is it a matter of concern only to the Jewish people of our country. This senseless and cruel persecution of Jews by the present Nazi regime in Germany concerns the entire world. It is an affront to liberty-loving people everywhere. I say no word of reproach to the German people as a people, but I desire to protest, with all the vigor I am able to command, this unwarranted, cruel, senseless, and stupid persecution and oppression of peaceable and law-abiding citizens of Germany. Persecution of Jewish people by Hitler and his Nazi followers tramples underfoot principles of racial, religious, and economic liberties for which our forefathers fought.

The American delegates to the World Economic Conference should absolutely refuse to enter into any arrangements or agreements with the present Government of Germany until and unless it makes a radical change in its treatment of its Jewish citizens.

If you say we should not interfere in the internal affairs of an independent and sovereign nation, I answer that there are millions of loyal and worthy Jews who are citizens of this country who have contributed and are contributing to our present supremacy as a nation. These people pay taxes and help maintain our Government by their resources. It is wrong for our Government to help the Hitler government financially, or in any manner, even remotely, under such circumstances. Our Government was founded by people in search for religious liberty. We should, in the Halls of Congress and elsewhere, fight those insidious forces that seek to substitute prejudices for liberty. Unreasoning prejudice is a most serious menace. The very first amendment to our Constitution, written on the demand of men who won the war for independence, asserts that the Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof. We should still fight on for a principle so dear to all lovers of liberty. Any distinction among peoples because of religions is intolerable.

It seems unbelievable that in any nation termed civilized and enlightened such persecutions could be tolerated. An outraged world should hale Hitler before the bar of public opinion and to the oblivion he deserves. Present persecution of Jews in Germany is an indictment of civilization itself. In this twentieth century of civilization, so-called, we behold a dictator rampant and mad with power in Germany—that land of culture, art, science, music, and statesmanship. In that country, the home of Ludwig, Remarque, Prof. Albert Einstein, the well beloved, and so many others whose names are household words, Hitler, the autocrat and dictator, has astounded the world by his cowardly persecution of Jews.

Liberty-loving people should oppose intolerance in whatever form it raises its hideous head, and whether clothed in a white sheet or a brown shirt. In Spain and in Mexico, Catholics are mistreated. In Germany, Hitler seeks to make Jews third-rate citizens or to drive them out altogether. The Jewish people as citizens of Germany for a thousand years helped build the Empire, and have been helping to rehabilitate Germany since the peace of Versailles. Hitler, the Austrian, became a citizen of Germany but a year ago.

I am a friend of the German people. No racial group, no people anywhere in the world properly have a quarrel with the German people. Our protest is against Hitler and his regime which has betrayed and cowed into submission law-abiding men and women of Germany. If Jews of Germany are doomed, then Germany as a great nation is doomed.

It is a great moral wrong for our country, until this situation has been changed, to give any help to the Hitler government of Germany, directly or indirectly, in any manner. By doing so, our Government, through its taxing power upon all our people, including the Jewish peope, would be compelling the Jews of this country to help support and maintain the Hitler regime. In the event economic agreements are entered into by our delegates to the World Economic Conference, to have those agreements effective, the people of our country, through our Government, must give to them sanction and support. We must not even indirectly or remotely help carry on persecutions in Germany, which are of an economic nature, using religion as an excuse.

The followers of Hitler, under his leadership and with his sanction, have been systematically taking from the public libraries books of Jewish authors and burning them. This is stupid, disgraceful, and outrageous. The Hitlerites, in their arrogance, stupidity, and brutality, are boycoting and mistreating a racial group of 600,000 men, women, and children. Of this racial group, 12,000 of the flower of their young manhood laid down their lives for their fatherland in the World War. In addition to 12,000 Jews in the German Army who were killed in the World War, many thousands more were wounded in action fighting for the fatherland. Ninety-six thousand Jews served in the German Army during the World War, offering their lives as sacrifices for Germany.

The lessons of history are that in every nation where intolerance raged and where Jewish people were systematically persecuted, that country has fallen into decay. We speak of the glory that was Greece, and of the empire that was Spain.

America should not be silent in the face of the outrages and persecutions of Hitler. This inexcusable degradation of a patriotic and law-abiding group excites the indignation and horror of fair-minded people everywhere. It pushes the German nation down into the depths and darkness of the Middle Ages. It violates the feeling of brotherhood and justice that peoples of the world have patiently and painfully built up.

Throughout the world, wherever Jewish people have made their homes, they have been loyal to that country and devoted to its institutions. In America, as in Germany, they have contributed their full part to make our Nation great and glorious. The Revolutionary patriots went to Leviticus when they inscribed on the Liberty Bell, "Ye shall proclaim liberty throughout the land and to all the inhabitants thereof."

In our own time, 300,000 young men of Jewish faith left their comfortable homes and loved ones in America in response to a grave national duty and joined the glorious crusade for the safety of the world, and in 1917 and 1918 took their proper and prominent part as members of the grandest Army ever gathered together under the bending sky of God. They were my comrades in arms.

As a Member of Congress, I add my protest against the acts of Hitler and his regime in persecuting enlightened, patriotic, and loyal Jewish citizens who ask nothing except to continue to serve devotedly, patriotically, and sincerely the country in which they live.

RECESS

Accordingly (at 8 o'clock and 58 minutes p.m.) the House stood in recess until Thursday, June 15, 1933, at 10 o'clock a.m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. STEAGALL: Committee on Banking and Currency. H.R. 3344. A bill to amend section 14, subdivision 3, of the Federal Farm Loan Act; without amendment (Rept. No. 264). Referred to the Committee of the Whole House on the state of the Union.

Mr. DELANEY: Joint Committee to Investigate Dirigible Disasters. House Concurrent Resolution 15. Providing for an investigation of the cause or causes of the wrecking of the *Akron* and other dirigibles; without amendment (Rept. No. 266). Referred to the Committee on Naval Affairs.

Mr. CHAVEZ: Committee on the Public Lands. S. 1774. An act to provide for extension of time for making deferred payments on homestead entries in the abandoned Fort Lowell Military Reservation, Ariz.; without amendment (Rept. No. 267). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULLER: Committee on the Public Lands. H.R. 2837. A bill to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes; with amendment (Rept. No. 268). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 1951) granting an increase of pension to Claudia V. Hester; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 4623) granting a pension to George E. Hilgert; Committee on Invalid Pensions discharged, and referred to the Committee on World War Veterans' Legislation.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WALDRON: A bill (H.R. 6114) to permit any person doing business within the United States to obtain loans from the Reconstruction Finance Corporation for an amount not in excess of 60 percent of the value of the real-estate holdings of such person; to the Committee on Banking and Currency.

By Mr. SIROVICH: A bill (H.R. 6118) to provide for the truthful labeling of drugs and the attachment of trade marks to the containers and packages of drugs; to the Committee on Patents.

By Mr. DUNN: A bill (H.R. 6119) to provide pensions for ex-service men and the widows of ex-service men; to the Committee on Pensions.

By Mr. DE PRIEST: Resolution (H.Res. 194) to investigate the spread of communism; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. KENNEY: A bill (H.R. 6115) granting compensation to the estate of Thomas Peraglia, deceased; to the Committee on Claims.

By Mr. AUF DER HEIDE: A bill (H.R. 6116) to provide for the reimbursement of former Second Lt. William F. Upton, Jr., for loss of equipment; to the Committee on Claims.

By Mr. JOHNSON of West Virginia: A bill (H.R. 6117) granting an increase of pension to Carrie A. Groce; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6120) granting an increase of pension to Phoebe A. Kimes; to the Committee on Invalid Pensions.

By Mr. LINDSAY: A bill (H.R. 6121) for the relief of Archie J. McKee; to the Committee on Military Affairs.

By Mr. MULDOWNEY: A bill (H.R. 6122) to refund to Mary Wilkins Ogden income tax erroneously and illegally collected for the calendar year 1928; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1385. By Mr. McFARLANE: Petition of the Senate of Texas, recommending Senator Margie E. Neal, of Texas, for a position of trust and honor with the Federal Government; to the Committee on Ways and Means.

1386. By Mr. RUDD: Petition of David J. O'Connel Post, No. 2264, of Ozone Park, N.Y., Veterans of Foreign Wars of the United States, favoring the Bone plan; to the Committee on World War Veterans' Legislation.

SENATE

THURSDAY, JUNE 15, 1933

(Legislative day of Wednesday, June 14, 1933)

The Senate met at 12 o'clock noon, on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	King	Thomas, Okla.
Austin	Duffy	La Follette	Thomas, Utah
Bachman	Fletcher	Long	Thompson
Barbour	Frazier	McCarran	Townsend
Borah	Glass	Nye	Vandenberg
Bratton	Hale	Overton	Walsh
Caraway	Johnson	Pope	
Clark	Kean	Robinson, Ark.	
Costigan	Kendrick	Sheppard	

Mr. ROBINSON of Arkansas. I wish to announce that the senior Senator from Nevada [Mr. PITTMAN] is absent on official business in attendance upon the London Economic Conference.

I also wish to announce that the Senator from Massachusetts [Mr. COOLIDGE] is detained from the Senate on official business and that the Senator from Georgia [Mr. GEORGE] is unavoidably absent.

Mr. VANDENBERG. I wish to announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is necessarily absent in attendance on the London Economic Conference.

The VICE PRESIDENT. Thirty-three Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. BLACK, Mr. HARRISON, Mr. LONERGAN, Mr. McKELLAR, Mr. McNARY, Mr. NEELY, Mr. NORRIS, Mr. ROBINSON of Indiana, Mr. RUSSELL, Mr. STEPHENS, Mr. TRAMMELL, Mr. TYDINGS, and Mr. VAN NUYS answered to their names when called.

Mr. ADAMS, Mr. BAILEY, Mr. BANKHEAD, Mr. BARKLEY, Mr. BONE, Mr. BROWN, Mr. BULKLEY, Mr. BULOW, Mr. BYRD, Mr. BYRNES, Mr. CAPPER, Mr. CAREY, Mr. CONNALLY, Mr. COPELAND, Mr. CUTTING, Mr. DALE, Mr. DICKINSON, Mr. DIETERICH, Mr. DILL, Mr. ERICKSON, Mr. GOLDSBOROUGH, Mr. GORE, Mr. HATFIELD, Mr. HAYDEN, Mr. HEBERT, Mr. LEWIS, Mr. LOGAN, Mr. McADOO, Mr. McGILL, Mr. METCALF, Mr. MURPHY, Mr. PATTERSON, Mr. REED, Mr. REYNOLDS, Mr. SCHALL, Mr. SHIPSTEAD, Mr. SMITH, Mr. STEIWER, Mr. WAGNER, Mr. WHEELER, and Mr. WHITE entered the Chamber and answered to their names.

Mr. HEBERT. I wish to announce that the Senator from New Hampshire [Mr. KEYES], the Senator from South Dakota [Mr. NORBECK], and the Senator from Missouri [Mr. PATTERSON] are unavoidably absent from the Senate.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

UNION IRON WORKS *v.* THE UNITED STATES (S.DOC. NO. 78)

The VICE PRESIDENT laid before the Senate a letter from the assistant clerk, Court of Claims, transmitting certified copy of the special findings of fact, conclusion of law, and opinion of the court entered April 10, 1933, in the case of *Union Iron Works* v. *The United States* (No. 15014, Congressional), which, with the accompanying paper, was referred to the Committee on Claims and ordered to be printed.

REDUCTION IN PERSONNEL AND COMPENSATION, AND CURTAILMENT OF SCIENTIFIC RESEARCH ACTIVITIES (S.DOC. NO. 77)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting, in response to Senate Resolution 101 (agreed to on the 12th instant), a statement showing the reductions in personnel, cuts in compensation, and curtailment of activities during the past year in connection with the scientific research and experimentation conducted by the several bureaus of the Department of Commerce, which, with the accompanying paper, was ordered to lie on the table and to be printed.

RATIFICATION BY NEW JERSEY OF THE CHILD-LABOR AMENDMENT TO THE CONSTITUTION

The VICE PRESIDENT laid before the Senate a concurrent resolution of the Legislature of the State of New Jersey, ratifying the proposed amendment to the Constitution of the United States empowering the Congress to limit, regulate, and prohibit the labor of persons under 18 years of age, which, with the accompanying paper, was ordered to lie on the table and to be printed in the RECORD, as follows:

Concurrent resolution ratifying the proposed amendment to the Constitution of the United States empowering the Congress to limit, regulate, and prohibit the labor of persons under 18 years of age

Whereas at the first session of the Sixty-eighth Congress it was resolved by the Senate and House of Representatives of the United States of America, in Congress assembled (two thirds of each House concurring therein), that the following article be proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three fourths of the several States, shall be valid to all intents and purposes as a part of the said Constitution, namely:

"ARTICLE —

"1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"2. The power of the several States is unimpaired by this article, except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress":

Therefore be it

Resolved (*if the house of assembly concur*), That the Legislature of the State of New Jersey does hereby ratify the above-recited proposed amendment to the Constitution of the United States; and be it further

Resolved (*if the assembly concur*), That the secretary of state be required to transmit forthwith a copy of these resolutions and preamble to the Secretary of State of the United States at Washington, to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

STATE OF NEW JERSEY,
DEPARTMENT OF STATE.

I, Thomas A. Mathis, secretary of state of the State of New Jersey, do hereby certify that there has been filed in my office on June 14, 1933, Senate Concurrent Resolution No. 4 as passed by the Senate of New Jersey on June 5, 1933, and duly attested by the president of the senate and passed by the house of general assembly on June 12, 1933, and duly attested by the speaker of the house of general assembly, the same being a ratification of a "Concurrent resolution ratifying the proposed amendment to the Constitution of the United States empowering the Congress to limit, regulate, and prohibit the labor of persons under 18 years of age."

In testimony whereof I have hereunto set my hand and affixed my official seal at Trenton this 14th day of June A.D. 1933.

[SEAL] THOMAS A. MATHIS,
Secretary of State.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a petition of several citizens of Shreveport and vicinity, in the State of Louisiana, praying for a senatorial investigation relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the South Jersey Federation of Veterans, of Camden, N.J., endorsing House bill 5755, the national industrial recovery bill, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the executive committee of the American Museum of Natural History, of New York City, N.Y., protesting against the proposed abolition of the Alaska Game Commission and endorsing the present administration of the commission, which was referred to the Committee on Territories and Insular Affairs.

Mr. BARBOUR presented a resolution adopted at a meeting of the Middlesex County Board, Ancient Order of Hibernians in America, at Perth Amboy, N.J., opposing the cancelation or further reduction of war debts owed to the United States by foreign nations, which was referred to the Committee on Finance.

Mr. COSTIGAN. Mr. President, I send to the desk and ask to have noted in the RECORD and appropriately referred a memorial to the Congress signed by Mr. James A. Davis and approximately 590 other members or friends of the Aurora Chapter of the Disabled American Veterans of the World War, of Aurora, Colo. The memorial protests against drastic cuts in veterans' compensation, reduced hospitalization for deserving patients whose disabilities are traceable to military service, any change in the former presumptive provisions of law with respect to veterans, and any statutory declaration treating November 11, 1918, as the date of termination of the World War, since service men were under war-time regulations after that date.

The memorial of James A. Davis and sundry other members and friends of Aurora Chapter No. 3, the Disabled American Veterans of the World War, of Aurora, Colo., presented by Mr. COSTIGAN, remonstrating against drastic cuts in veterans' benefits, reduced hospitalization, etc., was referred to the Committee on Finance.

REPORT OF THE INDIAN AFFAIRS COMMITTEE

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 326) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement, reported it without amendment and submitted a report (No. 146) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 1952) to provide for the selection of certain lands in the State of California for the use of the California State park system;

A bill (S. 1953) to amend Public Law No. 425, Seventy-second Congress, providing for the selection of certain lands in the State of California for the use of the California State park system, approved March 3, 1933; and

A bill (S. 1954) to provide for the selection of certain islands, rocks, and pinnacles situated in the Pacific Ocean, south of the mouth of Carmel River, State of California, for the use of the California State park system; to the Committee on Public Lands and Surveys.

FOURTH DEFICIENCY APPROPRIATIONS—CONFERENCE REPORT

Mr. BRATTON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the conference report on House bill 6034, being the fourth deficiency appropriation bill.

The VICE PRESIDENT. Is there objection? The Chair hears none, and lays before the Senate the conference report, which will be read.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appro-

priations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 8, 9, 11, and 12.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, and 10, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$1,460"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 2, 5, 6, 7, 13, and 14.

SAM G. BRATTON,
CARTER GLASS,
KENNETH MCKELLAR,
FREDERICK HALE,
Managers on the part of the Senate.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
W. B. OLIVER,
W. A. AYRES,
Managers on the part of the House.

Mr. BRATTON. I move that the Senate agree to the report.

The VICE PRESIDENT. The question is on the motion of the Senator from New Mexico.

Mr. FRAZIER. Mr. President, I am particularly interested in amendment numbered 9, providing an appropriation of $300,000 out of the money that is left over from the feed and seed loan appropriation of last spring for the use of the Secretary of Agriculture in loaning to counties to aid in the work of the control and eradication of grasshoppers.

Mr. President, we have a real emergency in North Dakota. I have a telegram from the Governor of the State saying that 30 counties are affected and must have Federal aid, because, as a result of the drought from which the farmers have suffered during the past 3 years, they have no money with which to buy poison and bran with which to exterminate the grasshoppers.

The farmers in that section have a good prospect for crops this year. They have borrowed out of the crop production loan appropriation a little over $2,000,000, and, of course, the farmers have given mortgages on their crops to the Government for the payment of those loans. Now, in some 28 or 30 counties, more than half of the State, the grasshoppers are so thick that the report is that they will clean up anywhere from 30 to 50 percent of the grain in those counties. If that should happen, and if they cannot get an appropriation or assistance from the Government to enable them to fight the pest, the security on these Government loans is not going to amount to much.

I secured a similar amendment for the same purpose in the farm credit bill which was passed on Saturday, but the item was cut out by the House conferees, as it has again been cut out by the House conferees in this deficiency bill.

I wish also to call attention to another amendment in this bill. I refer to the amendment which provides for an increase of $3,000,000 to be loaned through the Reconstruction Finance Corporation to cities where there had been destruction by fire or other disaster. That amendment was left in the bill providing $3,000,000 of loans to cities to rebuild. I have no objection to that; they should have it and are entitled to it under present hard conditions; but when the farmers need a little money—$300,000 is all that we ask for, to fight the grasshopper pest to protect the crops on practically all of which the Government has a mortgage—it seems to me rather strange that the House conferees would allow the $3,000,000 item to go through and strike out the $300,000 item.

Mr. President, the statement was made by some of the Members of the House that the conferees on the part of the Senate did not make any particular effort to retain this amendment in the bill. I should like to ask the chairman of the conference committee, the Senator from New Mexico, what the situation was in regard to these amendments in the conference.

Mr. BRATTON. Mr. President, I shall be glad to do so. When this amendment was reached the conferees on the part of the House stated that this question came before the House two or three times last year; that the situation in the Northwest was more acute then than it is now; and that, despite that fact, the House voted affirmatively against an appropriation for this purpose. They took the position that they would not concur in this amendment, and, of course, they were fortified by those votes in the House. With that situation confronting us, and after discussing the matter, the Senate conferees receded. I will say to my friend from North Dakota that it was my confident belief that under the circumstances the House conferees would not yield on the amendment.

Mr. FRAZIER. Mr. President, I am glad to have that explanation from the Senator from New Mexico. The statement about the situation being more acute last year than this year is not correct. Perhaps the grasshoppers covered a much larger territory last year, but the situation this year is more acute where the grasshoppers are infesting the country, because of conditions generally being worse than they were a year ago. After we were turned down last year in the matter of procuring an appropriation, the counties themselves in most cases raised money to fight the plague and succeeded fairly well, but in some 28 or 30 counties of North Dakota, and also in some counties in Montana, South Dakota, and western Minnesota, this year the complaint still exists. The counties have gone the limit. In the northwestern part of our State they have had no crop practically for 3 years.

Mr. BRATTON. The senior Senator from North Dakota has endeavored earnestly on repeated occasions to obtain loans for the purpose referred to. I want to commend him for the diligence with which he has endeavored to obtain relief for the farmers in his State. May I ask the Senator from North Dakota whether the House voted on this question two or three times last year?

Mr. FRAZIER. Last year in the regular agricultural appropriation bill there was a provision for an amount to be used for fighting grasshoppers. The conferees on the part of the House objected to it. It was sent back, as I recall, three times, and I think they finally voted on it in the House a year ago.

Mr. BRATTON. The conferees made reference to that vote. My memory is that they said they had voted on it twice, though I may be in error about that. At any rate they referred to the fact that a record vote was taken on it in the House, and in view of that fact they took the position that they could not accept the amendment.

Again I want to commend the Senator from North Dakota for the earnestness and diligence with which he has sought to obtain relief for the farmers in his State.

Mr. FRAZIER. Mr. President, I appreciate the Senator's kind words, but they will not do the farmers much good when their crops are being eaten up by grasshoppers. My earnest desire is to get some money to loan to those counties to enable them to fight the grasshoppers. The Governor has said it would mean the destruction of several hundred thousand acres of wheat and more than a million-dollar loss for the farmers this fall. The president of the Agricultural College of North Dakota states that at least 28 counties are infested from 15 to 50 percent. In practically all cases the counties are absolutely unable to furnish the money to buy the poison and other ingredients that are necessary to use in fighting this pest.

The Governor of North Dakota wired to the President, and the President referred the telegram to the Secretary of Agriculture. The Secretary of Agriculture went through his records and found that there was no money available for this purpose. He wired back to the Governor of North Dakota that they might have some men out of the reforesta-

tion camps to spread the poison, but said there was no Federal money available for that purpose. The Secretary of Agriculture kindly agreed to take up the matter with the Reconstruction Finance Corporation and see if some money could be obtained from that source, but up to date nothing has been accomplished.

It would seem, therefore, that this amendment is the only way to take care of the situation. The State president of the Farmers' Union organization of North Dakota is in the city. He also makes the statement that the grasshoppers are a real menace this year and will likely wipe out the crops in practically the whole northwest quarter of the State. It is absolutely necessary to have this money to fight the grasshoppers. Unless something is done along this line it means a cleaning-up of the farmers in pretty nearly half of North Dakota where they have had poor crops for 3 years in succession. It means they are going down and out. They are discouraged, and that is the sad part of it. They have been organizing the farmers' holiday movement during the past few months.

A wire yesterday from the president of that organization complains that through the barnyard loans that have been made during the past few months, the money from the clips of wool of the sheep that are security for the loans, all goes in payment of the mortgages, and farmers cannot have any of that money to buy groceries and other necessities of life. I took it up yesterday with the Department and they referred it to their attorney. The attorney wrote me this morning, saying that under the contract the wool must go for the payment of the loans, and they cannot do anything about it. He said it might be possible that they could get further loans.

Mr. President, the farmers are not in a mood to stand this situation much longer. It is a sad commentary on existing conditions when American farmers are ready to take their shotguns or rifles or any other available weapon on their shoulders and go out to fight for the protection of their homes and families. They believe they have been treated unfairly and unjustly and that the Government is responsible for conditions as they exist today.

A few days ago we passed the industrial recovery bill. In that bill provision was made for the fixing of prices of products which the industries of the Nation sell, the prices for manufacturers, wholesalers, and retailers. Under the provisions of that bill a price can be set upon those products based upon cost of production plus a fair profit, with fixed penalties for violations. What was done here by the United States Congress, by the Senate itself, when the farm bill was up a few weeks ago? When the farm bill came before the Senate a cost-of-production provision for farm products was adopted. It went to the House and was stricken out there because it was said the President and the Secretary of Agriculture were opposed to it. That matter then came back for a vote on the floor of the Senate when the conference report was under consideration, and the action of the House was concurred in. Cost of production for farmers went out of the bill. But when the industrial bill comes up before the Senate authorizing the administration to make investigations and to fix prices and to sell manufactured products at a price based on cost of production and a fair profit, then the Senate and the House and the President all approve it.

It is very well to do something for industry, to give them cost of production, to give them what they want, to give the cities plenty of money to rebuild where they have suffered from calamities of various kinds. That is all right; but, Mr. President, the people who produce the wealth of the Nation, the food products and the food of the Nation, are not being given the same consideration that is given to the business interests of the Nation by the Congress. Our farmers are not getting a square deal at the hands of Congress.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from North Dakota yield to the Senator from Utah?

Mr. FRAZIER. I yield.

Mr. KING. Does not the Senator think that the Congress has been very liberal during the past 3 years in dealing with agriculture? The Senator will recall that one of the soundest men we have had in the Senate since I have been here was MAGNUS JOHNSON, former Senator from Minnesota. He was a hard-fisted farmer, a man who knew the soil, a man who knew the problems of agriculture. He begged the Senate to cease its gratuities and loans to the farmers. He said the curse of the country, particularly agriculture, was that too much money had been loaned. The Senator will recall that his own President, President Hoover——

Mr. FRAZIER. O Mr. President, I do not take the blame or the responsibility for anything President Hoover did. The Senator from Virginia [Mr. GLASS] yesterday said the President in the White House now has the same views as the former President.

Mr. KING. I am not responsible for the utterances of the Senator from Virginia, although I say very frankly that his utterances in this body are such that almost any man could be proud of them.

President Hoover, after consulting with the leading representatives of the farmers, evolved with their aid and their support the so-called "farm bill." That was to aid agriculture. That was to aid cooperative organizations throughout the Nation, and cooperatives were formed, and loans were made to the farmers, the woolmen, the stockmen, the agriculturists of all kinds in all parts of the United States. Approximately $400,000,000 was to have been expended for and in behalf of agriculture. In addition to that, other laws have been enacted granting relief to farmers. Loans have been made to them. Recently we appropriated $100,000,000 to aid them in purchasing seed. Last year a large appropriation was made to aid the farmers in purchasing seed. Prior to that, for a number of years preceding, loans had been made, and loans have been made to the farmers so that their farms today, unfortunately, are mortgaged heavily. I think the Federal Government, by and large, has dealt very generously with the farmers of the Nation.

Mr. FRAZIER. Mr. President, of course the Government has been generous in some ways. There have been seed loans, to be sure, but it is an indictment of our whole system, that because we have had a crop failure for a year or two the farmer should be obliged to come and ask for Federal aid.

The Senator from Utah talks about the Farm Board and the Farm Marketing Act. It will be remembered that the Farm Board tried to stabilize the price of wheat. They succeeded for some time in keeping the price of wheat up around 75 cents a bushel when it was 20 to 30 cents lower in Liverpool than in the United States. They kept the price above the Liverpool market most of the time the Board was functioning. They tried to stabilize the price of wheat and a good deal of money was used, but all at once they backed up and stopped buying on the market to stabilize the prices.

Why? It was because a group of grain men from the great milling and grain centers of the country came to Washington and, with the aid of Julius Barnes, who was at that time president of the National Chamber of Commerce, lined up the National Chamber of Commerce against the Farm Marketing Act and the Farm Board. They went to the White House. Nobody ever found out, so far as I know, what happened at the White House, but the result of it was that the Farm Board were called off, and they had to back up on their efforts to stabilize the prices of wheat and cotton. Still the Farm Board and the Farm Marketing Act are given the blame of being a failure and for the expenditure of a lot of money. They did lose some money, but I am satisfied that if the Farm Board had been allowed to continue and had been given a free hand, they would have made a success of the Farm Marketing Act.

Mr. President, I should like to amend the Senator's motion to adopt the conference report by providing that the conference report be recommitted. It seems to me that it is absolutely foolish on the part of the United States Congress

to turn down a small loan of $300,000 to help the farmers in their existing problems. The grasshoppers are destroying the crops and the security which the Government holds is thereby being eliminated.

The PRESIDING OFFICER. What is the motion of the Senator?

Mr. FRAZIER. To substitute for the motion of the Senator from New Mexico a motion to recommit the bill.

The PRESIDING OFFICER. The Chair is advised that under the rules where one House has approved a conference report, it cannot be recommitted.

Mr. FRAZIER. Then certainly the conference report ought to be rejected, and sent back in that way.

Mr. KING. Mr. President, I shall not move to reject the report because of the exclusion from the bill of a small appropriation which the Senate incorporated within it. I do desire, however, in behalf of the people of the District of Columbia, to express regret that the conferees receded from the amendment which was offered to the bill appropriating $2,500 for an investigation by the Public Utilities Commission of housing conditions and rentals in the District of Columbia.

Briefly let me state the purpose to which the appropriation was to be devoted.

Recently the District Committee of the Senate made an investigation of rental conditions in the District of Columbia. It was contended by many residents of the District that the housing conditions were unsatisfactory, that rentals were too high, that mortgage foreclosures were being made not by court decree but under the strict foreclosure system, and that no opportunity for redemption was given under the laws in the District of Columbia.

The committee made a rather thorough investigation and submitted a report, which included recommendations. Because of the fact that this session was called to deal with important national and international problems, the committee has had no opportunity to submit measures in harmony with the recommendations referred to or to offer other measures dealing with the situation.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. KING. I yield to the Senator.

Mr. NORRIS. I think everybody in the District is greatly interested in the investigation which is being made; but, so far as I have been able to observe, there was never anything brought before us in the shape of a bill to remedy the situation. It did not do much good to be reminded every morning in the columns of the papers that we were all paying twice as much rent as we thought we ought to pay when no remedy was suggested. What has the committee done in the way of bringing relief to this situation?

Mr. KING. Mr. President, after the report of the committee to which I have referred, a subcommittee was appointed to study the recommendations made and formulate such measures to carry into execution, so far as possible, the recommendations of the subcommittee as it might deem proper and necessary. I may say that I think the stress of business during this session, and the fact that it was called, as I stated a moment ago, to consider measures of an extraordinary character submitted by the President, has prevented action by the subcommittee; I acquit them of any dereliction of duty in failing to submit measures for the consideration of Congress. It is quite likely that when we meet in January measures will be submitted. The Senator from Kansas [Mr. CAPPER] a few days ago submitted a resolution to aid in the execution of some of the recommendations of the committee, and as a companion measure I offered a bill appropriating $2,500 to aid the Public Utilities Commission in continuing the investigation as to rents, in order that when we meet in January additional data will be available to the District Committee to aid it in preparing bills for the consideration of Congress.

The appropriation of $2,500 was to enable the Public Utilities Commission to employ an individual to receive complaints, to examine into housing and rent conditions during the summer, and to keep current the data which may be helpful to the District Committee. The Senate passed the resolution carrying an appropriation of $2,500 for that purpose.

Mr. NORRIS. That was incorporated in this bill?

Mr. KING. It was carried in the bill, but was stricken out in conference.

Mr. NORRIS. Now I should like to ask the Senator another question. Either as chairman of the committee or as a member of it, has he or any subcommittee or subcommittees of the District of Columbia Committee gone into the legal phases of the question to ascertain what, if any, authority Congress has to pass legislation that shall arbitrarily reduce rents in the District of Columbia?

Mr. KING. If the Senator will pardon me, I think he uses rather too strong a term when he says "arbitrarily." I suppose he means "legally." The Senator from New York [Mr. COPELAND] has given a great deal of attention to this subject, and he takes the position that Congress has plenary power to deal with the question of rents in the District of Columbia.

Mr. NORRIS. During the war, as I remember, we passed some legislation on this subject applying to the District of Columbia. As I remember, the courts held that that was constitutional, although it was fought on that ground in the courts. Am I correct?

Mr. KING. It is my recollection that the case did not reach the Supreme Court of the United States.

Mr. NORRIS. I think it went to the Supreme Court of the United States.

Mr. KING. My memory may be at fault in that regard.

Mr. NORRIS. And I believe they held that we had the authority. If that is true, I do not see why the committee should delay so long, or why any investigation really would be necessary to pass the proper legislation that would give relief.

Mr. KING. If the Senator will yield, I will ask my friend from New York to answer that question, because he followed that phase of it before the committee.

Mr. COPELAND. Mr. President, this matter has been of great interest to me for years. We had problems like this in New York when I was commissioner of health, and we ventured there to pass certain rent laws which went to the Supreme Court and were sustained.

I have no doubt at all that in the District of Columbia, under the Constitution, Congress has the same power that it has over forts and lighthouses, and, of course, over territory. When I first came into the Congress about 10 years ago we had a joint commission of the two Houses to study the rent question in the District, and at that time it was the view of eminent lawyers like Judge Hammer, of North Carolina, and other members of the committee that we had the power to regulate rents in the District.

I was very much disappointed, as a member of this latest committee, that the legal talent representing the Public Utilities Commission and the people's counsel both took the position that we could not do this. I dispute with all the strength I have that we are so helpless in the District of Columbia that we cannot go very far in the matter of regulating rents. It is conceivable that the rents in the District might be made so high that actually Government would break down, because the employees could not afford to live here; and, to my mind, it is unthinkable that the Congress is helpless in the face of an intolerable situation.

Mr. BORAH. Mr. President——

Mr. KING. I yield to the Senator from Idaho.

Mr. BORAH. If we can pass a law here which authorizes the National Government to go into my State and take charge of a private concern doing an intrastate business and conduct it, is there any possible doubt that we can take charge of the District of Columbia, and do anything which the wisdom or unwisdom of Congress suggests?

Why talk about the Constitution at this time after what we have assumed to do at this session? True, the Supreme Court may bring us back to the fundamental principles

upon which this Government was founded and under which we have grown to our present greatness. Let us hope so.

Mr. COPELAND. I agree with the Senator. We have a precedent for almost anything along that line.

Mr. NORRIS. Mr. President, may I interrupt again?

Mr. KING. I yield to the Senator from Nebraska.

Mr. NORRIS. Under the Constitution, Congress was given jurisdiction over a district that was afterward selected, and now constitutes the District of Columbia, and that was designated as the seat of the National Government. If we had an unfriendly Government in the District, and Congress had no power to interfere with it, it would be possible for them absolutely to nullify the acts of Congress, not in relation to the District but in any other respect. That would make it impossible for Congress, if they wanted to go to the limit, to transact the business of the Nation; and I always conceived that the reason why the power to control this District was put in Congress was as a matter of national protection. I do not believe that the law that applies ordinarily in a State constitution to a city has any application to the condition as between the National Government and the District. I think that was really decided by the Supreme Court.

The point I am trying to raise is, Why go over it all again? If the committee thinks it is necessary and the Congress thinks it is necessary to pass a law to protect not only Congress but all of the officials of the National Government, who must be here and cannot help themselves, and if we have that authority, why is it necessary to spend a lot of money and 2 or 3 years' time to investigate?

I take it that the law, if we should pass one, would be one that was supposed to be just by Congress in passing it. It would not do an injustice to anybody. I cannot understand why it is necessary for the committee to take 2 or 3 years' time to bring in a bill that will do justice both to those who own the property and to the people who have to live in the property.

Mr. KING. May I say to my friend from Nebraska—I will yield to the Senator from New York in a moment—that the appropriation which we sought was not so much for further investigation as it was to keep current information concerning rental and housing conditions in the District and to establish a sort of a liaison officer between the landlord and the tenant. As evidence of the wisdom of such a course, permit me to refer to conditions affecting the chairman of the committee. Scarcely a day passes that I do not receive complaints from tenants in regard to controversies with landlords or appeals for and in securing rent reductions. Obviously, it is not within my power to afford relief. I cannot visit every landlord, although I will say that I have communicated with several for the purpose of securing relief for tenants. The committee believed that if the Public Utilities Commission were given authority to receive complaints, to keep current the questions that are cognate to this matter, to have some person possessing tact and diplomacy and common sense, much good would be accomplished, and many landlords and tenants would be brought into accord.

One other observation: The Senator stated that he believed that the object of establishing the District of Columbia was so that the Government would have some place where it would be supreme. Pertinent to that remark, I may say that when I was in Germany a few years ago when the Ebert Constitution was in force I was talking with officials of the Government, and one of the associates of the President said that our Government occupied a more favorable position than did the Government of Germany in this, that the seat of government in the United States was under the control of the Federal Government, whereas the seat of the German National Government was in Berlin, which was not controlled by the National Government; that the Federal Government of Germany depended upon the police of Berlin for general protection.

Our fathers were wise in selecting a place for the National Capital over which Congress should have exclusive jurisdiction.

Mr. COPELAND. Mr. President, I do not see how anyone who knows the history of the designation of a district as the seat of government could fail to believe that the Congress has exclusive jurisdiction and exclusive power within this District. It will be recalled that the Congress was meeting in Philadelphia after the Revolutionary War, following the armistice, waiting for the treaty to be signed in November, and that the soldiers became greatly discontented because they were not paid. Senators will remember the difficulty Washington had at Newburgh. A company of soldiers actually marched into the seat of government in Philadelphia and told Congress in so many words exactly what they thought of them. There have been groups in modern times desirous of doing the same thing. When Congress attempted to get protection it appealed first to the mayor of Philadelphia and could get no relief, then appealed to the Governor of Pennsylvania and could get no relief; so Congress went over to Trenton, N.J., to continue its deliberations where they might get protection. I say this without any intention at all to offend my friends from the State of Pennsylvania.

Many of the men who were in that Congress were afterward members of the Constitutional Convention of 1787, and I can quite understand how they said, "We will have one place where the Congress shall have exclusive power." So they gave exclusive jurisdiction over the proposed seat of government to the Federal Government, as is provided in the Constitution.

Personally I have no doubt, not so much as a result of my own research, which would be of small consequence, but upon the testimony of eminent lawyers, that there is this power. I have no question at all but that the Congress can exercise this power, within reasonable limits, within the confines of the District of Columbia and give protection to the people here.

We sat in the hearings this time for a long period, and, as I said before, I had served on a previous committee 10 years ago investigating the same subject. There is no doubt at all but that the rents in many of the apartment houses in this District are excessive, and it is a burdensome thing to the employees of the District. When we have chosen, because of the need of economy, to reduce the wages of these employees, we ought to see to it that there is protection for them and that they have decent rentals.

I was disappointed when I read the conference report and found that this particular item had been omitted, but I have no doubt that our conferees did the best they could to retain it.

Mr. BRATTON. Mr. President, the amendment was in order because the Senate had passed an authorizing measure during this session. The Senator is familiar with the fact that the House conferees take the position, however, that they will not accept an amendment unless the House has acted on the authorizing legislation. In harmony with that attitude, they took the position this time that they could not accept the amendment; and while I recognize the force of everything the Senator from New York and the Senator from Utah have said, we were confronted with that situation.

Mr. COPELAND. I assume, too, that was the reason why the appropriation for the Pan American Medical Congress failed; it was for the same reason?

Mr. BRATTON. Yes.

REORGANIZATION OF EXECUTIVE DEPARTMENTS

Mr. LOGAN. Mr. President, I do not want to talk about the fight on the grasshoppers, but since we have appropriated money for nearly everything else anybody has asked us to appropriate for, I see no reason why we should not help the Senator from North Dakota to fight grasshoppers. Nor do I desire to discuss particularly the question of regulating rents. As we have undertaken to regulate everything else, we might try that. Why should we consider the Constitution any longer? We used to say that it did not amount to anything among friends. I do not think it amounts to anything among enemies now, so far as the Congress is concerned, or appears to be concerned.

I desire to say a few words about the reorganization order of the President of June 10.

When I first entered upon my duties in this body I was impressed with the need for reorganization of the activities in the executive branch of the Federal Government in the interest of economy in public expenditures, in the interest of increased efficiency in the discharge of the public duties entrusted by law to those in charge of such activities, in the interest of greater dispatch in the conduct of the public business, and in the interest of elimination of duplication in personnel, office equipment, rent, and other such expenses. After checking my ideas against those of others in whom I had confidence I introduced in the Seventy-first Congress a number of bills to effect some of the needed reorganizations and I offered a number of amendments for the same purpose to the legislative economy bill which became the act of June 30, 1932.

These bills encountered opposition on the part of the services to be reorganized and I did not press them for the reason that in the legislative economy bill which became the act of June 10, 1932, there was conferred on President Hoover requested authority to reorganize the executive agencies of the Government, but this authority to him was coupled with the limitation that his reorganization could be set aside by a resolution of either House of Congress. President Hoover sent to the Congress certain Executive orders effecting certain reorganizations, but they did not go into effect because of a resolution passed by the other House.

There have been bills in the Congress from time to time since the first administration of Grover Cleveland to reorganize certain branches of the executive service, but these bills have encountered the determined opposition of the Federal employees affected thereby and many interests outside of the Government have rallied to the support of their projects in the Federal service. We know that the force of such combined opposition has been and is such that little headway can be made in the Congress in the reorganization of the Government services. All of these factors aided in the passage of the resolution setting aside the reorganization orders of President Hoover after the Congress had conferred on him the authority to make the reorganization, though it must be admitted that for the most part his orders were for shifting of bureaus, with little, if any, attention to reorganization of the work of the Government along unifunctional lines.

Knowing as we did the forces hostile to any reorganization, we conferred on President Roosevelt similar authority to that conferred on President Hoover, but without the limitation that such authority could be rendered nugatory by a resolution of either House of the Congress. We provided in the Treasury-Post Office bill for the fiscal year 1932, the act of March 3, 1933, Public, No. 428, that such reorganization could not be set aside except as the result of an act of the Congress, which means that if the President is steadfast in his purpose, a two-thirds vote of both Houses of Congress is required to set aside such reorganization as he may make under the authority conferred on him. That is, any bill which we may pass to modify or render nugatory his reorganization orders will doubtless meet with his veto, and to overcome the veto there will be needed a two-thirds vote of each House.

Having granted this authority to the President after repeated demonstrations that the forces inside and outside of the Congress were sufficiently potent to prevent any reorganization under legislative authority, why should Members of the Senate complain when the President exercises that authority? We gave him that authority in the confident expectation that he would exercise it. We may complain that he has waited until a few hours before adjournment to send his reorganization orders here, and without criticizing the President for such delay it is my judgment that any feeling about this phase of the matter should not influence this body in the consideration of the merits of these orders. We know that since March 4 the President and his advisers have been exceedingly busy with attempts to bring back some measure of economic recovery to the country and this has been a stupendous task. He has stated in his message that his delay in sending here his reorganization orders for the few services now included therein has been due to the press of other duties and I, for one, am willing to concede that the record amply supports him in his explanation of the delay.

Also, I am willing to concede that there may be honest differences of opinion as to the merits of some of the proposed consolidations and eliminations made in this particular reorganization order. This entire subject is a controversial one and, as I have stated, it was solely because of such controversies that the Congress has been unable during many years to effect reorganization by statutes for that purpose. Perhaps I would not make all of the changes which the President proposes to make in this order. Other Senators might approve what I would disapprove and disapprove what I would approve. However, I do not hesitate to state that in my opinion the President has done an excellent job thus far under the authority which we have given him in the law and that the consolidations and eliminations which he has made in this order should make for genuine and substantial economy and efficiency in the expenditure of public funds.

Let me illustrate. The President proposes in this order to consolidate all of the disbursements of public funds under the Treasury Department. Will anyone say that such a proposal is not in the interest of economy and efficiency? We now have upward of 2,000 disbursing officers in the continental United States. We have in New York City, in Philadelphia, in San Francisco, in New Orleans, and in fact in practically every city of any consequence in this country as many disbursing officers as we have activities in such cities. We have more than 100 disbursing officers in the city of New York alone. The Post Office Department has several there; the Army has several; the Navy has several; and so on down the line for the Departments of Labor, Justice, Agriculture, and so forth. Not only that, but as we know the departments and independent establishments of the Government are generally divided into bureaus and divisions, and many of these suborganizations of the departments and establishments have their own disbursing officers. When I say "disbursing officers" I mean a man or woman who actually signs the checks, with frequently a number of assistants, clerks, stenographers, offices, rent for quarters, and all of the incidental expenses connected with such offices.

A few months ago the senior Senator from Michigan [Mr. VANDENBERG] placed in the CONGRESSIONAL RECORD a list of the numerous agencies of the various departments and establishments of the United States located in some of the foreign capitals. He did not list all of them. It is a significant fact that each one of those separate activities in foreign capitals has its own disbursing officer, though he may and frequently does perform other duties. However, this does not overcome the duplication in expense for handling separate accounts on the books of the Treasury Department, in the General Accounting Office, and in the departments.

Mr. President, we actually have more clerks in the various departments and establishments of the Government engaged in so-called "administrative examination" of these accounts before they are transmitted to the General Accounting Office for audit and settlement in accordance with law than we had in the entire Government for the first 60 years of its existence! As a matter of fact, there was a period of nearly 50 years in our history—from 1817 to 1865—when we had no such administrative examinations of accounts. I am not going into the merits of an administrative examination of the accounts, except to invite attention to a statement made by Amos Kendall in 1835, when he was Postmaster General, which was recently quoted by former Senator and now Circuit Judge Kenyon, of the Eighth Circuit Court of Appeals, in one of his opinions in the *Lambert Lumber Co. case* to the effect that the checking of accounts by subordinates of the head of a department making the expenditures was worthless for the purpose of preventing illegal and unwise expenditures.

Aside from this tremendous duplication of expense which will be saved under the reorganization order by the substitution of one or two disbursing officers with their assistants, where we now have dozens in the larger cities, a much greater object will be gained. It will no longer be possible for a spending agency of the Government to incur obligations not in accordance with law and the terms of the appropriations and then force its subordinate to draw money from the Treasury to pay such obligation on pain of dismissal from the service or denial of earned promotion. We should not now be confronted with bills for the relief of disbursing officers when they have made illegal or erroneous disbursements of Federal funds. The Comptroller General has recommended such a reform each year for about 10 years, and he has pointed out in his annual reports to the Congress that practically every year he had collected erroneous payments made by disbursing officers substantially equal to the expenses of his office and that there were many other such expenditures which he could not collect because the people who received them were dead, out of business, had become bankrupt, and for other similar reasons.

It is to be expected that the Treasury Department disbursing officers will make no such payments. The contracting agencies of the Government will have to show them before the payment is made that the obligation was legally incurred, and some purpose will now be served by the laborious activities of the Congress in placing restrictions and directions in the law for the expenditure of public money. In my judgment this represents a real constructive reorganization along needed unifunctional lines. Incidentally, I may say that the senior Senator from Utah [Mr. KING] introduced at the last session of the Congress a bill to make such a reorganization of the disbursing services of the Government; that hearings were held on the bill by the Appropriations Committee of the Senate; that the principle thereof was endorsed by the then Republican Secretary of the Treasury, by the Director of the Budget, by the present Comptroller General, and by the present Administrator of Veterans' Affairs. It has now been endorsed by the Democratic administration, and is in no sense a partisan matter.

Again, the President proposes in the order to consolidate the now scattered agencies engaged in the defense of suits against the United States and in the prosecution of suits on behalf of the United States. Possibly many Members of this body, as well as numerous people outside, may be under the belief that all along such activity was in the Department of Justice by virtue of the terms of the 1870 act establishing that Department.

I confess that I thought so, too, until I had studied the matter rather carefully and found that as the result of subsequent statutes this was not true in all cases. For instance, in the matter of tax claims for and against the Government we have attorneys in the office of the General Counsel of the Bureau of Internal Revenue engaged in the trial of cases for and against the Government in the district courts of the United States and before the Board of Tax Appeals; we have the Bureau for Defense of Suits against the United States in the Department of Justice engaged in the defense of such suits in the Court of Claims; and we have another bureau in the Department of Justice, formerly under Mrs. Willebrandt and more lately under Mr. Youngquist, engaged in defending before the various circuit courts of appeal and the Court of Appeals of the District of Columbia the appeals from the Board of Tax Appeals, and, of course, we have the Solicitor General conducting such cases in the Supreme Court of the United States. In addition, we have the attorneys of the Bureau of Internal Revenue defending mandamus and injunction proceedings in the courts of the District of Columbia against the officials of the Bureau of Internal Revenue.

Is there any wonder that there are many conflicting decisions in the courts in internal-revenue cases and that the overhead expenses for attorneys are tremendous in the collection of the revenue? There ought to be but one directing head as to all such litigation, in the interest of uniformity in the presentation of issues to the courts, in the interest of efficiency in the presentation of such issues, and in the interest of economy in expenditures for salaries and expenses of attorneys. As a matter of fact, there should be reforms in the judicial procedure for the presentation of such cases.

What is true of internal-revenue cases is in a large measure true of the vast volume of litigation with the veterans concerning their war-risk-insurance policies, which is now divided between the Veterans' Administration and the Department of Justice, and in numerous other fields which I need not stop to mention. Furthermore, a mistake was made in 1870 in the creation of the Department of Justice by the transfer to that Department of the solicitors of the various departments. This mistake has been corrected from time to time as to all of the solicitors except the Solicitors of the Treasury, Commerce, and Labor. This order corrects it as to these three remaining solicitors, nominally under the Department of Justice but actually appointed on the recommendation of the heads of the departments concerned and performing work for such departments. The court work of the Solicitor of the Treasury, the only one of the three who has any such work, has been retained in the Department of Justice, where it properly belongs.

Then, too, this order places under the Department of Justice the insular courts for the Virgin Islands and for the Panama Canal Zone, as well as the district court for China. There is no more reason why the Virgin Island court should be under the Department of the Interior, the Panama Canal Zone court under the War Department, and the district court for China under the State Department, than there is that the district courts of the United States should be under those departments. Why should not these courts be under the Department of Justice for administrative purposes along with the district, circuit, and other Federal courts of the United States and the district courts for Puerto Rico, Alaska, Hawaii? Probably the President overlooked the United States court for Guam, which should have been included.

There probably can be no objection of any merit on the part of anyone to placing these courts under the Department of Justice for administrative purposes along with the other courts which have been there since their establishment, or since the establishment of the Department of Justice, nor to the retransfer to the departments concerned of the three solicitors who have continued to remain administratively a part of the Department of Justice while actually a part of the departmental machinery to which attached. There should be no sound objections to the consolidation in the Department of Justice of the litigation work now performed by the Bureau of Internal Revenue, the Veterans' Administration, and other administrative agencies of the Government, though here again I think the President should have consolidated with the internal-revenue litigation the customs litigation, which is now under a separate assistant attorney general with offices in New York City. However, that is a detail that can be added later if there be no sound objection to it.

Another major consolidation of great importance made in the order is the consolidation of purchasing agencies of the several departments of the Government under a procurement division in the Treasury Department. We have tried this for a number of years on a limited scale with the general supply committee of that Department, which has purchased office supplies, and so forth, common to two or more departments for the entire Government service here in Washington and for such of the field services of the various departments as voluntarily availed themselves of such facilities. This general supply committee system has worked well, but unfortunately it has not worked uniformly. The Treasury Department, notwithstanding it had the general supply committee, built up over a course of years its own supply division. The Departments of Agriculture, Interior, and some of the other departments, including the Department of Commerce, did the same thing, with the result that in many cases these supply divisions of the various departments making purchases on behalf of their particular department exceeded in size and expense for personnel the general supply committee itself. A number of these supply divisions of

the respective departments are now located in the new Federal warehouse alongside of the general supply committee.

The reorganization order not only proposes to consolidate these purchasing activities but to enlarge them by compulsorily including the field services of the various departments and independent establishments. Not only will this eliminate the tremendous duplication of overhead for personnel but it will tend toward uniformity where uniformity is possible and will prevent various purchasing officers of various departments competing in the market with each other. We had to have a similar consolidation during the World War for the War and Navy Departments under the War Industries Board, and it was found highly desirable, but as soon as the pressure of the war disappeared these departments reverted to their prior procedure. As a matter of fact, a number of the departments have built up and maintained separate contracting and purchasing agencies for their separate bureaus.

Shall we continue with the existing system or lack of system? Shall one department of the Government continue to reject the low bid for the delivery of automobiles, for instance, because the spare tire is mounted on the back of the car instead of being mounted on the fender, while another rejects the low bid because the spare tire is mounted on the fender instead of being mounted at the rear? This has actually happened. Shall we have one department refusing to accept the low bid for the delivery of the same kind of refrigerators as are in use in the White House because they are not good enough for that particular service? Shall specifications continue to be drafted so restrictive of competition that only one manufacturer of shingles can meet them and thus secure all of the business of that particular service, to the loud complaint of, and discrimination against, other manufacturers of shingles?

All these things and many others have happened under the existing lack of coordination and consolidation in the purchasing on behalf of the Government. The President will make it possible to build up a purchasing system for the entire Federal Government comparable to the purchasing systems in use by such well-managed industries as the Ford Motor Co., American Tobacco Co., and so forth. Instead of being condemned for doing those things, he ought to be highly commended, and I do commend him.

These three major consolidations, unification of the disbursing system under the Treasury Department, unification of the purchasing system under the same department where it was in the days of Alexander Hamilton as the result of experience during the War for Independence, and the unification of the litigation in the courts under the Department of Justice, as concerns the now outstanding exceptions of internal-revenue cases and Veterans' Administration cases, represent real accomplishments along unifunctional lines. These are no mere shiftings of bureaus within departments; they follow the procedure of any well-managed industry of placing like duties under one head even though they may serve a number of different divisions of that industry. Too long have the different departments and establishments of the Government refused to cooperate with each other and have conducted themselves in some instances as if they belonged to different governments instead of different divisions of the same executive branch of the same government, and all charged with the performance of their duties as efficiently as possible with the least expense to the taxpayers of this country. These departments will begin to realize this fact under these three major consolidations.

The other consolidations and eliminations are of minor character. In my judgment, all of them are desirable and necessary in the interest of economy and efficiency. I hope that the President will add to the activities of the Federal Board for Vocational Education, transferred to the Interior Department, certain other vocational activities of the Federal Government, such as the Bureau of Home Economics of the Department of Agriculture, the Children's Bureau of the Department of Labor, and similar educational work. He has time to do this, and these matters will doubtless be given consideration before we return in January. The United States Shipping Board should have been abolished years ago and its duties transferred to the Department of Commerce. This board, with its Merchant Fleet Corporation, has been the cause of great losses of public funds.

I am exceedingly well pleased with what the President has done in this reorganization order. True, it is only a beginning, but it is a real beginning.

I might say, however, Mr. President, that I am in entire accord with the resolution offered by the Senator from Idaho [Mr. BORAH] relating to vocational education and similar matters. I think it would probably be unwise to make the very great cut proposed in those appropriations before giving the matter further consideration, as some of the States have already made their plans and those plans would be very seriously interfered with if there should be such a great cut at this time. I think it might well be deferred until Congress shall meet next January, when we can give to the matter further consideration.

I am usually for cutting expenses, but it seems that every time we cut expenses in one place we increase them somewhere else, with the result that when Congress adjourns each time we have larger appropriations than we had at the beginning of the session. I think that has been true for a number of years, and we will have to find some way to remedy that situation. We cannot retain various departments, bureaus, and establishments without making the necessary appropriations to carry them on. Some day I hope a Congress or some President or someone having authority will awaken to the idea that the only way to bring about economy is to start—and that we cannot do it by moving one activity over to another place or just shifting things around.

It seems to me that in the condition in which the Government is at the present time we ought to do something that will bring some real relief. I think if we would abolish the Department of Commerce, and the Department of Agriculture, and the Department of Labor, and a number of other establishments, departments, and bureaus—absolutely abolish them—and say they are at an end, at this time, because we do not have the money with which to pay for carrying on their business—if we could do that, I believe the people of the United States of America would lift their heads and say that at last they had a competent administration and that it was going to do something. I said last winter that the departments of the Government and governmental establishments and bureaus were Frankensteins; that they could not be killed off; and so far there has been very little done along that line. I think the reorganization order of the President is a step in the right direction, and yet it is rather a short step.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Kentucky yield to the Senator from Utah?

Mr. LOGAN. I yield.

Mr. KING. Recalling the last statement of the Senator, in view of the promise which the Democratic Party has made that there would be effective reorganization and drastic economies, does he think that a proposal which contemplates a saving of only $25,000,000 meets the platform pledges and promises of the Democratic Party?

Mr. LOGAN. I said it was a step in the right direction but a very short step. I said more than a year ago—in fact, a year ago last February, I believe—that the expenses of government could be reduced 25 percent, and that the saving as a result thereof would amount to a billion dollars. It can be done, but it cannot be done by reducing expenditures $25,000,000 and increasing them $100,000,000 in some other direction. It seems to me we are making so many appropriations now that all of our talk about balancing the Budget and offering it as an excuse for many of the things we have done is without any real substance. We are not balancing the Budget. We appropriate money every day that we stay here. We are appropriating money without any

hope of raising the necessary revenue to repay. We have no money. The resources of the Government are dried up, the revenues of the Government are drying up, and still we go on in a wild orgy of making appropriations day after day, hoping probably that something will happen and that business will be restored. We cannot restore business that way. We cannot bring back any degree or any very great degree of prosperity by attempting to pay for it with money that we appropriate out of the Treasury of the United States. It simply cannot be done.

All of our great public-building program will probably result in our building many things and spending billions of dollars for things for which we have no need at all, and as soon as it is over we will be right back where we were. We are teaching the people to lean on the Government. We are going to help them in every way. We are going to give them money out of the Treasury. They have leaned so long that they have forgotten how to stand on their own legs. I wish we could do something that would make the people understand that there cannot be happiness or prosperity until men learn to stand on their own feet and fight their own battles.

We are changing our form of government from what it was in the days of the fathers to something that we know not what it is. We are trying to do something which has never been done in any nation in the world. I believe it was old Job who propounded the question, "If a man die, shall he live again?" No one seems to know; but there is one thing we do know, and that is that when a nation dies it never lives again as the same nation.

We have reached the point where the situation seems to be rather desperate, and now we are attempting to move off of the old foundation and leave the Constitution entirely out of consideration, to forget all about State lines, to forget all about individual effort and the rights of individuals, and to have a great supergovernment located in Washington.

We are going to take over rents here in the District of Columbia and regulate them. It is said we have a right to do it, because the Federal Government has exclusive control over the District of Columbia. If the Federal Government had exclusive control over the District of Columbia, it should have said to men, "You cannot acquire property here unless there are certain provisions in the contract which will allow us to regulate the rent." But they have been allowed to acquire property without reservation, and how are we going to regulate their income, because when we take their income we take their property.

Mr. President, I have said more than I intended to say. I do not know where we are going. I do not know where the end will be. There is danger ahead, and danger signals are all along the way. It is very easy to sit here in Washington and say everything is all right because people tell us everything is all right. There is very little improvement in conditions. Whether that improvement will continue or whether we will sink deeper into the gloom no man can say at this time. We are hoping that something may be accomplished which will make the people lift their heads and look their fellow men in the face and go out and fight again. The individual citizen has quit fighting.

I think all honor should be accorded the President of the United States for the fight he is making, but he can accomplish nothing unless something can be done that will make men fight as they fought in the old days—fight for the property they build, fight for liberty and the right to happiness, to stand up and fight for it, and not go running to a government somewhere, the Federal Government or the State legislature, and say, "I am helpless, I am in need, I am in want, and you must give me something." It would be better to let them perish than that they should continue a policy of that kind.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 554. An act providing for the per capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury;

S. 1650. An act amending section 74 of the Judicial Code, as amended (U.S.C., Annotated, title 28, sec. 147);

S. 1813. An act providing for the sale to Joe Graham Post, No. 119, American Legion, of the lands lying within the Ship Island Military Reservation in the State of Mississippi;

S. 1872. An act to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport road between Jefferson and Cocke Counties, Tenn.;

H.R. 5091. An act to amend section 289 of the Criminal Code; and

H.R. 5661. An act to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

SUGAR TARIFFS AND BOUNTIES

Mr. COSTIGAN. Mr. President, for years Mr. H. E. Miles, the capable and widely respected chairman of the Fair Tariff League, has urged intelligence and integrity in tariff making. He has never failed to recognize that effective tariffs are essentially equivalent to cash bounties. From time to time in published articles he has stressed certain advantages to producers and the public of cash bounties over tariff bounties. At this hour, when our farm relief bill contains provisions for cash bounties on basic agricultural commodities, it is particularly appropriate to make available, and I therefore ask leave to have printed in the RECORD, a recent article by Mr. Miles in which he discusses conclusions he has reached on American tariffs and bounties on sugar.

The article is as follows:

OUR "11-TO-1" SUGAR TARIFF—CONSUMERS ARE TAXED $291,000,000 TO GET $27,815,000 OF TARIFF PROTECTION TO HOME GROWERS—$11 OF TAX TO $1 OF PROTECTION—EVERY ONE HURT EXCEPT THE ISLANDS UNDER OUR SOVEREIGNTY THAT ARE DOUBLY BENEFITED—A 4-TO-1 TARIFF AND BONUS WOULD INCREASE GROWERS' PRICES 60 PERCENT; SAVE CONSUMERS $100,000,000; CHECK EXCESSIVE FREE IMPORTS; AND SAVE CUBA AS PRESENT CONDITIONS REQUIRE

By H. E. Miles, chairman Fair Tariff League

A highly dependable statistical agency has recently prophesied that the Tariff Commission will recommend a reduction of one half cent per pound on Cuban raw; that is, to a tariff against Cuba of 1½ cents.

This would be simple justice to Cuba and to consumers, who would save some $73,000,000. However, it would not, probably, in the least affect the heart of the problem, the approaching destruction of our home growers through the increasing imports from the islands. It would only moderate the islands' profits.

Quotas for the Philippines and Cuba will not help, because they would give a "scarcity" monopoly to home growers and their refiners on one fifth of our consumption for which western refiners would charge the highest prices they dared. With this domestic monopoly the refiners of imported sugar (now under investigation by the Department of Justice for price fixing) would naturally conspire, with a huge increase in the price of imported sugar.

Only governmental control and fixing of prices could prevent, and this is not contemplated, unless, perchance, through the new powers of the Secretary of Agriculture.

Meantime Cuba is ruined, beggared, and in revolution, with armed guards in every passenger car. Our home growers are almost as badly off. The islands are prospering out of proportion.

Some of our growers' best friends are in fear of free sugar, because the growers offer no solution, as 22 of their friends in the Senate did in 1930 when they tried to get a combination of a duty plus a bonus to continental growers.

Is it not unfair that the present tariff requires our consumers to give the islands twice the protection they need? An unwarranted grant to the islands is a blow to home producers. It is encouraging a strong man to destroy a weak one. No one cares what this duty is if it is just to all concerned. I only emphasize that the lower it is, if just, the better for everyone in the States, and every penny of the bounty goes into a farmer's pocket.

For example, with a 1-cent tariff American growers would get one half of it, or, on the basis of 1931–32 production	$13,907,000
In addition a bonus of 1½ cents per pound, sugar content	31,723,000
Total bonus plus tariff	45,630,000
Present gain to growers from the tariff	27,815,500

Can you imagine better fortune? It would increase the price of beets 60 percent. It would please consumers by a saving of

$100,000,000. It would check the Philippines decidedly, while leaving them prosperous. It would save Cuba and increase her import duties to about twice what would be required to pay the bounties. Who could complain? Contrast this with the present situation as disclosed in the following tables.

With the price of raw sugar in New York Harbor subject to duty, June 15, 1932, 1.335 cents, or 47 percent above the 1932 average, it might be difficult to justify a 1½-cent bonus to some people, because this 47-percent increase applies to beets and is a big total. If the bonus were only 1¼ cents, it would give growers $40,000,000, or only $5,300,000 less than a 1½-cent bonus, and their income, including the increased international price, would be greater than the $45,630,000 above estimated.

Note that an increase of one-fourth cent per pound, $7,946,000, in a direct bonus to home producers would cost consumers only $6,300,000, while the same increase through a customs tariff would cost consumers $63,000,000, because it would apply to all imports.

Change the figures, if you will, and you won't materially change the results. The above figures will give domestic growers decidedly more than the present tariff plus their possible gain under the new law that enables the Secretary of Agriculture to lift 1932 prices to 1926. On the other hand, to lift them in this way under the present tariff—i. e., from 92 cents raw in New York in 1932 to $2.59 in 1926—would cost consumers some $241,000,000, and four fifths or more of the new levy would be sent overseas. Of this $241,000,000 home growers would get only $22,000,000.

Adding this new tax to the present tariff would make consumers pay sugar taxes of approximately $532,000,000 to get $47,000,000 to continental growers. How long would they stand for this?

The bonus would not increase consumers' prices, as Alexander Hamilton insistently proclaimed in preferring bonuses to protective duties. The bonus method costs exceedingly little compared to the tariff method, especially on sugar.

Surely Congress will no longer fear the word "bonus" now that it is indirectly about to give billions as a bonus to farmers (without using the word, however) and is about to do the same for manufacturers and wage earners.

The present sugar tariff—Profit and loss to States and Nation

(Basis: Average price, 1932, Cuban raw, 92 cents per 100 pounds in New York subject to duty, and 80 cents in Cuba)

Value of United States crop, international basis:	
Beets	$22,719,000
Cane	2,871,000
Total, beets and cane	25,590,000
Tariff bonus to United States:	
Beet growers [1]	24,695,000
Cane growers	3,120,500
Total to United States growers	27,815,500
Tariff bonus to island possessions, for private use	116,000,000

Bonus to islands is four times greater than to home growers and increasing twelve to fifteen millions annually, with slight increase to home growers.

Tariff revenue to Government, for public use, $73,176,000.

Tariff revenue to Government decreasing about fifteen millions annually.

Cost of tariff to consumers, $291,000,000.

The sugar tariff—Profit and loss to sugar-growing States

[Figures in thousands of dollars; 000 omitted]

Sugar-producing States	Value of crop	Cost of tariff		Tariff bonus to growers 1 cent per pound	Percentage of tillable land in beets
		To State as consumer	To farmers as consumers		
	(1)	(2)	(3)	(4)	(5)
Mountain States [a]	15,752	9,636	3,385	17,122	1.04
7 States east of Missouri River and Washington [b]	3,675	55,067	13,888	3,995	(c)
California	3,292	13,247	1,448	3,578	1.07
Total, beets	22,719	77,950	18,721	24,695	.78
Cane, Louisiana	2,871	4,904	1,938	3,120	.36
Total, beets and cane	[d] 25,590	82,854	20,659	27,815	

[a] Colorado, Utah, Idaho, Wyoming, Montana, and northwestern Nebraska.

[b] Michigan, Ohio, Iowa, Minnesota, Wisconsin, Kansas, South Dakota, and Washington. Michigan produces 43 percent of all the sugar beets in this area, value, international basis, $1,595,000 in 1932. The other States produce so little that they are not shown separately, but as "Other States", value of crop $2,080,000.

[c] Michigan slightly over one fourth of 1 acre per 100 acres of tillable land. The average per farm growing sugar has been said to be about 3 acres. The average acreage per farm growing sugar in the other States is negligible. For instance, in Ohio, the second greatest producer, in 1929, only 1 acre in 600 of the crop lands was in beets. Among the larger producers, 4 farms on a total of 27 acres raised 208 tons. 2 farms on a total of 1 acre raised 9 tons. The tariff bonus costs the States in this group $43,768,000. It cost the farmers $12,063,000. The value of the crop, international basis, was $2,080,000.

[d] This was the value, international basis, at Atlantic and Gulf ports. To get it grown in the United States consumers were taxed $291,000,000.

[1] The growers get one half the tariff and the refiners one half.

All the sugar grown in the United States in the form of sugar beets and sugarcane in the crop year 1931–32 could have been bought, delivered in Atlantic and Gulf ports in the form of raw sugar, for $25,590,000.

Great quantities were so bought from Cuba, delivered in New York, with unlimited offerings. The average price for the year was 92 cents per 100 pounds. This netted the producers in Cuba 80 cents per 100 pounds. The tariff tax of 2 cents per pound equaled 250 percent. (For about 30 days it was over 400 percent.)

The tariff brought into the Federal Treasury $73,176,000. It costs American consumers $291,000,000.

It costs this huge sum because the buyers of Cuban sugar had to pay the tariff of 2 cents per pound (which was, of course, added to consumers' prices), and the producers of duty-free sugar at home and in our island possessions added the 2-cent tariff to their prices because they had only to meet Cuban competition. The Cubans, for instance, sold in New York for 92 cents per 100 pounds subject to the duty. The islands sold for $2.92 and pocketed the difference. Home producers did likewise.

For each dollar of sugar tax or bonus that went to home producers, about $5 went overseas, because, as commonly estimated, and in the average year, five sixths of our requirements comes from overseas.

From the standpoint of protection, the $291,000,000 of tariff tax or bonus paid by sugar consumers was simply to get $25,590,000 worth of sugar grown in the United States.

For each $1 worth grown in the United States, at the international price, consumers paid a bonus of $11 and paid for the sugar besides; that is, they paid a bonus of $291,000,000 to get $25,590,000 of sugar grown here, and paid also the $25,590,000 for the sugar. This when 40 years' experience has resulted in a relatively negligible production and at a profit to home growers little if any better in ordinary years than from other crops that got no considerable bonus from the public.

Prices were low in 1932, but so were production costs, because of reduced wages, etc.; also, the grower's share in the profits of refining, and east of the Mississippi many factories were in the hands of creditors' committees or receivers that operated them upon payment of little more than running expenses.

Profits in 1932 were greater somewhat than on other crops that got no substantial benefit from the tariff and suffered shrinkages from every quarter, particularly because their export markets were mostly closed and the home market glutted. The sugar growers, on the contrary, sell only in the States with an unlimited market and the sugar bounty their main dependence. Not only did the bounty not shrink but it was worth more in purchasing power by about 30 percent. Note also that it was about 30 percent harder for consumers to pay than in prosperous years.

HIGHER PRICES

Higher prices will not help from the national standpoint, nor will they help growers materially.

With the country off the gold standard and Congress enacting inflationary and farm-relief measures to raise prices greatly, raw sugar advanced in New York April 21 to $1.25 per 100 pounds. This may seem good to sugar growers, but the prices of all their purchases and their costs of production must rise proportionately, as they should. Also, in particular, the prices of all major crops rose proportionately. Wheat rose in New York from 52⅝ cents January 3 to over 90 cents, or 45 percent; corn from 38½ cents March 2 to 51¼ cents April 20, or 30 percent; cotton from 5.9 cents February 1 to 7½ cents, or 27 percent.

From the standpoint of the national economy there is a great difference between the rise in sugar prices and in these other crops.

The sugar increase will give farmers gross only one half of an extra $9,000,000 in sugar prices, with the other half going to refiners who should not receive half. And to get the $4,500,000 of gross increase to our growers (to be dissipated in higher costs), our consumers must pay about $45,000,000 and must send the difference overseas.

Surely this does not better conditions materially, nor American farmers generally, who (on a per capita basis) pay one fourth of the sugar bonus at a cost of seventy-three millions.

In sharp contrast to this situation, every dollar of price increase on wheat, cotton, corn, pork products, and the like goes directly to American farmers, with no accompanying bonus tax of consequence, and with hundreds of millions of dollars coming from abroad from the increase in prices on our exports.

Surely with all of the special assistance that the Government is now to give our farmers to increase prices of all major crops, our sugar growers will yield to the public interest to the extent of shifting, if need be, their less profitable sugar lands to other crops that will pay substantially as well.

A better solution would be such a revision of the sugar tariff as 22 Senators tried to get in 1930, a revision calculated to save consumers $100,000,000 annually and increase growers' prices 60 percent, as suggested above.

Distribution of the 1932 sugar tax of $291,000,000

Beet growers	$24,695,000
Cane growers	3,120,000
Total beet and cane	27,815,000
Refiners of above	27,815,000
Philippines	40,000,000

Distribution of the 1932 sugar tax of $291,000,000—Continued

Puerto Rico	$35,000,000
Hawaii	40,837,000
Virgin Islands (estimated)	400,000
Total to islands $116,615,000, increasing rapidly, 46 percent in 2 years.	
Duties on imports	73,176,000
Minor adjustments	4,957,000
Total consumers' tax, raw basis	250,000,000
Pyramiding in manufactures of sweetened foodstuffs [1]	41,000,000
Total sugar tax	291,000,000

It is to the consequence shown above that the American public has paid a tariff tax of about $291,000,000 annually and possibly $3,000,000,000 since 1890, when sugar beets were first cultivated under a bonus of 2 cents a pound in the McKinley tariff. And acreage has not increased much in many years.

The table tells only part of the story. The bonus to home growers has increased only some $3,000,000 since 1923, since which time it has risen from $40,000,000 to the islands to $116,000,000 in 1932, with tremendous increases each year and no let-up, because the islands can produce about as cheaply as Cuba and there is enough unused land in the Philippines to meet all our requirements.

On the other hand, our tariff has brought Cuba to the verge of anarchy and revolution and our Government wondering if it must not intervene.

Sugar revenue and Cuba—Revenue collected

1926	$145,000,000
1927	130,000,000
1928	118,000,000
1931	98,473,000
1932	73,176,000

Had the present tariff been as low as in 1926–28, the revenue would have been eighty-six millions in 1931 and sixty-four millions in 1932. Thus corrected, the table shows how fast revenue is declining and the islands are replacing Cuba in our market.

The decline in revenue may be halted in 1933 because of a pest of locusts in the Philippines. The table indicates a decline to around $55,000,000 in the next good year and nothing 5 to 7 years hence.

One fourth of our entire tariff revenue used to come from sugar. Now it is rapidly vanishing, as those who are most interested in the home industry, and all informed persons said it would when the tariff was raised in 1930.

The loss in revenue measures Cuba's loss in our market, and the increase in production in the islands. Meantime, Cuba sells at great sacrifice and the islands at great profit. Despite Cuba's sacrifice, she has lost considerably more than half her trade with us in 6 years. Meantime, home producers relatively have been at about a standstill, without much profit and bemoaning their early extinction.

Whatever is the amount of the Government's revenue from sugar, it is properly an offset to the consumers tax of two hundred and ninety-one millions because the duty is used for public benefit. It has not been offset in calculations here presented because its future is so uncertain that the reader can as well make his own allowances.

OUR ISLAND POSSESSIONS

The rapidity with which the islands are gaining control of our markets is shown by the increase in production in the Philippines in the last 2 years, from 782,322 tons of refined sugar in 1930–31 to 982,776 tons in 1931–32, and 1,100,000 (estimated) in 1932–33 despite a pest of locusts. It was to meet this development that Congress increased the tariff from 1.76 cents to 2 cents in the present tariff.

The cost of production is believed to be almost as low in the Philippines as in Cuba. Soil, climate, and some other conditions are ordinarily much the same.

If costs are higher somewhat in Hawaii and Puerto Rico, it is partly because profits have been so great as to bring into cultivation marginal lands and, in Hawaii, the tunneling of mountains, etc., to bring in inaccessible areas.

It is under these conditions and the bounty of Congress that Cuba sold in New York for 92 cents per 100 pounds (80 cents in Cuba) and the islands at $2.92 because their sugar was duty free. They could have cut their price 50 cents, to $2.42 at good profit and killed Cuba because she could not sell at 42 cents in New York and 30 cents in Cuba.

[1] One sixth of our sugar is used in the manufacture of confectionery, preserves, sweetened breadstuffs, etc. The manufacturers of these add 25 percent or more to all their costs in making their sales prices. Then wholesalers add 20 percent or more; then retailers 50 percent or more. This pyramiding of prices is here estimated at the minimum of 100 percent total. It is somewhat indicated by the difference between refined sugar at 4½ cents a pound and candy at 30 cents to $1 a pound at retail.

The sugar tariff—Profit and loss to sugar-growing States

[Figures in thousands of dollars; 000 omitted]

Sugar-producing States	Value of crop, international basis (1)	Cost of tariff: To State as consumer (2)	Cost of tariff: To farmers as consumers (3)	Tariff bonus to growers 1 cent per pound [1] (4)	Percentage of tillable land in beets (5)
Nebraska	2,493	3,215	1,367	2,710	0.290
Colorado	7,315	2,417	660	7,951	2.670
Utah	1,528	1,185	270	1,661	3.270
Idaho	911	1,038	440	990	.840
Wyoming and Montana	3,505	1,781	648	3,810	.750
Total Mountain States	15,752	9,638	3,385	17,122	1.040
Michigan	1,595	11,299	1,825	1,734	.270
All others [2]	2,080	43,768	12,063	2,261	
Total east of Missouri River and Washington	3,675	55,067	13,888	3,995	
California	3,292	13,247	1,448	3,578	1.070
Total, beets	22,719	77,905	18,721	24,695	.078
Louisiana, cane	2,871	4,904	1,938	3,120	.360
Total, beets and cane	[3] 25,590	82,854	20,659	27,815	

[1] This tax or bonus is 2 cents per pound, raw basis. Domestic growers get one half and their refiners get one half.

[2] Ohio, Iowa, Minnesota, Wisconsin, Kansas, South Dakota, and Washington. Production is so small in these States that it is not shown separately by Willett & Gray or others. In Ohio, the largest producer, only 1 acre in 600 of crop lands was in beets in the prosperous year, 1929.

[3] This $25,590,000 is the total value of the American sugar crop at the price at which sugar was freely purchased at Atlantic and Gulf ports at the average price of 92 cents per 100 pounds, raw basis. It was grown because of the encouragement of a so-called "protective tariff rate" that cost consumers $291,000,000.

Sugar growing is of considerable consequence to some farmers in the Mountain States and in Michigan. No consequence elsewhere unless in Louisiana. It is grown because of a tariff bonus that costs consumers about $11 for each dollar's worth of sugar here grown and makes its growing a little more advantageous than the growing of other crops, in the judgment of a few farmers.

These farmers in the Mountain States and in Michigan grow considerable sugar, but many farmers in our best district, Colorado, won't grow sugar beets because they say that in no 10-year period since beet growing began in 1890 have beets paid as well as some other crops.

In all but 5 of the 15 States the farmers in each State have contributed more to the sugar bonus than the States' crop was worth at our seaboard. All told they contributed to the bonus $20,659,000, against a crop value of $25,590,000. The farmers of the Nation contributed $74,000,000.

The citizens in the sugar-growing States contributed nearly $83,000,000 to the bonus.

To the nonproducing States the sugar bonus is, of course, a complete loss. To Missouri, for instance, $8,470,000; to Illinois, $17,800,000; to New York, $29,000,000, or more than the total value of the crop; to New England, $19,000,000; to Philadelphia, $1,950,000; New York City, $7,000,000; Detroit, $1,567,000, and almost exactly the value of Michigan's crop, though the growers got more than twice this because of the bonus. The State of Michigan contributed $11,299,000 against her crop value at seaboard of $1,595,000. Chicago's loss was $3,400,000. The total loss of nonproducing States was $208,000,000, or seven times the value of the 1931–32 crop, international basis.

FOURTH DEFICIENCY APPROPRIATIONS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. FRAZIER. Mr. President, I should like to have a record vote on the adoption of the conference report. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bachman	Barbour	Bone
Ashurst	Bailey	Barkley	Borah
Austin	Bankhead	Black	Bratton

Brown	Erickson	Long	Sheppard
Bulkley	Fletcher	McAdoo	Shipstead
Bulow	Frazier	McCarran	Smith
Byrd	Glass	McGill	Steiwer
Byrnes	Goldsborough	McKellar	Stephens
Capper	Gore	McNary	Thomas, Okla.
Caraway	Hale	Metcalf	Thomas, Utah
Carey	Harrison	Murphy	Thompson
Clark	Hatfield	Neely	Townsend
Connally	Hayden	Norris	Trammell
Copeland	Hebert	Nye	Tydings
Costigan	Johnson	Overton	Vandenberg
Cutting	Kean	Pope	Van Nuys
Dale	Kendrick	Reed	Wagner
Davis	King	Reynolds	Walcott
Dickinson	La Follette	Robinson, Ark.	Walsh
Dieterich	Lewis	Robinson, Ind.	Wheeler
Dill	Logan	Russell	White
Duffy	Lonergan	Schall	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present. The question is on agreeing to the conference report.

Mr. FRAZIER. Mr. President, I simply desire to say that amendment numbered 9, which was stricken out by the conferees, provided that $300,000 out of the balance left over from the feed and seed loan fund might be expended by the Secretary of Agriculture in loans to counties for the eradication and control of grasshoppers.

In practically all of these counties which are infested by grasshoppers the farmers borrowed money through this same fund for seed, and gave mortgages on the crops. The amendment is a protection to the Government on the mortgages it has on these crops. It seems to me it is absolutely foolhardy to reject this loan from a business standpoint, especially in view of the fact that another amendment, numbered 14, in the same bill, put in the bill on the floor of the Senate, carrying $3,000,000 for the purpose of loaning money to cities which have had some disasters, is left in the bill.

Mr. President, I should like to have a yea-and-nay vote on this question. I believe that if it were put up to the House of Representatives they would pass it. It is true that last year they voted it down, but the conditions now are entirely different. The personnel of the House, too, is different from its personnel last year.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. FRAZIER. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. SHIPSTEAD. Mr. President, before the vote is taken I desire to say that I agree whole-heartedly with the statement made by the Senator from North Dakota [Mr. FRAZIER]. The importance of this matter cannot be overestimated for a great part of North and South Dakota and certain parts of Minnesota.

There is no need of making any extended argument on the subject. The arguments were presented to the conference committee and to the Senate before. This amendment should be retained in the bill.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER (Mr. COPELAND in the chair) laid before the Senate the action of the House of Representatives, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
June 14, 1933.

Resolved, That the House recede from its disagreement to the amendments of the Senate nos. 5, 6, 7, 13, and 14 to the bill (H.R. 6034) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, and concur therein.

That the House recede from its disagreement to the amendment of the Senate no. 2 to said bill, and concur therein with the following amendment: In lieu of the matter inserted by said amendment insert:

"Salaries: Eight privates at $1,620 per annum each, fiscal year 1934, $11,880; one half of such privates to be selected by the Sergeant at Arms of the Senate and one half by the Sergeant at Arms of the House."

Mr. BRATTON. I move that the Senate agree to the amendment of the House to Senate amendment no. 2.

The motion was agreed to.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, June 15, 1933, that committee presented to the President of the United States the following enrolled bills:

S. 554. An act providing for the per capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury;

S. 1650. An act amending section 74 of the Judicial Code, as amended (U.S.C., Annotated, title 28, sec. 147);

S. 1813. An act providing for the sale to Joe Graham Post, No. 119, American Legion, of the lands lying within the Ship Island Military Reservation in the State of Mississippi; and

S. 1872. An act to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport road between Jefferson and Cocke Counties, Tenn.

THE WORK AND ACHIEVEMENTS OF SENATOR GLASS

Mr. BORAH. Mr. President, I ask unanimous consent to have printed in the RECORD two articles relating to the distinguished senior Senator from Virginia [Mr. GLASS], one appearing in the Christian Science Monitor and the other in the New York Herald Tribune. They seem to me worthy of a permanent place in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Christian Science Monitor]

WATCHING THE WORLD GO BY—CARTER GLASS—UNIQUE, ABLE, COMBATIVE, UNYIELDING

By Willis J. Abbot

Senator CARTER GLASS, who has been steadily tilting at Mr. Pecora and Senator COUZENS during the course of the Morgan investigation, is one of the most unusual and interesting men in the upper House of Congress. By profession a journalist, and the owner of two papers in Lynchburg, Va., his career since he was about 40 years of age has been mainly devoted to politics. He has served in his State senate, in the House of Representatives, in the United States Senate, and as Secretary of the Treasury during the Wilson administration. Not a college-bred man, he sports a Phi Beta Kappa key, doubtless conferred upon him as an honorary distinction, as are also his various degrees of LL.D. from Lafayette, Washington and Lee, and the University of North Carolina. Well along in his seventies the Senator is one of the hardest-working men in the upper Chamber, and the natural fires of his intellect, and I might even say of his combativeness, are in no way abated, for Senator GLASS is always willing to enter into the most vigorous personal controversies in support of the things he believes to be right.

So ardent, for example, is he in his antagonism to the methods being followed in the inquiry now in progress in Washington into the affairs of the Morgan concern that opponents have bestowed upon him the sneering title of "chief counsel for the defense." It just happens that his convictions as to the right of individuals to be protected in their privacy against mere sensational prying on the part of senatorial committees seemed to operate for the protection of the Morgan firm. But no man in public life in the past has advocated more financial reforms antagonistic to the entire Morgan policy than has CARTER GLASS. He has every right to be aggrieved by the effort of some to make him out as a mere defender of the bankers today, but in all probability is utterly indifferent to what is being said about him. There are few men in public life who care so little for publicity and so little for popular applause or criticism. As a result of this attitude of intellectual indifference he probably gets more of both than any man in the Senate, unless it be the spectacular HUEY LONG.

It was along about 1918, if I remember rightly, that I saw CARTER GLASS, at that time not very widely known, accomplish the most extraordinary conversion of a hostile audience to his point of view that I have ever witnessed or could possibly conceive of. It was in the big ballroom of the old Waldorf-Astoria. The occasion was the meeting of the New York Economic Club to discuss the plan of the Federal Reserve, which was then in its earlier stages, and bitterly opposed, as everyone recalls, by the whole banking community of the metropolis. Frank Vanderlip, then at the very height of his success as a banker, led the attack on the Federal Reserve plan. Senator Owen, of Oklahoma, himself a banker, and largely associated with the formulation of the Federal Reserve Act, was to lead in its advocacy, with GLASS as an assistant, and decidedly not a "headliner."

The audience, one of the most brilliant that I have ever seen gathered on such an occasion, was distinctly hostile to the Federal

Reserve plan. It was made up mainly of New York bankers, brokers, Wall Street people, together with their wives and members of their families. The great ballroom was crowded. Vanderlip, opening for the attack, was cheered to the echo. Senator Owen made, as he always used to make, a most scholarly and convincing speech. It was an admirable plea, adapted, one would say, to reach the consciousness of people trained in the intricacies of high finance. At its close he came into the box where I was sitting and told me that he had been asked to close the debate later.

But then GLASS got up. He looked then, as he always does, like a reasonably prosperous farmer, caring little about the fit of his clothes or his personal appearance. He began by questioning his own capacity to instruct or to influence so brilliant a representation of high finance as was before him. He spoke colloquially, in the vernacular, without the slightest effort at oratorical effect. His illustrations were racy of the soil. Anybody could comprehend what he was talking about. I do not think he had spoken 10 minutes before he had the audience eagerly listening to every word. In half an hour they were so thoroughly at his command that when his time expired they insisted that he should go on.

At the end of his speech there was practically a unanimous roar of approval and commendation. There was no need for Owen to close. Vanderlip himself admitted that the day was won for the Federal Reserve. Never in the long experience of attendance upon debates of this character have I seen so complete and absolute a victory won by an unpretentious champion and wrested from a hostile and unwilling audience.

His great success as the formulator and defender of the Federal Reserve Act perhaps created in the mind of the Senator a certain feeling of proprietorship of that admirable piece of legislation. It is he that always construes it, and denounces what he thinks to be the failure of those intrusted with its administration to act thoroughly in accord with its spirit. There is a feeling in the Senate, too, that no measure for banking or currency reform can possibly secure the influential adhesion of GLASS unless it originated with him. That feeling, and a certain acidity of comment when dealing with adversaries, have perhaps militated against his popularity in the body of which he has been so long a Member.

Men revere and admire rather than love him. He defers as little to his constituents as he does to his colleagues. When his keenly analytical mind has blocked out a course of conduct nothing can cause him to diverge from it.

Today his apparent position of defender of the Morgan firm is going to cost him heavily in popularity, but I do not believe he will give a thought to this. His mind is centered upon the course which he believes to be right, and no personal consideration will lead CARTER GLASS to swerve to one side or the other.

[From the New York Herald Tribune, May 28, 1933]

THE CARTER GLASS CURE—SENATOR GLASS, CHAMPION OF STABLE MONEY AND ADVOCATE OF THE COLD-WATER CURE FOR BOTH STOCK AND CURRENCY SPREES, BOLTED PARTY LEADERSHIP TO OPPOSE INFLATION AND WAS REPUDIATED; BUT HIS CREED WILL BE OFFERED TO THE WORLD AGAIN AT THE ECONOMIC PARLEY NEXT MONTH

By William Hard

CARTER GLASS, senior Senator from Virginia, has at this moment a unique importance because he is the most eminent embodiment of the resistance to those inflationary measures which characterize the national administration and which apparently will characterize also the approaching International Monetary and Economic Conference at London.

"Inflation" is a word of many meanings; but perhaps they can all be roughly and rudely compacted into the general statement that an inflated economic condition is one in which the economic process exhibits a corpulence or flatulence which subsequently usually requires it to resort to a "spa" for drinking the waters of liquidation and reduction.

The banquets which precede the visit to the "spa"—which is often disparagingly called "a depression"—have always been peculiarly obnoxious to CARTER GLASS. He detested them when he arrived in the Congress of the United States as a Member of the House of Representatives in 1902. He detested them in 1913, when, as Chairman of the Banking and Currency Committee of the House, he was highly influentially fixing the phrases and the meanings of the Federal Reserve Act. He detested them in 1929, when they had not yet filled their convivial consumers with any surfeit, any nausea. He detested them in 1932, when, because of that detestation, he crossed swords with President Hoover. He detests them now, when, for the same reason, he crosses swords with President Roosevelt.

Mr. GLASS is a Puritan. Mr. GLASS is a dry. Mr. GLASS is against all sprees, all flings, alcoholic or economic. Yet our virtues do, indeed, always permit us somewheres a compensatory outbreak. Mr. GLASS' flings are verbal.

His first memorable speech in Washington was in 1913 in a Democratic caucus of the House. The objective of the caucus was the formation of a united Democratic front for the support and passage of the Federal Reserve Act. Objections to the act had been voiced by the "right wing" of American thought in regions such as Wall Street. Objections to it had been voiced by the "left wing" of American thought in regions such as "the corner store" and "the bend of the creek."

Mr. GLASS has always found himself revolving rapidly on his heels to fight now the "magnates" and now the "hill billies." He fights the "magnates" because they want to manufacture money in the course of speculation. He fights the "hill billies" because they want to manufacture money in the course of legislation. He is a conservative in money matters against both the "right" and the "left", against both the so-called "best people" and the so-called "people." This habit of his, if it conduces to a certain loneliness, conduces also to a certain grandeur.

The oddness in him is that this grandeur is accompanied by a verbal vivacity which creates an effect as of quicksilver running about on an impenetrable stone surface. He is our own public man who is both granitic and mercurial.

In the Democratic caucus of the House in 1913 he spoke granitically for quite a while. He was unaccustomed to addressing his fellow Members. He had been among them for 11 years. He had not, however, spent those years talking. He had spent them studying, meditating. Now he talked rather ponderously, rather frigidly. It was only little by little that he gathered warmth. Gathering it, he became more emphatic, more emotional, more aggressive. Presently he had arrived at his natural pugnacity.

At that point one of his partisans in the caucus shouted:

"Give 'em hell, Carter."

Then came the first of Mr. GLASS' historic Washingtonian verbal flings.

"Hell?" said he. "Why use dynamite when insect powder will do?"

In that caucus Mr. GLASS definitely introduced himself to Washington in his double capacity as a cold-water cure for money madness and as a vial of vitriol for adding pain to the recovery.

A few days later, in the House itself, he again expounded the fundamental reason—as he conceived it—for the creation of the Federal Reserve System. He expounded it in the course of a vivid attack upon the "great bankers." He said:

"The whole fight of the great bankers is to drive us from our firm resolve in this bill to break down the artificial connection between the banking business of the country and the stock-speculative operations at the money centers. The Banking and Currency Committee of the House has gone to the very root of this gigantic evil. In this bill it proposes to cut the cancer out. The avowed purpose of this bill is to withdraw the reserve funds of the country from the congested money centers and to make them readily available for business uses. The great bankers, however, do not want existing arrangements disturbed. They desire to perpetuate a fictitious, unscientific system, sanctioned by law but condemned by experience—a system which everybody knows encourages and promotes the worst description of stock gambling."

Such was, and is, Mr. GLASS' conservatism—and radicalism. It opposes "stock gambling" by the urban speculator. It opposes currency gambling by the agrarian reformer. It opposes gambling, chance taking, blue-sky flying, extravagance, excess, inflation wherever—and in whatever form—it finds it.

The Senator may perhaps be excessive in his opposition to excess. What is here attempted is not a proof of his philosophy. It is a portrayal of it.

Obviously he did not invent this philosophy for current use. It has been his ever since his emergence—20 years ago—into national fame. It is now considerably overborne among us by a contrary philosophy. It remains nevertheless a vigorous struggler for survival. It thereupon deserves—both in itself and in consequence of Mr. GLASS' distinguished and determined advocacy of it—a respectful consideration.

The basic principle of this philosophy is wholly Jeffersonian. It embraces simplicities. It rejects artificialities. It especially rejects them when fostered by governments. It therefore shrinks from governmental nationalistic uprearings of altitudinous tariff duties.

Mr. GLASS' anti-speculation views and his anti-inflation views are nourished in the same Jeffersonian soil out of which he derived his early—and late—antitariff views. If, at the International Monetary and Economic Conference in London next month, there is an earnest effort by the Roosevelt administration to reduce the tariff duties of the world, Mr. GLASS will be among those most vehemently applauding.

However, he might thereupon say that people who are opposed to the governmental artificiality of class-serving tariff duties should—in pursuit of consistency and also in pursuit of the success of their own philosophy—oppose likewise all other governmental artificialities of similar intent and effect.

It is precisely there that Mr. GLASS represents a very steady adhesion to Jeffersonianism; and it is precisely there that many of his fellow Democrats represent a frequent departure from it.

Mr. GLASS expressed his opinion of them in characteristic language in 1926, when the first of the recent numerous bills for granting "relief" to farmers through direct or indirect governmental taxation of nonfarmers was under consideration in the Senate. He then said:

"The tariff robs the farmer, according to the doctrine which has been proclaimed from the Democratic side of the Chamber. Now we propose to let the farmer rob the beneficiaries of the tariff and, incidentally, rob everybody else. It is a dual system of robbery, united like the Siamese twins. The Democrat who subscribes himself to such a doctrine will presently find himself on the probation bench of the Republican Party, cushioned with the fleece of the wool schedule of the Republican Payne-Aldrich Tariff Law, bouncing on the springs of the Steel Trust, hat in hand, awaiting the time of his admission to the status of that type of zealot who always exceeds the original apostles of a gospel."

It is plain, then, that back of Mr. GLASS' views on money and banking—or harmoniously abreast of them—are his views on economics in general and on governmental functions in general. In

his Federal Reserve Act he was not aiming at governmental management of the economic process. He was aiming only at what might be called the establishment of governmental "law and order" in the money and banking field and at thus granting to the economic process a truer liberty, a safeguarded liberty, for the development of its own activities and its own destinies.

His present contentions in this national and international crisis must be studied in the light of his utterances in the period preceding the crisis. He then maintained that the Federal Reserve System was being used—improperly—for the artificial enlargement of speculative credit, for the artificial enlargement—that is—of an excrescence upon the natural economic process.

In the Senate, in the early part of 1929, when the speculative surge in Wall Street was at its crest, Mr. GLASS said:

"The high money rates in our money markets are such that not only are commercial enterprises and industrial businesses heavily taxed for their essential credits but even States and communities have been obliged to defer necessary public improvements because they cannot get accommodations at reasonable rates; and they cannot get them because the gamblers have run away with the money market in New York. By every influence—by threats and otherwise—that New York crowd has been trying to compel the Federal Reserve Board to raise its commercial rediscount rate. An outstanding director of the New York Federal Reserve Bank—the president of the largest bank in the Western Hemisphere—defied the board and publicly avowed that his obligations to the stock gamblers were superior to his obligations as a sworn officer of the Federal Reserve System. The Federal Reserve Board should have kicked that fellow out of his position before noon of the day upon which he made that announcement."

In other words, Mr. GLASS saw in the speculative credit inflation of 1929 the inherent peril of that moment of pompous prosperity. He saw it as a cause of evil. He lived to see certain other varieties of credit inflation recommended as remedies for evil.

He proceeded—during the depression—to make some concessions to such recommendations. He made concessions in—for instance—the Glass-Steagall law and the Glass-Borah rider to the home-loan bank law. He again made concessions in supporting the Reconstruction Finance Corporation law. In those measures—put together—there were deliberately intended governmental expansions of credit and of currency, outstripping all normal expansions based on full gold reserves and produced by business activities. Mr. GLASS denounced and derided a great many of the methods thus undertaken, but he gave them at times the sanction of his vote, and even of his name, out of a spirit of tolerant cooperation with experiments overwhelmingly demanded. It was perhaps in recollection of those days that he whimsically—and amid the amused astonishment of his fellow Senators—remarked last month on the Senate floor:

"I do not want to be obstinate. People think I am obstinate and dictatorial, but I am not. I am the most amiable member of the Banking and Currency Committee."

In any case—amiably or otherwise—Mr. GLASS in the course of the depression proceeded also to write his new Federal Reserve reform bill and to prepare himself to write the money-and-banking clauses of the Democratic national platform of 1932.

In his Federal Reserve reform bill he proposed, and proposes, to inflict almost violently drastic punishments upon any "undue" diversion of Federal Reserve credit into speculative channels. The latest edition of the bill states:

"Each Federal Reserve bank shall keep itself informed of the general character of the loans of its member banks with a view to ascertaining whether undue use is being made of bank credit for the speculative carrying of, or trading in, securities or commodities. The chairman of the Federal Reserve bank shall report to the Federal Reserve Board any such undue use of bank credit by any member bank. Whenever, in the judgment of the Federal Reserve Board, any member bank is making such undue use of bank credit, the Board may, in its discretion, suspend such bank from the use of the credit facilities of the Federal Reserve System."

Such was, and is, Mr. GLASS' attitude toward credit. He expressed it further—and also expressed his attitude toward currency—in certain famous clauses of the Democratic national platform of last year. Those clauses were:

"We advocate further restriction of Federal Reserve banks in permitting the use of Federal Reserve facilities for speculative purposes. * * * We advocate a sound currency to be preserved at all hazards."

Thus established as the accepted monetary Mentor and Nestor of the Democratic Party, Mr. GLASS authoritatively—on November 1, 1932—pronounced the last campaign's most resolute and resonant attack upon the monetary policies and assertions of the Hoover administration. Among other things, Mr. GLASS said:

"The newspapers report that Secretary Hurley of the War Department has openly proclaimed from the public rostrum that should the Democratic Party succeed at the November election, 'the United States will be driven off the gold standard.' For the sake of decency it must be hoped that Mr. Hurley did not say it. If he did say it, he was guilty of a dangerous calumny."

Mr. GLASS further—in that same speech—said:

"We Democrats will not employ Lydia Pinkham political pills or psychological poultices as a cure for the maladies of the country. We shall not rely upon transient devices and mere temporary remedies for serious situations; but, holding fast to sound Jeffersonian principles and applying tested orthodox processes, we shall hope to rescue the Government and the country from the unendurable confusion into which Republican maladministration has thrust us."

In that confidence Mr. GLASS came to March 4, 1933, and the inauguration of Franklin Delano Roosevelt. At once, then, he came also to a crossroads. A signpost there sent the new President away on a new path. Another signpost there pointed Mr. GLASS toward his old principles. He admired and loved the new President. He was devoted—he was even dedicated from birth—to the Democratic Party. His party, his President—they were certainly most dear to him. He stood at the crossroads, ruminating—and raging.

The Congress met on March 9. The emergency banking bill was introduced. Mr. GLASS loyally supported it. He supported it with all the loyalty that was consistent with a simultaneous savage asseveration of its obnoxiousness to his principles.

"I say to you, Senators", he exclaimed, "that this bill is the least objectionable of all the multitude of suggestions that have been presented.

"It broadens", said he, "it broadens the currency and credit facilities of the Federal Reserve System in a degree that is almost shocking to me.

"Under this bill", he continued, "when the member banks of the Federal Reserve System shall have exhausted their eligible paper they may bring their own paper, their 'cats and dogs', if you please, to the Federal Reserve bank and have them discounted."

The new currency authorized by the bill, concluded Mr. GLASS, "does not require any gold basis. * * * I am coming to have less and less respect for a gold reserve which is not used when it is needed."

One could thereupon, even in the press gallery, almost hear Mr. GLASS a few moments later in the Democratic cloakroom discharging lava and ashes into the amazed Democratic air and ejaculating his most horrific oath, which is "Dad bum it."

Yes. "Dad bum it." That is the peak of the profanity of this violent Methodist man.

For some 7 weeks thereafter Mr. GLASS remained at the crossroads inhabiting his Democratic reservation but fulminating his Jeffersonian principles.

He saw the Reconstruction Finance Corporation expanded by the Democratic administration in its lendings of public money to private enterprise. He had already, under the previous Republican administration, assailed the "profligacy" of this Corporation and had seen in it "a clear portent of the burden which the taxpayers of the country will on pay day be compelled to endure."

He saw the Democratic administration put an embargo upon exports of gold. "There was never any necessity", he remarked, "for a gold embargo", thus by implication approving the policy pursued by the previous Republican administration when it said to the foreigners, "If you want any of your gold that's here, come any time and get it."

He saw the Democratic administration forbid exports of gold even under special license to meet obligations of specific pledged faith. He saw it do this in opposition to the views of the Federal Reserve Board. He saw it do this without even any consideration of the views of the Board. He saw the Board, which he had created to be our supreme nonpolitical monetary authority, unconsulted and disregarded in monetary matters by the political authorities of the country.

He saw the Democratic administration bring into the Congress a bill for three concerted credit and currency "artificialities." More Federal Reserve credit through more open-market purchases of Government securities by the Federal Reserve System. More paper money unbacked by gold. And the making of a gold dollar with less gold in it than had been promised in payment to lenders of money when they lent.

Mr. GLASS talked with his staff in his office in the Senate Office Building. They had some nice plans for high appointments for fine friends under the Democratic administration. They endeavored to sprinkle cold patience upon the warmth of Mr. GLASS. "You talk like politicians", said Mr. GLASS. Their rueful response was: "One statesman is enough in an office—and sometimes too much."

The next day Mr. GLASS, in the Senate, delivered the speech which took him from the reservation into the wilderness.

He addressed himself to the 3-way inflation bill incorporated into the farm relief bill. His fellow Senators had gathered themselves together into the Senate Chamber in most unusual numbers in order to listen to him. Many of them were delighted to hear him express their views—and attack their votes.

"This bill", he said, "degrades the Federal Reserve System into being a service agency of the Treasury Department. * * * The history of inflation has been recorded. Today we are flying right in the face of all human experience. * * * My colleagues talk about serving the public. What public? The men who work for a wage, the neediest of all classes of the public, the clerks and the stenographers and the professional men and the workingmen, constituting in the aggregate half, yea, more than half, of our laboring population, will be the people to suffer under this unbridled expansion. That is what it is; because the rein is so loose that the steed will never stop until he goes over the precipice, killing his rider."

With those words, Mr. GLASS, old, sick, could stand on the floor no longer.

"Mr. President", he said, "I find that I must desist. It is painful to disagree with the occupant of the White House, whom

I love and respect. It is painful and I may have regret, but I shall never have to make apologies for acting upon my convictions."

On the succeeding day, in the Senate, the inflation amendment to the farm relief bill was overwhelmingly "agreed to." Three Democratic Senators disagreed. Rightly or wrongly, pedantically or discerningly, as the blind worshipers of a day gone by or as the farsighted adherents of a day yet again to come, they lonelily lifted their voices to say, "No." They were: BAILEY, of North Carolina; BULKLEY, of Ohio; and GLASS, of Virginia.

Their philosophy was crushed in Washington. Will it be exterminated in the International Monetary and Economic Conference in London? Or will it there rise again to esteem and to power? Those are the questions which Mr. GLASS now, in fact, poses not only to his country but to the world.

The International Monetary and Economic Conference has a brain with most emphatically two lobes. Operating one of these lobes it envisages a reduction of economic barriers between countries and a retreat toward the courses of nature in trade. Operating the other it envisages new credit devices and new currency devices by central banks for the so-called "stabilization"—which, in reality, is the speculative enhancement—of prices. Let trade follow nature and let prices obey artifice; that is the contradiction which the International Monetary and Economic Conference contains within its own agenda.

To that contradiction many thinkers oppose a philosophy of complete and consistent artificial governmentalism in trade and in finance and in all else. To it Mr. GLASS opposes his philosophy of Jeffersonian simplicities throughout the whole of the world's economic life—simplicities and, as he sees it, reliabilities and integrities:

One can imagine him exclaiming:

"Shall governments continuously interrupt and pervert the world's trade with capricious tariff manipulations?" "No."

"Shall governments continuously interrupt and pervert the world's trade with capricious credit and currency manipulations?" Again, and for exactly the same reasons, "No."

Economic manipulations produce instabilities. Monetary manipulations produce instabilities. They produce, in each instance, the thing of all things (to Mr. GLASS) most detestable: a speculative world.

Today, at the very first crooking of the finger of a beckoning inflation, Mr. GLASS sees about him a vivid speculative market in commodities and in stocks. He sees an active bidding for profits on market jumps. It does not rejoice him. It is precisely what in 1929 he called the harbinger of ruin.

Meanwhile he sees, or thinks he sees, a corresponding decline in the desire for long-time, abiding investments.

Speculation in place of investment! Speculation in place of normal, natural commerce and industry! That is the foe that Mr. GLASS conceived himself to be fighting when he was a youthful challenger. That is the foe that he still fights as an elder statesman.

And why? Because for him there is more in it than economics. For him it is also—and first—morals.

"To me", he said in the Senate on April 27 of this year, "the suggestion that we may devalue the gold dollar 50 percent means national repudiation. To me it means dishonor. All the legalistic arguments which the lawyers of the Senate, men of eminent ability and refinement, have made here have not dislodged from my mind the irrevocable conviction that it is immoral."

Here are simplicities indeed! Here is a man who thinks that the repudiation of a national economic promise—especially when that repudiation may be directed against foreigners—is simply nationally morally wrong and that thereupon no public or private good can come from it. Here is a man who thinks that no anesthetic for economic agony can be successfully purchased at the price of the patient's soul.

It is quaint. Let us say that it is also an inapplicable spiritual phantasy. I interestedly notice, though, the reverence that surrounds the man in whom it flames. It surrounds him in Washington, and it surrounds him in Virginia.

Mr. GLASS says that if nobody is going to heed him in Washington he will just—Dad bum it!—go back to Lynchburg, Va., and stay there. He might. He might stay there and do nothing all the way to the end of his present term in the Senate—nothing except excoriate the Senate. And then Virginia would reelect him to the Senate.

AMENDMENT OF FEDERAL FARM LOAN ACT

Mr. THOMAS of Oklahoma. Mr. President, on yesterday the House passed House bill 3344. This bill amends the Federal Farm Loan Act. It has relation to one county only in the United States. The amendment is only a line and a half in length to an existing section of law. It permits the Federal land banks to make loans on farms in Osage County, Okla.

The trouble in the past has been that the mineral rights of these lands were withdrawn and reserved for the benefit of the Indians; and, because the mineral rights could not be mortgaged to the Federal land bank, the Federal land bank officials would not make loans in that county although the county contains some of the best lands in my State.

The House bill adds this line and a half to existing law:

Provided, That the first-mortgage loans shall be made without regard to the mineral rights therein.

This morning an effort was made to poll the Banking and Currency Committee; but, owing to the fact that Members were on the floor, only the following Members could be reached: The Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Delaware [Mr. TOWNSEND], the Senator from Maryland [Mr. GOLDSBOROUGH], and the Senator from New Jersey [Mr. KEAN].

Inasmuch as it is impossible to have a meeting of the committee, and inasmuch as it is very desirable to get this bill through if possible, I ask unanimous consent that the rule requiring the reference of the bill to a committee be waived and that the bill be laid before the Senate for consideration.

Mr. VANDENBERG. Mr. President, may I inquire whether the Senators named are in favor of the measure?

Mr. THOMAS of Oklahoma. They have endorsed the bill; yes.

The PRESIDING OFFICER. The Chair thinks the bill does not need to be referred to a committee under the rules, and the Chair lays the bill before the Senate.

The bill (H.R. 3344) to amend section 14, subdivision 3, of the Federal Farm Loan Act, was read twice by its title, considered by unanimous consent, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 14, subdivision 3, of the Federal Farm Loan Act (39 Stat.L. 372) is hereby amended to read as follows:

"Third. To accept any mortgages on real estate except first mortgages created subject to all limitations imposed by section 12 of this act, and those taken as additional security for existing loans: *Provided*, That the first-mortgage loans shall be made without regard to the mineral rights therein."

APPOINTMENT OF GOVERNOR OF HAWAII

The Senate resumed the consideration of the bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii.

Mr. VANDENBERG. Mr. President, I was discussing this carpetbagging measure yesterday when the conference report upon the independent offices appropriation bill was brought in; and, at the request of the Senator from South Carolina [Mr. BYRNES], I yielded the floor for the consideration of that report. I shall resume this afternoon the argument I was submitting at that time, if it is the purpose to attempt to proceed with this legislation in the closing hours of the session.

I think it is a thoroughly futile operation, because the opposition to this measure is so widespread, not only upon this side of the aisle but also upon the other side, and many of us have such a deep and abiding conviction on the subject, such a profound feeling that the pending proposal is an insufferable and indefensible affront to a free people, that there can be no conclusion within at least several days of debate. If, however, it is the purpose to persist in attempting to obtain the consent of the Senate to such an offensive measure, I shall proceed for a time with the discussion, and subsequently the discussion can be carried on by others.

Mr. WALSH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Massachusetts?

Mr. VANDENBERG. I yield.

Mr. WALSH. What was the division in the committee over this measure?

Mr. VANDENBERG. One of the interesting things about this matter is that, although we are proposing to take away a fundamental, 30-year-old right belonging to the Hawaiian people, there never has been a moment's consideration of the bill in the Senate Committee on Territories and Insular Affairs. I do not speak critically of the chairman of the committee, the able Senator from Maryland [Mr. TYDINGS], in this respect, because he had no time to submit the bill to

the committee. He merely polled the committee upon the proposition that the bill might be laid before the Senate without recommendation. Many of us declined even to permit it to come in without recommendation; but it is here on a poll of the committee, without any hearing, and with a partial consent of some of the members that it could be brought in without recommendation.

Mr. WALSH. Does the Senator know how many of the members of the committee agreed that the bill should be brought before the Senate without recommendation?

Mr. VANDENBERG. I do not; but, Mr. President, I ask the Chair whether the reported bill does not show the endorsement upon the back of those members of the committee who agreed to its report? If so, I ask that the list be given for the information of the Senator from Massachusetts.

The PRESIDING OFFICER. The bill is not on the desk. It will be brought in, however.

Mr. FLETCHER. Mr. President, the whole action was based upon a very brief message from the President recommending it, was it not?

Mr. VANDENBERG. The Senator is correct. I may say further to the Senator from Massachusetts that the only thing before the Senate on the subject is a 10-line message from the President of the United States, in which he speaks in a general way about the advisability of permitting him a free hand to name a governor who may not be involved in any of the local factionalism in the islands.

Mr. WALSH. The Senator is aware of the fact that there have been whispering rumors of indirect evidence being brought to the attention of the members of the committee that conditions there required this legislation?

Mr. VANDENBERG. Yes, Mr. President; and I intend to discuss that very fully. I do not think what the Senator refers to as whispering evidence——

Mr. WALSH. "Rumors", I say.

Mr. VANDENBERG. Or gossip, or rumor, or whatever it is—I do not think that is any remote justification for tearing up the organic law, which is a virtual contract between the Government of the United States and the people of the Hawaiian Islands in respect to the key right which they possess; namely, to have a governor of their own native residency to head their own local government.

Mr. LEWIS. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Illinois.

Mr. LEWIS. In behalf of the Senator from New York [Mr. WAGNER] and myself, may I ask the Senator from Michigan what he understands to be the reason or justification offered for this particular change which he says is so dangerous?

Mr. VANDENBERG. I am afraid I may not be a fair witness to paraphrase the excuses that are offered in behalf of this legislation, because it is so utterly offensive to every feeling of propriety and equity and democracy that I have in my being; but I will do the best I can to tell the Senator what it is claimed by way of justification should permit the President to seek a deserving Democrat from somewhere in the continental United States for this position.

Mr. LEWIS. We were asking whether the Senator from Michigan might not be suffering from an indignation caused by a contemplation or imagination as to what he thinks are the reasons behind this bill.

Mr. VANDENBERG. I am not sure what I am suffering from in that aspect. I know I am not suffering from any misunderstanding of the net result of the bill, which is to rob these people of their inherent rights, contracted to them in an organic act 30 years ago, and preserved ever since. Whether or not the reasons for this proposed legislation are imaginary, I do not know. I think they are.

As a matter of fact, there was a very complete investigation of conditions in Hawaii last year by a very high official of the American Government. I refer to Assistant Attorney General Seth Richardson, who a year ago was sent to the islands by order of the United States Senate at the very time when untoward circumstances, which we all regret and which none of us condone, were bringing the islands into disrepute. The Assistant Attorney General came back with his report, and it has been submitted, and it is available as a Senate document. It is Document No. 78, of the first session of the Seventy-second Congress, and it is a complete analysis of the situation. I defy you to find a single word in the document which asks for any change in the status of the governorship or which attributes those difficulties to the governorship. I defy you to find a single word in the document and in the report which indicates that the choice of a mainland governor will in any degree contribute to a liquidation of these difficulties, whether imagined or otherwise. On the contrary, the report is shot through with compliments to the inherent respect for law and order which possesses the people of the Hawaiian Islands.

The chief recommendations of a specific nature that are submitted in respect to the situation are recommendations for a closer-knit authority beneath the Governor, to wit, in respect to the police officers of Honolulu and in respect to the prosecuting officers of the subdivision of government in which Honolulu is located. I am coming to that in detail subsequently, but in a general way that is the best answer I can give to the Senator from Illinois in respect to the thin presumptions which are offered us as to why it is so necessary now to go outside of the islands in order to get a Governor.

Mr. President, when the debate was interrupted yesterday, I adverted to the fact, collaterally, that this Democratic "carpetbag" Governor movement unfortunately seemed to be threatening to communicate itself even to the District of Columbia, because I submitted to the Senate an article from a local newspaper which indicated at least a tentative purpose to import from Omaha, Nebr., a man to be a member of the Board of District Commissioners, officials who have the same general relationship to this District that governors would have to their States. I protested yesterday that "carpetbagging" is bad enough in Hawaii, but that it certain becomes completely indefensible when brought into play in the District of Columbia.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I will yield in a moment. I undertook to quote alleged direct statements from one whom the paper defined as the chief patronage dispenser of the new administration in respect to that purpose. I am very happy to read in the paper this morning the following sentence:

Mr. Farley—

He was the distinguished gentleman identified by yesterday's paper as the chief patronage dispenser of the new administration and the gentleman who was in charge of this "carpetbagging" prospectus.

Mr. Farley replied to Senator VANDENBERG's speech with a statement that none but genuine residents of the District would be considered for appointment as District Commissioners.

I want to welcome that belated statement and to congratulate Mr. Farley upon making it, and to accept the net result without further comment. Now I yield to the Senator from Maryland.

Mr. TYDINGS. In view of the fact that the law relating to the District of Columbia requires that the appointment of District Commissioners shall be confined to residents of the District of Columbia, and in view of Mr. Farley's statement this morning that he anticipates no change or recommended change in basic policy, it occurs to me that the Senator from Michigan, with his usual fairness, would not only want to commend Mr. Farley's statement, but that he would want to go further than that and beg Mr. Farley's pardon for the inference and for the reflection he cast upon Mr. Farley yesterday in assuming, from a mere newspaper article, that Mr. Farley had any intention of doing what the Senator from Michigan claimed yesterday he was about to do.

Mr. VANDENBERG. I thank the Senator for his compliment to my fairness, and I want to be scrupulously fair. I think Mr. Farley has shown a very commendable decision in respect to the announcement made yesterday evening and

published this morning. But the Senator will have to pardon me for the necessity of still believing that there was a purpose, if it could be done successfully, to "carpetbag" the District of Columbia, and I think the publication to this end which has repeatedly appeared in the press of the District without any denial on the part of our able friend, Mr. Farley, justifies the conclusion most emphatically that the matter was under consideration.

Mr. TYDINGS. I hope the Senator will not think I am flattering him when I say that, insofar as the opinion of the Senator from Maryland has any value, I think the Senator is one of the ablest and most useful Members of this body, and in spite of the fact that we are all human, and inclined to partisanship, he usually keeps within reasonable bounds. I am not going to take further issue with the Senator from Michigan on the question which he has raised, except to say that I must note, in line with the commendatory remarks which I think it deserves, that I think his present statement is somewhat an exception to that very enviable record.

Mr. VANDENBERG. I think it is necessary for the Senator to take that exception in vicarious defense of the attitude which I feel perfectly confident his party administration held until last evening or this morning in respect to the possibility of "carpetbagging" the District of Columbia. I realize that there is a law relating to the District which prohibits the naming of a nonresident as one of the District Commissioners, and I said upon yesterday, when I was discussing the matter, that I realized the existence of that inhibition, but I wondered whether, on the heels of this proposal to "carpetbag" the Hawaiian Government, we might not find ourselves confronted at the eleventh hour with a similar proposal to legalize the "carpetbagging" of the District of Columbia.

Mr. TYDINGS. The Senator will believe me when I say that basically I am with his proposition that the Governor of the islands, wherever it is possible, had best be a resident.

Mr. VANDENBERG. I am sure the Senator believes that.

Mr. TYDINGS. I am sure the Senator will take at its face value the statement of the President in which he says that there is no effort or purpose on his part to depart from a well-grounded and well-intentioned principle of local self-government; that the President has said in his message to Congress that it is only because his survey of conditions in the Hawaiian Islands has made it apparent to him that the best interests of the Hawaiian people themselves will be served at this time by granting the President the latitude to look in the widest field for a nominee to fill this important post.

Of course, every logical exception can be taken to that view, but I am sure the Senator from Michigan will concede that President Roosevelt has one thing in mind, and that is the welfare of all the people in the Hawaiian Islands. He may be in error; there is room for difference as to the wisdom of the enactment of this measure to be effective even temporarily, but the President has caused surveys to be made, the reports of which have come to the White House, and I am frank to say that I am supporting this amendment myself, only as a temporary proposition, because the leader of the United States at this time has requested the Congress to give him this power, not as a departure from permanent policy but in the interest of the people in the Hawaiian Islands; and only because of unusual circumstances, of abnormal conditions, has he asked for this power at this time.

Mr. VANDENBERG. Mr. President, if I can remember the various points raised by my able friend, I want to comment upon each one, because in each instance I think we find ourselves in rather complete fundamental agreement.

In the first place, I know that my friend the Senator from Maryland would be one of the last men in this Chamber to depart in any degree from the philosophy of home rule, not only because that is inherent in his own philosophy but because he comes from a State where that is a basic principle, and he is intimately related in his political philosophy with a State executive who is probably the outstanding apostle in this land of home rule. I refer to Governor Ritchie. I am sure that the Senator's philosophy is that of home rule, and that it is with utter reluctance that he departs from it this afternoon.

Second, I entirely concede the good faith of the Executive. Not even by indirection would I wish to reflect upon the good faith of the Executive. He is my President as well as the President of the Senator from Maryland. I simply feel, with profound conviction, that he has been misinformed in the present situation, and I want to do him the kindness of helping to save him from an error which I am sure he would subsequently regret.

If the President has made a survey which develops facts which justify the proposition now at the bar of the Senate, those facts have not been authenticated to me as a member of that committee of the Senate which ought to take jurisdiction over a matter of this nature.

Mr. TYDINGS. Mr. President, will the Senator yield right at that point for just an observation?

Mr. VANDENBERG. I yield.

Mr. TYDINGS. The Senator appreciates the difficulty in which the Senator from Maryland to a lesser degree and the President of the United States to a major degree are in reference to saying anything upon the floor of the Senate which might in any way be construed as a reflection upon the people in the Hawaiian Islands. If information has been adduced which would show any degree of lawlessness in the Hawaiian Islands, it is not very pleasant to stand on the floor of the Senate and make a remark which would indict a whole people. It is very difficult, I am sure the Senator will agree, for one to guide this bill, more or less, without exhibiting in a public way certain facts which might to some extent influence Senators.

Mr. VANDENBERG. Yes, Mr. President, that is true; but I would not want that implication to stand without this further comment: That, in my judgment—and it is based upon somewhat intimate information—it would be unfair to leave the inference that there is something which could be said which would entirely justify the proposed legislation, because in my view there is absolutely no justification, even in this alleged emergency, for the particular proposition to which we are asked to give our consent.

Mr. BORAH. Mr. President, the matter to which the Senator from Maryland makes reference—that is, the indicting or impeaching of the people of Hawaii—seems to me to be the most serious objection to this bill. The bill is based upon the fact that for some reason or other those people are no longer capable of furnishing a man in Hawaii fit to be Governor of the islands. That seems to me to be an attempt to draw an indictment of an entire people, a thing Edmund Burke said he did not know how to do.

Mr. TYDINGS. Mr. President, I do not think it can be denied that much of what the Senator from Idaho says is well founded, and I realize that it would be very difficult to present this matter in detail without appearing to attempt to indict an entire people. But I think this much might be said: The Hawaiian Islands at the present time have a business structure which permits four or five of the largest and wealthiest families in the Hawaiian Islands more or less to dominate the economic life of the islands. Then, too, the islands are divided up in racial classifications in a most unusual way. As a matter of fact, I know of no other place on the face of the globe where there are so many different races combined as in the Hawaiian Islands.

Added to those two facts is the third fact, that last year a very unhappy occurrence took place in the Hawaiian Islands, and conditions at that time were very strained. Indeed, even upon the floor of the Senate and in the House of Representatives, Members of this body and of the House rose and, with very little information, made remarks which perhaps had best been left unsaid at that time.

Subsequent to that affair, there has been, I am advised by authority which I do not think can be questioned, a division of the people more or less along racial lines, and because of the tie-up of business due to the racial divisions

there, it is very difficult for a person of the islands at this time to fit into the peculiar situation which now exists there.

Mr. CONNALLY. Mr. President, will the Senator from Maryland yield to me?

Mr. VANDENBERG. I think I have the floor. I yield to the Senator from Texas.

Mr. TYDINGS. May I say that I got lost in answering the Senator from Idaho, and I did not mean to intrude?

Mr. VANDENBERG. I am afraid I shall get lost if I do not get the floor back pretty soon.

Mr. CONNALLY. I grant that triangles are usually most unfortunate, whether they are social or otherwise. [Laughter.]

What I wanted to suggest was that if we selected a local man he would have to be identified, more or less, with one of these controversial and diverse groups.

Mr. TYDINGS. If the Senator from Michigan will allow me to conclude with an added sentence, that is absolutely the case. It is doubtful whether, except under very favorable conditions, any one man in the Hawaiian Islands can bring to the office of Governor impartiality, a detached point of view, and a knowledge of the situation which exists there without involving his own personal fortunes and equations.

Mr. VANDENBERG. Mr. President, I want to comment on that particular thought.

Mr. KING. Mr. President, will the Senator yield?

Mr. VANDENBERG. In just a moment.

Mr. KING. I want to ask the Senator if he will not yield to me to call for a quorum.

Mr. VANDENBERG. Not at the moment.

Mr. KING. I wish the Senator would.

Mr. VANDENBERG. I will shortly. I want to reply to this particular observation.

I want to say to the Senator from Maryland that if there are factional divisions in the islands today—and I agree that there are—it is my judgment that no superimposed Governor can be the constructive focus for unified progress. On the contrary, an imported, superimposed Governor, brought in in nullification of the organic act, is more calculated to be the hostile focus for unified and intensified resentment.

Mr. BORAH rose.

Mr. VANDENBERG. I yield to the Senator from Idaho.

Mr. BORAH. Mr. President, I wanted to say to the Senator from Maryland that a very great Democrat once said that democracy involved the right to make mistakes as well as to do the right thing; and if the Hawaiian people have made mistakes, no one can correct them except themselves, if we are going to adhere to the doctrine of local self-government.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. TYDINGS. The Senator is very courteous, and I do not want to infringe too much on his time, but I should like to indicate some of the relations in the Hawaiian Islands of a business nature.

Mr. VANDENBERG. I do not want to yield for an indefinite statement.

Mr. TYDINGS. I think I had better wait and not infringe upon the Senator's time.

Mr. KING. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. KING. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bulow	Dieterich	Johnson
Ashurst	Byrd	Dill	Kean
Austin	Byrnes	Duffy	Kendrick
Bachman	Capper	Erickson	King
Bailey	Caraway	Fletcher	La Follette
Bankhead	Carey	Frazier	Lewis
Barbour	Clark	Glass	Logan
Barkley	Connally	Goldsborough	Lonergan
Black	Copeland	Gore	Long
Bone	Costigan	Hale	McAdoo
Borah	Cutting	Harrison	McCarran
Bratton	Dale	Hatfield	McGill
Brown	Davis	Hayden	McKellar
Bulkley	Dickinson	Hebert	McNary
Metcalf	Reynolds	Steiwer	Vandenberg
Murphy	Robinson, Ark.	Stephens	Van Nuys
Neely	Robinson, Ind.	Thomas, Okla.	Wagner
Norris	Russell	Thomas, Utah	Walcott
Nye	Schall	Thompson	Walsh
Overton	Sheppard	Townsend	Wheeler
Pope	Shipstead	Trammell	White
Reed	Smith	Tydings	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. VANDENBERG. Mr. President, at the time the quorum was called we were discussing the question whether or not an available citizen of Hawaii may not be found by the President of the United States for appointment as Governor to succeed the able Governor Judd. The implication brought to us that there is no available individual who can qualify within the terms of the organic act in respect to residency, I assume, means there is no available Hawaiian Democrat, because I know there are many available Hawaiian Republicans, whom even I could name to a considerable number. But it is inconceivable to me, Mr. President, that anyone should undertake to support the claim that there is not today an eligible, dependable citizen of Hawaii, a citizen within the meaning of the organic act, available for the governorship. It seems to me that any such presumption is denied by the long line of very able Governors, a line which has been interrupted only occasionally by questionable Governors. It seems to me it is denied by the excellent administrative record of Governor Judd, the incumbent executive.

The Senator from Maryland assures me that there is no truth in the oft-printed story that this effort to qualify a carpetbag Governor from the mainland was for the purpose of putting Judge Ben Lindsay into Honolulu as the Governor. The Senator has assured me that there is no justification for that repeated story. Well, I confess that it would have seemed like very much of a paradox, if not a nature fake, to have chosen free love's first friend as the reforming Governor of the moral situation in Honolulu. [Laughter.]

I do not know what continental Democrat is contemplated for this carpetbagging post at Honolulu in the event that the consent of the Senate for a change in the organic act can be secured—a consent which I do not think is going to be given—but I am unable to believe, I repeat, that there is not ample and adequate Hawaiian citizenship within the terms of the organic act to provide a continuation of the fine line of Hawaiian governors who have served the Territory since the organic act was originally written.

Mr. President, I have visited the Hawaiian Islands within the last 2 or 3 years, and I made a somewhat intimate study of conditions there. At that time there was unrest and there was impatience, but there were other affirmative qualities and characteristics to which I think it is only simple justice that someone from the mainland should bear testimony. My able friend, the Senator from Maryland, speaks about the racial difficulties and the racial divisions. I suppose Honolulu is one of the most cosmopolitan cities in the world in that aspect. Unquestionably there is a racial problem. We have racial problems, too.

I went to the so-called "Royal School", which is one of the principal grade schools of Honolulu, where once a week an Americanization ceremony or service is performed, participated in by little children of more than one color and of more than one race, which was the most inspiring, significant, and monitory lesson in successful racial amalgamation under the American flag that I have ever seen anywhere, and I doubt if a parallel exists elsewhere under the flag.

This weekly service, this weekly ritual, was created originally under the auspices of a very able educator. My recollection is his name was Cyril Smith. At any rate, visitors to the islands, who now rarely fail in the course of their pilgrimage to contact this Americanization service in the Royal School, always have the same reaction. I repeat that it is the finest thing of its sort, the most instructive example of effectual Americanization, leadership, and labor that I know of anywhere within the jurisdiction of the United

States. They can give us lessons in this respect. They do not need us to teach them.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. VANDENBERG. I yield.

Mr. LONG. I have been told that the main purpose of the bill really relates back to the fact that there are five candidates over there for the governorship, or, rather, there are five prospective Democratic candidates, and they cannot get together. If we are going to wait for the Democrats to get together, we are going to have more trouble picking somebody here in the United States than they are in Hawaii.

Mr. VANDENBERG. I thank the Senator for his very pertinent observation. Of course, I have heard the story, too, that one of the impelling motives is an inability of native Hawaiian Democrats, who now taste victory for the first time in a generation, to agree upon a division of the spoils. But certainly it would be a travesty for us to permit an internecine patronage row in the Democratic Party to be used for the crucifixion of fundamental Anglo-Saxon and American rights in respect to home-rule authority and jurisdiction, as is contemplated, as I view the situation, by the pending measure.

But I agreed with my able friend the Senator from Maryland [Mr. TYDINGS] when we started this discussion that we would proceed on the theory, which I entirely accept, that the President's recommendation is submitted in the complete good faith that he considers it necessary in respect to the situation which he there confronts. I want to continue to argue the matter upon that hypothesis.

I was speaking about the racial war which the Senator from Maryland has indicated is one of the reasons why something of this revolutionary nature must be done. The Senator has also referred to social conditions. One of the great social problems in the islands is the problem of leprosy. I visited the leper colony. I visited the leper orphanage. Again I want to testify—and I think we owe it in justice to the fair name of Hawaii and her forward-looking citizens that the testimony should be given—that nowhere in this world to my knowledge is there a more remarkably successful social-service enterprise than in the Hawaiian treatment of its own leper problem.

If the Senator from Maryland were to join me this afternoon in a visit to those leper colonies, he would come away, as I did, completely filled with an emotional appreciation of the fact that there is local government in the Hawaiian Islands which not only is unafraid in the face of a difficult social problem but which is amazingly successful in its treatment of the challenge. I resent the implication that a people who can meet social problems of this nature so effectually for some unspoken reason must be robbed of their birthright.

We hear about dangerous days in the Hawaiian Islands. That is one side of the picture. On the other side of the picture is a very beautiful and a very pacific hospitality.

We hear about hymns of hate. On the other hand, Mr. President, the haunting melodies of Aloha and the Song of the Islands are a part of the native character. There is nothing belligerent or criminal or vicious about it. It is as sympathetic a nature and as easily led in the right way as any human nature in this world.

We hear about an island hell. On the other hand, this is the paradise of the Pacific.

Mr. President, Hawaii has no one to stand upon the floor of the Senate and plead for it. Even under the organic act it is not allowed a spokesmanship here in the Senate. Perhaps that is one of the reasons why I feel particularly impelled to join the movement which undertakes to say that this bill shall not pass. It does have an official spokesman yonder in the other body, the House of Representatives. He is a distinguished spokesman for the Democratic Party in Hawaii also, I think it is fair to add. He stood upon the floor over yonder at the other end of the Capitol with tears in his eyes and with tears in his voice pleading that this thing should not be done; that this outrage should not be perpetrated upon the people of his island. I think he would know, Mr. President, if there was any dire need for this thing which we are asked to do in the name of some unspoken menace. I think probably he is committed to the welfare of his own people even more sincerely than any of us could even pretend to be.

There is no doubt in my mind that if the Delegate from Hawaii felt there was any remote threat to the safety of life and property and to the public welfare in the islands, he would be the first to demand some change by way of correction. But the voice that we hear in the Congress speaking officially on behalf of the people of Hawaii, speaking first as the result of a Democratic nomination, second as the result of a Democratic election which was gained in the campaign in which he traversed the islands assuring the people that their home-rule rights were safe in the hands of the Democratic Party—a spokesmanship now which represents the united people of Hawaii in this crisis—that spokesmanship begs that the organic act shall not be torn asunder in this alleged passing emergency for the sake of carpetbagging the governorship.

Mr. President, the decision we are asked to make in licensing Hawaiian carpetbagging may not mean very much to us. It is merely a passing incident in the climax of a busy session. But it means a very great deal to a subordinate unit of our Government when an American Territory is deprived of its contractual and its traditional rights. I submit that it means a great deal more to us than appears upon the surface because involved in it is something more than the mere temporary status of the next Governor of Hawaii, because in it is the question of the good faith of the United States in respect to the organic act which has been upon the books for 30 years and which, from the very moment of its inception, has had for its keystone the warrant of a Governor who is a resident of the islands themselves.

(At this point Mr. VANDENBERG yielded for the consideration of Senate Joint Resolution 63, and for a statement by Mr. STEPHENS, which appear elsewhere in the RECORD under appropriate headings.)

Mr. VANDENBERG. Mr. President, now we will return for a little while to the consideration of the carpetbag bill. This would be a strange session of Congress, indeed, if it were to be marked by action which frees the Philippines and enslaves Hawaii. The two things are simply totally incompatible and inconsistent. It seems to me that, in a political sense, to deprive a Territory of its Governor under the terms of its own organic act is the very symbol of slavery.

We were speaking a little while ago about the fact that Hawaii has conducted itself and its affairs and its government in a fashion which does not warrant any such affront or any such invasion. The exhibits which defend that conclusion are legion.

Mr. President, the last time I looked at the figures the treasury of the Hawaiian Islands had a balance of $4,236,000. I respectfully submit that if there is one State or Territorial treasury with a balance in it we had better leave it in control of those who have been efficient enough to create a balance and not put that balance to the jeopardy of the average mainland governor.

Not only that, Mr. President, but the people of the Hawaiian Islands have been carrying and bearing and paying their full share of every tax that has been assessed by the Congress of the United States for 30 years upon continental United States. The Senator from Maryland when this debate opened undertook to pretend that there was some sort of a parallel between a Territory and a possession; he undertook to draw an analogy between the status of a Territory and the status of a possession. There can be no such analogy; it is utterly erroneous and utterly unfair to pretend that there is an analogy. The citizen of a Territory is what might be termed a "paying" citizen; he is subject to all the same forms of taxation as are the rest of us. The citizen of a possession, on the contrary—and I refer, for example, to the Philippines—makes no tax con-

tribution whatsoever to the main Treasury of the United States, and there can be no analogy, I repeat, as between two such conditions.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Florida?

Mr. VANDENBERG. I yield.

Mr. FLETCHER. Perhaps I am asking too much, but I was wondering if the Senator would yield to allow me to present a matter which will occupy but a moment or two, with the hope that it may be acted on by the House? I find there was an error made in the securities bill by the draftsmen and others in connection with that measure whereby the District of Columbia was left out.

Mr. VANDENBERG. I will yield in just a few moments. I want to develop this particular thought to its conclusion.

I repeat that the citizens of Hawaii have been constant taxpayers on precisely the same basis as any citizen of Maryland or Michigan or California or any other State of the Union throughout these 30 years. Indeed, Mr. President, the amazing fact is that a balancing of the books as between Hawaii and the Federal Government shows during the first 30 years of this relationship that Hawaii has sent $175,000,000 to Washington, while the Federal Government has spent upon Hawaii in activities which might properly be charged to the Territory about $33,000,000, leaving a Federal net profit, if that term is permissible in discussing a question of government, of some $149,000,000 in taxes received from the islands.

Mr. President, when we are dealing with a subordinate unit of our Government which not only has borne a full share of the tax burden with those of us who live upon the mainland but which also has paid into the Federal Treasury in the 30 years of our relationship nearly $150,000,000 more than we in turn have spent upon it, I respectfully suggest there is presented to us a challenge which cannot be lightly brushed aside when we are asked to deal with those people and with that subdivision of government in the status literally of a vassal state.

Contemplating, Mr. President, that tax relationship, contemplating the organic act, which for 30 years has guaranteed local self-government to the extent at least of a native resident as Governor, against that background, I submit when the Congress is asked without any submission of a show of supporting evidence, summarily and out of a clear sky, to impair and nullify the warrant in the organic act for local residency as measuring the eligibility of the Governor, that the citizens of Hawaii would be well entitled to ask us to read a few sentences from our own Declaration of Independence. This is an old-fashioned document, Mr. President.

Mr. LONG. And an out-of-date one.

Mr. VANDENBERG. Probably it is entirely out of date and may have no relationship to the "new deal" at all; nevertheless, I find therein in connection with the recital of the wrongs against which our people undertook to revolt a few sentences which, while not literally applicable to the situation which we are asked to correct in Honolulu, nevertheless, has its exact implication. Here is one of the things about which our forefathers complained:

He—

"He" being the King; we do not have a king; we call him something else—

He has erected a multitude of new offices and sent hither swarms of officers to harass our people.

Well, the pending joint resolution does not represent a multitude of swarming officers, but it represents the key officer, who is to be sent upon a carpetbagging basis to administer gubernatorial responsibility which, under the organic act, should rest by contract and by solemn agreement in the hands of a Governor who is a bona fide resident of the islands.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I will yield when I have concluded this suggestion. Reading again from the Declaration of Independence:

He—

The King—

has combined with others to subject us to a jurisdiction foreign to our Constitution and unacknowledged by our laws.

That has literal application—

He has combined with others to subject us to a jurisdiction foreign to our Constitution and unacknowledged by our laws.

That precisely describes the pending action which Congress is asked to take, if it ever takes it.

Again defining one of the causes of complaint which drove us to make this Declaration, the King is criticized—

For taking away our charters, abolishing our most valuable laws, and altering fundamentally the forms of our governments.

That applies literally, Mr. President, at least in respect to the key position of Governors in the islands, because it is proposed to abolish the most important key-right that the citizens of the Hawaiian Islands enjoy in respect to the guaranty that their Governor shall be one of their own neighbors and one of their own citizens; and it does alter fundamentally the form of their government, because the fundamental factors of any government is altered when an outside carpetbagging chief executive is brought there in the place of a local chief executive.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Maryland?

Mr. VANDENBERG. I yield.

Mr. TYDINGS. I note by the population statistics of the Hawaiian Islands that 143,754 persons out of 375,211 all told are Japanese. Assuming that these Japanese are citizens of the United States, which is true of a majority of them, and that they are about 40 percent of the population of the islands, I am wondering if the Senator's philosophy of local self-government goes to the extent that he feels that a Japanese would be more representative than any other person that might be selected, and that a Japanese should therefore be selected by the President as Governor of the islands.

Mr. VANDENBERG. No, Mr. President; I do not agree at all with any such suggestion. Indeed, with great respect to the Senator, I think the question has implications in it that are something of an affront to these people. There is a racial melting pot upon the islands, certainly. There is a racial problem, certainly. I do not deny for a moment that the Senator from Maryland is justified in saying that we must contemplate the racial problem through serious, critical eyes.

Mr. TYDINGS. Yes; but the Senator——

Mr. VANDENBERG. Just a moment. But, Mr. President, there is an ample number of citizens in the Hawaiian Islands who rise completely above any remote fear of suspicion that the Senator from Maryland may conjure, who know more about the thing he is trying to talk about, without knowing anything about it at all, than could any imported Governor who never saw the place until he landed at the wharf.

Mr. TYDINGS. Mr. President, will the Senator yield now?

Mr. VANDENBERG. I yield.

Mr. TYDINGS. The Senator has just read from that immortal document known as "the Declaration of Independence." It seems to me some place in that document there is a statement that all men are created equal, ordained with certain unalienable rights, and so forth. Certainly the Senator is not going to quote from that document and then contradict his own philosophy by the same document, is he?

Mr. VANDENBERG. I fail to follow the Senator. I do not blame him for trying to change the subject and to broaden the contemplation so that we cease to remember that his purpose at the moment is to carpetbag the gover-

norship of Hawaii. That is the only thing we are talking about.

Mr. TYDINGS. No; I am just trying to find out if we ought not to take care of those people out there in line with what the Senator has said. Assuming that 40 percent of the population, in round numbers, are Japanese, what finer principle of local self-government could there be than to select the Governor from the majority race in the islands, meeting the philosophy of the Senator from Michigan?

Mr. VANDENBERG. The Senator can carry that philosophy to any extreme he wishes. We recognize in this country one rule of citizenship. It makes no difference what the racial root may be, one rule of citizenship applies. It applies under the same flag in Hawaii. I decline to be drawn into any effort to subdivide racially American citizens by sovereign right, every one of them, for the purpose of supporting the Senator's effort to inject an external Governor into the Hawaiian Islands.

Mr. TYDINGS. Mr. President, will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from Michigan yield further to the Senator from Maryland?

Mr. VANDENBERG. I yield.

Mr. TYDINGS. Of course, the Senator by that remark and by refusing to be drawn into a discussion of this kind, after he himself has said that our whole basic structure is one of no racial line, infers by his answer that he would favor the appointment of a Japanese citizen of the United States as Governor of the Hawaiian Islands.

Mr. VANDENBERG. The Senator may draw his own conclusion. I suppose the Senator from Maryland would rise now and in similar philosophy say that because there are more Negroes in Mississippi than white men, there ought always to be a Negro Governor of Mississippi.

Mr. TYDINGS. No; that is what the Senator from Michigan has been saying.

Mr. VANDENBERG. On the contrary. The Senator is saying that any American citizen is entitled to be Governor of Mississippi if he qualifies as a citizen of Mississippi. In the same analogy he is saying that any American citizen who is a citizen of Hawaii, whether his roots be Japanese, Chinese, Polynesian, or Maryland, is entitled to be Governor of the Hawaiian Islands, if he otherwise qualifies and is acceptable to the President of the United States.

Mr. TYDINGS. Mr. President, will the Senator from Michigan yield further?

Mr. VANDENBERG. Gladly.

Mr. TYDINGS. The Senator has been laying down the proposition that those people live in complete amity, that everything is beautiful in the Hawaiian Islands. He describes the leper colony. He describes the school which was a marvel of patriotism and citizenship.

Mr. VANDENBERG. Does the Senator from Maryland deny any of it?

Mr. TYDINGS. He was for local self-government carried to the *n*th power, and I only want to find out whether or not, in view of the wide territory he took in, there is any limitation. Now I find there is no limitation, that he is for local self-government by a group of Hawaiians who happen to come within the Caucasian race.

Mr. VANDENBERG. The Senator has completely misstated what I said. I will state it so the Senator cannot misstate it. I am in favor of a Governor of Hawaii who is a bona fide resident of Hawaii and a bona fide citizen of the United States. I decline to inquire into his religion, his race, his parents, his creed, or his politics, or the color of his hair.

Mr. TYDINGS. Then if there is a bona fide resident of the Hawaiian Islands who is a citizen of the United States, all other things being equal the Senator has no objection whatsoever to his being a Japanese by racial derivation?

Mr. VANDENBERG. If he is appointed Governor by the President of the United States, and there is no objection against him except of racial root, he is entitled to be Governor. I should like to know whether the Senator objects to that answer.

Mr. TYDINGS. I certainly do. I am not in accord with that philosophy. I think there must be by some equation limitations even upon that theory of local self-government, and the Hawaiian Islands are a very pronounced exception.

Mr. VANDENBERG. I thought we started out on the basis that Thomas Jefferson said, "All men are created equal."

Mr. TYDINGS. The Senator from Michigan started out on that basis.

Mr. VANDENBERG. No; I did not mention Jefferson. The Senator from Maryland brought him out. Since we are on Jefferson and Jeffersonian principles, I should like to go a little farther in that direction.

Mr. NORRIS. Mr. President, will the Senator permit a question before he takes up Jefferson?

Mr. VANDENBERG. I am going to take up the Jeffersonian party, not Jefferson. I yield to the Senator from Nebraska.

Mr. NORRIS. Is there any contention here or any fear expressed that if the joint resolution is defeated we are going to have a Japanese appointed Governor of Hawaii?

Mr. VANDENBERG. No.

Mr. NORRIS. That relieves me very much.

Mr. VANDENBERG. Not unless the Senator from Maryland insists upon it.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Virginia?

Mr. VANDENBERG. Gladly.

Mr. GLASS. May I ask the Senator from Michigan if he believes that Mr. Jefferson told the truth when he said that all men are created equal?

Mr. VANDENBERG. I think he thought he did.

Mr. GLASS. I think if he were living now he would change his mind. [Laughter.]

Mr. VANDENBERG. I am sure he would; and if he were living now and were to come to Washington and inspect some of the legislative structure that has been built under the auspices of his party during the last 100 days, I think he would turn usually to the Republican side of the aisle to find Jeffersonian principles exemplified, with occasionally an exception in such able and faithful Jeffersonians as the Senator from Virginia.

Mr. GLASS. I think he would not walk on the same side of the road with many of us on either side of the Senate Chamber. [Laughter.]

Mr. VANDENBERG. But now let us come back to carpetbagging. I have referred to the fact that the organic law is a contract with the people of the Hawaiian Islands. I think perhaps I ought to refresh the recollection of Senators regarding that particular situation.

These islands were annexed to the United States in 1898. The organic act was adopted in 1900. Section 5 of the organic act provides that "The Constitution and all the laws of the United States which are not locally inapplicable shall have the same force and effect within said territory as elsewhere in the United States." Thereby the Constitution became the constitution of the islands and the laws of the United States became the laws of the islands.

Section 4 provides that all persons who are residents of the Republic of Hawaii on August 12, 1898, "and all the citizens of the United States who shall hereafter reside in the Territory of Hawaii for 1 year, shall be citizens of the Territory of Hawaii."

Note this language, referring to the Governor:

> He shall be not less than 35 years of age, and he shall be a citizen of the Territory of Hawaii.

Therefore no one could be Governor unless he had resided in Hawaii for 1 year or more until 1921, when that particular section was amended. In 1921 section 66 of the act was amended by inserting, after the provision that the Governor shall be a citizen of the Territory of Hawaii, a requirement that he shall have resided therein 3 years next preceding his appointment, in lieu of the 1-year residential requirement.

Mr. President, there was a reason for that change from 1 year to 3, and it is a very significant thing why and how the change happened to be made in 1921. The principal reason was that L. E. Pinkham had been appointed Governor and he was not a bona fide resident of Hawaii at the time of appointment. He had been in the Philippine Islands and China gathering up coolie labor for some of the sugar plantations, and when he was appointed Governor he brought with him—and I am now quoting the language of one of the California Members of the House who is intimately related to the problem—"a lot of carpetbaggers, with resulting misrule and dissatisfaction." In other words, the requirement for the 3-year residency was written in 1921 for the specific purpose of trying to erect a further barrier against the precise type of carpetbagging which we are now asked to justify in the pending legislation. This is not a "new deal." It is an old deal, a repudiated deal.

So there is the organic act; there is the fundamental contract between the American people and the citizens of Hawaii; and it is that contract which, for some undisclosed reason, we are being asked to nullify and reject in respect to this fundamental right in the closing moments of this session, without any adequate or conclusive inquiry.

There are some other contracts in existence, Mr. President. It has been said a good many times on the floor of the Senate that the platforms of political parties are contracts. If any Senators upon this side of the aisle intend to vote upon this bill in the light of the obligation that binds them in the literal terms of their Republican Party platform, I should like to read them the following language. I am quoting from the recent Republican Party platform of 1932:

> We believe that the existing status of self-government which for many years has been enjoyed by the citizens of the Territory of Hawaii should be maintained, and that officials appointed to administer the government should be bona fide residents of the Territory.

There is no question about what that means.

Mr. President, apparently nothing was said in the Democratic platform of 1932 regarding the Hawaiian situation. They were undertaking to write a condensed platform, and I think they set a magnificent precedent in that respect. They could not deal in detail with everything which it heretofore has been the practice to cover almost ad infinitum, ad nauseum, in these poltical platforms; but that does not mean that there is not a long and continuous line of Democratic precedent which, I respectfully submit to my colleagues across the aisle, challenges any invasion of this particular home-rule right in Hawaii except as there is an absolute commanding reason to do it.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. VANDENBERG. Yes; I yield.

Mr. WHITE. The Senator spoke a moment ago of "the recent Republican Party platform." Did he not mean the "recent platform of the Republican Party"? [Laughter.]

Mr. VANDENBERG. The Senator can take his own choice. In either event, whether it be before or after the fact, the Republican Party and the Senator from Maine are committed to bona fide residency as the prime requisite in the selection of a Governor of Hawaii.

Mr. NORRIS. Mr. President, will the Senator yield there?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. VANDENBERG. Very gladly.

Mr. NORRIS. I am induced to make this suggestion because of the suggestion made in the recent interruption. Evidently we are trying to get somewhat technical. Does the Senator mean now by his language that the Senator from Maine is not a member of the Republican Party? The Senator said "the Republican Party and the Senator from Maine." [Laughter.]

Mr. VANDENBERG. I spoke inclusively, and I wanted particularly to identify the Senator from Maine, so that if he should wander at all in his political attachments in the next 24 hours he would know where he could find the home plate. [Laughter.]

Now, let us see what the long-standing Democratic commitment is upon this subject. I repeat that it seems to me this carries a serious challenge with it. We can start back in 1904, which is one of the first chances the Democratic Party had to speak in respect to this matter, when the situation was comparatively new and when there had not been developed so large a body of Hawaiian citizenship which might qualify for the governorship within the language of the organic act:

> We hold that the officials appointed to administer the government of any Territory * * * should be bona fide residents at the time of their appointment for the Territory * * * in which their duties are to be performed.

There is no question about what that means.

Here is another sample—the platform of the Democratic Party adopted at St. Louis in 1916:

> We favor granting to the people of Alaska, Hawaii, and Puerto Rico the traditional territorial government accorded to all Territories of the United States since the beginning of our Government, and we believe that the officials appointed to administer the government of these several Territories should be qualified by previous bona fide residence.

That is 1916. We come up to 1928; and these three examples ought to suffice. In 1928, at Houston, the Democratic platform said:

> We favor the development of Alaska and Hawaii in the traditional American way through self-government. We favor the appointment of only bona fide residents to office in the Territories.

There cannot be any doubt or equivocation about the construction to be put upon that.

Mr. President, every commitment that has been made by either political party in the United States for the last 30 years is at war with the proposal which is pending at the bar of the Senate. Every letter and every bit of the spirit of the organic act, which virtually amounted originally to a treaty between two Republics—the Republic of Hawaii and the Republic of the United States—every scintilla of it is at war with any proposition suddenly to precipitate a carpetbagging governor upon them.

Mr. President, every fundamental element of Anglo-Saxon fair play, and every traditional American theory of home rule are at war with the proposition which is brought to us seeking to win our consent to the destruction of the key authority in respect to home rule in the Hawaiian Islands. I submit that in spite of all the temporary difficulties which they may have had, and in spite of any difficulties yet remaining, we are not entitled to invade that fundamental right upon any such flimsy pretext.

We have serial troubles in our own United States, Mr. President. The Senator from Maryland speaks about racial difficulties. We have, upon occasion, very serious racial difficulties in States within our own continental country; but when we have them we do not promptly propose to take their governorship away from them and give them an absentee overlord. There is lawlessness in the United States upon more than one front. There are rackets in Chicago, and rackets in Detroit and elsewhere, and outlawry—literally outlawry—in connection with them; but I have not heard anybody suggest that we should rob those sovereign States of their governors, or their right to be governed by one of their own citizens, just because of these transient difficulties.

Ever so often there is a disclosure in New York of rotten, filthy government under the auspices of Tammany Hall. Mr. President, if upon the heels of every such disclosure as that we were to take the governorship away from the people of New York, I doubt if there would have been many minutes in the last 100 years that they would not have been ruled by someone from the outside. No; that is not the way it works.

Inasmuch as the citizens of Hawaii—not citizens of a possession, but citizens of a Territory—have every right that you and I possess under the flag and meet every responsibility and every duty that you and I confront under

the flag, inasmuch as they are absolutely equal copartners with us in our Americanism, I submit that we are not entitled on the summary spur of an expedient moment, without any showing of adequate need for the offense, to tear up the most fundamental thing in the organic act and to superimpose a carpetbagging government upon the people in the Territory of Hawaii.

SUSPENSION OF SECTION 18 OF EXECUTIVE REORGANIZATION ORDER

During the delivery of Mr. VANDENBERG's speech,

Mr. McNARY. Mr. President, I observe the presence of the able Senator from Arkansas [Mr. ROBINSON] at the moment, and therefore call up the matter to which I am about to refer.

A few days ago I introduced a joint resolution (S.J.Res. 63) disapproving section 18 of the Executive order of June 10, 1933, relating to the organization of executive agencies. The joint resolution called for the abolition of section 18 of the Executive order sent to the Congress by the President on last Friday. That section refers to vocational education, agricultural experiment stations, and so forth. At the time I brought up the matter the Senator from Arkansas thought there would be a chance of coming to an understanding with respect to the matter. In an informal conversation yesterday I understood the Senator to say the President would be willing temporarily to suspend the Executive order until 60 days after the convening of Congress in January.

The joint resolution which I have introduced provides for a permanent abolition of the Executive order referring to those agencies of the Government. The Senator from Idaho [Mr. BORAH] has a joint resolution pending suspending temporarily the order until 60 days after the beginning of the next session of Congress.

I am willing, in conformance to the opinion of the Senator from Arkansas and the President of the United States, to accept the proposal and will offer a modified form of joint resolution to conform to the joint resolution introduced by the Senator from Idaho, which calls for temporary suspension of the Executive order.

Mr. ROBINSON of Arkansas. Mr. President, I shall make no objection to the submission of the joint resolution. I should like to have it read.

Mr. McNARY. I ask to have it read from the desk.

The PRESIDING OFFICER. The joint resolution will be read.

The legislative clerk read the joint resolution (S.J.Res. 63) temporarily suspending section 18 of the Executive order of June 10, 1933, relating to the organization of executive agencies, as follows:

Resolved, etc., That notwithstanding the provisions of title IV of part II of the Legislative Appropriation Act, fiscal year 1933, as amended, the provisions of section 18 of the Executive order providing for certain regroupings, consolidations, transfers, and abolitions of executive agencies and functions thereof, transmitted to the Congress on June 10, 1933, and printed in House Document No. 69, Seventy-third Congress, first session, shall be, and the same is hereby, suspended until the convening of the next session of the Congress, and for 60 days thereafter.

Mr. ROBINSON of Arkansas. May I see the joint resolution?

The PRESIDING OFFICER. Does the Senator from Oregon present this as a substitute for his other joint resolution?

Mr. McNARY. Yes. That is the joint resolution I proposed a few days ago, modified after conference with the Senator from Arkansas.

Mr. BORAH. This covers four propositions.

Mr. McNARY. It covers section 18, which embraces the four activities of these agencies of government.

Mr. ROBINSON of Arkansas. Mr. President, the only suggestion I have to make to the Senator from Oregon is an amendment in the nature of a correction. I think the words in the second written line should be "are" instead of "is", the language being:

The provisions of section 18 * * * be and the same is hereby suspended.

I think it should be "are hereby suspended."

Mr. McNARY. That is correct.

Mr. ROBINSON of Arkansas. Let me say that this language has the effect of preventing section 18 of the President's Executive order from going into effect until 60 days after the meeting of the next session of Congress, which will afford ample opportunity, first, for such revisions as the President himself may desire to make with regard to section 18; and, second, it will afford an opportunity for the Congress to pass finally upon the question as to whether the section, either as it now is or as it may hereafter be modified, shall go into effect.

I shall not make any objection to the consideration of the joint resolution.

Mr. CONNALLY. Mr. President, before the joint resolution is passed I desire to ask a question of the Senator. I call the attention of the Senator from Arkansas and the Senator from Oregon to one feature of this consolidation which particularly affects the Senate and the House, and really ought to be included in the resolution of suspension.

The Senator will recall that in 1916 Congress created what is called a Public Buildings Commission—that is, a Commission composed of Members of the Senate and the House, the Architect of the Capitol, and others—for the purpose of keeping the control of the public buildings here in the District within the Congress, rather than turning them over to the executive branch of the Government.

Under this Executive order the Public Buildings Commission has been abolished as a legislative organization and transferred to the Department of the Interior. I happen to be a member of it. It is of no consequence to me personally, because it only involves a lot of work, and gives no honor whatever; but other members of the Commission, who have been on it a great number of years, seem to feel that it is not properly within the scope of this reorganization Executive order, because it is not strictly an executive function at all. It is a legislative function, because it is created by Congress, and it is under the control of Congress. I think it ought to be included in this suspension, in order that we may look into the matter between now and the next meeting of Congress.

Mr. ROBINSON of Arkansas. May I ask the Senator from Texas in what section this is found?

Mr. CONNALLY. It is under section 2—National Parks and Buildings.

Mr. BORAH. Mr. President, I should have no objection to that being included, but I am very much afraid we will get so much in this joint resolution that it will encounter trouble in the House.

Mr. CONNALLY. I will say to the Senator from Idaho that this Commission has only one clerk. That is all the expense it involves. If we put it in the Interior Department, it will probably have 3 or 4 or 5 clerks.

The only expense to the Government of maintaining this Commission is the employment of one secretary. The important thing is that the present organization of the Commission leaves Congress in control of the public buildings here in the District and the space within those buildings, and does not turn them over to the executive branches, which are extravagant of space and extravagant of money and everything else.

Mr. ROBINSON of Arkansas. Mr. President, I do not regard the amendment suggested by the Senator from Texas as of controlling importance. I shall not make any objection if the Senator from Texas offers that as an amendment to this joint resolution; and it has been suggested to me by the Senator from Wyoming [Mr. KENDRICK] and by others that the language embraced in section 2, namely, "the national cemeteries of the War Department which are located within the continental limits of the United States", might very well be inserted in the joint resolution. I do not wish to offer these amendments if the Senators who propose the joint resolution object to them; but, if there be no objection, I express my willingness to consent to the amendments.

Mr. McNARY. Mr. President, I am not quite sure of my attitude with regard to that matter at this time. May I have the assurance, or is the Senator from Arkansas in

position to give me the assurance, that the passage or acceptance of this joint resolution will be controlling with the President?

Mr. ROBINSON of Arkansas. Mr. President, it is my information that the President of the United States has so written his Executive order that he is at liberty, at any time he chooses, to modify it. According to my understanding, he is content that the provisions of the joint resolution of the Senator from Oregon or that of the Senator from Idaho [Mr. BORAH], suspending section 18, may be put into effect, with the understanding, of course, that he may see fit to modify the section to which those joint resolutions refer.

Mr. McNARY. That brings up the point I desire briefly to develop. This Senate joint resolution, of course, requires cooperative action by the House.

Mr. ROBINSON of Arkansas. Certainly.

Mr. McNARY. And if adjournment should occur today, it is possible that action could not be had.

Mr. ROBINSON of Arkansas. Yes.

Mr. McNARY. If I thought the President would be satisfied to accept the expression of the judgment of the Senate. I would modify the joint resolution and make it a Senate resolution, relying upon his acting upon that.

Mr. ROBINSON of Arkansas. Mr. President, I have not discussed that matter with the President, and I should not feel warranted in seeking to bind the President further than that I feel at liberty to say that it is my opinion that the President does not object to suspending the order as to section 18, if that be urged by the Senator from Oregon and the Senator from Idaho.

Mr. McNARY. That is the understanding I obtained from the discussion of the Senator from Arkansas. I am not trying to place him in the attitude of speaking directly for the President; but if I believed the President would suspend the operation under section 18 until 60 days following the convening of Congress in January I should be willing to rely upon that as a sufficient record, or I should be willing and should be happy indeed to simplify the situation by making this a Senate resolution.

Mr. ROBINSON of Arkansas. I do not understand that a Senate resolution has any force or effect in such a matter.

Mr. McNARY. Not at all. I am not claiming for it anything other than that it is a mere expression of the Senate on the subject.

Mr. BORAH. Mr. President, I would not want this to be a Senate resolution, because, if the President is going to accept this, he will accept it as willingly in the form of a joint resolution passed by the Senate as he would in the form of a Senate resolution passed by the Senate.

Mr. ROBINSON of Arkansas. That is what I was about to remark when I was interrupted. I do not understand that there will be any difficulty about the matter; but I should not like to state that the President, upon the passage of a Senate resolution, would feel bound by the resolution.

Mr. McNARY. Mr. President, in view of that situation and the necessity of acting promptly by messaging this joint resolution to the House, I would rather not have any amendments offered to it.

Mr. ROBINSON of Arkansas. Very well.

Mr. REED. Mr. President, will the Senator permit an interruption? The Senator from Arkansas has called attention to that unfortunate part of section 2 which transfers all the national cemeteries to the Department of the Interior. The Senator from Arkansas is exactly right about that. Senators can imagine what preposterous confusion would result when they consider that no one is entitled to be buried in those cemeteries until the War Department has searched its records and found his military status, and when he is buried a military party of pallbearers and escort has to turn out for the funeral—and they average nine a day over here in Arlington—and then, when the headstone is put up the War Department has to prescribe what goes on it. The rank and service of the man, and all that, has to be put on it. Everything is done by the War Department, and it will have to continue to do it; and we shall get into the most terrible confusion if the Interior Department tries to administer it.

Mr. ROBINSON of Arkansas. I think I can say to the Senators who are primarily interested in this joint resolution that it is not my opinion that the incorporation in the joint resolution of "national cemeteries of the War Department which are located within the continental limits of the United States" will make the slightest difference with regard to the passage of the joint resolution in the body at the other end of the Capitol.

Mr. REED. I hope the Senator will accept that amendment.

Mr. McNARY. I am wholly in accord with the views expressed by my colleagues from Pennsylvania and from Arkansas, except that I do not want to complicate this proposition by adding too much luggage when we only have probably a day, and not more than 2 days, for action.

Mr. ROBINSON of Arkansas. I think the Senator is entirely right about it. If I thought any controversy would arise about the national cemeteries, I would not consent to their inclusion.

Mr. McNARY. Very well. I am willing to have that incorporated.

Mr. REED. The Senator says he is willing to accept it.

Mr. FLETCHER. I hope the Senator will.

Mr. ROBINSON of Arkansas. I suggest the following amendment to be inserted at the proper place in the joint resolution:

Also, that portion of section 2 which relates to national cemeteries of the War Department which are located within the continental limits of the United States—

And so forth.

If the Senator from Texas wishes to offer an amendment, I suggest that he do so now.

Mr. CONNALLY. Mr. President, I have an amendment.

Mr. McNARY. May it be stated?

The PRESIDING OFFICER. Does the Chair understand that the Senator from Oregon accepts the amendments that have been proposed?

Mr. McNARY. I have accepted the amendment suggested by the Senator from Pennsylvania a moment ago, the language of which was stated by the Senator from Arkansas.

The PRESIDING OFFICER. The Chair assumes that the Senator has a right to modify his joint resolution.

Mr. McNARY. I accept the amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment offered by the Senator from Texas will be stated.

The LEGISLATIVE CLERK. It is proposed to insert, at the proper place in the joint resolution, the following words:

and that part of section 2 providing for the transfer of the Public Buildings Commission to the Department of the Interior.

The PRESIDING OFFICER. Does the Senator also accept that?

Mr. ROBINSON of Arkansas. It is my understanding that that is a legislative commission.

Mr. CONNALLY. That is right.

Mr. ROBINSON of Arkansas. I shall make no objection to the amendment.

Mr. McNARY. I accept that.

The PRESIDING OFFICER. Without objection, the amendments offered from the floor to the proposal of the Senator from Oregon will be considered as amendments to the original proposal; and, without objection, they are agreed to.

Mr. LA FOLLETTE. Mr. President, I merely wish to make an appeal to the Senator from Arkansas. I am so vitally interested in section 18 of the order that I wish to make a personal appeal to the Senator to do all that he can, consistently and properly, to assist in getting action upon this joint resolution in the House.

Mr. ROBINSON of Arkansas. Mr. President, I have an invariable rule; I never assume responsibility for action in the body at the other end of the Capitol, nor do I attempt

to influence action there. I think there are sound reasons for that policy. However, I can make this statement, that whether the resolution passes the House or not in my judgment is not likely to make very much difference.

Mr. LA FOLLETTE. That is very gratifying.

Mr. ROBINSON of Arkansas. I do not mean, of course, to cast any reflection on the House.

Mr. LA FOLLETTE. I understand.

Mr. ROBINSON of Arkansas. The statement might be misunderstood. What I mean is, that I have talked with the President about the matter, and he feels that if there is a sentiment in the Senate that section 18 ought to be suspended, I would be justified in consenting to it, in view of the conditions as to time under which the Executive order reached the Senate.

Mr. LA FOLLETTE. I understood perfectly that the Senator did not refer to the House, but referred to the President.

Mr. ROBINSON of Arkansas. I think the Executive likely will respond to the purpose of the resolution, whether it actually becomes effective or not.

Mr. LA FOLLETTE. It was because my understanding was that that was the import of the Senator's statement that I expressed my whole-hearted gratification that the Senator was in a position to make it.

Mr. President, I ask unanimous consent to have inserted in the RECORD sundry telegrams concerning the joint resolution.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

MADISON, WIS., *June 11, 1933.*

ROBERT M. LA FOLLETTE,
Senate Office Building, Washington, D.C.:

Just received wire from Wright, "Executive order abolishes board and transfers functions to Interior, also provides for 25-percent reduction in all appropriations, including extension work and land-grant colleges." Result of cut in Federal aid will disintegrate work in Wisconsin. Abolishing board takes administrative from sympathetic control.

GEO. P. HAMBRECHT.

MILWAUKEE, WIS., *June 12, 1933*

Hon. ROBERT M. LA FOLLETTE,
United States Senate, Washington, D.C.:

President's Executive order, June 10, cutting vocational education appropriations 25 percent and transferring board strongly opposed by labor. Have matter put over to next Congress if possible.

JOHN KLATT,
Business Manager Sheet Metal Workers' Union.

APPLETON, WIS., *June 12, 1933.*

ROBERT M. LA FOLLETTE, Jr.,
United States Senate, Washington, D.C.:

Elimination of Federal Board for Vocational Education as recommended in Executive reorganization order will seriously wreck Wisconsin vocational program. Use your influence to delay this order until we have an opportunity to be heard. Perpetuation of our program is at stake.

H. G. NOYES.

MILWAUKEE, WIS., *June 12, 1933.*

Hon. ROBERT M. LA FOLLETTE,
United States Senate, Washington, D.C.:

Rehabilitation and vocational education work will be thoroughly disorganized by the proposed action under the President's Executive order of June 10, which transfers functions of Federal Board to Department of Interior and cuts appropriations 25 percent. Vocational education work is drop of oil applied directly on squeak in machinery. It is public work, self-liquidating, and of the kind the Government is trying to promote. Why wreck one successful piece of work when endeavoring hastily to construct another? This order should be laid over until the next Congress.

R. L. COOLEY,
Director of Vocational Education.

GREENBAY, WIS., *June 14, 1933.*

The Honorable ROBERT M. LA FOLLETTE,
Senate Chamber.

DEAR SIR: One thousand five hundred Wisconsin vocation educators protest most emphatically the Executive order abolishing the Federal Board for Vocational Education. Party opportunism and political and personal pinch hitting are exacting a heavy tribute from 100,000 youths and adults in Wisconsin vocational schools at the present time. The same fundamental principles and basic reasons which established the Federal Board for Vocational Education in its inception as an administrative unit in cooperative education obtain as peculiarly today as they did in 1917, save that the present social and economic distress of the working-learning groups augment and emphasize anew the permanency and full force of those principles. Vocational-education people everywhere—and I know that I am voicing not alone my own personal opinion and feeling in this matter—deprecate, resent, and denounce the above action of the President, and will hold the political leaders concerned to a full accounting of their duties and responsibilities to their constituents back home. This is no idle threat. The right of the working people to a free education is inviolate and will be preserved. As a representative of the Wisconsin Vocational Education Association, I ask you, therefore, in all seriousness and candor to uphold the present administration and set-up of the Federal Board without reservation or compromise.

Remaining, I am very sincerely yours,

L. H. WOCHOS,
President Wisconsin Vocational Association.

SHEBOYGAN, WIS., *June 14, 1933.*

Hon. ROBERT M. LA FOLLETTE,
United States Senate:

One hundred fifty veterans attending our local vocational school respectfully ask your support in keeping present status of Federal Board for Vocational Education. This school depends on Federal Board for guidance, and any change would disrupt our local situation.

EX-SERVICE MENS PROTECTIVE ASSOCIATION.
KENNETH CRANE, *President.*
VERNE PERRY, *Secretary.*

GREENBAY, WIS., *June 14, 1933.*

Senator LA FOLLETTE:

I urge you to oppose recommendation to abolish the Federal Board of Vocational Education. It will impair the future of students who cannot afford a college education, as well as adults.

F. J. TIMMERMAN.

MADISON, WIS., *June 12, 1933.*

Hon. FRANKLIN D. ROOSEVELT,
The White House, Washington, D.C.:

Your Executive order to abolish Federal Board for Vocational Education and transfer its functions to Interior Department, also reducing all Federal aids 25 percent will result in material disintegration of vocational and rehabilitation programs now set up in behalf of our working people, rural and urban, employed and unemployed. Abolishing Federal Board takes administration out from under sympathetic control. On behalf of the working people of America I sincerely hope you may see your way clear to rescind that part of your Executive order which in effect would deprive hundreds of thousands of our working people of educational and rehabilitation courses.

GEO. P. HAMBRECHT,
State Board of Vocational Education.

MILWAUKEE, WIS., *June 13, 1933.*

Senator ROBERT M. LA FOLLETTE, JR.:

Very much surprised to learn of the abolition of Federal Board for Vocational Education and cut of 25 percent in vocational funds. I cannot believe that this is the President's wish, but rather that of Mr. Douglas, who, as an enemy of vocational education, sees an opportunity to destroy education for working people. If ever the country would back a filibuster I believe it would now. Many destructive things are being done under the disguise of economy. The enemies of vocational education never sleep. If this order goes into effect, it is the death knell of vocational education as far as it being effective in the lives of working people.

J. E. TEPOORTEN,
Director Cudahy Vocational School.

GREENBAY, WIS., *June 13, 1933.*

Hon. ROBERT M. LA FOLLETTE, JR.,
United States Senator, Washington, D.C.:

I understand that President Roosevelt has recommended the abolishment of Federal Board for Vocational Education. I urge that you oppose this move, which will impair the future of the unemployed youth and adult.

M. J. KETTER,
General Superintendent, Hoberg Paper & Fibre Co.

Mr. COPELAND. Mr. President, I have received a large number of telegrams similar to the one which I ask to have printed in the RECORD, and I ask to have two of these communications inserted in the CONGRESSIONAL RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

BROOKLYN, N.Y., *June 15, 1933.*

Hon. ROYAL S. COPELAND:

The faculty of the Brooklyn Industrial High School for Girls respectfully urges you to support measure to withdraw the President's Executive order of June 10 transferring functions of the

Federal Board to Department of Interior and reducing vocational and rehabilitation appropriations 25 percent until Congress has time to give due consideration to the proposal.

FACULTY.

DUNKIRK, N.Y., *June 15, 1933.*

Hon. ROYAL S. COPELAND:

Members these organizations urge your opposing President's order reducing vocational appropriations. Such action considered hasty at this time.

DUNKIRK CHAMBER OF COMMERCE.
DUNKIRK MERCHANTS EXCHANGE.

Mr. BORAH. Mr. President, I am not going to object to these amendments of the Senator from Arkansas and the Senator from Oregon, who are better informed as to the situation than I am, but I do not feel that the President had in mind anything except section 18.

Mr. ROBINSON of Arkansas. That is entirely true, if the Senator from Michigan will permit me to state just a word in his time. I have not discussed either of these amendments with the President, and it is upon my own responsibility entirely that I am assuming to consent to the amendments.

Mr. AUSTIN. Mr. President, I want to say a word about Senate bill 1930, introduced by me.

Mr. BORAH. The resolution has not yet been disposed of.

Mr. ROBINSON of Arkansas. Mr. President, may I suggest to the Senator from Vermont that the resolution of the Senator from Oregon has not yet been acted on.

Mr. McNARY. Mr. President, it is very appropriate that the Senator from Vermont should make his remarks now, as he has an amendment covering the same subject matter.

Mr. AUSTIN. Mr. President, I rise only to observe that I have introduced a bill relating to the same subject matter, but that in the present parliamentary situation I shall be content to go along with the pending joint resolution and support it, particularly in view of the remarks of the Senator from Arkansas.

I want to make just this observation, that though this joint resolution does not fully represent my views regarding the powers of the President, and the exercise of them under the authority which the Congress gave him, nevertheless I believe it expedient to go along with the Senator from Oregon and the Senator from Idaho in this matter and not raise any objection.

Mr. WHITE. Mr. President, I shall not undertake to offer an amendment to the proposal made by the Senator from Oregon. I cannot, however, permit this joint resolution to pass without indicating my grave doubt as to the wisdom of transferring in their entirety the functions and the responsibilities of the Shipping Board to the Department of Commerce.

The Shipping Board and the Emergency Fleet Corporation have a multitude of duties and responsibilties. There are many operative functions of both which I think might well be transferred to the Department of Commerce, but the Shipping Board is a regulatory body, having quasi-judicial functions. It has a wide range of authority over water rates in both interstate and foreign commerce. It has jurisdiction, and it acts, when it exercises that jurisdiction, in a judicial capacity, over rates, rebates, discriminations, preferences and practices of water carriers and all manner of questions of that sort. It is utterly inconceivable to me that those authorities can properly be transferred to and be exercised by an official of the Department of Commerce.

I have grave fear that whatever of value there is in the present law with respect to the regulation and control of rates and practices of steamship companies in both our interstate and in our foreign commerce will be lost by this wholesale transfer. I fear we shall, by this transfer, render ineffective a large body of law designed to control water carriers and to protect shippers. I want this expression of my views to be of record.

Mr. CAPPER. Mr. President, I am deeply interested in having favorable action on the joint resolution of the Senator from Oregon. I think it is of the highest importance that this Executive order, insofar as section 18 is concerned, should be suspended.

I find the educational authorities of Kansas gravely disturbed over the order. I ask permission to have printed in the RECORD a telegram I have received from F. D. Farrell, president of the Kansas State College, in which he says that this order would seriously impair the ability of colleges to help in national agricultural readjustment.

There is a similar telegram from President W. A. Brandenburg, of the Kansas College, at Pittsburg; also a letter from Dr. R. A. Pearson, chairman of the executive committee of the Association of Land-Grant Colleges and Universities, and another from Mr. C. M. Miller, director of the State Board for Vocational Education of the State of Kansas. I ask that all these communications be printed in the RECORD.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

TOPEKA, KANS., *June 13, 1933.*

Senator ARTHUR CAPPER:

Hope you will support action to reject or postpone President's proposal to reduce Federal appropriations to land-grant colleges. Proposed reductions, now that States have made drastic cuts, would seriously impair ability of colleges to help in national agricultural readjustment.

F. D. FARRELL.

PITTSBURG, KANS., *June 14, 1933.*

Senator ARTHUR CAPPER,
Washington, D.C.:

Executive order abolishing Federal board and reducing Federal aids to vocational education and all land-grant college activities disastrous to educational program in Kansas beyond description. Concerted movement on all forces to induce President to withdraw his eleventh-hour and unexpected order. If effort not successful, hope Executive order is either defeated or legislative action preventing confirming. Kansas needs your help in this matter.

W. A. BRANDENBURG, *President.*

ASSOCIATION OF LAND-GRANT COLLEGES AND UNIVERSITIES,
June 13, 1933.

Hon. ARTHUR CAPPER,
United States Senate, Washington, D.C.

DEAR SENATOR CAPPER: Referring to our conversation regarding the section in the President's reorganization order which relates to Federal appropriations to land-grant institutions:

The proposed reduction of 25 percent in these appropriations will save the Government approximately $4,000,000. Support of one of the most effective agencies of relief in these trying times will be reduced by that amount, when enormous sums of money, running high in the millions, are being provided for new activities, most of them temporary, to combat the wide-spread effects of the depression. It is proper to raise the question as to whether the sum of $4,000,000, or two or three times that amount, expended on a new and more or less experimental activity will produce as much relief to deserving citizens of this country as would be provided by the money that is now to be cut off.

The land-grant institutions—one in each State—are a going concern. They have been performing in a highly successful way for a long time the duties called for by both Federal and State laws. The benefits of their work are always greatest in times of national economic stress. It was so during the World War. It has been the same during the past 10 or 12 years when agriculture has been suffering continuously. Without the assistance given by these institutions the agricultural situation today would be far more deplorable than it is. The people who are in charge of the land-grant institutions know intimately agriculture throughout the entire country. To cut off about 25 percent of the effectiveness of this organization seems like a fanciful type of saving. The crippling of the work will affect many farmers and, in turn, many other occupations and the national welfare.

President Roosevelt himself said only a few months ago in reference to the work of the land-grant institutions, "I think it would be nothing short of a disaster if any of this work were seriously curtailed. Particularly in these times when farmers are having such a desperate struggle to maintain themselves I think it supremely important that they should have the benefit of the expert advice that colleges, experiment stations, and extension services are able to give them, and it is equally important that we should continue to hold out to their children opportunities for an education that will make them something more than field drudges."

As a thorough believer in agricultural education and in agricultural research and extension work, the President made this unqualified statement. At the same time he approved equally the "lesser schools of agriculture", such as are being conducted under the Federal Board for Vocational Education.

We believe the President expressed not only his own best judgment but the best judgment of the great majority of intelligent people. We do not think he has changed his mind, but it is difficult to reconcile his emphatic preelection statement with the action now indicated, unless it is that he has been wrongly advised. For the sake of the millions of people who are depending

on land-grant institutions for advice and help, we hope the President's order will be held in abeyance, so that our work will not have to be severely curtailed at this critical time.

Very truly yours,

R. A. PEARSON,
Chairman Executive Committee.

STATE BOARD FOR VOCATIONAL EDUCATION,
Topeka, Kans., June 13, 1933.

Senator ARTHUR CAPPER,
United States Senate, Washington, D.C.

DEAR SENATOR CAPPER: You will have received my wire protesting against the Executive order which transfers the functions of the Federal Board for Vocational Education to the Department of the Interior and reduces appropriations for vocational education.

If I had asked it of the people interested in vocational education, several thousand telegrams would have reached you by this time protesting against this order, for Congress has had no opportunity to give consideration to the proposal and cannot know the far-reaching effect of the order.

To transfer the functions of the Federal Board for Vocational Education to the Department of the Interior cannot but seriously interrupt the work that is being done by that Board. Those engaged in vocational education for the past 15 years are thoroughly committed to the principle of a Federal Board for Vocational Education on which the major industries of the country have representation, for vocational education under a representative board is kept flexible so as to meet the needs of workers in these industries.

It has been the universal experience that where vocational education is administered by the academically minded traditional type of school administrator, it has become stereotyped and inflexible. The educational needs of the workingman are lost sight of. Kansans who are familiar with the vocational-education program are unanimous in urging that you help preserve a Federal Board for Vocational Education on which the major industries of the country are represented.

Education has a large part in any program of emergency relief. In many States, including Kansas, the State board for vocational education has assisted in relief programs to the limit of available funds. They stand willing to do so now. To withdraw funds from this program which is organized so flexibly as to render really worth-while educational service to unemployed as well as to employed groups, and at the same time to appropriate millions of dollars for use in heretofore untried emergency-relief work is not economy. It is extravagance of the worst sort. There can be no justification for it.

You will be rendering education in Kansas a real service if you oppose the Executive order referred to above at least until Congress has had opportunity to give the matter careful consideration.

Sincerely yours,

C. M. MILLER, *Director.*

Mr. POPE. Mr. President, we are very much interested in Idaho, and in the West generally, in the joint resolution which has been under consideration. I should like to have inserted in the RECORD a telegram from the Governor of Idaho in regard to this matter, as well as a telegram from the president of our State university, giving in some detail an analysis of the situation in that State and a statement of the effect of the Executive order.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

BOISE, IDAHO, *June 14, 1933.*

Hon. JAMES P. POPE,
United States Senate, Washington, D.C.:

President Roosevelt's order of June 10 places Federal Board for Vocational Education in Department of Interior and cuts appropriation for vocational education and rehabilitation 25 percent will seriously cripple vocational work in Idaho. That part of the order affecting vocational education and rehabilitation should be eliminated.

C. BEN ROSS, *Governor.*

MOSCOW, IDAHO, *June 13, 1933.*

Senator J. P. POPE,
United States Senate, Washington, D.C.:

Have just received word that Executive order has come from President reducing Federal appropriation for teaching research and experimentation in land-grant colleges 25 percent. Feel that I would not be doing my duty as president of University of Idaho if I did not protest against this reduction as being excessive and therefore unjust. I hope that this Executive order will either be disapproved or negatively received by the Senate.

Regards,

M. G. NEALE,
President University of Idaho.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the joint resolution as amended.

The joint resolution as amended was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That notwithstanding the provisions of title IV of part II of the Legislative Appropriation Act, fiscal year 1933, as amended, the provisions of section 18, the portion of section 2 which relates to national cemeteries of the War Department which are located within the continental limits of the United States, and that part of section 2 providing for the transfer of the Public Buildings Commission to the Department of the Interior, of the Executive order providing for certain regroupings, consolidations, transfer, and abolitions of executive agencies and functions thereof, transmitted to the Congress on June 10, 1933, and printed in House Document No. 69, Seventy-third Congress, first session, shall be, and the same are hereby, suspended until the convening of the next session of the Congress and for 60 days thereafter.

The title was amended so as to read: "Joint resolution temporarily suspending section 18 and portions of section 2 of the Executive order of June 10, 1933, relating to the organization of executive agencies."

Mr. REED. Mr. President, I thought it would be unfair to the Senator from Oregon to offer any more amendments to his joint resolution; it might have jeopardized its chances of passage. But I hope before leaving Washington to be able to make an appeal to the President to consider again his action in taking all of the military procurement from the Army and Navy Departments and putting it in the Treasury Department.

As we all learned to our cost in the last war, the purchasing authorities of the Army cannot be too closely tied to the combatant part of the Army. In military purchases the important thing is promptness and readiness to serve the combatant branch. Economy, while always important, is secondary to the efficiency of the purchasing department in other respects.

It would make for great disorganization to endeavor to conduct a war with the Treasury doing all the purchasing for the Army and the Navy. In case of war, those purchasing powers would have to be put back into the military departments.

If this Executive order went into effect in its present form, it would mean that when war came and the transfer back to the military departments was made, there would be no trained personnel there to assume this function again. From the military standpoint, with which the President is himself so experienced, and on which he is, I believe, entirely sound, I think he himself will see that the transfer from those two departments is unwise.

Then, too, in another respect the order does some very striking injustices. Section 8 of the order consolidates the Bureau of Internal Revenue with the Bureau of Industrial Alcohol. That of itself does not sound very important, but when we turn to section 21, under "Definitions", we find that the term "abolished agency" means any agency which is abolished, transferred, or consolidated. Consequently, the Bureau of Internal Revenue is an abolished agency. Then, if we go back to section 19, we find that "all personnel employed in connection with the work of an abolished agency"—which includes the Bureau of Internal Revenue—"shall be separated from the service of the United States, except that the head" of the agency, subject to the President's approval, may, within 4 months, reappoint any personnel.

The result of that is that this Executive order dismisses from the Government service all of the 12,000 employees now in the Bureau of Internal Revenue, 3,500 of them in Washington and 8,500 in the field. How it can make for good government or for economy or for efficiency to fire the entire personnel of the Bureau of Internal Revenue is beyond my comprehension. I doubt whether the President, in signing the order, realized that it would have that effect.

I hope the Senator from Arkansas and others who are close to the President may, if they see fit, call the attention of the President to those two matters.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield.

Mr. ROBINSON of Arkansas. As I understand it, the Senator from Pennsylvania does not offer any amendment.

Mr. REED. No; I am not offering any amendment.

Mr. ROBINSON of Arkansas. I shall not attempt to discuss this subject or to reply to what has been said by the Senator from Pennsylvania in the time of the Senator from Michigan. The points raised by the Senator from Pennsylvania relate to some of the largest and most important provisions in the Executive order. Of course, there is no objection to the Senator presenting the matter to the Executive himself, who will, I have no doubt, make such further study of the matter as he might find necessary.

Mr. REED. The Senator will understand that I am making these suggestions most respectfully and not in the way of criticism. I am not attacking the order; I am merely pointing out these things.

Mr. ROBINSON of Arkansas. I understand that, but I do not understand that the last feature of the order to which the Senator has referred has altogether the effect the Senator from Pennsylvania has attributed to it; but I will not trespass further on the time of the Senator from Michigan.

Mr. JOHNSON. Mr. President, will the Senator from Michigan yield to me?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from California?

Mr. VANDENBERG. I yield.

Mr. JOHNSON. I merely want to express my gratification at the passage of the joint resolution. The four items embraced in section 18 were extremely important items from the standpoint of the West. They were items, generally speaking, in which the State matched funds with the National Government in one particular undoubtedly, and in the others, I think, as well. The reduction at the moment would have been very unfortunate, indeed. When I read the order casually when first presented, I thought that was the fact. Subsequently the figures were furnished me indicating it quite clearly. So the joint resolution which has been presented, introduced by the Senator from Oregon [Mr. McNARY] and assented to by the Senator from Arkansas [Mr. ROBINSON], is very important from the standpoint of the West; and, indeed, it is most gratifying that it should have been passed.

I had one letter as well concerning the cemeteries of the War Department, but upon that I do not desire to dwell. There are other matters in the Presidential order which, I think, as has been suggested, may be taken up with the Executive, and as he reserves the power at the end of the order I have no doubt that upon representations to him which will be of a persuasive or convincing character he will act as he might deem appropriate and will do what shall be just, because the latter part of the order, if Senators will recall, reads:

> *Provided*, That in case it shall appear to the President that the interests of economy require that any transfer, consolidation, or elimination be delayed beyond the date this order becomes effective, he may, in his discretion, fix a later date therefor, and he may for like cause further defer such date from time to time.

I have no doubt there are various activities that are included in this order which ought to be presented to him which the limits of time and the multiplicity of his duties, and ours as well I might say, have precluded us from presenting in the formal manner in which this joint resolution presents the items embraced by it. I simply rose to express my gratification, as I suggested, that the joint resolution regarding section 18 had been passed.

RETIREMENT OF SENATOR STEPHENS FROM SPECIAL COMMITTEE INVESTIGATING HARRIMAN NATIONAL BANK

Mr. STEPHENS. Mr. President, I desire to occupy only a moment to make a very brief statement.

Some time ago the Senate adopted a resolution submitted by the Senator from Colorado [Mr. COSTIGAN] providing for an investigation of the Department of Justice in the matter of its activities in reference to the Harriman Bank of New York City. The chairman of the committee [Mr. ASHURST] appointed me chairman of the subcommittee. Several hearings were held, and it was found necessary to go to New York City to complete the investigation. Due to the fact that we were so much engaged here, no member of the subcommittee desired to leave during the session, so that the hearings have not been concluded. The investigations will be carried on. For personal reasons I am very anxious to go to my own State. I could waive those reasons, and would do so, but I have a very substantial reason for the action I have taken.

Under a resolution offered by the Senator from New York [Mr. WAGNER] a special select committee was appointed to investigate labor conditions in the Mississippi River flood-control projects. I am a member of that subcommittee. The chairman informed me a few days ago that as soon as Congress adjourned he desired to begin that work. Of course, I am very anxious to attend the hearings of that particular committee. Learning this, I went to the Chairman of the Judiciary Committee [Mr. ASHURST] and asked him to take my place as Chairman of the Harriman Bank Investigating Committee and conclude its work. He has very kindly agreed to do so. I simply want to make this explanation so that my reason for resigning from the first committee mentioned may be known.

After the conclusion of Mr. VANDENBERG's speech,

APPOINTMENT OF GOVERNOR OF HAWAII

The Senate resumed the consideration of the bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii.

Mr. TYDINGS. Mr. President, the Senator from Michigan [Mr. VANDENBERG], with his usual thoroughness, has covered his side of this controversy in a most comprehensive way. Indeed, as I listened to his address I was reminded of an incident which occurred to me during the World War.

One dark night, while I was a considerable distance from the front, a soldier rushed by me headlong. I yelled at him to stop. He stopped and came back to where I was standing, and said, "Did you say 'Stop'?" Then I saw that he was a colored soldier. I said, "Yes." There had been some shooting going on up at the front, and he was facing in a direction opposite to that from which the explosions were coming at the time I accosted him. I said, "Yes; I said 'Stop.' Do you realize that you went by me without saluting?" He said, "Who are you?" I said, "I am an American officer." He said, "Great Lord! Have I run back that far?" [Laughter.]

The Senator from Michigan started at alpha and called every letter in the alphabet until omega was reached, working in symphonies from the Declaration of Independence and various other extracts which were extraneous to this matter. I know the Senator from Michigan well enough to know, and he knows himself well enough to know, that with the critical condition in the Pacific Ocean, with the critical condition in China, even though the citizen of the Hawaiian Islands and American citizen, forsooth—and I say this with no reflection upon the race—happened to be a Japanese preeminently qualified, he would under no circumstances endorse that man for Governor of the Hawaiian Islands; and when you concede that, where has your local self-government philosophy gone?

Local self-government is all-encompassing. The minute you cut the perimeter, all the inside of it escapes to the outside.

The Hawaiian Islands present the most complex race problem on the face of the earth. I say with pride and pleasure that up to very recently the antagonisms which might have existed have been absent, and there has been a degree of stability in government and amity and tolerance among the various people who compose its racial derivations which is noteworthy and which might be emulated even in the United States.

What are those racial divisions? The largest division is that of the Japanese, who have a population of 143,754. They are all excluded. The Senator from Michigan will not stand on this floor and say that he would advocate the appointment of a Japanese resident citizen of the United States as the Governor of the Hawaiian Islands. If he will advo-

cate such a thing, I will give him a chance to do so now, for fear I have misconstrued his thought.

The third largest division is that of the Chinese, who have 27,313. The Japanese and the Chinese together make up nearly one half of the total population of the Hawaiian Islands. The rest of the population is scattered through the following: Asiatic Hawaiian, Portuguese, Puerto Rican, Korean, Filipino, and a very few of the Caucasian race. Those races make up the population. So that local self-government, boiled down, comes down to one thing only. The philosophy of those men on the other side of the aisle, almost to a unit, in selecting and applying the principle of local self-government, consists in the selection of one of the 18,000 either pure blood or almost wholly pure-blood Caucasians who inhabit those islands. Where is local self-government gone when only one tenth of the population of the Hawaiian Islands can ever hope to have a governor selected from their group? It is a fetish; it does not exist; it is made out of thin air, and will not stand up even before the tilting of Don Quixote. It is a windmill. There is no basis for local self-government in it. Standing out there, as those islands do, many thousand miles from the western coast of this country, fortified, as they are, as a naval base, with conditions of unrest in Asia, if for no other reason at all the 122,000,000 people who live in the United States are entitled to some consideration in the handling of this important problem. That is the listening post, the outpost, the military and naval center of any future drama, or romance, or tragedy, which might be written upon the blue waters of the Pacific.

When our President asks us, forsooth, in this important place, to give him a free hand, to get the very best governor he can find in this country to fit into the ramified conditions of that particular post, who is going to say him nay if we really revere our own country, and look for the protection of its future and the integrity of its people?

Mr. President, there is not a man in this Chamber, not one, who would stand upon this floor and say, "If there is a Japanese resident citizen of the United States in the Hawaiian Islands who permanently should wear the mantle of governor, I think he should be the governor." If there is such a man here, let him stand up now and declare himself. I do not hear any voice lifted. I do not see any Senators rising. If 40 percent of the resident citizens of the United States are excluded from this honor, where is the local self-government?

Some day we may have need to weigh well conditions surrounding the Hawaiian Islands, which, thank heaven, in this hour we do not seem to want to weigh very deeply. What objection can there be? The people of the Hawaiian Islands do not elect their governor. If they elected their governor, that would be one thing; but they have no more voice over the election of their governor than the Senator from Michigan has over the election of the Governor of Maryland. He is appointed, and what appointed official ever came under the mantle of local self-government? Local self-government means the right to govern yourself, and any people who have their governor appointed for them have not even color of title to local self-government.

Does the Senator want to let them elect their governor? Will he support a measure which would convey to the people of the Hawaiian Islands the right to elect their governor from one of their own? I would be interested in hearing the answer to that question, because then we would know that the combination of the Japanese and Chinese in the islands could select the governor, and would the Senator be satisfied to carry his beautiful philosophy to that point? Of course he would not. Brought to the test, he would say, "No; I do not think the conditions and the influences and circumstances which surround the Hawaiian Islands warrant as wide a departure from experience and history at this time." That may be off in the future, a century or a half a century or a decade or two decades, but no man here on this floor will advocate that the Governor of the Hawaiian Islands shall be selected and elected by the people of the Hawaiian Islands. There is not a man here who will rise and defend that. Where is the local self-government in the face of these observations?

I do not hear anybody advocating that. I have not seen any bills offered to accomplish that result. I do not know of any party which has gone on record as advocating that result. I know why those provisions are written into the Democratic and the Republican platforms just as well as the Senator does. The politicians write them in the platforms so that they can get the gravy at home. That is the way we pay them off for coming to the conventions. That is the way both parties pay them off, by giving them a little soothing sirup, to take back home a little patronage, so that they may name the governor from one of the ruling groups in the islands, who, in turn, will dispense whatever patronage there is without too wide a regard, in cases, for the welfare of the islanders themselves.

I had not intended to go into this matter, but this is interesting. An examination, from a source I will not disclose, but connected with the Government; not a recent one, but an authoritative investigation, nevertheless, shows that practically the entire economic life of the Hawaiian Islands is in the hands of five families. It is hard to find a citizen in those islands who has resided there for any length of time who is not the attorney for or directly or indirectly supported through the ramifications of these various industries there. That is all right. I am not saying that is a crime. No doubt these men were simply good business men, and as their affairs grew and their riches increased, they expanded their activities. But, be that as it may, it does not make any difference whether the Democrats are in control or the Republicans are in control, a small, organized group and clique are going to run the affairs of the islands.

Every commentator upon affairs in those islands mentions that fact. There are about five large families who control the sugar and the pineapple business and the fertilizer business of the islands.

What does the election of a resident Governor mean under those circumstances? It means the perpetration of a very small oligarchy in control of the entire economic life of those islands; and if economic influences are not more wide-spread than political influences and not closer and more intimate to the life of the people, then I should like to know what is closer and more intimately entwined with their welfare. If that is so, I submit that generally any Governor who is a resident and citizen of the Hawaiian Islands is likely to be so enmeshed in the interests and backgrounds of the ruling clique in those islands that he could not render a fair and impartial administration of affairs as Governor. He could not move without running into some economic influence with which he has had contact in a favorable way in the past. I am only telling the truth; that is all. I could read here the names of the corporations and the names of the stockholders, and show that four or five families control all of the basic operations in the Hawaiian Islands. When there is an oligarchy of that kind who names the Governor, where does any fine-spun philosophy of local government lead us?

Mr. NORRIS. Mr. President, I think the statement made by the Senator, undoubtedly true, is a very startling reminder that the same condition exists in the United States.

Mr. TYDINGS. Exactly.

Mr. NORRIS. There are four or five large financial institutions which in one way or another control practically every activity in the United States.

Mr. TYDINGS. There is no question about that; and think of the hypocrisy of a political party denouncing that kind of control in our own country and voting to perpetuate it in another.

Mr. NORRIS. Mr. President, it seems to me, as I look at it, that the argument made by the Senator, while a very imposing and impressive one, is not an argument in favor of this bill. What good does it do if people get out of the clutches of four or five corporations there and get into the clutches of one or two corporations here?

Mr. TYDINGS. The Senator is right, if that happens; but I am hopeful that the President will take one who will not

be within the clutches of either group—who will be in a position when he goes to the Hawaiian Islands to render equal and exact justice to all the elements concerned.

Mr. KING. Mr. President, the Senator is postulating his argument now upon a statement which, with all due respect to him, I do not regard as accurate. I have made a great deal of investigation regarding the Hawaiian Islands. I know them well. My father lived there 12 years, and my information is that more than 52 percent of the stock of the companies to which the Senator refers is owned by people in the United States.

Mr. TYDINGS. Mr. President, if the Hawaiians were a homogeneous people, or even if they were not a homogeneous people, if there were only a few racial divisions; and if, notwithstanding those many racial divisions, such a degree of tolerance, such a degree of civilization, such a degree of humanity, such a degree of understanding obtained that citizens were elected or appointed to office without any division as to race or creed or color or what not, that would be one thing. But, as I have already pointed out, nearly half of the people of the Hawaiian Islands are of the Chinese or Japanese race, and nobody here contends that in this beautiful scheme of local self-government those people should receive the same consideration in the appointment of a governor that is accorded to one of Caucasian blood.

If that be the case, and if history shows that all of the economic life of the islands is held in the hands of four or five people, and that they have the power almost of life or death over the islands, and that they have selected practically all of the Governors heretofore selected in the islands, where does this beautiful theory about violating the rights of mankind come in at all? It is just simply nonexistent. It is a mirage, it is delusive, it leads us on in the promise of cool water when we are treading the desert under the sun, and when we get to what we think is the water all we find is that the beautiful mirage was but cactus reflected in the sky. That is all there is to this.

What is the practical situation? The President of the United States asks what? He sends a message to the Congress saying, "Because of peculiar conditions existing in the Hawaiian Islands at this time I should like to have my hands untied, to be free to select as Governor of the Hawaiian Islands the best man I can find, either in the islands themselves or upon the mainland." That is all he asks. The people of the Hawaiian Islands do not have the right to select their Governor now; he is appointed. No right is being taken away from them at all. They have no more voice in the selection of the Governor than I have in the selection of the Archbishop of Canterbury; not a bit. So let us get back to the practical, cold, common-sense, hard facts in this equation. Are we going to deny the Chief Executive the right to select from the largest field available the best man he can find to fit into this particular equation, on the one hand, or, on the other hand, with all these racial derivations, with all the likelihood of racial antipathy, with economic control in the hands of a few, are we going to compel him to make his selection solely from among those who are residents and citizens of the Hawaiian Islands? Lo and behold, even that selection carries only a 3-year residence.

It is assumed, from the eloquence of the Senator from Michigan, that the man who is going to be selected from the Hawaiian Islands was conceived there, was born there, educated there, and, praise God, will die there. As a matter of fact, under the law as it now exists he only has to be there 3 years; and so, if 3 years ago there was a prophet in the United States who foresaw the Democratic victory and wanted to become Governor of Hawaii, all he had to do was to go out to the islands at that time and he would now be just as eligible for appointment to the governorship of the Hawaiian Islands as would be a man who was 65 years old and who had spent every day of his life there.

I ask that we give the President the authority which, after viewing the situation from all its angles and ramifications and taking into consideration all the conditions which exist in the islands, he has requested, namely, that he be permitted the right to select as Governor of the islands the very best man he can find either in this country or there to discharge the very exacting duties of Governor of those lovely islands.

AMENDMENT OF SECURITIES ACT

Mr. FLETCHER. Mr. President, we have passed the Securities Act, which everybody concedes to be a very valuable piece of legislation, but the draftsmen apparently omitted one or two phrases which ought to be in the act, and which escaped the attention of the conferees. I am going to ask unanimous consent to introduce a bill which will correct that error, so as to have the law apply to the District of Columbia. As at present framed it does not seem to do so.

Mr. LA FOLLETTE. Mr. President, is the Senator from Florida asking unanimous consent for the present consideration of the bill to which he refers?

Mr. FLETCHER. Yes.

Mr. LA FOLLETTE. Mr. President, without any prejudice against the Senator's bill, I shall be constrained to object to his request, because I am unalterably opposed to the unfinished business. If the Senator wants to introduce his bill, and have it considered, I shall be very glad to support a motion to proceed to its consideration.

Mr. FLETCHER. I do not want to ask that. I could not have the nerve to ask that the unfinished business be laid aside in order to take up something else, except by unanimous consent. The error to which I refer simply means that the law does not apply to the District of Columbia, when everybody intended that it should.

Mr. LA FOLLETTE. I think it is very important that the Senator's bill should be passed, and I hope he will move to proceed to its consideration, because the omission of the language to which he refers, applying to the District of Columbia, would leave a very great gap in the Securities Act. So I trust the Senator, impressed with the importance of remedying this mistake, will move to proceed to the consideration of the bill which he has asked unanimous consent to introduce, and I shall be very glad to support his motion with whatever feeble efforts I can offer in that direction.

Mr. TYDINGS. If the Senator from Florida will yield to me, I desire to say that I think the Senator from Wisconsin "doth protest too much." [Laughter.]

Mr. FLETCHER. I think I see what the Senator from Wisconsin desires, and I cannot prefer my request in the shape he suggests. I want, however, to correct the broad statement that the Securities Act does not apply to the District of Columbia. It does apply to the District of Columbia except in paragraph 2 of section 3, where the words "District of Columbia" were omitted by oversight. Of course, I should like to have that correction made. I am told that if the Senate would pass the bill which I desire to introduce, and make the correction, it could be made in the House now; but if it cannot be done, it cannot be done; that is all. However, I ask unanimous consent that I may introduce the bill.

There being no objection, the bill (S. 1955) to exempt securities issued by banking institutions organized under the laws of the District of Columbia from the application of the Securities Act of 1933, was introduced and referred to the Committee on Banking and Currency.

APPOINTMENT OF GOVERNOR OF HAWAII

The Senate resumed the consideration of the bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Barbour	Brown	Caraway
Ashurst	Barkley	Bulkley	Carey
Austin	Black	Bulow	Clark
Bachman	Bone	Byrd	Connally
Bailey	Borah	Byrnes	Copeland
Bankhead	Bratton	Capper	Costigan

Cutting	Hayden	Metcalf	Steiwer
Dale	Hebert	Murphy	Stephens
Davis	Johnson	Neely	Thomas, Okla.
Dickinson	Kean	Norris	Thomas, Utah
Dieterich	Kendrick	Nye	Thompson
Dill	King	Overton	Townsend
Duffy	La Follette	Pope	Trammell
Erickson	Lewis	Reed	Tydings
Fletcher	Logan	Reynolds	Vandenberg
Frazier	Lonergan	Robinson, Ark.	Van Nuys
Glass	Long	Robinson, Ind.	Wagner
Goldsborough	McAdoo	Russell	Walcott
Gore	McCarran	Schall	Walsh
Hale	McGill	Sheppard	Wheeler
Harrison	McKellar	Shipstead	White
Hatfield	McNary	Smith	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. BORAH. Mr. President, sometime ago an unfortunate occurrence took place in Hawaii, and, as a result of conditions arising out of that occurrence, it seems that this bill has been brought forward for our consideration in the hope that the people of Hawaii may be better served by selecting a Governor outside the islands of Hawaii. As I said a few moments ago, it seems to me that this bill must be regarded as an indictment of the people of Hawaii, as a judgment to the effect that they are not capable of local self-government even to the extent which they now enjoy. From the record which I have examined and the reports which have been made with reference to conditions in Hawaii, I do not feel that we ought to take from the people of those islands the right to have one who is a resident of the islands appointed as Governor. It may not seem to us to be a very serious matter, but we know it has come to be considered a most serious matter by the people of Hawaii. They regard it, as I have said, as a condemnation, as a passing of judgment upon them, and adjudging them incapable of furnishing a Governor from the islands.

Especially, Mr. President, do I think that no sufficient opportunity has been afforded to the Senate to be advised as to the conditions which seem in the minds of some to justify this proposed legislation. There has been no hearing before any committee; as I understand, there has been no report; as I further understand, there is no agreement upon the part of the committee itself; and it is a too serious matter, so far as the people of Hawaii are concerned, to be disposed of in any summary way. Infinitely better would it be that they be afforded an opportunity to supply the President with the name of someone living in the islands suitable and possessing the requisite qualifications than that by the enactment of this bill we should deprive them entirely of the opportunity to do so.

Such things as happened in Hawaii happen in every community, and especially in communities made up as is the Hawaiian community. They can never enjoy self-government unless they purchase it through their actual experience. There is no such thing as self-government except it be acquired through experience, ofttimes bitter experience. In other words, as a great Democrat once said, the right of self-government implies the right to do unwise things as well as wise things. People will fail and make mistakes, and from those mistakes will spring a wisdom which is invaluable to them in the development of their capacity for self-government.

It would have been a most unfortunate thing indeed for the Colonies of the United States had they been judged as to their capacity for self-government by what occurred between the time the treaty of independence was signed and the time of the adoption of the Constitution of the United States. There is scarcely a period in the history of the development of any people so chaotic, so condemnatory, of what seemed a capacity for self-government as the period from 1783 to 1789. Had it been within the power of some superior agency, such as here found, to have withdrawn the right of local self-government, it would undoubtedly have been done. And yet, out of the fearful experience from 1783 to 1789 really came the Constitution of the United States. Without that experience, without those years of teaching, there is little doubt that the Constitution of the United States would not have been framed and could not have been adopted.

The people of Hawaii have had their experience, as most all people have, and the mere fact that a situation was created there a few months ago such as seems almost incredible in some respects, is, in my judgment, no reason whatever for taking away from them the right to furnish a Governor from their own islands. It has aroused them to greater effort in government.

The Delegate from Hawaii, speaking upon this subject in the House a few days ago, said:

> I am forced to believe that the President has been misinformed regarding conditions in Hawaii, for on no other assumption can I understand his request. Certain it is that the people of Hawaii do not favor such a move, for on Monday there was read into the RECORD of the Senate, and appears on page 3875 of the RECORD of May 22, a concurrent resolution passed by the Territorial legislature vigorously opposing any change in the residence qualifications of Hawaii's Governor.

Mr. President, I have had a letter from a gentleman long a resident of Hawaii. I do not feel free to put it in the RECORD because there are many things in it which I take it he would not desire to have printed, but he takes the view as expressed by the Delegate that the people of Hawaii by a vast majority are opposed to the measure now before us. That fact ought to be taken into consideration. The sentiment, the feeling, the convictions of the people of Hawaii are that they are being deprived of something which is justly theirs as a free people, which has been guaranteed to them by the organic law of the islands, which they have long enjoyed, now to be taken from them after years of experience. This they regard as in every sense a judgment of incapacity and of condemnation.

For that reason alone we ought to hesitate to pass this measure because after all the success of any Governor, it makes no difference from whence he comes, the success of government in Hawaii must depend upon the contentment, the happiness of the people of Hawaii and their faith in the Government of the United States. We ought not to take a chance in spreading among the people of Hawaii dissatisfaction and a want of confidence which an act of this kind will inevitably bring.

Mr. President, I have no intention of doing other than to express briefly my opposition to the measure. I should not have said anything at all had I not received this letter from one long a resident of the islands. I feel that I am expressing the wishes of a great majority of the people of the islands. I sincerely hope this measure may not pass.

Mr. LA FOLLETTE. Mr. President, as I stated the other day when the Senator from Maryland [Mr. TYDINGS], in charge of the joint resolution, attempted to call it up for consideration, I have never had the privilege of visiting the Hawaiian Islands. Therefore I must confess at the outset that I do not have the advantage of first-hand information, nor am I able to testify, as did the Senator from Michigan [Mr. VANDENBERG] as to the actual conditions there to be found. I think, however, it is fair to say that this legislation has not had the proper and careful consideration which a measure affecting so directly the interests of the people of the Territory of Hawaii should have had prior to its presentation for passage in this body.

Some Senators may remember, and I am sure the members of the Committee on Territories and Insular Affairs will certainly remember, that at the short session of Congress several important bills affecting the Hawaiian Islands were introduced and referred to the committee. The introduction of those bills created apprehension among the people of Hawaii that the measures would be given consideration at the short session of Congress. The then chairman of the committee, the former Senator from Connecticut, Mr. Bingham, finally announced that the measures would not be taken up for consideration by the Senate committee during the short session. As a result of that official statement, citizens of the islands who had intended to appoint a commission to come to Washington to testify concerning those measures and to present the case of the people of

Hawaii decided to abandon their trip because of the expense involved.

As has been so well stated by the Senator from Idaho [Mr. BORAH], Senators should bear in mind the significance which the people of Hawaii attach to this particular piece of legislation. As the result of an unfortunate crime, a terrible crime which occurred in the islands, the people there believe that on the mainland of the United States a false impression has been created concerning them and their ability for self-government. It was, in my judgment, largely because of that feeling that they had determined to send a commission here to present, from their point of view, the situation insofar as their government and insofar as crime, its detection, prevention, and punishment were concerned. They believed that they could present a case on behalf of themselves and their fellow citizens which would eradicate from the minds of legislators the prejudice which they feared had been created as the result of this crime.

To pass this joint resolution now without giving those people a hearing I can only characterize as a piece of lynch law. It is contrary to every concept of fairness and equitable treatment which should govern this great and powerful Nation in treating with the people of Hawaii.

I wonder if Senators realize that there has been no hearing upon the measure, that as a matter of fact, as I understand it, there has been no real consideration given to the measure by the members of the committee? I understood the Senator from Maryland [Mr. TYDINGS] to say that the committee had been polled upon the measure and that the report of the measure to the Senate and its consideration now depend upon a poll made upon this important piece of legislation.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Michigan?

Mr. LA FOLLETTE. I am glad to yield.

Mr. VANDENBERG. The poll not only was incomplete, but it merely sought permission to report the joint resolution without recommendation.

Mr. LA FOLLETTE. Mr. President, every Senator knows how polls are obtained in the closing hours of a session of the Congress. A page boy or the clerk of the committee rushes up to a Senator, who is harassed by other and perhaps what he considers more pressing matters, shoves a paper at him and says, "Will you sign this? The chairman would like to get it reported out to the floor." No real consideration is given to legislation under those circumstances. If I had my way about it, there would be a provision in the rules of the Senate to prevent legislation being considered under such circumstances except by unanimous consent.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LA FOLLETTE. I yield.

Mr. KING. May I say to the able Senator that as a member of the committee I can testify there was no meeting held and no hearing accorded upon the measure. I understood from the chairman of the committee that a meeting would be held at 2 o'clock on a given day for the purpose of permitting those who cared to address the committee with respect to the measure, both for and against, full opportunity to do so. I notified the Delegate from Hawaii and he appeared at the time indicated, with other men of intelligence, character, and culture, ready to express their position and the position of the people of Hawaii.

For some reason the meeting was not held. No other meeting was held. No consideration whatever was given to the bill; and if it was reported, as it was, it was reported in the manner just indicated by the Senator from Wisconsin. I certainly did not sign it. I do not think I had the opportunity to sign it. I know that other Senators were approached, and some of them signed; and, so far as I am advised, some did not.

Mr. LA FOLLETTE. In any case, Mr. President, Senators well know that the Senate has been working under terrific pressure for the last week or 10 days. Last week, I think, we were in session 3 consecutive days for 12 to 13 hours a day. Under those circumstances, I submit to Senators that merely upon the taking of a poll a piece of legislation of vital importance in the eyes of the citizens of Hawaii should not be brought before the Senate and jammed through under whip and spur in the closing hours of the session. I think if we were to pass this bill under those circumstances it would be a blot upon the record of the United States Senate.

If it is the policy of the administration to make this change in the organic law of the islands, then let the matter be introduced at the next session. Give notice to the people of Hawaii. Permit them to send their representatives here to speak for their citizens. Then if, after a full and careful hearing and a deliberate consideration by the committee it still is the determination of the administration to pass this legislation, let it come to the floor of the Senate, be debated upon its merits, and a determination taken by the Members of this body. But I say here and now, Mr. President, that I am so convinced of the injustice which is being done, I am so convinced of the unjustifiable nature of the procedure in connection with this legislation, that insofar as I am physically able to do so I shall prevent action upon it at this session of Congress.

Amendment of the organic law of the Hawaiian Islands is a serious, a momentous step from the point of view of the people who are residents of those islands. It must be remembered that this is a Territory, Mr. President. The organic act was adopted after the negotiations had taken place which were necessary to make these islands a Territory of the United States. I do not contend that it stands upon the same ground as a treaty, but I do say that it is only one step removed from a treaty in its solemn obligations upon the contracting parties.

I recognize that Congress retained plenary power to repeal the organic law, to change or to alter it in any respect. Nevertheless, I do not think I am going too far in urging upon the Senate that action should not be taken lightly; it should not be taken without careful consideration in attempting to modify in so important a respect the organic law of this Territory.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LA FOLLETTE. I yield.

Mr. KING. I think the Senator has been well within the realms of moderation in referring to the matter which he has just discussed. It seems to me that when two independent and sovereign nations enter into an agreement under the terms of which there is a consolidation, the smaller ceding its territory and its sovereign rights to the other, and immediately, as a part of the transaction, as a part of the res gestae, a bill is passed by the larger nation under the terms of which the smaller independent nation, weak as it was, is to have the right to have the Governor selected from its own Territory, it really is a part of the treaty; and a breach of that organic act becomes a breach of a solemn agreement between two sovereign powers.

Mr. LA FOLLETTE. I thank the Senator for his suggestion; and in that connection I wish to read briefly from the remarks of Representative GIBSON, to be found on page 5016 of the CONGRESSIONAL RECORD of June 5:

> Mr. Speaker, Hawaii is located 2,100 miles west of the mainland. Its government was formerly a monarchy with a long line of kings and queens. The people overthrew the monarchy and Hawaii became a republic. When it became a republic application was made to join the United States. A committee was formed, made up in part of citizens of Hawaii, and an agreement arrived at as to the basis of joining the American Nation.

In other words, these islands are not a possession which came to us as a result of conquest. These islands are not a possesion which came to us as the result of acquisition by purchase. These islands are a Territory of the United

States as the result of a voluntary act taken upon the part of a sovereign people; and as a result of their application to become a Territory of the United States negotiations were entered into and the organic law is the result.

A committee was formed—

Says Representative GIBSON—

made up in part of citizens of Hawaii and an agreement arrived at as to the basis of joining the American Nation. This was covered by a resolution adopted by the Congress of the United States.

Its relation to the United States and its status are fixed by the organic act. The organic act provides, among other things, that the Governor shall be a resident of Hawaii. At first he was required to be a resident for 1 year. In 1920 or 1921 it was changed to 3 years. Since that time one of the requisites has been that the Governor be a resident of Hawaii for 3 years.

I desire to point out, in connection with the statement I made concerning the scant consideration which this measure received at the hands of the Senate committee, a statement by Representative GIBSON describing the meager consideration which it received in the House of Representatives. He says:

It is proposed by this bill to permit the appointment of any citizen of the United States, of 35 years of age, and with other qualifications. I am opposed to it. In the first place, no good reason was shown to the committee for the change.

That is, the House committee.

Not a word of testimony was brought out except the message of the President, in which he asked for a temporary suspension of the provisions of the organic law. I am opposed to it because it is opposed by the people of Hawaii, by the business men, and by the legislature. I am opposed to it because no investigation has been had to determine whether this should be passed or not. I am opposed to it because it breaks faith with the people of Hawaii.

Representative SNELL, the minority leader in the House, interrupted Representative GIBSON:

Mr. SNELL. Was there any information before your committee except that contained in the message of the President of the United States why this should be done?

Mr. GIBSON. Not any in favor of the passage of the measure.

Mr. SNELL. There was no investigation of any kind?

Mr. GIBSON. None whatsoever.

Mr. SNELL. I am a little surprised that the gentleman from Mississippi [Mr. RANKIN] should bring in a bill advocating carpetbag government in any Territory or in any part of the United States. That is the last place I would suppose it would come from.

Mr. President, what is the situation concerning this measure? Admittedly, it had no hearings in the House of Representatives. No testimony was taken. No arguments were presented. The bill was reported out from the House committee, and after a fight they finally secured a rule, and it was passed through the House of Representatives. It came to the Senate. The Senator from Maryland [Mr. TYDINGS] did not even call a meeting of his committee. He took a poll; and it has now been developed, by statements made by Senators, that the poll which he took was not a complete poll.

I do not know how many Senators' signatures are attached to the measure at the desk, but the Senator from Utah [Mr. KING], long a member of this committee, has stated that he did not have an opportunity to register his position upon this measure through the poll. There were no hearings in the House; no testimony was taken in the House; no arguments were presented for its passage. It passed the House. It was referred to the Senate Committee on Territories and Insular Affairs. The chairman of the committee did not even dignify the measure by calling a meeting of his committee. He took a poll, or had someone take it for him. They went to enough members of the committee to get a majority, and then the bill was reported to the Senate of the United States and taken up without there even having been a written report from the chairman of the committee or from the majority of the committee.

Mr. President, in the face of that record, will the Senate of the United States proceed to break this long-established relationship with the people of Hawaii, through the organic act, by a substantive amendment of it?

I cannot believe that Senators will vote to take any such action in the face of the record.

Mr. President, with reference to the manner in which the Hawaiian Islands became a Territory of the United States, I wish to quote briefly from the remarks of Representative ENGLEBRIGHT, to be found on page 5019 of the CONGRESSIONAL RECORD of June 5:

Mr. Speaker, it is well to remember that the Territory of Hawaii was not acquired by conquest or purchase but was the result of the meeting of minds of two independent governments, resulting in an agreed annexation.

Annexation was first officially considered in 1854, when a treaty with that as its objective was drawn up and signed by the officials of both nations, but failed of ratification by the United States Senate, because it provided for the admission of Hawaii as a State. The drafts of the treaty show that attempts were made to persuade Hawaiian officials, especially the king, to accept the status of a Territory, but this they refused to do. This treaty failed of ratification, but the project of annexation was kept alive. The United States often demonstrated its interest in and a protecting attitude toward Hawaii.

President Abraham Lincoln said of Hawaii in 1864 in a letter to Elisha Allen, Envoy Extraordinary from the United States to Hawaii:

"Its people are free, and its laws, language, and religion are largely the fruit of our own teachings and examples."

This is a strong statement of the attitude of the United States at that time toward the government created by the people of Hawaii. It certainly was not contemplated by President Lincoln to annex Hawaii and give it a less free government than it then had or now has.

In 1875 a step nearer to annexation was taken by the two countries by a reciprocity treaty, which was signed that year and went into effect the following year.

The island government remained in the hands of the natives of the island under a monarchial form until 1893, when a successful revolution, headed by Sanford Ballard Dole, overthrew the monarchy and caused the establishment of the republic. Negotiations for annexations were at once opened by both countries along the lines similar to the treaty of 1854. President Harrison, in his message transmitting the treaty to the Senate, February 15, 1893, said:

"Only two courses are now open—one the establishment of a protectorate by the United States, and the other annexation, full and complete. I think the latter course, which has been adopted in the treaty, will be highly promotive of the best interests of the Hawaiian people, and is the only one that will adequately secure the interests of the United States."

The treaty contained the following phrase:

"Especially in view of the desire expressed by the said government of the Hawaiian Islands that these islands should be incorporated into the United States as an integral part thereof."

It is evident from these treaty stipulations, and from statements made by the Presidents of the United States and several Secretaries of State that both Nations agreed that Hawaii, if annexed, was to become an integral, incorporated part of the United States; that the people of Hawaii had demonstrated their ability to govern themselves; and that after annexation the people would be more free, secure, and self-governing than they had been in the past. Indeed, this was one of the objects of annexation.

Almost immediately after the inauguration of President McKinley another important treaty was negotiated and signed June 16, 1897. The treaty said: "These islands should be incorporated into the United States as an integral part thereof." As a result, Hawaii was annexed by joint resolution of Congress approved July 7, 1898.

The Hawaiian Islands are not merely a foreign possession of the United States, but are an integral and incorporated part thereof, and have been so defined by decisions of the United States Supreme Court.

Following annexation the United States initiated in the islands the usual American form of government, and it is modeled after the governments of most of the American States.

For more than 30 years the Territory has been operating under the American form of government, happily, patriotically, and successfully.

At this point Representative ENGLEBRIGHT was interrupted by Representative HOOPER.

Mr. HOOPER. Is the gentleman aware of the fact that in the island of Hawaii, an island the size of the State of Rhode Island, there has been but one murder in the past 25 years?

Mr. ENGLEBRIGHT. I understand that to be the fact.

The Territory, through taxation, raises money to defray all ordinary expenses. It supports excellent public schools for its 90,000 children who are subject to compulsory education along strictly American lines. Its university is attended by 2,000 students.

The various activities of the Territory are maintained just as the States carry on such activities, and cost about $12,000,000 a year. In the middle of the year 1932, while many of the States and municipalities on the mainland were in difficulty, Hawaii struck a balance and found that with all bills paid she had $5,000,000 in cash on hand and $5,000,000 more in liquid bonds. In addition to her Territorial taxes, it was shown that during the previous year Hawaii had also contributed to the Federal Government $5,375,000 in income and custom taxes. A balancing of the books between the Territory of Hawaii and the Federal Government showed that during the preceding 30 years it had sent to Washington $175,000,000, while the Federal Government had spent

upon activities that might be properly charged up against the Territory about $32,000,000, leaving a net profit to the Federal Government of some $149,000,000 in taxes received from the islands.

Mr. President, this is the record under the existing organic act, and under the past administrations in the Territory, a record of which I think the people of Hawaii have a right to be proud, which the Senator from Maryland asks the Senate to disregard and instead to enact a statute which every self-respecting citizen of the Territory of Hawaii regards as an insult.

I continue to read from Representative ENGLEBRIGHT'S remarks:

Thus the islands have not been an expense to the Government of the United States but have yielded a direct handsome cash profit. The record of self-government that Hawaii has made in more than 3 decades of Territorial life, from every aspect, has been an enviable one. It is safe to say that its institutions compare favorably with those of the half dozen more progressive States on the mainland. Within the short period of 30 years it has developed itself into one of the most important subdivisions of the United States.

At this time to change its organic act, to change its form of government, to set up a dictatorship over the islands in violation of the spirit of the treaty negotiations, in violation of the spirit of the articles of annexation without giving its people a chance to be heard, and in opposition to the expression of its legislature, and over the protest of its duly elected representative here in this House is an autocratic and an un-American procedure.

The Senator from Maryland may attempt to hide the essential issue involved in this measure behind war clouds which he puffs upon the horizon in the Pacific, but I submit that he cannot get away from the irrefutable argument of Representative ENGLEBRIGHT that action upon this measure under these circumstances would be absolutely unjustifiable, and would put a stain upon the record of the United States Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 19 and 43 to the bill and concurred therein; that the House had receded from its disagreement to the amendments of the Senate numbered 7, 10, 16, 30, 34, 44, 45, and 46 to the bill and concurred therein severally with an amendment, in which it requested the concurrence of the Senate; that the House insisted upon its disagreement to the amendments of the Senate numbered 11, 13, 14, 15, 17, 18, and 21 to the bill; that the House had disagreed to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 47 to the bill; that the House requested a further conference with the Senate on the disagreeing votes of the two Houses on the amendments still in disagreement, and that Mr. WOODRUM, Mr. BOYLAN, Mr. HASTINGS, Mr. BUCHANAN, Mr. TABER, and Mr. THURSTON were appointed managers on the part of the House at the further conference.

The message also announced that the House had passed without amendment the bill (S. 813) to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circuit.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 3344. An act to amend section 14, subdivision 3, of the Federal Farm Loan Act;

H.R. 5909. An act to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district; and

H.R. 6034. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes.

INDEPENDENT OFFICES APPROPRIATIONS

The PRESIDING OFFICER (Mr. DUFFY in the chair) laid before the Senate the following action of the House of Representatives:

IN THE HOUSE OF REPRESENTATIVES,
June 15, 1933.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 19 and 43 to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, and concur therein.

That the House recede from its disagreement to the amendment of the Senate no. 7 to said bill and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert "$85,773,000: *Provided*, That when found to be to the best interest of the United States, not to exceed $500,000 of this amount may be used for payments to State institutions caring for and maintaining veterans suffering from neuropsychiatric ailments, who are in such institutions on the date of the enactment of this act."

That the House recede from its disagreement to the amendment of the Senate no. 10 to said bill and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert: ": *Provided further*, That section 6, title I, of the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, is hereby amended to read as follows:

"'SEC. 6. In addition to the pensions provided in this title the Administrator of Veterans' Affairs is hereby authorized under such limitations as may be prescribed by the President, and within the limits of existing Veterans' Administration facilities, to furnish to men discharged from the Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty and to veterans of any war, including the Boxer rebellion and the Philippine insurrection, domiciliary care where they are suffering with permanent disabilities, tuberculosis, or neuropsychiatric ailments and medical and hospital treatment for diseases or injuries.'"

That the House recede from its disagreement to the amendment of the Senate numbered 16 to said bill and concur therein with the following amendment:

In lieu of the first three lines of the matter inserted by said amendment insert:

"Such amount as may be necessary of the fund entitled 'Recreation fund, Army', created by the War Department Appropriation Act, approved March 4, 1933, is hereby appropriated and."

That the House recede from its disagreement to the amendment of the Senate numbered 30 to said bill and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert:

"SEC. 6. Hereafter the Postmaster General shall not award any air mail contract or any ocean mail contract under the Merchant Marine Act of 1928 to any individuals, companies, or corporations, which singly or in combination with other individuals, companies, or corporations pay any salary or salary combined with bonus, to any officer, agent, or employee in excess of $17,500. If such individuals, companies, or corporations employ any officer, agent, or employee on a part-time basis, such salary, or salary combined with bonus, shall be reduced in proportion to such part-time employment."

That the House recede from its disagreement to the amendment of the Senate numbered 34 to said bill and concur therein with the following amendments:

In line 1 of the matter inserted by said amendment strike out the letter "c" and insert "b", and in line 6 strike out "voluntarily or."

That the House recede from its disagreement to the amendment of the Senate numbered 44 to said bill and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert:

"SEC. 17. That section 3 of the act of Congress approved May 28, 1928, entitled 'An act to amend the salary rates contained in the compensation schedules of the act of March 4, 1923, entitled "An act to provide for the classification of civilian positions within the District of Columbia and in the field services"', as amended by the act of July 3, 1930, be further amended by adding thereto the following: '*Provided*, That in all cases where since December 6, 1924, in such adjustment the position occupied by an employee has been or shall be allocated to a grade with a maximum salary below the salary received by the incumbent the rate of pay fixed for such position prior to such allocation may be paid after the date of the enactment of this act so long as the position is held by the incumbent occupying it at the time of such allocation, and the Comptroller General of the United States is authorized and directed to allow credit in disbursing officers' accounts for all payments heretofore made at such higher rates.'"

That the House recede from its disagreement to the amendment of the Senate numbered 45 to said bill and concur therein with the following amendment:

At the end of the matter inserted by said amendment, before the period, insert " : *Provided further*, That the contractor shall not be allowed any profit in connection with the restoration of such earthquake damages."

That the House recede from its disagreement to the amendment of the Senate numbered 46 to said bill and concur therein with the following amendment:

In lieu of line 1 of the matter inserted by said amendment insert:

" SEC. 19. Section 36 of the 'Emergency Farm Mortgage Act of 1933', approved May 12, 1933, is hereby amended to read as follows:

" 'SEC. 36. The Reconstruction Finance Corporation is.' "

That the House insist upon its disagreement to the amendments of the Senate numbered 11, 13, 14, 15, 17, 18, and 21 to said bill.

That the House disagree to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 47 to said bill.

That the House request a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. WOODRUM, Mr. BOYLAN, Mr. HASTINGS, Mr. BUCHANAN, Mr. TABER, and Mr. THURSTON be the managers of the conference on the part of the House.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from South Carolina?

Mr. LA FOLLETTE. I yield.

Mr. BYRNES. I move that the Senate agree to the amendments of the House to the amendments of the Senate numbered 7, 10, 16, 30, 34, 44, 45, and 46.

Mr. McNARY. Does that include the Cutting-Steiwer amendment?

Mr. BYRNES. No; I will explain the situation as I go along.

Mr. LA FOLLETTE. Mr. President, may I have an understanding from the Chair that I will not lose my rights under the rules in yielding to this privileged matter?

The PRESIDING OFFICER. It may be so understood.

Mr. BYRNES. Mr. President, these are amendments as to which there is no controversy between the two Houses. They were legislative provisions which had to be submitted to the House for consideration. They were agreed to tentatively by the conferees during the original conference. So I have moved that these amendments be agreed to en bloc.

The motion was agreed to.

Mr. BYRNES. Now, I move that the Senate insist upon its amendments nos. 11, 13, 14, 15, 17, 18, and 21. Those are amendments which are in dispute between the two Houses, one of them the amendment of the Senator from Alabama [Mr. BLACK], the others amendments involving totals.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to.

Mr. BYRNES. Mr. President, I now move that the Senate insist upon its amendment to the amendment of the House to the amendment of the Senate no. 47, which is the amendment discussed at length in the Senate and which involves the amendment of the Senator from Oregon [Mr. STEIWER] and the Senator from New Mexico [Mr. CUTTING]. I move that the Senate insist upon its amendment.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to.

Mr. BYRNES. Mr. President, I now move that the Senate agree to the conference requested by the House and that the Chair appoint the conferees.

The motion was agreed to; and the Chair appointed Mr. GLASS, Mr. BYRNES, Mr. RUSSELL, Mr. HALE, and Mr. STEIWER conferees on the part of the Senate.

COMPENSATION OF VETERANS—THE ECONOMY ACT

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD a letter I recently received disclosing another instance of wrong done a veteran under the so-called "Economy Act", otherwise known as "An act to maintain the credit of the United States."

Every Senator and House Member has been deluged with appeals of like nature, all of which has led Congress to regret that it delegated its powers to the Executive to make regulations through a large staff of employees and clerks unfamiliar with the true facts of each case and often unsympathetic with the welfare of the veteran.

It is unfortunate to call the measure an act to maintain the credit of the United States as though the credit of our Nation depended on doing injustice to its defenders.

I hope that Congress will insist on regaining the right to make specific limits in the reductions to veterans at this time, and that when it convenes again it will go further and recall all rights given the Executive in the so-called "Economy Act", and set out to do its own legislating as the Constitution provides, instead of leaving it to the President to make our laws.

The veterans elected us to protect them in their rights for defending our country; we should be derelict in our duties if we failed them in this, their hour of need.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FERGUS FALLS, MINN., *June 9, 1933.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D.C.

DEAR SENATOR: I am attorney for a World War veteran, named Edward K. Mills, who is clearly entitled to maintain an action on his war-risk insurance policy. He is a pitiful object, and will be soon, if he is not now, a definite object of charity. He suffers from what is commonly known as sleeping sickness, and the doctor advises me, on the history of the case, that there is no question but what this condition is traceable to the gassing and mumps which he contracted while in service abroad. The record and the facts of the case demonstrate that he did feel unwell when he was discharged and gradually got worse, so that on January 1, 1920, he became so affected by this disease that he was asleep for 72 days. He has tried ever since to recuperate and to work, but his sickness has prevented him from engaging for any length of time in that effort. In 1927 or 1928 he went to Alaska, apparently under the advice of doctors and in the hope of getting better in that climate. He stayed there until December 1, 1932, and had made plans for starting an action to have his insurance recognized, but he had to leave Alaska so as to be back here on December 1, and about a month ago his counsel in Alaska, about to be appointed judge of that Province or Territory, turned the case back to him and he employed me. The veteran is now a resident of this county, his relatives and friends are poor, and I started an action.

It now develops that the Government refuses to admit service on account of the provisions of the so-called "National Economy Act." This monstrous thing, known as the "National Economy Act", section 17, title 1, says: "All laws granting or pertaining to yearly renewable term insurance are hereby repealed", and section 5 of the same title seems to provide that "all decisions rendered by the Administrator of Veterans' Affairs under the provisions of the title, or the regulations issued pursuant thereto, shall be final and conclusive on all questions of law and fact, and no other official or court of the United States shall have jurisdiction to review, by mandamus or otherwise, any such decision."

Under this law, as I understand it, since March 20, 1933, the date of its enactment or signing by the President, no action upon war-risk insurance policies can be commenced. This I was not aware of when the action was begun.

It is very difficult to believe that the Congress of the United States, representing the people of the country and assembled to protect their interests, and particularly the interests of the veterans who defended our country in time of war, let themselves be led into such unjust and iniquitous legislation. This is merely an instance showing the effect of this legislation. I presume there are thousands of like cases. These veterans have patriotically endeavored to get along as best they could, in the hope, as in this case, that they would not be reduced to the necessity of availing themselves of the act as it was originally. In other words, save themselves from the necessity of bringing action in court to determine their rights. Now they discover that Congress and the President of the United States, in the name of "national economy" and "to maintain the credit of the United States Government", subtracts, without any resulting consideration, valuable rights which former laws vested in these veterans. If the veterans do not rise in arms against such legislation and "economy", I shall be very much surprised. In any event, the conscience of the people at large must be outraged when they understand the situation.

With reference to this particular man, unless we can get something done for him, he will be in a short time, but for years, unless death intervenes, a definite object of charity in our county.

The object of my letter is to apprise you of a practical situation so that if possible you may in this particular session, get an amendment through that will restore the right of these veterans to sue in the United States courts to recover the rights, such as they may have. There is still time to correct this grievous injustice, I hope.

I want to say to you and to all others that might get in touch with this practical problem, that this injustice is not creditable to you. I am positive that you have done all you could to prevent this kind of "economy" which transfers the discharge of a national debt with respect to these veterans to local communities which are now already distressed and who must contribute by means of the income tax to the maintenance of a Government primarily liable.

I remain, respectfully yours,

ERIKSSON LAW OFFICES,
By L. ERIKSSON.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, reserving to the Senator from Wisconsin his constitutional, statutory, and other rights, I ask him whether he will yield in order that I may move a recess?

Mr. LA FOLLETTE. I yield.

Mr. ROBINSON of Arkansas. I move that the Senate stand in recess until 6:30 o'clock.

The motion was agreed to; and (at 5 o'clock p.m.) the Senate took a recess until 6:30 o'clock this day.

On the expiration of the recess, the Senate reassembled, and the Vice President resumed the chair.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Robinson, Ind.
Ashurst	Costigan	King	Russell
Austin	Cutting	La Follette	Schall
Bachman	Dale	Lewis	Sheppard
Bailey	Davis	Logan	Shipstead
Bankhead	Dickinson	Lonergan	Smith
Barbour	Dieterich	Long	Steiwer
Barkley	Dill	McAdoo	Stephens
Black	Duffy	McCarran	Thomas, Okla.
Bone	Erickson	McGill	Thomas, Utah
Borah	Fletcher	McKellar	Thompson
Bratton	Frazier	McNary	Townsend
Brown	Glass	Metcalf	Trammell
Bulkley	Goldsborough	Murphy	Tydings
Bulow	Gore	Neely	Vandenberg
Byrd	Hale	Norris	Van Nuys
Byrnes	Harrison	Nye	Wagner
Capper	Hatfield	Overton	Walcott
Caraway	Hayden	Pope	Walsh
Carey	Hebert	Reed	Wheeler
Clark	Johnson	Reynolds	White
Connally	Kean	Robinson, Ark.	

Mr. LEWIS. Mr. President, I rise to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate in attendance upon the London Economic Conference.

I also wish to announce that the Senator from Georgia [Mr. GEORGE] is unavoidably detained, and that the Senator from Massachusetts [Mr. COOLIDGE] is absent on official business.

The VICE PRESIDENT. Eighty-seven Senators having answered to their names, a quorum is present.

SIGNING OF ENROLLED BILLS

Mr. ROBINSON of Arkansas submitted a resolution (S.Res. 102), which was considered and agreed to, as follows:

Resolved, That the President of the Senate be, and he is hereby, authorized to sign, after the adjournment sine die of the present session of Congress, enrolled bills and joint resolutions not presented to him for his signature prior to such adjournment, and that the Committee on Enrolled Bills be, and it is hereby, authorized and directed to present same to the President of the United States.

THE AGRICULTURAL SITUATION

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD two letters in regard to the farm situation.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

AN APPEAL FROM THE FARMERS OF AMERICA

To FRANKLIN D. ROOSEVELT, President of the United States.

DEAR MR. ROOSEVELT: Feeling that the seriousness of the farmers' condition has been misrepresented to you, I have been requested by the members of our Watonwan County (Minn.) Farmers' Holiday Association to state to you our feeling in regard to the new farm bills just made law by you and the present Congress. We farmers are not satisfied with these new bills. We are both disappointed and angry. Angry because, after having petitioned for 4 bitter years for legislation embodied in the Frazier bill, which we know would give us the help we need, once more organized greed has defeated us and thrust upon us another experiment of their own making. We are indeed angry. We do not like the new mortgage refinancing bill. And we have no confidence or faith in Secretary Wallace's scheme to raise farm prices. We do not think it will work out successfully. It cannot, because we know that the cause of our marketing difficulties is not overproduction. His idea is but one more costly experiment, and we have had enough.

But the refinancing of our mortgages is the problem of greatest importance. This bill is a part of your "new deal" for agriculture. As such, your "new deal" is destined to fail. If it fails to relieve and help us farmers, you and the Democratic Party will fall with it, because the solution of the farmers' problem has become the crucial test for every political party.

We do not wish you to fail. That is why we are appealing to you once more. We demand that our own farm bill, the Frazier bill, be reconsidered and supported by you.

It is but just and fair that we state to you why we do not like the new mortgage refinancing bill. It is also just that I, as spokesman for the organized farmers of this county, should state my qualifications as a critic of the present farm-loan system and the new mortgage bill. I am a woman farmer, having owned and operated my own farm for 44 years. During the last 9 of those years I have carried a heavy Federal loan on my farm, and have gone through all the bitter experience of threatened foreclosure and loss under the present vicious system. I know whereof I speak. I wish to state in no uncertain terms that the present Federal Farm Loan System is the biggest swindle ever put over upon the American farmers by the bankers of this country. I also wish to state that the methods and practices of the land bank of St. Paul toward its farmer borrowers, have in many instances been despotic and tyrannical. And your new mortgage bill has not removed these evil features of the farm-loan system.

It will still be a great swindle under the new bill. Our objections to the present loan system may be summed up as follows: Too high interest rates, too much banker control, and unjust terms to which we are compelled to submit.

Under the new bill the interest rate has been reduced to 4½ percent. That is still too high in contrast with the low rates the United States Government has given other countries and foreign countries. It is also still too high in contrast to the vast debt already stacked up against the farmer. We are told that our buying power must be restored to us in order that the great army of unemployed may go back to work—work created for them by the big amount of new things the restored farmer is expected to buy. Herein lies the fallacy of the new farm bill.

How can we farmers pay 4½-percent interest on nine billions of farm debt, pay up a vast sum of other debt outside of the mortgage indebtedness, which has been increasing and piling up against us for 13 years past—how can we do all this and still have enough left out of our incomes to buy sufficient manufactured goods to start all the factories operating and employing men again? Even with the time extensions granted on debts by the new bill, a gigantic task has been laid upon the back of the ruined farmer. We farmers, sitting here in our meeting hall, know that the new farm bills are not going to help us do all that is expected of us. The new interest rate is too high still. It will eat up the income of the farm and keep on destroying our buying power—the one thing so necessary to restore prosperity to this country.' We asked for 3 percent. Why couldn't we have it, especially since so much depends upon the restoration of our purchasing power?

Here is the answer—too much banker control of our lawmaking bodies. The old exploitation of the workers by the bankers will still go on. The bankers did not want us to have 3-percent interest rate. That would cut down their big profits, dividends, and salaries. That is the chief reason we farmers object to the Federal Farm Loan System. The Federal Farm Loan System is but a part of the Federal Reserve System, and it was the head of the Federal Reserve System, the Federal Reserve Board, that plotted our ruin in cold blood back in 1921 and robbed us farmers of some $4,000,000,000. Not satisfied with that dastardly crime, that board of bankers went one step further and declared all farm mortgages nonnegotiable paper. That master stroke completed our ruin. Farm prices crashed far below cost of production, and the value of our land dwindled to nothing. The Federal Reserve Board had sold the American farmers into financial slavery. After 13 years of bitter hardship and struggle for freedom, we are still in bondage. Your "new deal" has not—cannot free us.

Why? Because we are still under the dictatorship of the bankers who ruined us. The only relief they have offered us is the reduction of a pitiful 1 percent in interest and an extension of time. Just more credit! We do not want more credit! We ask for a chance to pay off our debts and be free American citizens! That demand is only simple justice. The Revolution of 1776 was fought for just that.

We asked for honest dollars and a square deal. We didn't get it. That is why we are sending this final appeal to you before we take our own business in our own hands. In the Frazier bill we demanded a reform of the Federal farm loan system as now practiced. But our demands, our petitions, our prayers, have all been in vain. We have been ignored in Washington. Against our will, we have been made the victims of experiment. Hoover promised us relief. What did we get? Just another experiment—

the Farm Board. We farmers did not ask for the Farm Board. We asked then, as now, for honest money and a square deal. We do not believe in price fixing. We believe that if we are given honest money handled by the United States Government instead of by a group of special-privilege bankers, our markets will adjust themselves. We will see to that. Never has the American farmer been allowed the legislation he has asked and worked for. Never has he been permitted to choose for himself. Others, greed blinded, indifferent, or ignorant of the true farm situation, have always chosen for him, with disastrous results to all. But that time is past. The farmers of America are in revolt!

Your "new deal" for the farmer does not end the abuses practiced against him by the Federal land banks. In the Frazier bill we called for a reform of this vicious system. The Frazier bill gave the farmers representation and partial control on the Federal Farm Loan Board. As it stands today, we farmers have neither representation nor control of our own finances. The so-called "local boards of directors" are mere puppets. All power is centered in the banker-controlled land banks.

I wish to call to your attention a few of the abusive features of the present loan system. Chief of these is the "stock" clause. Every farmer must buy stock in the loan association to the amount of one half of 1 percent of the sum of his mortgage. This sum or "stock" is added to his mortgage principal so that he borrows just that much more than he needs and is compelled to pay interest on that additional amount. This stock is supposed to be refunded to the farmer when he pays off his mortgage. But the banks as well as the farmers got into such a precarious position that all stock in the land-bank system is now as good as forfeited. For the first 3 years the land banks paid the farmers interest—6 percent—on this stock. The farmers paid the banks 5½ percent. Now, the land banks have simply absorbed that additional money and the farmer has no come-back. We are told that this money has been used to meet defaulted interest and installments of fellow borrowers. Yet that is not the worst part of this stock feature of the Federal loan system. This "stock" is assessable in case the land banks get in so bad that that step becomes necessary. It is all a great, cruel swindle. We farmers have just been robbed of this "stock" money.

Another abuse practiced by the land banks against the farmers is the "penalty" levied on delinquent interest and installments. If a farmer cannot meet his payments when due, the land bank charges him 8 percent penalty on the sum delinquent. Can you see any justice or reason in this practice? If a man is unable to pay 5½ percent, how in the world can he pay 8 percent? And that interest upon interest, while the other 5½ percent on the principal is still going on at the same time. If this is not a swindle, what is?

Another objection we have to the present loan system is the small amount—just 1 percent—which is applied each payment date on the principal of the loan. Out of the 5½ percent interest rate, 4½ percent is claimed by the land bank as interest and only 1 percent is applied to cut down the sum of the loan. In the Frazier bill 1½ percent was to be taken as interest and 1½ percent was to be applied on the principal. Under the present system too much is claimed in interest and too little is applied on the principal. This is also true under the new reduced rate of 4½ percent. Such a system requires a lifetime of drudgery to pay off a mortgage. In fact, farm mortgages are seldom paid off. They become heirlooms in farm families. We do not wish to pass mortgages on to our children and grandchildren. Give us a chance to pay our debts. Will the time ever come in this land of the free (?) when the word "mortgage" is not tacked to the word "farm"? Banker lawmakers denied us the Frazier bill with its 50–50 payment plan. We demand it!

One more practice of the land banks which we farmers resent is this: They tell us to send money to them in whatever amounts we can and whenever we can to be applied on the interest and installment when the date of payment came. When that interest had become delinquent and we had not deposited the required sum with them, but only a part of it, they did not apply any of our deposit on the unpaid interest but charged us 8-percent penalty on the whole sum and held back our deposited cash until such time as we could raise the additional amount due. In the meantime they had the use of our money, without allowing us one cent for the use of it. At the same time they had failed to pay us a dividend on our "stock", as they were supposed to do. Is that justice?

We farmers also object to the expensive "field men" the land banks send out to inspect us and to examine and inventory everything we possess. These field men are in addition to the local secretary-treasurer and the board of directors. They do the work that these local officials do and can do, and receive $12 per day, a car, and expenses. That is bad enough, but many of these field men are inefficient, dishonest, and unqualified for the job. All this additional cost comes out of the farmer. Is it any wonder the land banks "absorbed" our stock money?

While speaking of costs, let me add that the land bank of St. Paul is one of the most magnificent and costly bank buildings in the Northwest. The taxes on it each year are enormous because of its costly material. We farmers paid for that, too. Graft? We are tired of it. It must end.

I am delinquent on my interest and installment. The field man came to see me about it. He said he could grant me an extension of time on this unpaid interest, provided I gave them a chattel mortgage on my crops and personal property or assigned to them a part of my monthly cream check. I said, "No!" If this valuable farm is not worth today the mortgage they were willing to put upon it 9 years ago, I will not put another penny into it. It was not my fault that the Federal Reserve Board back in 1921 deflated my property and knocked $100 per acre out of its valuation. I refuse to give them one thing more—especially my livestock and crops upon which I must depend for the sustenance of life. Then he said, "Well, if you could give us this additional—additional—security, we could reduce the penalty from 8 percent to 6 percent. If you cannot give this added security to the land bank, we must charge you 8 percent penalty." Tyranny? Wars have been fought for less!

In your new bill just passed and made law, delinquent borrowers like myself can be given a moratorium on the payment of the installments on the principal during the next 5 years, provided—provided they have kept their loans in good standing during the depression! If we farmers had been able to keep our loans in good standing while forced to sell our products at less than cost of production, you and Congress would not have had to pass a mortgage refinancing bill. It is farmers like me—who have found the load too heavy to bear, and we number thousands upon thousands—who need the refinancing legislation. Now we are discriminated against in favor of the man who doesn't need the help one half as much. More tyranny.

So much for the banker-controlled land banks. Suffice it to say in closing that the general feeling among the farmers toward the land banks is one of distrust, dislike, and contempt. We do not like the Federal loans and avoid them whenever we can. The new bill has not improved them. None of the vicious, unjust features have been removed. We don't want any more Federal loans.

One word about the new regional credit loans now being made. We have discussed them at our meetings. The final opinion of the farmers in regard to these loans is this—"just more graft." Bankers who couldn't run their own banks straight and square and got kicked out are now agents for these loans. They draw $5 per day and 10 cents per mile to go out and examine applicants for regional loans. These crooked, busted bankers are using this new loan system to refinance their own slim purses. They go miles out of their way to run up expenses. They value livestock and personal property of all kinds to suit the amount of the note the farmer owes some banker friend of his. The terms of these loans tie a farmer's hands so tightly he dares not spend a penny without asking permission to do so. Again, farmers are being exploited for the other fellow's benefit. More swindle. We farmers are in revolt. We want honest dollars and a square deal. You have not given it to us.

President Roosevelt, we farmers can stand no more. We will stand no more. We are in revolt against graft and dishonest money. We have no faith in the new price fixing bill. The new refinancing bill is a sorry disappointment. We asked Congress to grant us cost of production until we could recover from the severity of this depression. Just cost of production for a time. No wages. No profit. We asked that our mortgage indebtedness be scaled down to correspond to the present deflated valuation of our land. We did not ruin ourselves. Why should we be made to pay for that fiendish crime of the Federal Reserve Board? We are paying now with our very lives—our all. Yet we are expected to start factory wheels turning by buying all the thousand and one things we need and have been going without for several years—we are expected to pay an interest rate too high for the prices we will receive for our products. Upon our toil depend the welfare and the happiness of a great Nation. We are the key industry of the world. Yet we have been denied by our lawmakers the legislation we so need to help us in our mighty task—the bringing of new life and hope to a stricken people.

We did not ask for much. Just an interest rate equal to that granted other industries and foreign nations, a scaling down of our unjustly imposed debts, cost of production for our products, and a reform of the farm-loan system. Our lawmakers refused us 3 percent interest. Yet they are guaranteeing not less than 4 percent interest on land-bank bonds. Who buys those bonds? Bankers. They are still favored even in this great extremity. And we are still being exploited. We are taxed on everything we own—even the dog. On the other hand, land-bank bonds, bearing a Government guaranty for not less than 4 percent, are tax exempt. Why? Because bankers expect to buy them. So the old game will go on.

We are determined to not let it go on. We beg you to reconsider the Frazier bill—or one as good. We urge you to use your influence to give us the simple demands we ask.

We, the farmers of the United States, declare the new farm-relief legislation inadequate and unfair. If lawmakers will not grant us these sane and reasonable measures we need, we will act for ourselves.

SARAH E. WILSON,
Member of Farmers Holiday Association,
Watonwan County, Minn.

Headquarters at ST. JAMES, MINN.

LEONARD, MINN., *June 1, 1933.*

Hon. W. LEMKE,
Member of Congress, Washington, D.C.

DEAR MR. LEMKE: I want to write you in regard to the farm-mortgage refinance plan and the Frazier bill.

We are very much disappointed in the failure to pass this bill on which we indebted farmers have placed so much hope and if

passed would have been the most immediate and effective form of farm relief and a real help to the indebted farmers to refinance their mortgage debts.

In my opinion, the administration plan which is now accepted and ready to be put in operation offers very little help for the farmers who are burdened with heavy interest payment.

It may be of some help to some of those who already have a small Federal loan, but aside from these, very few can take advantage of this act.

If they cannot make their payment on old Federal or State loan, they cannot under this plan.

In the first place the interest rate is only a fraction of 1 percent lower than the present rate on State and Federal loans, and as a large percentage of the incumbered farms are mortgaged for all of their present value, and as the Government will loan only up to 50 percent of the value of the land and 20 percent of the value of the buildings, very few farmers can show up sufficient value to obtain a Government loan in an amount large enough to cover the old loans unless the creditors would be willing to take in many cases a substantial reduction in the face value of their mortgage.

Thus the adjustment of their mortgage debts will be entirely a matter of agreement between the creditor and debtor.

With the upgoing trend in prices on farm products which may possibly effect an increased demand and rise in value of farm lands, it is very doubtful that creditors will accept any settlement based on any reduction of the loans; it is more likely they would prefer to foreclose and take the farm. Then where is the protection for the farmer to save his farm and home which was promised in the new deal?

There are about 400,000 farmers who have Federal loans; according to the slight reduction in the interest rate, it will effect a saving of $52,000,000 in 5 years, or an average of $26 per year for every borrower.

This is certainly not going to put an indebted farmer on his feet; and with all the red tape and doubtful features connected with obtaining loans or refinancing under such plan, the "new deal" is no better than the old one.

A better and more simplified plan for refinancing the farm indebtedness without the issuance of bonds and without cost to the Government, which would have made possible a much lower interest rate, and which would have provided a protection for the creditor as well as saving the debtor, such as is embodied in the Frazier bill, is the only solution of this problem.

An advance in prices on farm products will to some extent lighten the debt burden, but that will take a long time and will not be of any immediate help, as many farmers are now so far behind in their payments on loans and taxes that it will take years to catch up, if they ever can. If prices on farm products go up, they may go down again in the future as they have in the past, and with no reduction of indebtedness and interest rates, the farmers will be in the same position, facing the same problems as they are now.

If the Frazier bill had passed, it would have saved our State and its rural-credit department hundreds of thousands of dollars, as the State of Minnesota now owns about 3,000 farms acquired by foreclosure; if this bill had passed, most of these farms would have been sold within a short time, as under such low rate of interest and long-time terms of payment it would have been cheaper and more preferable to own than to rent a farm; at the same time, it would have given those who are delinquent in their payments a better chance to redeem and also give the State a chance to cash in on a lot of its holdings instead of as now provide for supervision, pay insurance, and maintain upkeep on buildings at a large expense until the farms can be sold, and in many cases the rentals do not make up for the loss of interest, insurance, and upkeep.

As the prospect is now, the State will still have to take over many more farms. If these can be sold again later, it will be at a much lower figure than the amount of the loan, and a majority of these farms have not enough valuation to obtain a Federal loan large enough to pay off the State mortgage.

So our State legislature, Representatives in Congress, and farm organizations certainly had good cause for supporting and urging the passage of the Frazier bill.

I should highly appreciate your full and complete information in regard to future prospect of the Frazier plan if there is any hope of introducing the bill in its present form on any farm legislative program in the near future or next session of Congress.

In view of the universal support and urgent demand by legislative bodies and farm organizations from a large number of States for its passage and the failure of the administration plan to meet the requirement we needed and demanded, it should warrant another fight for its passage.

Kindly let me have your view on this important matter.

Thanking you for your kind attention and an early reply to my letter. I remain yours,

Very respectfully,

M. L. F. BLIX.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, at the time the Senate took a recess the Senator from Wisconsin [Mr. LA FOLLETTE] had the floor. I am informed that the conference committee will be ready to report on the independent offices appropriation bill in a few minutes. I move that the Senate take a recess until 7 o'clock.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 6 o'clock and 40 minutes p.m.) the Senate took a recess until 7 o'clock p.m., when it reassembled.

On the expiration of the recess, the Senate reassembled, and the Vice President resumed the chair.

TREATMENT OF THE JEWS IN GERMANY

Mr. NEELY. Mr. President, I ask unanimous consent to submit a resolution, which I ask may be read at the desk.

The PRESIDING OFFICER (Mr. COPELAND in the chair). Without objection, the resolution will be received, and the clerk will read as requested.

The Chief Clerk read the resolution (S.Res. 103), as follows:

Whereas the United States Senate has learned with deep regret that the Jewish people of Germany have been, and still are, being persecuted by the so-called "Nazi administration"; that as a part of such persecution the German Jews have been deprived of their citizenship, of their right to hold office, to own or control newspapers, to practice law or act as jurors; Jewish doctors have been outlawed; boycotts against Jewish druggists, opticians, and dentists have been organized; universities have been closed to Jewish students; and Jews are prohibited by decree from leaving the fatherland whose present government is subjecting them to hitherto unheard-of oppression; and

Whereas the people of the United States hold sacred the assertion of the Declaration of Independence that all men are endowed with the unalienable rights of life, liberty, and the pursuit of happiness; and

Whereas the Jewish people of Germany have been notoriously and cruelly deprived of the exercise of such rights by the Nazi administration: Therefore, in the name of humanity and in behalf of justice, be it

Resolved, That the Senate of the United States views with alarm and regret the persecution of the Jews of Germany by the Nazi administration, and solemnly expresses its sincerest sympathy for these afflicted people and hopes that they will be promptly restored to the enjoyment of all the rights of citizenship which they as members of one of the world's oldest, greatest, and most righteous races richly deserve.

Mr. NEELY. Mr. President, because of the existing parliamentary situation, I ask that the resolution may for the time being lie on the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPOINTMENT OF GOVERNOR OF HAWAII

The Senate resumed the consideration of the bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii.

Mr. LA FOLLETTE. Mr. President, before the recess was ordered, I was reviewing the historical background, which it seems to me is an important consideration in connection with the consideration of the pending bill. I was quoting from the remarks of Representative ENGLEBRIGHT. I continue the quotation, as follows:

Thus the islands have not been an expense to the Government of the United States but have yielded a direct handsome cash profit. The record of self-government that Hawaii has made in more than 3 decades of Territorial life, from every aspect, has been an enviable one. It is safe to say that its institutions compare favorably with those of the half dozen more progressive States on the mainland. Within the short period of 30 years it has developed itself into one of the most important subdivisions of the United States.

At this time to change its organic act, to change its form of government, to set up a dictatorship over the islands in violation of the spirit of the treaty negotiations, in violation of the spirit of the articles of annexation without giving its people a chance to be heard, and in opposition to the expression of its legislature, and over the protest of its duly elected representative here in this House is an autocratic and an un-American procedure.

I also wish to quote from the remarks of Representative MOTT:

Mr. MOTT. It is a proposal to repeal a portion of the organic act of Hawaii in order to permit the President to appoint as Governor of that Territory a nonresident.

I understand the appointment is to be made immediately. The appointee is to be selected from the continental United States. There can be no question about that. The President intends, if given this authority, to put it into effect at once and to send to

Hawaii as Governor a person who is a stranger to the people of that Territory. This he intends to do without the consent of the people there and in disregard of the formal protest of the Legislature of Hawaii filed with the Congress.

Now, whatever of merit there may be to this proposal—and I leave the discussion of that to others if they know—the fact remains, and I do not see how it can be contradicted, that in passing this resolution you are repudiating a solemn covenant which was entered into by the Government of the United States and the Republic of Hawaii when the treaty of annexation was effected more than 30 years ago.

It is true the organic act of Hawaii is not a constitution, but it is the nearest thing that the people of a Territory can have to a constitution. The organic act of a Territory is the law which guarantees to the people of that Territory the kind and character of government under which they are to live; and the only fundamental difference between the organic act of a Territory and the constitution of a State is that the constitution of a State may be changed only by action of the people of the State themselves, while the organic act of a Territory may be changed without the consent of the people of that Territory by an act of Congress. I think on account of this fact Congress should be very, very careful in changing a fundamental portion of the organic act of a Territory which guarantees to the people of that Territory a specific right.

And now I wish to quote from the argument made by Representative ELTSE of California:

Mr. ELTSE of California. Mr. Speaker and Members of the House, in the name of justice, democratic liberty, and fair play in the new deal, I rise to address you.

The preamble to the Federal Constitution provides:

"We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America."

With every breath I emphasize the purposes expressed in that preamble: (1) In order to establish justice; (2) insure domestic tranquility; (3) promote the general welfare; (4) and secure the blessings of liberty, we ordain and establish this Constitution.

Upon the voluntary request of the people of Hawaii, the islands were annexed to the United States on July 7, 1898. These people then sought, as they have ever since sought, the protection afforded by the Constitution, the laws, and the power and prestige of the United States. They have enjoyed that protection and 35 years of brotherhood and friendliness in the family of States and Territories comprising the Nation. They have felt secure under the mantle of justice and liberty which our Government threw over them. The Bill of Rights—the Magna Carta—guaranteeing the rights of these people is to be found in the organic act providing for the government for the Territory of Hawaii. This act was approved by the President on April 30, 1900. Section 5 of the original act provided:

"That the Constitution and * * * all the laws of the United States * * * shall have the same force and effect within said Territory or elsewhere in the United States."

Section 4 of the original act defined citizenship and provided, among other things, that all citizens of the United States who were residents there on August 12, 1898—

"And all the citizens of the United States who shall hereafter reside in the Territory of Hawaii for 1 year shall be citizens of the Territory of Hawaii."

Note that the residence required was 1 year.

Section 66 of the original act dealt with the Executive power, and provided that the Governor should be appointed by the President, and—

"Shall be a citizen of the Territory of Hawaii; shall be commander in chief of the militia thereof; may grant pardons or reprieves for offenses against the laws of the said Territory. * * *"

Under this section no one could be Governor unless he had been a citizen for at least 1 year.

On July 9, 1921, section 66 of the act was amended to require and provide that the Governor—

"Shall have resided therein (meaning Hawaii) for at least 3 years next preceding his appointment."

The demand and necessity for this amendment requiring 3 years' residence instead of 1, as a prerequisite to governorship, was mostly occasioned by the extreme dissatisfaction growing out of the carpetbagging practices and misrule of former Gov. L. E. Pinkham. That gentleman was appointed by President Wilson, and it subsequently developed that he had not maintained a bona fide residence in the islands for the requisite time prior to his appointment, and that upon his induction into office he immediately proceeded to dispense patronage to his personal friends in a manner after the fashion of the worst carpetbagger of reconstruction days.

Congress has twice decided that the Governor of Hawaii should be appointed from among her own citizens. The people of Hawaii, through a concurrent resolution of its legislature recently passed, voice vigorous opposition to any change in the residence qualifications of the Governor. Notwithstanding, Congress is now asked to amend the organic act permitting the appointment to be made from among the citizens of the islands or from the entire United States. It is perfectly obvious that the appointment is to be given to a resident of the mainland, else the power would not be sought.

This Government which mantles the various States of the Union and the Territories is a democratic, representative government. Its essence is one of autonomy and self-rule. Are we now to say to the people of the Commonwealth of Hawaii, "You are no longer fit to rule yourselves—we shall take this power away from you." Are they to be told that the Constitution is just another scrap of paper; that in order to establish justice their autonomy must be taken away from them by the appointment of a Governor not from their own people; that in order to insure domestic tranquillity they must have an outside commander in chief of their militia, an outsider who alone can grant pardons or reprieves for offenses against their own laws? Are they to be told that the only way they can "secure the blessings of liberty" is to have a carpetbagger from the mainland appointed their feudal overlord?

My Constitution, the Constitution of the United States and of the people of Hawaii, in the words of the gentleman from Arkansas [Mr. RAGON], may be dressed "with the silver buckles, the long stockings, and powdered wigs of 150 years ago", but it is still the living, dynamic Constitution of every liberty-loving citizen of the United States and of its Territories, not the least—the Commonwealth of Hawaii.

I now wish to quote from the remarks of Representative DIRKSEN:

Mr. DIRKSEN. Mr. Speaker, the people of Hawaii do not want the passage of this bill; the Chamber of Commerce of Hawaii is opposed to it, the Legislature of Hawaii is opposed to it, and the only thing that has been offered on the affirmative side in favor of this bill is a simple request of the President of the United States, without a single iota of fact or evidence to support it.

LINCOLN MCCANDLESS, the Delegate from Hawaii, has lived there for 51 years. His family is there, his brothers are there, his money and his property are there, and he has been a life-long Democrat, and if I were a consistent, loyal Democrat I would rather take the word of LINCOLN MCCANDLESS, the Delegate from Hawaii, on this matter than I would the President of the United States.

* * *

It seems to me that the demand of the President of the United States and the substance of the message are contradictory. So I prefer to follow the ideas of LINCOLN MCCANDLESS, the Delegate from Hawaii, whose interests are there and who loves Hawaii, who wants to see it prosper and wants to see progress made in the islands. In this particular matter I would rather follow him than I would the President of the United States. [Applause.]

I wish now to quote from Representative O'MALLEY. Representative O'MALLEY is a Member of the House from Wisconsin and a member of the Democratic Party. He said:

Mr. Speaker, I think this question is not one of patronage. I think the question goes deeper than that. It is a question of local self-government. I do not know what kind of Democrats they have in Mississippi and Ohio, but I cannot imagine that either of those gentlemen from those States who are on the committee would go around campaigning in their States opposed to local self-government.

In 1917 and 1918 we went to war, and one of the reasons was that we were told we were fighting for self-government by small countries. The kind of Democrats I have always known have favored local self-government, and I think this is entirely a question of local self-government. The people of Hawaii are entitled to a man in their own Territory. The last Congress passed a bill that would grant independence to the Philippine Islands, and now you are reversing yourselves in taking away independence from the people of Hawaii. A true Democrat, believing in the rights of people to govern themselves, cannot support a measure like this.

I now desire to quote from the remarks of the minority leader in the House on June 7, Representative SNELL, of New York. He said:

If this bill, affecting primarily the rights of the people of Hawaii, is indicative of the "new deal" the Democrats are going to give this country in the next 4 years, the Lord have mercy upon the average American citizen.

If there has ever been a rule that is absolutely inexcusable, I am sure this one is at the present time. This is a special session of Congress called for the distinct purpose of passing reconstruction measures of the President, measures that in some way it is hoped will rehabilitate this country and bring us out of the depression.

* * * * * * *

May I call the attention of the Members of the House to the Democratic platform of 1928. Hawaii was not mentioned in their last platform. I would like to read to the Members of the House what they said relative to Alaska and Hawaii in 1928. That statement reads as follows:

"We favor the development of Alaska and Hawaii in the traditional American way, through self-government. We favor the appointment of only bona fide residents to the offices in the Territory."

* * * * * * *

I also read the request of the President. He says he wants to appoint a forward-looking, experienced man. Would we expect the President of the United States to appoint any other kind of a man to an important executive position? • • •

Further on he said:

It takes special qualifications to fit a man to be Governor of Hawaii. He should be a man who knows the problems of the island. He should know the problems of the various races that make up that diversified population, and no man can know these problems except one who has been there for some time and has given himself to the work of the islands and in helping to solve their problems. When you bring a man from the continental United States who, perhaps, has never visited the islands, and ask him to be chief executive, you have done a great injustice to a very important part of our people.

While no reason has been given for it, there are plenty of reasons why it should not be done. In the first place, Mr. Speaker, every single inhabitant of the islands, every man, whether Republican or Democrat, is absolutely opposed to the legislation you are proposing to pass here today. It is not very often Republicans and Democrats unite on anything, but here is one time and one place where they are absolutely united. They want a man who is a resident of the islands to be appointed as chief executive over the islands. Further, we have absolutely gone back on our word when we made the original agreement with these people that the Governor of the islands should be a resident of the islands.

Mr. SNELL further said:

The gentleman from Arkansas, who presented this resolution, has spoken about the importance of these islands as an outpost of the United States. I appreciate well their importance to this country; but let me tell you, my friends, we better be very careful not to violate our agreement when they do hold such an important place in the defense of this country. When you consider their crime record ever since they have been a part of this country, no man has the right to point the finger of scorn at the present constituted government of the islands.

I maintain there has not been a word said anywhere about why we should do this, and it is simply a political move from start to finish against the solemn mandate of your own party in convention assembled.

It seems to me it is a rather anomalous situation to have this bill introduced providing for carpetbag government of Hawaii by a Member from Mississippi and the rule presented by a Member from Arkansas.

I wish now to quote from the remarks of Representative HOOPER:

Mr. HOOPER. Mr. Speaker, I know very well, of course, that nothing I can say here this afternoon will prevent the passage of this bill, yet I feel I should not let this occasion pass without at least giving my views of the reason this legislation should not become law.

Of all the amazing legislation which the House of Representatives has passed this year, this seems to me the most extraordinary. I do not speak from a political or partisan standpoint, but I deeply and earnestly feel that the House of Representatives in passing this bill today will commit itself to something which is justified in no way by morals or justice.

Mr. Speaker, Hawaii came into the Union under very particular circumstances. You could compare it with the way in which Texas came into the Union. The islands were not purchased, they were not conquered territory, they became a part of our Republic with the full wish and acquiescence of the inhabitants of that country, and in giving this acquiescence they relied on the good faith of the United States, on the promise of the United States to observe with them the compact by which they became a part of this Republic, and that compact is to be violated today. I do not know why it is to be violated. I am not imputing political motives to the President of the United States in asking for this legislation, but surrounding it all there is an air of the greatest mystery, an air such as surrounded a little while ago a bill that came down from the State Department to the House of Representatives—and for which I spoke upon this floor, and which was afterward passed—and when it was passed was repudiated, or practically repudiated, by the State Department.

I listened with the greatest of interest and earnestness to what the very able gentleman from Arkansas [Mr. DRIVER] said here, and I am a warm admirer and respecter of his, but, Mr. Speaker, if the change in Hawaii's organic law is asked on account of a crime committed a year or two ago in these islands or on account of two or three incidents which have occurred since that time, we might very well look to ourselves, because I have been in the islands and I know something about conditions there. I know these islands are law-abiding, far more, I would say, than almost any section of the United States with which I am acquainted. In all the history of these islands there have been no such barbarous crimes as we have seen committed North and South, East and West, in this country of ours during many years past. If for the reason of that crime alone we are singling out a single incident against the people of these islands in order to justify ourselves in giving to them an alien Governor—alien, at least, in the sense of coming from continental United States—it is not a good reason. This is not a good excuse. These people are a law-abiding people. I was on the great island of Hawaii, large as the State of Connecticut, not long ago, and I do not know how exact this information may be, but I was told that in 20 years past there has been but one murder committed upon that island by a Filipino who had killed his employer, and who was promptly tried and sentenced for his crime.

The islands are, of course, as the gentleman from Arkansas said, of the utmost importance to the United States. Is it not of the utmost importance to us that we yield some respect to the wishes of their people, that we select from out of the great body of descendants of missionaries and other people of fine American stock who are living in those islands today a Governor who will know and who will have the opportunity of judging what is best for the people of this beautiful part of our country? [Applause.]

Mr. ELTSE of California said:

Mr. Speaker and Members of the House, I would appeal to you gentlemen of the House as I would appeal to a jury, and I would qualify you as I would qualify a juror by asking you if you will give fair and impartial consideration to the evidence. If there is no evidence, you, as jurors, should find against the petitioner. There is no evidence, and there was none before the committee.

These islands were, as has been stated, annexed to the United States in 1898. The organic act was adopted in 1900. Section 5 of the organic act provides that the Constitution and all the laws of the United States which are not locally inapplicable shall have the same force and effect within said Territory as elsewhere in the United States. Thereby the Constitution of the United States became the Constitution of the islands, and the laws of the United States became the laws of the islands.

Now, section 4 provides that all persons who were residents of the Republic of Hawaii on August 12, 1898 "and all the citizens of the United States, who shall hereafter reside in the Territory of Hawaii for 1 year, shall be citizens of the Territory of Hawaii."

The gentleman from Mississippi said there was no contract or covenant with the people of Hawaii and that there was nothing in the organic act in relation to the qualifications of the Governor. Let me read from section 66:

"He"—

That is, the Governor—

"shall be not less than 35 years of age; he shall be a citizen of the Territory of Hawaii."

Therefore no one could be Governor unless he had resided there for 1 year or more.

In 1921 section 66 of the act was amended by inserting after the provision that the Governor shall be a citizen of the Territory of Hawaii the requirement that he shall have resided therein 3 years next preceding his appointment in lieu of the 1 year residential requirement.

There was a reason for the amendment of that act in 1921. The principal reason was that L. E. Pinkham had been appointed Governor and he was not a bona fide resident of Hawaii at the time of appointment. He had been in the Philippine Islands and China gathering up coolie labor for the sugar plantations, and when he was appointed Governor he brought with him a lot of carpetbaggers, with resulting misrule and dissatisfaction. That was the principal reason why the act was amended.

Now, it is proposed to allow the President to appoint someone from the mainland. It is perfectly obvious that the appointment is to be given a mainlander, else the power would not be sought.

The other day the gentleman from Arkansas [Mr. RAGON] referred to the Constitution of the United States as being dressed with the silver buckles, the powdered wigs, and long stockings of 150 years ago. Gentlemen, you have been stripping the Constitution of the United States every day since this session began. Here today you propose to further strip the Constitution of the United States as it relates to the people of Hawaii by appointing a man from the mainland, taking away its protection from the people of the islands.

The purpose of the Constitution of the United States was to establish justice. What justice is there in taking away from the islands their Governor? The purpose of the Constitution was to insure domestic tranquillity. How do you insure domestic tranquillity by appointing a man from the mainland? How do you secure the blessings of liberty to the Hawaiians by giving to the President the power to take away their Governor and appoint an outsider?

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 815) to provide for the survival of certain actions in favor of the United States.

The message also announced that the House had passed a joint resolution (H.J.Res. 207) requiring agricultural products to be shipped in vessels of the United States where the Reconstruction Finance Corporation finances the exporting of such products, in which it requested the concurrence of the Senate.

PRESIDENTIAL APPROVALS

A message from the President of the United States by Mr. Latta, one of his secretaries, announced that the President had approved and signed the following acts:

On June 14, 1933:

S. 1514. An act authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss.;

S. 1536. An act giving credit for water charges paid on damaged land; and

S. 1648. An act to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations.

On June 15, 1933:

S. 554. An act providing for per capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury;

S. 687. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

S. 804. An act to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co.;

S. 1425. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933;

S. 1650. An act amending section 74 of the Judicial Code, as amended (U.S.C., Annotated, title 28, sec. 147);

S. 1747. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Waldport, Lincoln County, Oreg.;

S. 1808. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century; and

S. 1813. An act providing for the sale to Joe Graham Post, No. 119, American Legion, of the lands lying within the Ship Island Military Reservation in the State of Mississippi.

INDEPENDENT OFFICES APPROPRIATIONS—CONFERENCE REPORT

Mr. BYRNES. Mr. President, will the Senator from Wisconsin yield to permit me to present a conference report?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield for that purpose?

Mr. LA FOLLETTE. I yield.

Mr. BYRNES. I present a conference report, and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The report will be read.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 14 and 15.

That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$319,230,000"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the sum inserted by such amendment insert "$581,988,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum inserted by such amendment insert "$602,838,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the sum inserted by such amendment insert "$631,802,546"; and the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate to the amendment of the House to Senate amendment numbered 47, and agree to the same with an amendment as follows: In lieu of the matter inserted by the Senate amendment to the amendment of the House to Senate amendment numbered 47 insert the following:

"SEC. 20. The President is hereby authorized under the provisions of Public Law No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act) as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service-connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service-connected under the regulations issued pursuant to Public Law No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations, and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulations issued pursuant to Public Law No. 2, Seventy-third Congress (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical findings within the terms of or period prescribed by regulation 1, part 1, subparagraph (c), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, Seventy-third Congress), and shall in their decisions resolve all reasonable doubts in favor of the veteran, the burden of proof in such cases being on the Government.

"Notwithstanding the provisions of section 17, title I, Public, No. 2, Seventy-third Congress, any claim for yearly renewable term insurance on which premiums were paid to the date of death of the insured and any claim for pension, compensation allowance, or emergency officers' retirement pay under the provisions of laws repealed by said section 17 wherein claim was duly filed prior to March 20, 1933, may be adjudicated by the Veterans' Administration on the proofs and evidence received by the Veterans' Administration prior to March 20, 1933, and any person found entitled to the benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws, provided that the payments hereby authorized to be made shall continue only to include June 30, 1933, and only one original adjudicatory action and one appeal may be had in such cases. Where a veteran died prior to March 20, 1933, under conditions which warrant the payment of, or reimbursement for, burial expenses, such payment or reimbursement may be made in accordance with the laws in effect prior to March 20, 1933, provided that claim for such payment or reimbursement must be filed within 3 months from the date of passage of this act.

"Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries

and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration.

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to Federal employees, hospitalized cases, and cases of beneficiaries residing outside of the continental limits of the United States; and in no event shall death compensation, except by fraud, mistake, or misrepresentation, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service.

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, who served 90 days or more, was honorably discharged from the service, is 55 years of age or over, is 50 percent disabled, and in need as defined by the President, shall be paid a pension of not less than $15 per month."

And the Senate agree to the same.

CARTER GLASS,
JAMES F. BYRNES,
RICHARD B. RUSSELL, Jr.,
Managers on the part of the Senate.

C. A. WOODRUM,
JOHN J. BOYLAN,
J. P. BUCHANAN,
Managers on the part of the House.

The VICE PRESIDENT. The Senator from South Carolina asks unanimous consent for the present consideration of the conference report. Is there objection?

There being no objection, the Senate proceeded to consider the report.

Mr. BYRNES. Mr. President, in explanation of the conference report I desire to occupy but a few minutes of the time of the Senate.

The House recedes from its position opposing the amendment of the Senate which authorized the Attorney General to compromise insurance claims or cases brought by veterans under the Renewable Term Insurance Act. Ex-service men have insisted that the Attorney General should be given that authority in order that these cases may be disposed of. The Senate insisted upon its position, and the House receded.

The first of the other two amendments of importance in dispute between the two Houses is the Black amendment. The Senate receded from the Black amendment. The Senator from Oregon [Mr. STEIWER], who has demonstrated to the Senate his familiarity with the regulations and the laws affecting veterans, was of the opinion that under the existing law the President has the right to take care of the situation in great measure, and had a conference with the Senator from Alabama, at which I was not present, but as a result of which the Senate conferees receded from that amendment.

Senate amendment no. 47 is the amendment discussed by the Senate the greater part of yesterday. The Senate recedes, and the amendment presented to the Senate is the House amendment. Added to it is the amendment that I offered in the Senate yesterday, to which the conferees on the part of the House tonight agreed; so that amendment no. 47 represents the House compromise and the so-called "Byrnes amendment" added to the House compromise.

That, I think, is a statement of the items which were in dispute between the two Houses, and which have been agreed to by the conferees.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. STEIWER. Mr. President, I do not desire the floor. I rose to ask a question of the Senator from South Carolina. He has just stated with respect to amendment no. 47, which was called the "Connally amendment" at one time——

Mr. BYRNES. Before we go to that, may I ask the Senator from Oregon as to amendment no. 15, the so-called "Black amendment", if I have made a correct statement of the Senator's position with reference to that amendment?

Mr. STEIWER. I think so, Mr. President.

Mr. BYRNES. If I did not, I should like to have the Senator inform the Senate as to his views on the subject.

Mr. STEIWER. I wish the Senator from Alabama were here, but I am quite certain that when he reaches the Chamber he will confirm the statement which has been made already by the Senator from South Carolina.

I want to address to the Senator from South Carolina a question of some little importance, I think, with respect to amendment numbered 47. I understood the Senator to say that that amendment now is before the Senate upon the House compromise, so called, plus the Byrnes amendment. Also, as I heard the clerk read at the desk, I thought I heard him read the Byrnes amendment. I ask now, by what parliamentary action has the Byrnes amendment been incorporated in the House amendment?

Mr. BYRNES. Mr. President, by the action of the conferees in agreeing to the amendment of the House with the Byrnes amendment. It is a question of legislation, and it was agreed to by the conferees.

Mr. STEIWER. Do I understand, then, that the House conferees are taking their amendment back to the House with the Byrnes amendment as an amendment thereto?

Mr. BYRNES. No, Mr. President; I do not so understand it; and I do not think the Senator from Oregon really is under that impression at all. In the conference, the amendment being legislation, the conferees agreed upon the amendment as it is now contained in the conference report.

Mr. STEIWER. It would follow, then, that the House must take action in order to express its agreement to the Byrnes amendment. Am I right in that understanding?

Mr. CLARK. Mr. President, as I understand the situation, there was disagreement between the two Houses on the subject of various amendments. A conference between the Houses was agreed to. The stage has now been arrived at where amendments are not before either House, but a conference report is before both Houses, which must be voted up or down.

Mr. BYRNES. That is correct.

Mr. CLARK. The various preceding stages of amendments have been blotted out by the appointment of conferees and partial agreement on the conference report. I should like to ask the Senator from South Carolina whether that is correct or not.

Mr. BYRNES. That is a correct statement as I understand the situation.

Mr. STEIWER. I thank the Senator. I assume that is a correct statement, but I was somewhat perturbed because, so far as I could learn, the House has not up to this time agreed to the Byrnes amendment. That proposal has never been before the House. It was agreed to here yesterday afternoon as a perfecting amendment to the House amendment while it was under consideration in the Senate. Thereafter a substitute was agreed to, and the House amendment as perfected was not taken back to the House; but, as I understand it, the Senate amendment was taken to the House, a motion was made to recede and to concur, and that motion was defeated. Thereupon another motion was made, that the bill be sent back to conference. I think that is a correct statement.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. BYRNES. I yield.

Mr. ROBINSON of Arkansas. It is my impression that the House instructed its conferees this afternoon to incorporate the Byrnes amendment in the House amendment.

Mr. BYRNES. Mr. President, that is a correct statement; and this amendment was legislation, so the conferees included in this amendment the so-called "Byrnes amendment." It is now part of the conference report, and will have to be acted upon by the House and the Senate.

Mr. CLARK. Mr. President, if the Senator will yield, there is no amendment before the Senate. There is a conference report before the Senate, which includes the Byrnes amendment to the original House amendment. It does not make any difference how the Byrnes amendment got in there. The Senate has before it the one proposition of a conference report, which must be voted up or down, and that does include the Byrnes amendment.

Mr. BYRNES. Mr. President, the House will have an opportunity to act upon it when the conference report is presented to the House.

Mr. BARKLEY. Mr. President, so far as the House is concerned, I understood that, by a roll-call vote in the House today, they disagreed to the so-called "Steiwer amendment"; that thereafter they instructed the House conferees to agree to the original House compromise plus the Byrnes amendment.

Mr. STEIWER. Mr. President, I want to interrupt the Senator there. By what legislative action did the House instruct the House conferees? I heard the statement made by the Senator from Arkansas and I know he believed it to be true, but I am told by Representatives who are here in this Chamber that that statement is incorrect, and that no legislative action of any kind was taken upon the subject.

Mr. BARKLEY. I was not in the House, of course——

Mr. STEIWER. Nor was I.

Mr. BARKLEY. And I do not know by what procedure it was done; but, aside from that, the area of difference between the House proposal, which is the so-called "House compromise", and the amendment which was debated yesterday in the Senate, offered by the Senator from Oregon, was sufficiently wide to enable the conferees to agree to the Byrnes amendment, regardless of any action on the part of the House.

Mr. STEIWER. I agree with that fully; and in the light of that statement I should like to ask my friend the Senator from South Carolina whether or not in fact the conferees did agree to incorporate the Byrnes amendment upon the House amendment, and to report the amendment as amended to the House and Senate?

Mr. BYRNES. There is no doubt about it; and the majority of the conferees signed the report exactly as the Senator from Oregon has stated it.

Mr. STEIWER. We may, therefore, imply the agreement from the signatures?

Mr. BYRNES. Certainly. If the conferees signed it, I presume there is no doubt about the agreement.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. CUTTING. Mr. President, I want to ask the Senator from South Carolina a question. I think it is very important that we should know whether or not the House instructed its conferees, or whether the House allowed its conferees to go into a free and unhampered conference. I think that question should be determined right now.

Mr. BYRNES. Mr. President, so far as I am concerned, as far as my information goes, I will say to the Senator from New Mexico that in the conference there was no statement made as to any instructions to the conferees, but the whole question being before the conference, after a conference lasting for an hour or an hour and a half, an agreement was arrived at by the conferees of the House and Senate which is included in the report which has been sent to the desk. I did not inquire of the House conferees as to their instructions, as to what limitations, if any, were made, but the conference report was agreed upon, and the House will have to act upon it.

Mr. ROBINSON of Arkansas. Mr. President, I find upon investigation that, while the matter was discussed, there was no instruction given by the House to its conferees with respect to the so-called "Byrnes amendment."

Mr. CONNALLY. Mr. President, will the Senator from South Carolina yield to me?

Mr. BYRNES. I yield to the Senator from New Mexico first, and then I will yield to the Senator from Texas.

Mr. CUTTING. If the Senator will be so kind as to favor me, my understanding is, then, that both sides were equally free to enter upon an agreement?

Mr. BYRNES. So far as my information goes, we were.

Mr. CUTTING. And that the agreement which was reached was to adopt the exact proposition which was defeated on the floor of this Chamber last night?

Mr. BYRNES. That is a correct statement.

Mr. CONNALLY. Mr. President, in answer to the Senator from New Mexico, is it not true that irrespective of whether the House took any action on the so-called "Byrnes amendment" or not, or whether even the Senate did, the question at issue was, on the one hand, the House amendment, and, on the other hand, the Steiwer amendment, and any ground between those two would be a proper basis of settlement?

Mr. BYRNES. There is not the slightest doubt about it.

Mr. CONNALLY. And that is what the conferees did?

Mr. BYRNES. In a free conference, with the position of the Senate on the Steiwer-Cutting amendment and the position of the House, the conferees entered into a conference, as a result of which an agreement was arrived at, which agreement was expressed in the report which is before the Senate.

Mr. CONNALLY. Mr. President, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. What is the status of the legislation?

The VICE PRESIDENT. The Chair understands the parliamentary situation with reference to these amendments to be this: The House passed an appropriation bill, it was sent to the Senate, and the Senate put certain amendments on the bill, some of which were of a legislative character. The bill went back to the House, the House disagreed to the Senate amendments, and requested a conference, which request was acceded to. A conference was held, an agreement was reached on certain amendments, and the report adopted by both Houses, and a conference held on the amendments in disagreement.

Now the conferees have brought back a completed report. If the Senate agrees to it, the House must then pass on the conference report.

I think it will be found that that is the parliamentary situation.

Mr. BARKLEY. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. This is the situation, as I understand it. An appropriation bill came to the Senate, the Senate added the Connally amendment, it went back to the House, and the House agreed to the so-called "House compromise" as a substitute for the Connally amendment. That action was brought back to the Senate, the Senate then substituted the Steiwer amendment for the House compromise, and that was the situation when it went to conference.

The VICE PRESIDENT. That is correct as to Senate amendment no. 47, which deals with the veterans' compensation.

Mr. STEIWER. Mr. President, I desire to detain the Senate very briefly to explain some recent developments in the matter which is now before us.

On yesterday evening the Senate, by a vote of 51 to 39, agreed to the Senate substitute for the House amendment. That agreement was reached after extended debate. It was reached after some preliminary consideration of a motion to instruct the conferees of the Senate.

In the debate, at the time of its beginning and subsequently, and upon yesterday, many Senators expressed themselves with respect to this subject. In addition to the 51 Senators who voted for the Senate substitute there were 3 or 4 others who very frankly expressed their disapproval

of the House amendment. They declared it to be wholly inadequate. They characterized it in different ways. They made it clear that they were not in favor of the House amendment.

A number of Senators argued against the substitute because they said the House amendment was all that could be gotten and that if they voted for the substitute, the bill would meet an Executive veto. In that fashion a number of Senators were dissuaded from supporting the Senate substitute. Nevertheless, it was agreed to in this body by an affirmative vote of 51 Senators.

The report was taken to the House of Representatives today and every Senator here knows the history of today's transactions as well as I. I will state, however, that the Democrats in the House held a caucus, and as a result of that caucus a party alinement was effected, and by that party alinement, and the support of seven or eight Republicans, the House declined to concur in the Senate substitute. Inferentially, their vote not to concur was a vote of insistence upon their own proposition. With that understanding, the bill went back to conference this afternoon.

At that conference, after some little discussion, it was decided that the Senate conferees would recede upon amendment numbered 47, which presently embraces the Senate substitute. In keeping with that action, the conferees have brought this report to the Senate.

The clerk in reading the report did not read the names of those Senators who signed it. I desire to state, for myself and for the Senator from Maine [Mr. HALE], the two minority conferees for the Senate, that we declined to sign the report. It does not bear our signatures.

We are now confronted with the question of whether we shall accept the House provision with the amendment offered here yesterday by the Senator from South Carolina [Mr. BYRNES]. We are now asked to take the House language as amended; to take the same language the Senate has characterized as inadequate; the same language which we rejected yesterday by a vote of 51 to 39. We are asked to accept and approve a proposition that has not been strengthened in any respect at all.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Louisiana?

Mr. STEIWER. I yield.

Mr. LONG. I wish to tell the Senator that he is mistaken. The conferees even took out the Dill amendment, and propose to give the Senator less than we voted down last night.

Mr. STEIWER. That is true, Mr. President, but the conferees in their omnipotence—and I use that word in a very cordial and good-natured manner—so far as I know, did not discuss the Dill amendment. If it were not an impropriety—and I think it is not—it is almost true to say they did not discuss the Byrnes amendment. The House conferees simply insisted upon the amendment of the House of Representatives.

I think I am right in saying that there has not been an "i" dotted or a "t" crossed, there has not been a correction made even in respect to formal language. There has not been an ambiguity clarified; there has not been one change made in that amendment from the time it was first formulated in conference between the President of the United States and an unauthorized House committee until this moment. It is, nevertheless, the formula that is written for us to take.

I regard it as an absolute repudiation of the sentiment expressed in this body some days ago when Senator after Senator rose in his seat and expressed his most heartfelt and sincere disapproval of the administration of Public Law No. 2. I regard it as a betrayal of the veterans of this country, because, Mr. President, the assurance that we started to give them of protection, that was promised to them by earlier action in this body, has been entirely abandoned, and we are sending this proposal back to the Executive with not one substantial limitation in it; not one substantial safeguard against drastic and ruthless cuts in the pensions of the veterans of our wars.

Public Law No. 2, which we call "the Economy Act", still stands. It is not impaired in any substantial respect. The authority to the Executive is not impaired; the limitations upon the Director of the Budget Bureau are not impaired. The right and authority of the Veterans' Administration itself to review cases and to cut pensions is not substantially affected.

I think I ought to express some exception to my own statement, because there is a degree of protection there for certain widows and orphans, and there is protection against a cut in the "rate of compensation payable", but the amount of compensation that is to be paid in the service-connected cases is not protected by this language. The rights upon the pension rolls of the presumptively connected cases are not protected. On the contrary, we know now that the 33,000 totally disabled cases, presumptively connected, on our rolls, 33,000 helpless crippled soldiers of our country, are sent to the reviewing boards for the express purpose of being removed from the pension roll. Within 3 or 4 months they will be removed—indigent some of them, sick all of them, helpless most of them—back to their communities, back to charity, and we by our votes, if we agree to this conference report, are going to make beggars of those American heroes. Somebody some day is going to be held responsible for that ruthless action. I shall not detain the Senate to discuss that further. I have made this statement because I want the Senate to know the exact situation as one of its conferees sees that situation.

Mr. BYRNES. Mr. President——

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. STEIWER. I yield to the Senator from South Carolina.

Mr. BYRNES. I should like to ask if the Senator will not agree with me with reference to his statement that the Dill amendment and the Byrnes amendment were not discussed at length in the conference, that the conferees did discuss at length the Steiwer-Cutting amendment and the position of the Senate in regard to it?

Mr. STEIWER. The conferees did discuss at considerable length one line, on page 4, of the Senate substitute. They permitted me to express my views with respect to the construction of the words, "Rates of compensation payable to veterans." They listened very courteously to me, and I suppose we spent three quarters of an hour in our consideration of that phraseology, but the Senator will recall that outside of that one line, line 7, there was practically no discussion of the Senate substitute.

Mr. BYRNES. Mr. President, the Senator will agree, will he not, that there was no desire expressed on the part of anyone in the conference to limit the discussion; but, on the contrary, the statement was made after three quarters of an hour or an hour's discussion that the question was understood by the conferees and a vote might as well be taken.

Mr. STEIWER. I think it is true, Mr. President, that the question was understood by the conferees. I tried to make it plain to them, and I think I did make it plain to them; I believe the question was understood by the conferees and that those conferees who signed the conference report did it with their eyes wide open, with full knowledge of what they were doing, and that they are bound to accept the responsibility that is going to result from the action which has been taken. I want to exculpate myself from that responsibility, Mr. President.

Mr. CLARK. Mr. President, will the Senator from Oregon yield?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Missouri?

Mr. STEIWER. I yield.

Mr. CLARK. I should like to ask the Senator from Oregon whether he has ever discovered any parliamentary method by which one body of the Congress, standing alone,

can impose its will on the other body of Congress and on the President of the United States? That is the situation with which we are confronted.

Mr. STEIWER. I am told that over the years the Senate nearly always has receded, and I agree with the Senator that one body of Congress is in a quite helpless position when it finds itself alined against the other body of Congress and, in addition, is opposed by the will of the President of the United States. That is especially true when the Congress enacts such a law as Public, No. 2, against which the Senator from Missouri and the Senator from Oregon cast their votes. That is the law by which there was conferred upon the Executive powers which are absolutely legislative in their nature, and when the Congress conferred on the Executive the power to make rates, the power to make rules and regulations, to fix the order of proof, and to determine the effect of presumption—when they conferred those powers, I say they conferred upon the Executive all the legislative power they possessed upon that subject. I took occasion to say at that time that Congress would regret its action; that that power would never be recalled except by a two-thirds vote. The power has not been recalled, and it will not be recalled until the American people rise up in their wrath and cry out against the outrages that are being committed in the name of economy. I think the Senator from Missouri is quite right, that we are helpless.

Mr. CLARK rose.

Mr. STEIWER. Does the Senator desire me to yield to him again?

Mr. CLARK. If the Senator from Oregon will yield, I wish to say that I agree thoroughly with what he says about that proposition. He and I made up 2 of the willful 13 that voted against the economy bill; but we are facing now, Mr. President, a very practical situation. Having granted away the power to make these regulations, there is no power on the face of the earth that can override the bill of the President except a two-thirds majority in each House. I do not think the Senator from Oregon or any other Member on the floor of either body will say that we could muster two thirds of each body for the Steiwer-Cutting amendment. That being true, the matter having gone to conferees, the conferees as reasonable men, recognizing the situation, having agreed to take what the Congress can now get, so far as I am concerned, Mr. President, I shall follow the same course that I followed last night.

In my days in the Army I found that there was nothing that was more obnoxious to the soldiers than countermarching, when the commanding officer got off the line of march, and led his command off into the bypaths, the path back being four times as long as the march out. Now the Senate is in this position, that last night it marched up the hill knowing full well that tonight it would have to march back down again. So far as I am concerned, I do not like countermarching, and, therefore, last night, very much to my regret, I did not vote for the Steiwer-Cutting amendment, much as I am in favor of it; and I think the Senate might as well recognize the situation that by the passage of the Economy Act they put the whip in the President's hands and ought not to complain when he uses it.

Mr. NORRIS and Mr. LONG addressed the Chair.

The VICE PRESIDENT. Does the Senator from Oregon yield; and, if so, to whom?

Mr. STEIWER. I will yield the floor in just a moment.

I do not want to debate at this late hour with the Senator from Missouri with respect to the question of countermarching, but I can assure him, for the sake of his own state of mind, that he will not have to countermarch, because he did not vote with the majority of the Senate last night; and if he proposes to stand with the President tonight, he can still vote against relief for his comrades in arms and he will not be in the position of countermarching. I will say, Mr. President, that, so far as I am concerned, I shall not countermarch, and I doubt very much if Senators who are sitting upon this side of the aisle will countermarch when the vote is called tonight.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. CLARK. I should like to ask the Senator from Oregon, whose position throughout this matter has been very consistent and with whom I have cooperated at every opportunity, if he really has any notion that whatever action the Senate takes tonight, if it still insists upon his amendment, will, in the long run, benefit the veterans of the United States?

I should like to ask the Senator from Oregon whether he does not know that, in view of the President's open statement of an impending veto, the House compromise is the absolute maximum we can get for the veterans of the United States, no matter what action the Senate may take?

Mr. STEIWER. If that be true, Mr. President, as the Senator implies that it is, it is because the Members of this body and the body at the other end of the Capitol have surrendered their independence of action and their several individual judgments to the President upon this question.

Mr. CLARK. Mr. President, I thoroughly agree with the Senator as to that; but we did that last March on another bill, not on this bill.

Mr. STEIWER. Mr. President, I do not want to prolong this part of the discussion; I think it is of very little value in the consideration of the question before the Senate.

I feel under obligations to the Senator from South Carolina to refer to amendment no. 15. I note that the Senator from Alabama [Mr. BLACK] is now in the Chamber, and I think that he will coincide in what I am saying. The conferees did consider that amendment, which is the same amendment that caused the bill to be sent back to conference day before yesterday. We found that the House had voted against the amendment by a vote of something like 6 to 1, as I remember the figures, and we were advised that there was no chance to secure the adoption of the Senate's proposal. A substitute proposal was offered by a House conferee, and I am sure that they would have given it full and fair consideration if we had desired that they do so; but I reached the conclusion, as I am quite certain that the Senator from Alabama reached the conclusion, that there was nothing of value in the proposed substitute, and that it would be better for the Senate to recede entirely, inasmuch as it could not obtain an agreement to the Senate amendment.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. STEIWER. The Senator from Alabama having risen, I will yield the floor at this time.

Mr. BLACK. I simply desire to make a statement in regard to the amendment. I can make it now without asking the question of the Senator from Oregon which I had in mind.

I desire to state that I do not believe the House this afternoon voted 6 to 1 against the amendment. As a matter of fact, I was told by at least a dozen Members of the House that they did not vote against the amendment at all. I was told by them that they voted for the amendment with an amendment, which was read by some Representative from the floor. I understood them to say Representative WOODRUM.

With reference to the substitute to which reference has been made by the Senator from Oregon, I desire to state that I did see the proposed substitute. I would much prefer to have the law as it is. The substitute did nothing except further to restrict the rights of the veterans. It was not an expansion of their rights. It was a curtailment of their rights insofar as hospitalization is concerned, and certainly I was not willing myself to agree to a substitute which, instead of giving the veterans the right to go to a hospital, would further curtail their rights in that regard.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Louisiana?

Mr. BLACK. I yield.

Mr. LONG. If the Senator will pardon me, when I met him this afternoon I understood him to tell me the House had accepted the amendment of the Senator from Alabama.

Mr. BLACK. I will say to the Senator that I did state that because I had been told so by five or six Representatives, who told me they voted overwhelmingly to accept my amendment; but later I was informed differently, and I went over to the House and found two or three conflicting stories. To be perfectly frank, from the confusion that existed there I judge they thought they had accepted it. [Laughter.]

Mr. President, I desire to take 2 or 3 minutes of the time of the Senate on the conference report. I promise the Senate not to take any more. I wish to read from a book called "Looking Forward", which has been published recently. On page 101 of that book I find the following:

> There is little possibility of argument over the idea that a healthy people is the most valuable asset a State can have. It transcends in importance all material wealth. But the enlargement of service is a potent influence upon the cost figure. Aside from the $300,000 purchase of radium, the State spent for health activities about $3,200,000, more than twice as much as in 1922. Excluding institutional costs, the department proper cost $965,000 more in 1931 than it did 10 years earlier.
>
> Generally, that increase represents developments which have taken place since the time not many years ago when we decided that public health was purchasable. By spending certain sums of money we know that we can purchase for the whole population a larger degree of freedom from particular diseases, such as malaria, yellow fever, typhoid fever, and even tuberculosis.

I find that in a chapter entitled "Expenditure and Taxation", in a book recently published and written by the present President of the United States. I read that, Mr. President, for the reason that, insofar as the right to put the veterans into hospitals is concerned, no amendment is necessary. That right exists now.

I invite the attention of the Senate to the authority which is granted to the President to utilize facilities for veterans in the hospitals as set forth on page 2 of the Economy Act, section 6. It will be recalled that when the economy bill was up, on the last night of its consideration, the Senator from Mississippi [Mr. HARRISON] had it in charge, but I called his attention to the fact that by striking out six words at the end of section 6 it would authorize the use of veterans' hospitals for the veterans of the Nation. I asked the Senator if he would accept an amendment to that effect.

This brought on considerable discussion, and it soon developed that there did not seem to be a Senator who believed that we should enact a law which would make it impossible to use the hospital facilities for veterans. After it became manifest, the Senator in charge of the measure, and who, I am sure, agreed that it should be the law, accepted the proposal and we struck those words from the bill. As it now reads, the President of the United States has the right to use the hospitals for all purposes as stated therein "and medical and hospital treatment for diseases or injuries." In other words, in addition to the pensions provided in that title the Administrator of Veterans' Affairs is authorized to give treatment and medical and hospital treatment for diseases or injuries. As the bill was originally written there was a limitation at the end of the provision which read, "except for service-connected disabilities."

I read this statement from the President of the United States in order to show that there reposes in him the power to utilize the hospitals of the country for the veterans. I read it in order that I may show from his own language that he has long since recognized that public health must be preserved. I have no doubt, since that matter has reached his attention through this fight, that he will issue the proper regulations to utilize the hospitals for the veterans of the country.

I believe, if we were to put it to a vote in the Senate tonight, there would not be a single dissenting voice. If we should say, "Let those who favor using the veterans' hospitals for sick soldiers rise to their feet", I believe there would not be one Senator who would remain in his seat.

Mr. BARKLEY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Kentucky?

Mr. BLACK. I yield.

Mr. BARKLEY. The Senator will recall that soon after the passage of the economy bill there was a wide-spread rumor throughout the country which reached us here that many of the hospitals would be closed. Following that rumor I took up that matter with the Veterans' Administration and with the executive department having those hospitals in charge.

I was very much gratified to learn that no hospital up to that time had been closed and that it was contemplated to close not more than one and possibly not even one of the hospitals. I mention that to make the statement that it seemed inconceivable to me that the department of the Government having the matter in charge would take that attitude toward keeping the hospitals open and yet not utilize their facilities for the treatment of our ex-service men. I think what they intend to do is to utilize them to the fullest extent.

Mr. BLACK. I agree with the Senator.

Mr. BYRNES. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BLACK. I yield.

Mr. BYRNES. I did not see the Senator from Alabama this afternoon when he came to the Appropriations Committee room to confer with the Senator from Oregon [Mr. STEIWER] and other conferees, but inasmuch as it has been mentioned and we have had a discussion about what took place, may I say that the Senator from Oregon called to the attention of the conferees, when I was presenting an argument in favor of the position of the Senator from Alabama, that under the existing law the President has the power to accomplish what the Senator from Alabama has in mind.

The law provides that in addition to the pensions provided in that title, the Administrator of Veterans' Affairs is authorized, under such limitations as may be prescribed by the President and within the limits of existing Veterans' Administration facilities, to furnish the veterans of any war, including the Boxer rebellion and the Philippine insurrection, domiciliary care where they are suffering with permanent disability, tuberculosis, or neuropsychiatric ills, and medical and hospital treatment for diseases or injuries.

I must admit that when that provision was called to my attention I did not know such provision was in the law, but it does give to the President the power to utilize the beds in the hospitals for the treatment of veterans suffering from diseases of any character. I do not think any other construction can be placed upon the provision.

Mr. BLACK. The Senator is correct.

Mr. CLARK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Missouri?

Mr. BLACK. I yield.

Mr. CLARK. I am going to vote for the conference report because I think it is all we can get, but I do not want to let the statement of the Senator from South Carolina go in the RECORD without the statement that I think a mere permissive authority to the present Veterans' Administration is not worth the paper on which it is written. If I knew a way in which the Senate of the United States could write a provision into the law to make it mandatory, as the Senator from Alabama proposes, I should like very much to do it. I believe as long as the President is being advised by the present Administrator of Veterans' Affairs, that a mere permissive authority is not worth the paper upon which it is written.

Mr. BYRNES. The question was discussed at some length. Of course, I regarded myself as under a mandate of the Senate to present the views of the Senator from Alabama. The conferees were of the opinion as to the position of the House that this power existed; that there were many other things involved in it because the amendment of the Senate would have permitted the hospitalization of some cases that were not entitled to hospitalization in the opinion of the Senator from Alabama, as I understood his views. The

House insisted upon its position after the Senator from Oregon took the position that he did, and the Senate receded.

Mr. BLACK. Mr. President, I have already used more time than I had expected to use, owing to interruptions.

Mr. WHEELER. Mr. President, will the Senator yield before he proceeds?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Montana?

Mr. BLACK. I yield.

Mr. WHEELER. Of course, the President has the power to utilize these hospitals, as the Senator says. Likewise, the administration has the power not to cut the veterans as they have been cut. But the thing that has brought on the trouble at the present time has been the fact that the Congress of the United States placed the power in the hands of the administration to cut these veterans; and then, as I believe everybody on the floor of the Senate tonight believes, regardless of how they are going to vote, the Veterans' Administration have been cruel and inhuman in their treatment and the cuts they have made upon these unfortunate victims of the World War. It does seem to me that the President and the Veterans' Administration are making a very serious mistake in not permitting some definite legislation to be enacted preventing the misuse of these tremendous powers that have been given to the Veterans' Administration.

It was with a great deal of hesitation that I voted against the wishes of the administration on yesterday, because of the fact that I have a real affection for the President of the United States. I should have liked to go along with him; but I think the administration is making one of the most serious mistakes it has ever made, and I think the Congress of the United States ought to stand up and correct these abuses.

As far as I am concerned, after deliberate consideration of the matter, I desire to say that I am not one of those who are going to travel up the road and then travel back again. I am going to vote against this conference report.

Mr. BLACK. Mr. President, I shall use only a few more minutes with reference to this suggestion. I should have finished already if it had not been that I have been interrupted. I desire to say just one or two more words.

It is true that the President has this right. Unless I am wrong, unless I have been wrong heretofore about the political philosophy and the ideals of social justice of the President of the United States, he will now, since this matter has been called to his attention, correct these abuses. I do not believe he will permit beds that were built to be used by sick soldiers to remain vacant, nor do I believe he will allow these beds to be diverted for the use of members of the Civilian Conservation Corps.

While I have that idea concerning the political philosophy and the conception of social justice of the President of the United States, I must frankly admit that I do not have that idea with reference to some of those who have been advising in connection with the administration of veterans' affairs. I do not think the matter of writing regulations for the veterans of this country should be left in the hands of those who, by their past experience and by their past history, have proved that they are unfriendly to the veterans who served in the World War.

Mr. President, since the President already has this power, and I admit that my amendment could have affected the matter by mandatory provisions only to the extent of $1,000,000; since I believe the matter certainly must now have reached beyond those advisers—something I have been unable to secure heretofore—and has reached the President, I believe that before a week is past—and I confess that I shall be gravely disappointed if this prophecy is not correct—the regulations will be changed, and that these beds which now are either unoccupied or used by civilians for whom they were not built will be used for sick veterans who were ready to serve their country in time of war.

Mr. President, with reference to the vote on this proposal, I voted for the Steiwer amendment because I believed it was the better of the two. I still believe it. I make that statement as one who does not believe in paying money as subsidies, either to large shipping interests, ocean mail contractors, or malingerers on the veterans' roll. I have no sympathy for those who get on the veterans' roll by fraud, who do not deserve to be there. I have the utmost sympathy for the veteran who has fought for his country and who has been wounded in battle, who has a service-connected disability; and I mean to continue to vote, every time I have the opportunity, to treat him generously and well. I think I was one of eight Senators in this body who voted originally against the non-service-connected pension. One of the reasons why I did it was because I believed it was not rendering a service to the veterans. I did not think then the bill should be passed. I thought it was too early in the life of the veterans; and I believe my judgment at that time has been confirmed by the experience through which we have gone.

If I thought it were possible, however, to stay here and enact the Steiwer amendment, I should vote against the conference report. Men must realize practical situations. It is not possible. It will do the veterans no good. It will but arouse further the antagonism which has been built up in this country until sometimes it seems that to have served your country in time of war brings on odium instead of honor.

I am not willing to be responsible at this time for continuing a useless and a futile contest. I give full credit to the honor, to the integrity, and to the fair motives of those who hold the contrary belief. I give the same credit to the President. I credit him with the same idea of absolute fairness in the position he has assumed with reference to these regulations.

Believing that the Steiwer amendment is better than the provision of the conference report, but believing that it is an absolutely hopeless and futile task to stay here and wage warfare until the veterans themselves are injured by the futility of the effort, insofar as I am concerned, believing it to be for the best interests of the men with whom I served in the Army, many of whom I know now to be in destitution and want—believing it to be for their best interests that we accept this, which is surely plainly the best that can be obtained at this session of Congress, I shall vote in favor of the conference report.

Mr. NEELY. Mr. President, will the Senator yield for a question?

Mr. BLACK. I yield.

Mr. NEELY. What is the title of the volume from which the Senator read?

Mr. BLACK. Looking Forward.

Mr. NEELY. I hope it will not be considered an unpardonable transgression for me to say that I think that volume should be carefully preserved, because during the next 3 years it will afford more pleasant reading than any volume entitled "Looking Backward", which chronicles the heartbreaking tragedies in the lives of the disabled veterans which will be caused by the discontinuance or reduction of the compensation which they now receive from the Government.

Mr. GLASS. Mr. President, if I were the President of the United States, under the authority granted me by the Economy Act I would not dream of going as far as the Senator from Oregon [Mr. STEIWER] has agreed to go, and cut 25 percent from the compensation of any veteran whose disability might be directly referred to service in the Army.

As I took occasion to state yesterday, I would cheerfully join with other Senators and Members of Congress in increasing taxes and dealing to the very limit of generosity with those men who were wounded, or whose disability may be referred to actual service in the Army.

I am a little puzzled to understand why there should be such obvious suspicion of the nature of the President of the United States. I have not been in communication with him on this subject, nor has he communicated with me; but, as I have known him for a score of years or more, there is no more warm-hearted, sympathetic, humane person on the face of the earth than Franklin D. Roosevelt. Why it should be persistently suspected that if this matter were left

to his judgment and his humane instincts he would deal unjustly or harshly with the veterans of any war whose disabilities may be referred to actual service is beyond my conception, unless it finds its explanation in a partisan attempt to embarrass the President.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Idaho?

Mr. GLASS. I do.

Mr. BORAH. I think perhaps some of that suspicion arises out of the fact that it is believed that the President has not been and will not be able to give very much personal attention to this matter. We know that some great wrongs have occurred, and we assume that they have occurred by reason of the fact that the President has not had an opportunity to deal with the matter in person.

Mr. GLASS. They may have occurred because the President has not had an opportunity to give personal attention to these matters; but it is inconceivable to me that the President will not give his personal attention to these matters, after what has transpired in both Houses of Congress, after the bitter controversy over this particular matter. I believe he will give his personal attention, and I believe he will do it to the very limit of his humane nature and his spirit of generosity toward those whose disabilities may be related to actual service.

Mr. BORAH. It occurs to me that if he does change the program, he will have to change some of his agents.

Mr. GLASS. Very well; then let him change some of his agents. I think if he regards it as necessary to be just to the veterans, he will change some of his agents. Therefore, it had puzzled me to understand the persistent suspicion of the President of the United States.

The conferees on the part of the Senate could have had no knowledge of what transpired in the House of Representatives except that based upon the representation of the conferees of the House. The conferees will recall that I distinctly asked the conferees of the House if they would agree to any modification whatsoever of the attitude taken by the House as expressed in its vote on the Steiwer amendment. I think the conferees listened very patiently for nearly 2 hours to the Senator from Oregon, who occupied four fifths of our time in undertaking to adjust the matter according to his peculiar views. There was telephone call after telephone call to those who will be charged with the administration of the law; and at no time could the Senator from Oregon get agreement from those who were consulted that his interpretation of the exact phrasing of the law was the correct interpretation.

Mr. STEIWER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Oregon?

Mr. GLASS. Cheerfully.

Mr. STEIWER. Can he tell us who was consulted aside from Mr. Douglas, the Director of the Bureau of the Budget?

Mr. GLASS. I know that the Senator from South Carolina called a man named Roberts, counsel for the Veterans' Administration. I know that he called Hines, the Director of the Bureau.

Mr. STEIWER. Is it the Senator's understanding that he talked to Mr. Hines?

Mr. GLASS. I do not know whether he did or not. I did not overhear his conversation.

Mr. BYRNES. Mr. President, if the Senator from Virginia will yield to me, I did not; but I did discuss the matter with counsel of the Veterans' Administration, Mr. Roberts; not with General Hines. The Senator from Virginia was right; I tried to reach General Hines.

Mr. STEIWER. I understood that.

Mr. BYRNES. And later spoke to Mr. Roberts as to our discussion about the interpretation of the language.

Mr. STEIWER. I understood that, and I understood that the Senator talked only to Mr. Roberts and to Mr. Douglas.

Mr. BYRNES. That is correct.

Mr. GLASS. At all events, I am sure the Senator from Oregon will admit that we sat with becoming patience for nearly 2 hours and listened to his construction of the exact phrasing of the language, and that we could not reach an agreement with him.

Mr. STEIWER. Will the Senator yield once more? Then I promise not to interrupt him.

Mr. GLASS. Certainly; as often as the Senator desires.

Mr. STEIWER. I want to advise the Senator that it may have seemed like 2 hours to the Senator from Virginia, but I was not in the conference 2 hours, and during the time I was there we discussed three or four amendments, and every member of the conference committee did quite a little talking. I have been more loquacious on this subject than I usually am, but I think the Senator will bear witness that I am not particularly loquacious.

Mr. GLASS. I simply undertake to acquit myself. I think the Senator did most of the talking. I am not saying that in disparagement of him, because he talks entertainingly, but on this occasion not convincingly. The only talking I did, I think, was of a very practical nature. The Senator will recall that I asked the conferees on the part of the House if they were unalterably opposed to any change in the attitude of the House, and they said they were. What else was there to do then but to reach an agreement, unless we want to continue here discussing this matter?

I confess readily and cheerfully, and with some amusement, that I may have thought that the time was a little drawn out, because I had heard the Senator from Oregon say everything on the floor of the Senate that he said in conference, and it seemed to me like a repetition of a contention with which others of us could not agree.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Virginia yield to the Senator from New Mexico?

Mr. GLASS. I yield.

Mr. CUTTING. Was the Senator able to refute the arguments presented by the Senator from Oregon in the conference committee? If he was, I wish he would give the Senate the benefit of his views.

Mr. GLASS. Oh, no; I refrain from talking about matters with which I am not intimately connected. I never have done so in either branch of the Congress for 30 years.

It so happened that I was charged with banking legislation while this matter was pending, and it enabled me to wish off this awful job on my colleague the Senator from South Carolina [Mr. BYRNES]. The Senator from Oregon made no argument which appealed to my judgment in the conference committee. If he had made a convincing argument, I would have taken his part, but he did not, and therefore I signed the report.

Mr. CUTTING. Mr. President, the Senator first tells us that he has not given the study to the subject which would enable him to refute the arguments of the Senator from Oregon——

Mr. GLASS. If I have ordinary intelligence, the Senator from Oregon made no argument which appealed to me.

Mr. CUTTING. Then it is very strange that no Senator on the other side of the Chamber or on this side has stood up and tried to refute a single one of the arguments presented by the Senator from Oregon.

Mr. GLASS. The Senator is mistaken. The Senator from South Carolina and the Senator from Oregon and the Senator from Texas engaged here for an hour yesterday afternoon in undertaking to determine the exact meaning of the text of this proposed act. I heard all of that. While I say I gave no intimate attention to this problem, it does not mean that I am so stupid that I cannot understand an argument that goes on in the Senate or in conference committee.

Mr. CUTTING. Is the Senator capable now of giving us the substance of that argument?

The PRESIDING OFFICER. The Senator from New Mexico must address the Chair.

Mr. GLASS. In substance, the argument on the part of the Senator from Oregon was that the text of this proposed

act discriminated against veterans whose disabilities might be related to actual service, and the argument on the other side was that it did not do anything of the kind.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. GLASS. Certainly.

Mr. STEIWER. It causes me considerable pain to have to tell the Senator that that was not my contention at all.

Mr. GLASS. If the Senator wants to confess that he did not know what he was talking about, I will let it go at that. [Laughter.]

I beg pardon of the Senate for taking any of its time at all. I feel rather culpable, because I am Chairman of the Committee on Appropriations, and chairman of this particular subcommittee, and I wished this job off on my colleague because I had other important matters to attend to.

I just want to say this in conclusion: The Senator from Oregon suggested that somebody was not willing to assume the responsibility for his action in the conference committee, and I want to assure him, for myself and my two colleagues on this side, that we are quite as willing to assume responsibility for signing the report as he is for assuming responsibility for not signing it. As I said a while ago, he has gone far beyond my own attitude if I had the decision of this matter.

In the matter of administrative economy, I would not cut one thrip off the allowance given to a soldier whose disability may be related to actual service. On the other hand, I would not give a penny to the hundreds of thousands who have been put on the rolls who may not relate their disability, if they have any disability—it is chiefly presumption and not disability—who may not relate their disability to actual service in the cause of their country.

Mr. CUTTING. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. CUTTING. Then, why on June 23, 1930, did the Senator from Virginia vote for a bill extending the presumptive period from 5 years to 10 years?

Mr. GLASS. Because, perhaps, I did not know as much about it then as I know now. [Laughter.]

I have already tried to indicate to the Senator that I have been all this session so absorbed with banking legislation of tremendous importance that I have not been able to give careful and intimate attention to other problems. I have given so much attention to that legislation that I have nearly lost my life in application to that particular work. But I want it distinctly understood that I signed this conference report, and I resent the suggestion that I do not want to assume responsibility for signing it. I do assume full responsibility for signing it, because the matter had resolved itself into a practical proposition; that is, whether we are to adjourn Congress, or are we to stay here with this interminable controversy between the two Houses of Congress and the President of the United States?

VICTORY OVER THE HELPLESS

Mr. LONG. Mr. President, I am not unmindful of the very peculiar situation with which we are presented. I would hesitate to offer parliamentary advice to the distinguished Senator from Missouri, who has been connected with the Congress for so many years, or to the distinguished Senator from Alabama, but they tell us we are confronted with a situation in which we can do no better for the veterans. They tell us that unless we get two thirds of the votes of both Houses we cannot accomplish anything against the President.

Mr. President, I assume the responsibility of saying that a majority of the Senate can have its way in this matter. I say that a majority of the Senate can put the Steiwer amendment in the law and keep it there if we have the manhood and the stamina and the courage of our convictions to stand where we ought to stand tonight. All we have to do is to put the amendment back onto this bill, and when the bill comes back with it taken out put it back on the bill, and every time the House of Representatives takes it off, yielding to the demands of the administration, all we have to do is to have a majority of the votes and again put it back on the bill. If the Government is to run, this amendment should go in the bill and become the law.

Mr. President, why did we suspend the rules here on motion of the Senator from Florida [Mr. TRAMMELL]? In order to put legislation on an appropriation bill. Let us be fair about it. We did it because we knew the United States Government had to have money with which to run the Government. The only reason for putting this amendment on the appropriation bill was that we knew it was necessary that the administration get money enough to run the Government. When we put the Trammell amendment on the bill, we thought it would ride through and become a law, and it will, unless we consent that it be taken off.

Gentlemen argue that the President has such authority that he can veto action of the Senate of the United States, just or unjust, and that therefore we have to yield. I ask whether it is just, under the circumstances, with the enormous whip that has been placed in the hands of the administration, that we should see the widows, and the orphans, and the disabled veterans of the World War; the blind, the crippled, the armless, the legless, imposed upon because we have gone to the unlimited extent, to the unconscionable distance, of granting authority to an Executive against which we can now interpose no bar?

It is said that we made a mistake when we did that. It is said that the President makes a mistake when he uses the power. If the Senators of the United States intend to stand as I will stand, this legislation will be put into the law. We have 96 members here. If 48 out of the 96 will stand as I will stand, I will take the responsibility of saying that the Steiwer amendment will become the law, or I will walk out of the Senate and never try to hold another public office. Let 48 Senators vote as I am going to vote on this matter, and it will be the law, and stay the law, after we have voted it.

The Senator from Missouri intimates it is time to stop fighting, and I have every regard for the Senator from Missouri; he feels as I do about this matter. Many feel that it is time to quit fighting. We fought last night, it is said, we stayed up at night and got up early in the morning, and missed our dinner engagements, and missed everything in the way of entertainment that Washington affords, and therefore we ought to be willing now to give up this terrible fight.

Mr. President, there was once a fight made for America. Twice there was a fight made for America. When soldiers stood in the mud of the trenches up to their waists, and sometimes up to their shoulders, in the World War they were tired, bleeding, wounded, crippled, hungry. But suppose they had given up because they were tired and hungry, bleeding and wounded; where would the Senate of the United States have been tonight? We would not have been sitting here under the Stars and Stripes, Mr. President, if those men had given up because they were tired; yet we are told to give up their fight tonight because we are tired.

Mr. President, I have a very pitiful group of correspondence here from which I want to read just a few lines. I am not going to take up much time tonight. One of them comes here from Washington; and I want to say that I do not take the responsibility for one of these letters; but I will read from them briefly to indicate the temper of the people. This one [exhibiting] comes from my own city of New Orleans:

NEW ORLEANS, *April 13.*

I am a veteran at said hospital as a patient. I am James V. Kennedy, C 1-975-357, who lives at 5328 Laurel Street, city of New Orleans, La. I read in the papers that one of my buddies sent you his teeth.

And I want to state they were contained in a package which I received here, which, at the time, was the object of some laughter among us. One of the veterans wrote in and said, "since they passed this legislation, I will not need my teeth," and sent me a package containing his teeth, which was a joke, and we all laughed at it. But imagine the serious side of it. Here is a poor fellow who read about

my having that set of teeth, and let me read you, who laughed at it, what he writes. Let me show you the serious side of it.

This is the third time I have been a patient here. The first time they extracted 23 of my teeth from November 9 to November 26, 1931; broke a plate I had and never did give me any back.

Honorable sir, will you please send me those teeth of my buddy's.

[Laughter.]

This is a terrible thing, Mr. President, if I do say it:

Honorable sir, will you please send me those teeth of my buddy's and let me file and fit them for my mouth, as I know I am going out of here and will need teeth to get along with.

Here is a man, a veteran of the World War, who has been in a hospital as the result of his injuries; they have had to extract every tooth he had in his mouth, and he is being turned out today, by the mercies of the Honorable Lewis Douglas and of one of the former employees of Bernard M. Baruch, without anything in his mouth to eat with, if he could get anything to eat; and the Senate of the United States is told to hurry, hurry, hurry, and get away in time. God help you to get away in time. Turn these veterans out on the mercies of the world! There is no time to talk; no time to help! We are called upon to hurry, because the administration demands it. Suppose they had been in a hurry, this man and others of his soldier comrades?

I have another letter, which is directed to a colleague of mine, and I have not as yet received his permission to use it, so I will not read it. However, here is one from Durant, Okla., dated June 7, 1933:

The ex-soldiers, farmers, and workers feel that you are one of the ones in the United States Senate that has humanity's interest at heart. The people are getting blood in their eyes. I was at an American Legion meeting last night in Durant. Believe me, they were plenty tough. If some of the Morgan and Mellon men would have been there, they might have spit out a few of their jaw teeth. They are mad over the way Congress and the Senate has done about these compensations and bonus. We are now sorry we fought to make the world safe for democracy. It means this to me: After I spend my last little compensation check, which will be July 1, I will have to take my three little girls, the oldest 12 and the youngest 8 years old, and hitch-hike it up and down the highways, stealing and bumming food, sleeping under Mr. Morgan's, Mellon's, and President Roosevelt's shade trees that they are having set out. I am not the only one that feels that way. Why should we have any respect for them? They do not care if we starve.

Part of this letter, Mr. President, is such that I cannot read any further, I am afraid. I have read a part of it just to show the sentiment. And I can only read a few of these letters without taking too much of the Senate's valuable time.

Here is one from Brooklyn, dated June 14, 1933:

DEAR SENATOR LONG: I am writing you this letter, Senator, as I must thank you for always fighting hard for us crippled vets and also for the workingman—

And so forth—

Honest, Senator, the Democratic Party ought to get rid of Frank Hines, director of the vets affairs. He is too hard-boiled and unjust to the vets who were injured in military service.

Men that were injured in France or became ill while serving in Europe get very little because they are always given fake diagnosis by the doctors of years ago. I myself was sent back from Europe a physical and half-blind wreck. I was given medical discharge and sent home to shift for myself. I was ignorant of my rights; I did not know where to appeal for help until another crippled veteran took me to the Vets' Bureau 2 years after I was discharged and put in a claim for my eyes and nervous trouble. I was paid for a while, then when I became totally blind in 1923, was told that my eyes were not of service origin, that they only made a mistake in diagnosis. Yet in 1918 they called it corneal-opacity.

God Almighty, Senator, do you see how the blind and crippled vets are humbugged by the likes of Frank Hines' office boys? Get rid of Hines and put a man there who is human and just. I am useless now for 15 years. I won't live long, but I don't want to be aggravated into death before my time, the way I have been. What I get really amounts to almost nothing.

The following letter is from Jetmore, Kans., and is dated June 5, 1933:

DEAR SENATOR: As a poor disabled veteran of the World War, I and my wife and seven children want to thank you—

And so forth—

I lost an arm and leg in the war, and I know what it is to suffer.

The people of this section of the United States are not going to forget, and we are not going to see our children and our women starve when there are other ways to get it. I and more than 20 of my friends have armed ourselves and our homes to be prepared for what we know is coming. We gave all we had for our country when she called us, and now our country owes us something to feed our babies on.

Mr. President, without in any respect approving such sentiments, this will give you a cross section of how the veterans of the World War feel, veterans who are crippled, who are blind, who are disabled, who have wives and children to feed and their own maimed, disabled bodies to care for, who are deprived of everything which they have been accustomed to spend for sustenance and a living.

Here is one from Harrisburg, Pa.:

I beg your pardon for writing these few lines, but if I did not write you, I won't have no other way of thanking some of you for the good fight you are putting up for the soldier boys on their pensions. I feel very sorry I won't be able to write thanks to the Senators of my own State, but you know they failed us—

He is somewhat mistaken; the Senators voted with him last night—

so I want to thank you and Senator ROBINSON of Indiana and all the other good Senators. You will never know how much your human-heartedness is appreciated. In this city now what do you think the boys are talking about? It is just this, that they will have another party to vote for by the next election.

I have a letter from Pocatello, Idaho, but there is nothing of particular importance in it.

Here is another letter from New Orleans, which is not out the ordinary, and I can avoid reading it.

I will now read one from Key West, Fla., dated June 5, 1933, and addressed to me.

Unfortunately I am forced to continue in physical torture the rest of my life from a disability brought on by poison gas and exposure. You may learn from my Veterans' Bureau record I have spent 8 or 9 years in hospitals, and a greater part of that time choking half to death, never able to lie down day or night. No one can even imagine this terrible torture I have to endure.

I hope Senators will notice that here is a man who is disabled so badly that he can go to bed neither in the daytime nor in the nighttime.

Hardly a day passes that I do not have to take hypodermics for this condition. Never able to associate with my friends in any gathering for any purpose without bringing on more suffering. One by one I have watched my buddies suffering with this same disease choke to death, and always thinking surely my time will be next, but still they are more fortunate than I, because they will not be here to depend on charity after July 1.

Last week I received a notice from the Veterans' Administration I would be cut from $100 to $20 monthly. I cannot hope to live on this amount without depending on charity. I should think that all Senators and Congressmen who voted for this bill to bring on this condition would bow their heads in shame when they return to their homes and see these disabled men line up in bread lines.

That is a typical case, Mr. President, the case of a man injured in the line of duty, poisoned by gas, who for a period of 9 years has never been able to go to bed during the daytime or during the nighttime, who has had his compensation cut from $100 a month to $20 a month. We know he cannot live on it, and yet we are called upon to go away and leave that kind of thing existing, as it will exist during the months to come. We are told that we cannot do any better. I tell you, Mr. President, that we can.

Here is another letter sent to me by the agent of a life-insurance company:

Last July I brought Schwam to his home here at Shreveport, placed him in his aunt's home here and she has been taking care of him with the assistance of a day and a night attendant. About 2 months ago, his aunt, who is 63 years of age, was stricken with rheumatism in addition to her high blood pressure and the situation is such that I have no place to put Schwam. The general hospitals here will not take a neurotic case.

Schwam's pay is being discontinued June 30 under the recent legislation.

His pay is being entirely discontinued—a man who has a day and a night nurse to take care of him, who has to have two assistants to take care of him while he is existing

practically in a living hell, whose compensation is going to be entirely discontinued on the 30th day of this month, provided we get the Congress away from here! Hasten the adjournment of Congress that the pillage and murder and misery and destruction may continue to be inflicted on people whom the Congress sent away to fight the war for Democracy and who were brought back to this country to suffer under administrative rules prescribed under the heels of Veterans' Bureau autocracy! I will read the remainder of the letter:

And I made application with S. T. Taylor, acting manager of the Veterans' Administration facility at Alexandria, La., for hospitalization of Schwam. Mr. Taylor immediately advised me that due to the fact that Schwam receives his pay for 2 months longer he cannot be placed in a Government hospital.

I have a letter sent to me by the service commissioner of the American Legion of Louisiana. He said:

Frank Louis Roux, of Luling, La., called at our office a few days ago requesting our assistance in having his compensation restored, which was reduced from $67 to $8 a month under the provisions of the Economy Act.

I am advised by Comrade Roux that he received a gunshot wound on the Verdun sector on October 15, 1918, when he and six other members of his company were in a shell hole.

He encloses a photograph, which I am going to ask my friend the Senator from New York [Mr. COPELAND], a distinguished surgeon, to examine. I want him to look at that picture. Here is another picture, and I should like to have him examine it while I read the balance of the letter.

A German shell exploded killing his six comrades and injuring him. Fortunately, he was lying on his stomach at the time of the explosion. He was in the hospital 7 months and was operated on eight times.

I am enclosing an actual photograph of the wound for the reason that a good many Members of Congress were no doubt of the opinion that the Economy Act would not reduce the compensation of those men who received gunshot wounds in service. The veteran advises me that you can show this photograph to as many Members of Congress as you desire.

Assuring you that the veterans appreciate your efforts in their behalf, with kindest regards and best wishes, I remain,

Sincerely yours,

LINDEN DALFERES,
State Service Commissioner.

Mr. President, I am not going to read from anything else I have here nor from any other letters. I would like to ask my friend the Senator from New York if he has had sufficient opportunity to examine the pictures to tell us what he thinks of the compensation of this man having been reduced from $67 a month to $8 a month?

Mr. COPELAND. Mr. President, I should say it was very cruel indeed.

Mr. LONG. I have the pictures here and anyone else can see them who may desire. Here is a photograph of a man cut all over the back, operated on eight times, and his compensation is cut from $67 to $8 a month. The Senator from New York, a distinguished surgeon of this country, gives the answer that it is indeed very cruel to have this man's compensation reduced in the way it has been.

But we are told to go right ahead. My friend the Senator from Missouri [Mr. CLARK] said we went up the hill and now we have to come down the hill. I am not one of those who are coming down the hill. I am going to vote to send this thing back to conference again. I am going to vote to reject the conference report. If the bill is taken back to conference and comes back here again, I am going to vote again to reject it. Then if it does pass and the President vetoes the bill, I am going to vote to override the veto.

If we do not succeed in overriding the veto, and he comes here with a joint resolution to continue last year's appropriations, I am going to vote to tack this thing on to the joint resolution, too. Never by my vote will any government get what it wants until it does justice to the veterans of the World War and the Spanish-American War veterans.

Let me call attention to another thing that has been done: Last night when we voted 51 to 39, there was a Dill amendment in the bill proposing to give better treatment to the Spanish-American War veterans. My friend from Kansas [Mr. MCGILL], I understood, voted for the proposal simply because the Dill amendment was attached to it. Tonight they come with the Dill amendment out of it that we voted into it last night; that is, we would not accept it last night without the Dill amendment. Last night we were unwilling to accept it even with the Dill amendment in it, and tonight they have taken the Dill amendment out of it.

Last night we were not even willing to accept the Byrnes amendment with the Black provision attached to it. The Black amendment provided that in the empty beds in the Government hospitals the veterans of the World War should be treated who now are without hospital treatment. But even that provision has been taken out.

Now, we have the bare proposition, with nothing in the way of compulsion, allowing the veterans of the World War to be subjected to the same treatment that they are now, and practically taking the Spanish-American War veterans off the rolls. Lo and behold, regardless of all that was said here yesterday, they have the temerity to come back with a pauper's oath attached to the Spanish-American War veterans' claims for compensation! They have actually had the courage, they have actually had the fortitude, to come back here with a nefarious, obnoxious, inhuman provision that before a member of the Spanish-American War army can get compensation up to as much as $15 a month he must take a pauper's oath and swear he is absolutely destitute and in need, and he has to prove it. That is what we are called upon to assent to here tonight, and to let this thing go hurly-burly on the wings of speed in order that we can get Congress out of the way.

Why does Congress have to adjourn? What is the hurry? Senators had better stay here if they know how the folks feel back home. [Laughter.] The best thing they can ever do in their lives is to stay right here. They will wish they were back here when they go home. What is the hurry? Why the great hurry? Why should anyone want to leave here? It is not hard for us to stay here. It is not hurting us a bit. We can stick it out here. A few more days will not hurt us. Someone has said that it is not desired to have any discussion of the war debts in Congress. It has been said that the economic conference over there might be disturbed. That is not going to hurt anything. They are not paying much attention to the delegates we sent over there, anyway. [Laughter.] They did not even send a hack down to meet them at the water front when they got there. [Laughter.]

The PRESIDING OFFICER (Mr. KING in the chair). The Chair must again admonish occupants of the galleries that they are here as guests of the Senate and that the rule of the Senate prohibits any demonstrations of approval or disapproval among the occupants of the galleries. The rule will be strictly enforced.

Mr. LONG. Our delegates went over there. One of them is even considered the prime minister of America—and that would have been his job if he had been in England. He got up early in the morning and dressed himself in morning clothes, with striped pants, and a high standing collar that he had to get on a stump to spit over, and if he walked off the side of the boat and thought "Where is the band", he would have been informed that unless he had a brass band inside, there was not a band within 10 miles of where he was standing; so he got in a hack and went up to a boarding house.

Our delegates need not worry about what is going to be the outcome of the Conference. Those fellows over there had it all written out before our fellows got there. It is just taking a little time for our fellows to swallow it, because they have got to learn how to swallow. Does anyone need to tell me that our representatives can get over there one day and settle $75,000,000 worth of debts for 8 cents on the dollar the next day? Nothing of the kind.

They are doing business too fast. We had better remain in session here long enough so they will hesitate and think things over a little bit. Why be afraid of staying here a little while longer? If we will stay here until the President has time to investigate, assuming that he is the kind-hearted man we say he is and that I say he is, if we will stay here until that kind heart has a knowledge and an understanding

of what is going on in this country, he will listen to somebody besides the chief executioners of the Veterans' Administration, and he is bound to come to a realization that these infamous practices should be discontinued and such rules and regulations as are now being followed should be done away with and put out of existence by the Veterans' Administration.

We probably will be beaten on this matter tonight. I have heard it said on the floor of the Senate that all the Democrats have been called up from the White House and asked to vote against the veterans. They may have called up all the rest of them, but they did not call me. [Laughter.] When they call me up, Mr. President—well, I have not been called up today. It makes no difference whether I was called or not, I know these veterans a great deal better than the White House knows them. I know if we are called on as a party matter we are supposed to bow to it as a party matter. We are told the Republicans are practically solid one way and that the Democrats must stand the other way to keep the party from being embarrassed.

I do not look upon it that way. I am fighting for the preservation of the party. I am fighting for the standing of the party. I am fighting to keep the party from making a mistake; and even if I were not, I am not going to allow my hatred for Republicans or my liking for Democrats or anything of the kind to send the citizens of this country who are wounded and disabled and blind, I am not going to send the widows and orphans whose husbands and fathers have left this earth by reason of wounds they received in defense of this country, out into the highways and byways and to the charity bureaus. No one can talk Democracy or Republicanism to me, and they cannot talk party regularity or protecting the party from this great embarrassment, and expect me to take part in driving out upon the streets of the country the orphans of the World War veterans, their widows, nor any of the blind or disabled men who fought the battles of this great country of ours in the World War. It is above Democracy. It is above party.

If Senators will hear me now they will not put the cudgels in the Republican Party's hands to go out into the country and give us a Republican House by about 100 majority. Remember these words. They will not be taken out of the CONGRESSIONAL RECORD. Remember these words. If this travesty and this disgraceful thing is put over on the veterans here tonight, we will have a Republican House or some other kind of proposition if we have any Congress left in November, 1934. That is what is being done here tonight.

I am standing for the party, because I know the party can never forget its obligations to humanity and to the soldiers who have defended us. It was not the Republicans who declared the war. They declared one war, the Spanish-American War, but the Democrats declared the World War. Now we are called upon to participate in a great victory. We are called upon to join our party tonight in a great victory. It will be a great victory. It will be a victory by which the dominant party will triumph over the man who was thrown out of his bed and who has no place to go. That is the great victory we are called upon to share tonight.

Will it be a great victory, Mr. President, when we bring to tears the orphans and children of the veterans in this country, the widows whose husbands and the children whose fathers gave all they had in the defense of their country? We are called upon to share with the party this great victory against the men who have no bed in which to sleep, a victory against the starving men with not a bite to eat, a victory against our disabled and destitute veterans, a victory against the widows and orphans of the Spanish-American War veterans, many of whom died like flies in Florida and others of whom lost their lives in Cuba. That is the great victory we are called upon to participate in tonight.

Some men are great in victory. If I participate in that kind of a victory, then I feel that I shall be in the position of the famous old general who said, "One more victory like this and it will be the end of my regime." Another victory like this will be the end of our Democratic regime.

As a Democrat and as an American I cannot vote as some of my friends say. I would feel as if I were not a Senator. I would feel as if I were not anything like a representative. Shall I stand here and say, "The President will not let me do anything else? I know it is right that we should do this for the veterans, but the President will not let me? I know that we ought to take care of the blind and suffering veterans, but the President will not let me? I know that we ought to do this, yet I am going to vote the other way?" Shall I say we ought to do something that is different, something that is merciful, something that is kind, something that is honorable, but we cannot do it because we do not think the President wants the Congress to stay here any longer? I say to you that if there is a majority of only 1, if there are 49 Senators in this body—and I pause for any Senator to controvert what I am about to say—those 49 Senators in this body can guarantee this legislation.

I do not care what the House does. We have all read of the gag rule under which they have operated. They have a rule over there under which they come in and allow 1 hour for debate——

The PRESIDING OFFICER. The Chair advises the Senator that he may not comment upon the proceedings in the other House or their rules.

Mr. LONG. I cannot talk about the rule of the House?

The PRESIDING OFFICER. Not disadvantageously to the rule of the House.

Mr. LONG. I cannot even mention it? I do not want to speak disrespectfully of them. I just want to state what is the fact. [Laughter.]

The PRESIDING OFFICER. The Senator will proceed. The Chair has reminded him of the rule.

Mr. LONG. At any rate, we will say that in this body, the Senate, if we were operating here under some kind of a proposition by which something is brought out, and we are told to swallow it, and we have 1 hour to prepare to swallow it, if we were to render judgment in that kind of fashion, it would remind me of the old justice of the peace deciding a case. He heard the evidence, and he heard the arguments of counsel, and he said, "Now, gentlemen, the court is going to consider the evidence, and the court is going to consider the law and the arguments of counsel. Now the court is going to adjourn, and the court is going fishing. Then I am coming back here on Thursday 2 weeks from now; and the court, after consideration of the law and the evidence will render judgment in favor of the plaintiff." [Laughter.]

But we are not deliberating that way, gentlemen of the Senate. We have our own time; we have our own course, and the responsibility is ours. We have our own minds to make up. There is not any rule of expediency calling upon us to leave here tonight. Ordinarily I myself should like to leave, but not now. I should like to leave as much as you, maybe; but there is no rule calling upon us to leave here. This can be the law. It ought to be the law, we all admit. I have not heard anyone in the Senate who voted with us to start with who says that he did not vote right so far as the substantive law was concerned. Of all those who voted 3 to 1 to suspend the rules, none has yet gainsaid his vote. Of all those who stood here to suspend the rules in order that legislation might go on an appropriation bill, not one here tonight or at any other time has once said that he did not vote the right way.

Well, why quit now? Why quit tonight? Why quit? Why have it said that last night we voted the right way, being told that we were going to have the bill vetoed, and tonight we floundered and voted the other way? If we were going to change tonight, we could have changed last night. We started out here by saying that we were going to keep this thing on an appropriation bill in order that by that extraordinary process we could make it law. If that was a proper thing to do in the beginning, it is a good thing to do now.

I hope we will be men enough to stand here tonight. I hope we will stand where we stood last night. I hope we

will not go back upon the people who sent us here. I hope we will remember the veterans. I hope we will remember the orphans of those veterans and the widows of those veterans. I hope we will not be led aside, thinking that our own circumstances are such that we must impose upon the veterans something that we are unwilling to impose upon ourselves.

Now, just a word about ourselves and I am through.

We voted to reduce our own salaries 15 percent. Now remember, gentlemen of the Senate, it makes no difference how long we stay here, the Government is paying us—as long as we have a duty to perform the Government is paying us anyway. We are getting just as much money for every day we spend at home as we are getting here; and every hour that we ought to be giving to the relief of anybody in this country we owe it to the people to stay right here and give.

We voted to decrease Government salaries. The President of the United States set a good example. He cut his own salary. He cut his own salary from $75,000 a year to 15 percent less than $75,000 a year, and we cut our own salaries from $10,000 a year to 15 percent below $10,000 a year. That was a gracious thing for us to do. That was a gracious thing for the President to do. It is a gracious thing for the President and for Congress voluntarily, by their own actions and by their own votes, to cut their own salaries 15 percent. It left the President with 15 percent less than $75,000. He gets only about sixty-six or sixty-seven thousand dollars and we get only about $8,500 under this reduction.

But we are called upon now to cut the compensation of men who are wounded, who are hungry, who are disabled. We are called upon to take away the pitiful compensation that is being drawn by widows and by orphans. We are called upon to say whether or not we are going to take our own $10,000 salary, that we would not reduce more than 15 percent, and whether or not the President is going to take his own $75,000 salary, that he would not reduce more than 15 percent, and then take the little widow and two orphan children, who are getting $40 a month, and cut it 65 percent; and take the poor blind man, who is getting $100 a month, and cut that 80 percent; and take the poor devil here who was wounded all over the back, and operated on eight times, and reduce him from $67 to $8 a month. We are called upon to say whether or not it is justice and right under the living, shining stars of heaven to sit here tonight and take away 65, 75, 80, and sometimes 100 percent of the amount that some poor little widow or orphan or wounded veteran is drawing when we are not willing to take away more than 15 percent from our own salaries of $10,000 a year.

That is what we are called upon to say here tonight, gentlemen of the Senate. We are called upon to say whether or not there is such a thing as justice. Some poor little widow, some poor blind man, waiting on himself, waiting for the Reaper to come, and praying that he will come soon enough to relieve him of the distress that he is in; the poor blind devil who lies there, never to see the sun's light again, never to see the face of his child again, starving and hurt and bleeding, praying for the day when the Almighty will take him and relieve him from this distress—we are called upon to say tonight whether we will take $80 out of the little $100 he is getting, and will not take more than $15 out of the hundred dollars we are getting ourselves.

That is what we are called upon to decide.

No; I will not participate in the Democratic victory tonight, Mr. President. I have participated in many Democratic victories and in many Democratic defeats. I have been a participant; but, so help me God, when we have won a victory it has been against strong and stalwart men. It has been against monopolies. It has been against giants of finance. We have grappled with them and won; but I do not care for my share in a victory that means that the poor and the downtrodden, the blind, the helpless, the orphaned, the bleeding, the wounded, the hungry, and the distressed, will be the victims of a victory in which I am to participate in the Senate.

Mr. CUTTING. Mr. President, we are faced tonight with the same proposition with which we have been faced time and time again during the past few weeks. That situation can be expressed in a few words.

The Senate, by decisive vote, adopts a particular course of action. It sends to conference conferees a majority of whom have voted against that action. Then the conferees surrender everything that the Senate has favored.

Let me recall to the Senate the votes in the past few weeks.

On June 2, in the first decisive vote cast in the Senate relative to the veterans, the Senate, by a vote of 59 to 21, decided to suspend the rules and take up the Trammell amendment. The Trammell amendment, may I say again to the Senate, would have kept both the presumptive cases and the directly service-connected cases on the rolls, with a limitation of cut not of 25 percent but of 15 percent.

As I say, the Senate voted 59 to 21. Among the 21 who voted "nay" were Mr. BYRNES and Mr. GLASS.

A few hours later the Senator from Arkansas [Mr. ROBINSON] moved to change the figure of 15, contained in the amendment of the Senator from Florida, to 25. That motion was defeated by a vote of 51 to 25—more than 2 to 1. Among the 25 were Mr. BYRNES and Mr. GLASS.

Later on a controversy arose between those who wanted the full benefit of the Trammell amendment and those who wanted a lesser degree of benefit under the Connally amendment. On this occasion the Connally amendment carried, and carried principally because the Senator from Texas assured the Senate that there was no chance of the Trammell amendment's escaping a veto, and implied strongly that the Connally amendment would not obtain a veto. The tie was broken by the Vice President. Among those who voted for a lesser degree of benefit to the veterans were Mr. BYRNES, Mr. GLASS, and Mr. RUSSELL—the three majority members of the present conference committee.

Last night the Senate took a vote on substituting the amendment proposed by the Senator from Oregon [Mr. STEIWER] and myself for the House amendment as amended by the Senator from South Carolina [Mr. BYRNES]. The yeas were 51; the nays were 39. Among the 39, among the minority, I noticed the names of Mr. BYRNES, Mr. GLASS, and Mr. RUSSELL—the three majority members of the conference committee.

Mr. President, one of these days the Senate of the United States is going to get tired of sending to represent it conferees a majority of whom are avowedly opposed to the will of the Senate. We saw that last week in the votes on the Economy Act. We have seen it time and time again, not only in this session of Congress but in every session since I have been a Member of this body. The result, of course, is minority rule. You come back to this body after surrendering nothing of your own opinions—merely surrendering the opinions of the majority of the Senate, with which you were never in agreement—you come back to this body and present it with a situation where you either have to vote for the conference report or vote against it; and invariably the argument is made, "Oh, but the House conferees insisted on their amendment!"

How can Senate conferees who disbelieve in a Senate amendment make the same kind of a fight which the House conferees can make for an amendment in which they believe?

The Senator from Virginia [Mr. GLASS] has stood on this floor this very evening and told us that he has been too busy with other kinds of legislation to be able to present an intelligent argument on the question which is presented before the Senate tonight. Yet he goes on that conference committee, surrenders the wishes of the Senate, and comes back here and reports to the Senate.

Mr. GLASS. Mr. President——

Mr. CUTTING. Mr. President, I do not yield to the Senator from Virginia.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. CUTTING. Three times yesterday on the floor of the Senate I asked the Senator from Virginia to yield to me, and each time he declined.

Mr. President, I am very fond of the Senator from Virginia, and I think every Senator feels the same way, but I wish to quote from what the Senator from Virginia said yesterday immediately after he declined to yield to me:

I am going to vote against the proposed amendment—

Said the Senator—

because I feel that no man who will not fight for his own country is worth living in that country.

That is the reason the Senator from Virginia gave for voting against an amendment which would limit to 25 percent the cuts authorized to be made in combat-connected cases, which gave some scant measure of justice to the Spanish-American veterans, and which gave protection after the 31st of October to men who were on the rolls by presumption.

The Senator went on to say:

When he comes out of the combat without wounds, without disability, he has no right to raid the Federal Treasury perpetually because he was called into the contest—called in under draft, too, when it was a question of being shot here or shot at abroad. [Laughter.]

Mr. President, with all respect for the Senator from Virginia, I think that word "laughter" is the most disgraceful word which has ever been written into the CONGRESSIONAL RECORD. In other words, the men who were drafted by the Congress of the United States went into the service because, if they were not willing to be shot at abroad, they would be shot at home; and at that somebody is supposed to have laughed.

I sat here while the Senator from Virginia was making his speech. I confess I heard no laughter. I am glad that I did not hear it. I do not know whether the Senator from Virginia revised his remarks in the RECORD or not.

Mr. GLASS. Mr. President, I rise to a point of personal privilege.

The PRESIDING OFFICER. The Senator will state it.

Mr. GLASS. The Senator from New Mexico is making an infamous suggestion with respect to my conduct——

Mr. CUTTING. Mr. President, I am making nothing of the sort.

Mr. GLASS. Which is nothing less than mendacious.

Mr. CUTTING. Mr. President, I call the Senator from Virginia to order under rule XIX.

The PRESIDING OFFICER. The Senator will proceed.

Mr. GLASS. I do not say that under the shelter of constitutional immunity, either. I want the Senator to understand that. I will repeat it to him somewhere else.

The PRESIDING OFFICER. The Senator from New Mexico has the floor.

Mr. CUTTING. As I have said, I do not yield to the Senator from Virginia. The Senator from Virginia has just made an accusation of mendacity. I will yield to him for the purpose of stating just what I have said which he so qualifies.

I have read from the RECORD——

Mr. GLASS rose.

The PRESIDING OFFICER. Does the Senator from New Mexico yield?

Mr. GLASS. The Senator has suggested that I interpolated that word "laughter" in the RECORD.

Mr. CUTTING. No; I did not.

Mr. GLASS. The Senator did suggest that.

Mr. CUTTING. Mr. President, I implied nothing of the sort.

Mr. GLASS. Yes; the Senator did.

Mr. CUTTING. If the Senator from Virginia will allow me to proceed, I will tell him what I implied. I implied that if he saw that word "laughter" at that point in his remarks, the most ordinary sense of justice to those who served in the World War should have required him to strike that word from the RECORD.

Mr. GLASS. Mr. President, it should not have done anything of the kind. I am not in the habit of falsifying the RECORD, if the Senator from New Mexico is.

The PRESIDING OFFICER. The Senator from New Mexico will proceed.

Mr. CUTTING. Mr. President, the Senator from Virginia repeatedly on this floor takes advantage of the fact that we are all fond of him and that he is a man who has had a long and distinguished public career. He takes advantage of that fact to insult his colleagues freely.

The PRESIDING OFFICER. The Chair thinks perhaps the Senator is transgressing the rule.

Mr. CUTTING. Mr. President, if I am transgressing the rule, what did the Senator from Virginia do when he accused me of mendacity?

The PRESIDING OFFICER. The Chair suggested that the Senator from New Mexico had the floor and that the Senator should proceed.

Mr. CUTTING. Mr. President, I do not care what the Senator from Virginia has to say with regard to me personally or with regard to any other Member of this body; but when he traduces the entire force which this country sent into the war from 1917 to 1919, then I feel that I for one have to protest against any such thing. So much for the Senator from Virginia.

Mr. President, we are acting under minority rule in this body. It occurs to me that the country is being run by minority rule. Does anyone think that the sentiment of the country is expressed by the House amendment which was agreed to by the conference committee? Does anyone think that the House amendment as agreed to by the conference committee represents even the sentiment of the House? Does not every Member of this body know that the distinguished body at the other end of the Capitol adjourned today in order that there might be a caucus of the majority Members; and caucus rule, of course, as everyone knows, is minority rule, and cannot be anything else. The minority of the majority time and time again is going to be lashed into line, as the Senator from Pennsylvania said yesterday. I did not agree with him yesterday; I am afraid I am going to have to agree with him before the evening is over.

Mr. REED. Cannot the Senator do it right away?

Mr. CUTTING. No, Mr. President; I refuse to prejudge any issue before the votes prove it.

Mr. President, since I have been a member of this body until the present session the party on this side of the Chamber was in the majority. I have often criticized the majority of the Republican Party. I have often voted against them. I voted freely against the majority of this party when I thought they were wrong. I voted against the presidential candidate of this party when I thought he was wrong. I have no apologies to make for that. I have no apologies to make for standing up in this body for what I thought was right.

Why, at this late date, should a caucus of a party at one end or at the other end of the Capitol enforce their will on the membership of the party? Nothing like that, may I say, was ever done by the Republican Party when they were in the majority at any time since I have been a Member of the Senate.

You talk about Democracy, you talk about the principles of Thomas Jefferson. Can you conceive that the methods employed by the leadership of the Democratic Party from the beginning of this session to this day would be approved of by Thomas Jefferson or by any of the men whom the Democratic Party from his time to this has delighted to honor?

Every effort has been made to make this question a partisan issue, although the most ardent friends of the ex-service men at the other end of the Capitol and many of those in this Chamber are Democratic Members. These men have repeatedly fought for the rights of the veterans, regardless of party lines.

The Senate has expressed itself repeatedly. It expressed itself on the Trammell amendment. It expressed itself

against the Robinson amendment. It expressed itself in favor of the amendment submitted by the Senator from Oregon and myself. After all that, what do we get? We are presented tonight with a conference report repeating verbally, without a change, the very proposition which we voted down by such a large majority last night.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. CUTTING. I yield.

Mr. LONG. I do not want the Senator to make a mistake. We are not faced with the same thing we voted down last night. They have taken out the hospital amendment, and they have taken out the Dill amendment for the Spanish-American War veteran. We are faced with something which, to that extent, is vastly more repugnant than what we voted down last night.

I know one Senator near me here now who voted for the Byrnes amendment because they put the Dill amendment in it last night, who otherwise would not have voted for it, and tonight they have come back with the Dill amendment taken out, an amendment for the Spanish-American War veterans, and with the hospital amendment taken out, so that even the hospital beds which are empty cannot be used by the veterans of the World War who are disabled and have no place to go.

Mr. CUTTING. I thank the Senator for his suggestion, and in that connection I may read a telegram which I have just received from Asheville, N.C.

Apropos administration veterans' program advise several members Civilian Conservation Corps admitted this hospital receiving full pay. Veterans denied hospitalization and just compensation must be considered. Public uninformed of such inhumane inconsistencies.

S. T. AUXIER.

Mr. President, that is what we are doing with the hospitalization program. I am glad the Senator from Louisiana reminded me of that. I am glad he reminded me also of the amendment offered by the Senator from Washington, which has also gone out in the conference report.

I was very much impressed a few moments ago with a remark made by the Senator from Missouri [Mr. CLARK], when he said that nothing which in its terms was permissive and not mandatory was, under these circumstances, worth the paper it was written on.

I have discussed the House amendment at great length. I do not want to continue to discuss it more than to recapitulate the principal points which I have made against it. I shall, however, read it, and make very brief comments.

The President is hereby authorized, under the provisions of Public Law No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act) as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct) in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service-connected under the regulations issued pursuant to Public Law No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards—

I hope the Senate will pay particular attention to this sentence, because no Senator on the floor of this Chamber has made the slightest explanation of its meaning. I have stated that the only interpretation possible is that such boards will act under the provisions of the Economy Act, and yet in violation of the terms of the Economy Act. I still submit that no other explanation can be made. If any Senator desires to interpret it, I shall be glad to yield to him for such interpretation. I shall first read the sentence:

Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulations issued pursuant to Public Law No. 2, Seventy-third Congress (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical findings within the terms of or period prescribed by regulations 1, part 1, subparagraph (c), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, 73d Cong.), and shall in their decisions resolve all reasonable doubts in favor of the veteran, the burden of proof in such cases being on the Government.

I pause for the purpose of allowing any Senator who can construe that language to do so now, because it is now that we are going to vote on this particular language. [A pause.] Apparently no Senator is prepared to interpret that language.

I shall not quote the next paragraph, which deals with insurance, because there is nothing in it to which anyone of whom I know has any particular objection, but I shall read the third paragraph.

Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except for fraud, mistake, or misrepresentations, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration.

All the provisions which I have so far read, Mr. President, apply to the so-called "presumptive cases"; that is, to cases that were placed on the rolls on account of the statutory presumption provided by Congress in the case of particular diseases where, through the nature of the disease, it was impossible to connect the case with service.

Anyone who read that section casually would think that those cases would be kept on the rolls unless the board decided that they ought to be removed, and that if the board decided they should stay on they would continue to receive 75 percent of what they are receiving at the present time, but anyone who studies the language and notes the word "mistake" will realize that the Veterans' Administration would be authorized, by virtue of that word, to call up for review any case whatever, on the plea that the doctors who had originally passed on the case had made a mistake. Undoubtedly such a review would be given in every case which could come before the board. "Seventy-five percent of the payments shall continue." It does not say, as we provided in the Connally amendment or in the amendment of the Senator from Oregon or in the amendment which the Senator from Missouri and I first proposed to the Senate, "not less than 75 percent", but "75 percent." In other words, the onus for making this cut of 25 percent is placed on the Congress of the United States and not on the President or the Director of the Budget or on the Veterans' Bureau.

Furthermore, Mr. President, after October 31, 1933, there is not the slightest guaranty in the House provision that any presumptive case will be kept on the rolls. Even though he may be totally and permanently disabled, even though he may be the most deserving veteran in the United States, he may be thrown off the rolls on October 31. Can anyone on the floor of the Senate or anywhere else justify such a provision as that? We take care of them until the 31st of October, and then we turn them loose on the world.

I have read the debates in the House of Representatives; I have sat on this floor through all the debate in the Senate; I have not heard one word in defense of that provision, and I do not expect to hear a word in defense of it. So much for the presumptive cases.

I come now to the cases which in March the Senate was assured would not be cut down 1 cent, the directly combat-connected cases. The Senator from Massachusetts [Mr. WALSH] in March offered an amendment which we all know unfortunately contained three or four weasel words, "except as to rates." The Senator from Massachusetts then assured the Senate that under the terms of his amendment no veteran whose disabilities were combat-connected would be cut down at all unless there was some justification on account of the change in his condition. But if the Senate had known the way the Bureau was going to interpret this provision, it would not have been satisfied by providing a limitation of

25 percent; it would have insisted at that time that no cut at all should be made in those cases.

Here is the wording with which we are presented under the House amendment:

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent.

I refrain from reading the remainder of the paragraph. The word "mistake" again would allow a review of every one of these cases; it would allow the veterans to be called in by the Veterans' Bureau time and time again; it would allow any board to pass on the medical judgment of men who had made the review at first hand; it would allow them to turn those cases off the rolls altogether; it would allow them to rerate these cases; and, after all, even in the cases which were not thrown out under the excuse of "mistake", the amendment merely provides that the "rates of compensation payable" shall not be cut.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. CUTTING. I yield.

Mr. STEIWER. I am sorry the Senator from New Mexico did not read the remainder of the paragraph which he is discussing.

Mr. CUTTING. I shall be glad to do so.

Mr. STEIWER. Because I think it throws considerable light upon the interpretation of the language the Senator now has in mind. With apologies to the Senator from Virginia, to whom the discussion of the Senate's position on this subject seems to be a little distressing, and in the time of the Senator who is speaking, let me read the remainder of that language. The last part of the paragraph reads as follows:

In no event shall death compensation, except by fraud, mistake, or misrepresentation, being paid to widows, children—

And I omit some of the language and continue:

be reduced or discontinued.

The purpose of the language which I have just read is to prevent reduction in the death compensation in the cases referred to. The language that is used to convey the thought is a plain, simple, straightforward language that the death compensation may not be reduced or discontinued. There is no reference here to rates of compensation.

The language is in the same paragraph as the language which the Senator from New Mexico is calling into question at this time. It seems to me that the employment of a different kind of phraseology in one and the same paragraph ought to warn every Senator that this proposal, which was born in the Veterans' Administration, is meant to protect the widows and orphans, but is intended to permit that administration to cut the compensation of the veteran.

If the Senator will permit me to go a little further in respect to the matter, in another paragraph which he has already read is a provision that the compensation in the presumptively connected cases shall not be cut pending the time of the review or until October 21, as the case may be. Obviously the purpose there was to prevent any cut greater than 25 percent. Let us see how that language is phrased. It provides, omitting a part of the paragraph, that 75 percent of the payments being made on March 20, 1933, shall continue to October 31, 1933, or the date of the special board's decision, whichever is the earlier date.

In this case the language consists of a plain straightforward declaration that the payment being made on a certain date shall not be cut, and so it is in the third place in this proposal in which there is a limitation upon the reduction in compensation. In two of the instances we find direct and unequivocal language which actually limits the cuts, and the third case is the one the Senator from New Mexico is now discussing, and in that one we find the language that the rate of compensation payable shall not be cut.

It occurs to me, and I think every lawyer will agree, that when in the same instrument distinctions of this kind are made, we have no right to assume that all three phrases have the same meaning. We are on our guard. We know that the employment of special language in a special case has been used in order to do the thing we are told unofficially, by word of mouth, that the Veterans' Administration intends to do and which in my judgment they will do before we are 30 days away from the Capitol.

I thank the Senator.

Mr. CUTTING. Mr. President, I quite agree with the Senator from Oregon. Of course there can be no possible explanation of the words "rates of compensation payable" except that which the Senator has given.

The Senator goes on to say that in the words dealing with the widows and dependents, the clear word "compensation" was used, but I notice that even with regard to the widows and dependents, for whom until this moment I had thought we were providing in this compromise, we still find the words "except by mistake", so that even in the cases of the widows and dependents I submit that every one of them can be reviewed for mistakes. Does the Senator from Oregon agree with me?

Mr. STEIWER. Mr. President, there is no question about it at all. All that remains for us to speculate about is whether or not the Director of the Budget thinks it is a mistake to pay death claims to widows of veterans of our war. If he thinks it is a mistake, they will be discontinued.

Mr. CUTTING. Then the only protection for any human being which I had always thought was in the House compromise is not there. There is not one word of protection for anybody. If we are going to vote tonight on the acceptance of the House proposal we might as well face that fact right now, and then go back home and explain to our people that we voted for something without one word of merit from start to finish, that we voted for something which we knew when we voted for it was a fraud and a sham. That is the record with which we are faced. That is what we are going to have to go home and explain if we accept the conference report tonight.

No one on the floor of the Senate has dared to defend the record made by the Director of the Budget in the handling of straight combat-connected cases. They have been cut down 50, 60, 70, and 80 percent. Cases have been presented here time and time again showing that to be the fact. We do not protect them in this legislation. When we read the press of the country we find that all the arguments made deal with so-called "presumptive cases." We are told that those presumptive cases were not actually due to the service, but that we just legislated them into a pension or compensation.

I shall not go over the entire record of those presumptive cases because most Senators are familiar with it. I think it was in 1924, or shortly thereafter—and the Senator from Pennsylvania [Mr. REED] will correct me if I am in error—that it was found necessary to take some care of those suffering with certain diseases because it was impossible in the nature of things to prove the exact time when those diseases originated.

Mr. REED. It was 1924.

Mr. CUTTING. The Senator from Pennsylvania confirms me in the belief that it was in 1924.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from West Virginia?

Mr. CUTTING. I yield.

Mr. HATFIELD. The Senator from Pennsylvania further stated that after a preponderance of medical evidence they agreed upon a period of 5 years for the presumption. Is not that correct?

Mr. CUTTING. Yes.

Mr. REED. We fixed the definite date of January 1, 1925, as the end of approximately a 5-year period.

Mr. CUTTING. It was approximately 5 years, at any rate.

Mr. HATFIELD. Notwithstanding that the Senator from Pennsylvania through his committee, after a preponderance

of evidence from no doubt outstanding medical men of the country, arrived at that conclusion, notwithstanding that there is not a book in print upon the subject of medicine that will not support the conclusions of the Senator from Pennsylvania upon the subject of presumption, the American Medical Association we are told now takes the position that the presumptive period in the kind of diseases such as tubercular and neuropsychiatric diseases should not extend longer than a period of 2 years. In other words, the American Medical Association repudiates the authorities upon the subject. It is a subterfuge pure and simple, Mr. President, that this association takes at this time upon this important subject which involves the American World War veteran and the Spanish-American War veteran.

The PRESIDING OFFICER. The Chair admonishes the Senator from New Mexico that if he yields except for a question he may lose the floor.

Mr. CUTTING. I shall in the future be guided by the ruling of the Chair.

Mr. President, in 1930 it was found that a great many very pathetic and very deserving cases of men who were not able to trace directly to the service their disability, were in want and need through tuberculosis, through neuropsychiatric disease, and through many other infirmities. A bill at that time was introduced in the House of Representatives by Mr. RANKIN, of Mississippi, to extend the statutory presumption from 1925 to 1930. The Senate Finance Committee, which was then dealing with veterans' affairs, had hearings, and at one of the hearings the distinguished physician who represents the State of West Virginia [Mr. HATFIELD] appeared before the committee and testified in language which to me at least was completely convincing, in language which I have quoted in a great many States in the Union, that the 10-year presumptive period was sounder medically than the 5-year presumptive period.

There may be some doubt about that contention. The contrary was argued by some Senators on the floor, notably, by the Senator from Pennsylvania [Mr. REED], but when the vote came on extending the benefit of presumption from 1925 to 1930 the vote in the Senate stood 66 to 6. There were six Senators who voted against it. They were Messrs. Bingham, Gillette, Hastings, Reed, Walcott, and Watson. Among the 66 Senators who, after a full day of debate in a time when nothing else of any importance was before the Senate, voted to extend the presumption from 5 years to 10 years, I find the following names—and I shall not read them all, but I want to call attention to some of those who are in the Senate today: Mr. ASHURST, Mr. BARKLEY, Mr. BRATTON, Mr. CONNALLY, Mr. DILL, Mr. GEORGE, Mr. GLASS, Mr. HARRISON, Mr. KENDRICK, Mr. MCKELLAR, Mr. ROBINSON of Arkansas, Mr. SHEPPARD, Mr. TYDINGS, and Mr. WAGNER.

Mr. REED. Mr. President, will the Senator tell us who was President then?

Mr. CUTTING. The President of the United States at that time was Mr. Hoover. I am glad the Senator reminded me. [Laughter.] Mr. Hoover vetoed that bill. He stood with the Senator from Pennsylvania and with the six Members of the Senate who voted that way. He stood against the 66 Members of the Senate who voted the other way. There was not a single Member of the Democratic Party who voted the way Mr. Hoover thought they should have voted. That was not a question of cutting down the presumptive period from 5 years to 1 year, as has been done under the Economy Act. That was the proposition of raising the presumptive period from 5 years to 10 years.

I do not think the distinguished Senators who voted that way would like to explain their votes on the ground that at that time the President of the United States belonged to the Republican Party, and that now the President of the United States belongs to the Democratic Party. But let me go on a little further.

Before the vote was taken on the Rankin bill, the Senator from Pennsylvania [Mr. REED] moved a substitute providing that veterans who were disabled to a certain extent could be placed upon the rolls regardless of whether their disability was service-connected or not. That amendment was voted down at the time; but after Mr. Hoover vetoed the Rankin bill, that proposal was put through the House of Representatives and sent to the Senate. It was accepted by the Senate because they felt they could get nothing better. I voted against it; and I am glad to see that then, at any rate, I had the company of the Senator from Virginia [Mr. GLASS]. But before we voted against it, a vote was taken on increasing the rates given to non-service-connected cases. That amendment was proposed by the Senator from Massachusetts [Mr. WALSH]; and among others the following Senators in the then minority, but in the present majority, voted for the amendment of the Senator from Massachusetts to increase the rates on non-service-connected disabilities. These were the disabilities of men who were not to be on the statutory rolls by presumption, but frankly without any connection at all with the service—men who might be run over by an automobile on the street.

Mr. LA FOLLETTE. Mr. President, I hoped the Senator would use that phrase, or the one about being run over by a street car yesterday, because that is the one that is usually quoted in attacking this provision of law.

Mr. CUTTING. That very phrase was used at the time, I will say to the Senator from Wisconsin.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. CUTTING. I yield to the Senator from Massachusetts.

Mr. WALSH. The amendment to which the Senator has referred, presented by myself, proposed to apply the Spanish-American War rates.

Mr. CUTTING. To all non-service-connected disabilities.

Mr. WALSH. Of the World War.

Mr. CUTTING. That is quite correct, Mr. President.

The following Senators voted for the increased rate for cases totally unconnected with the service: Mr. ASHURST, Mr. BARKLEY, Mr. CONNALLY, Mr. GEORGE, Mr. GLASS, Mr. HARRISON, Mr. KENDRICK, Mr. MCKELLAR, Mr. SHEPPARD, Mr. TYDINGS, and Mr. WAGNER. The Senator from Arkansas [Mr. ROBINSON] did not vote, but had a pair with the Senator from Pennsylvania [Mr. REED]; and I can only assume, from the opposition of the Senator from Pennsylvania to raising the rates, that the distinguished Senator from Arkansas, who then was the minority floor leader, would have voted in favor of raising the rates on non-service-connected disabilities.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. CUTTING. I yield to the Senator.

Mr. WALSH. The Senator is not naming all of the Democrats who voted for that amendment?

Mr. CUTTING. Oh, no.

Mr. WALSH. But only those who voted against his amendment last night?

Mr. CUTTING. Yes; and those who had said they would vote for the conference report tonight. Of course the Senator from Massachusetts voted for his own amendment.

I am not criticizing anyone who voted that way. I voted that way myself.

Mr. WALSH. They showed good judgment. [Laughter.]

Mr. CUTTING. I think so; but that is the record of the Senate, first on presumptive cases, and second on non-service-connected cases.

Now, how in the name of all consistency can the Democratic Party take up as its slogan an opposition not merely to non-service-connected cases which have completely gone off the rolls, except in cases of total and permanent disability, but to presumptive cases which they unanimously voted for when it was a question of extending the presumption from 5 years to 10?

Between 1930 and 1933 there was no veterans' legislation of any significance before this body. So we come to the present session of Congress.

The Economy Act was passed at a time of stress and panic. I criticize no Senator who voted for it. Personally, I was paired against it. I was absent from the city, and unable to get here in time to vote. I submit that since the Economy Act every vote in this body has shown that the Senate disapproved of the cuts in combat-connected cases

altogether, and that it disapproved of the inordinate slashes in the so-called "presumptive cases"—cases of men who were lying helpless in hospitals all over the Union—men who were to be thrown out on the 1st of July with their compensation cut, and unable to support themselves or their families from that time on.

As I said before, on the 2d of June we suspended the rules in order to take up the Trammell amendment, allowing a cut of only 15 percent not merely in cases of directly service connected soldiers but in cases where the connection was traceable through presumption. Among the majority who voted for that amendment I see the names of Mr. ASHURST, Mr. BACHMAN, Mr. GORE, Mr. MCGILL, Mr. MCKELLAR, Mr. POPE, Mr. RUSSELL, Mr. STEPHENS, Mr. THOMAS of Utah, and Mr. VAN NUYS. These distinguished Senators of course knew exactly for what they were voting. They must have desired to bring on the floor of the Senate the matter not only of directly service connected cases but of presumptions.

Later in the day the Senator from Arkansas [Mr. ROBINSON] moved to increase the possible limitation in the cut from 15 to 25 percent. Among those who voted against the Senator from Arkansas—that is, those who would not allow the President to cut these cases more than 15 percent—I see the names of Mr. BACHMAN, Mr. BLACK, Mr. BULKLEY, Mr. DUFFY, Mr. ERICKSON, Mr. MCGILL, Mr. MCKELLAR, Mr. MURPHY, Mr. POPE, Mr. RUSSELL, Mr. THOMAS of Utah, and Mr. VAN NUYS.

These gentlemen, of course, knew that the only issue was whether we should allow the President to cut these cases, including the presumptive cases, to a maximum of 25 percent, or whether we should limit his cuts to 15 percent; and all those gentlemen said that we should reduce the cuts to 15 percent.

We had a debate after that on the relative merits of the Connally amendment and the Trammell amendment. The decision on that issue was reached only after it had been pointed out that one amendment would be vetoed and the other one would not be vetoed. The vote on that amendment, I submit, was a meaningless vote, because Senators in the best of faith might have voted either way with equal motives of assisting the disabled ex-service men.

It is unfortunate that the Senate did not take a record vote on the Trammell amendment as amended by the Connally amendment. If it had, I do not believe five Members of this body would have been recorded as voting against it. Of course, that is guesswork. There was not a single audible "no" in this Chamber when the question was put.

Before and since that vote was taken we have been given assurances of what was going to be done by the Veterans' Administration and by the Director of the Budget. These assurances have come from Senators acting in the best of faith on this floor, and in every case the administration has failed to live up to the promises made by its representatives here in the Senate. At last we were told that a committee of the House had been meeting at the White House with Mr. Douglas, the Director of the Budget, and that they had reached a fair compromise. We were told that that compromise would protect every combat-connected case from being cut more than 25 percent. We were told that that compromise would protect the presumptive cases until and unless a board of review had stricken them from the rolls.

When I got that information, Mr. President, I rejoiced, because I thought that there at last we were going to get some protection for the veterans of our wars, or at least for the veterans of the World War.

It was not until this miserable provision came down here and I had a chance to read it for myself and analyze it that I realized that it gave no protection either to the combat-connected cases or to the presumptive cases.

When I discovered that, I felt, and I know that the Senator from Oregon [Mr. STEIWER] felt, that we had no alternative except to expose this sham before the Senate and offer a substitute of our own.

For several hours the Senator from Oregon and myself engaged the attention of those Members of the Senate who were willing to listen to the argument. We dissected this provision word by word, showed the meaninglessness and the fraud involved in it. Nobody has answered those criticisms; nobody has stood up here and defended the House provision.

At the request of several Senators, on last Monday the Senator from Oregon and I withdrew the amendment and allowed the question to go to conference, on the distinct understanding that it would come back here and that we should have a vote. At that time, even those who spoke in favor of sending the amendment back to conference said that under no circumstances would they ever accept the House provision.

I quote from the Senator from Alabama [Mr. BLACK]:

> I want it distinctly understood, insofar as my own vote is concerned, that it is not to be construed as a vote in favor of the House proposal. If that is brought back to the Senate by the conferees, I shall vote against the conference report.

The Senator from South Carolina [Mr. SMITH] spoke as follows:

> Mr. President, I join the Senator from Alabama in saying that if the conferees do not do justice to the men who have served our country in the final test of a man's loyalty to his government, I, for one, shall resist any compromise that approximates what the House has sent here.

Mr. GEORGE, the Senator from Georgia, than whom there is no better friend of the ex-service man on the floor, spoke as follows:

> I had concluded that I should vote for the Cutting-Steiwer amendment, but in the interest of a free conference, and believing that it is quite possible for the conferees, if they are left free, to reach a satisfactory agreement between the Senate amendment and the amendment made by the House, I shall vote against instructing the conferees.

The Senator from Georgia proceeded:

> I think there is nothing to be gained by a lack of candor. The Senate, in my judgment, will not accept the House amendment as the House has submitted it to the conference, and unless there is some effort to reach an agreement which will deal more liberally with the veterans, particularly the Spanish-American War veterans, who are left wholly to Executive order, when the conferees report here the report would be rejected, notwithstanding the fact that we are anxious to adjourn finally and go to our respective homes.

If any Senator spoke in favor of accepting the House proposal on Monday, I have been unable to find his remarks in the RECORD. It seemed to be the unanimous sentiment of the Senate that, whatever else we accepted, and whatever compromise our conferees might be able to obtain for us, there was one thing we would not do—we would never under any circumstances accept the House provision. No Senator at that time rose to his feet and said that he would accept the House provision, and no Senator at that time suggested one single argument against the amendment offered by the Senator from Oregon and myself.

The conferees went back to conference; they came back here and submitted the old House provisions, with a few additional provisions taking care of Spanish-American War veterans over 55, whom the President or somebody designated by the President was to rate as 50 percent disabled and in need—qualifications which made the whole thing meaningless—and they gave those veterans of the Spanish-American War a pension of $15 a month, a very generous pension, indeed, in times when we may be facing inflation.

The argument was made all day on this subject. Not one word of argument came from the Democratic side of the Chamber, or from anywhere else in this Chamber, against the amendment submitted by the Senator from Oregon and myself, except about two sentences which the Senator from Arkansas read off of a piece of paper. All the rest of the discussion dealt with the possibility that the House would not accept our provision, with the possibility, or, as some stated it, the certainty, that the President would veto the Steiwer-Cutting amendment, things which were entirely foreign to the argument, things which had nothing to do with our duty as Senators to cast our votes for the things we believed in.

As I just said, the Senator from Arkansas did read a word or two from a piece of paper, after discussing the foreign debts and other extraneous matters at some length.

He has made the disclosure—

Said the Senator from Arkansas; "he" meaning the President—

I have discussed the matter with him repeatedly, and during the last 2 days have sought to find some way of composing this controversy. The President is perfectly willing to take the responsibility. He does not base his opposition to the amendment so much on the amount of money that is involved as upon what he designates "a principle."

Thereupon the Senator from Arkansas took up a piece of paper and read as follows:

The fundamental objection to the Steiwer amendment, according to the President, is that it would preserve the 6-year period of presumption and restore to the rolls practically all presumptive cases, regardless of the fact that their disabilities cannot be traced as a matter of fact or of medical knowledge to the military service. The American Medical Association has supported the presumption of 2 years which is contemplated by the President's regulation.

The Senator from Arkansas made that criticism regardless of the fact that in 1930 he had voted for a 10-year period of presumption.

The second feature of the Steiwer amendment—

The Senator from Arkansas continued to read—

which the President regards as objectionable is that it would restore to the rolls more than 75,000 Spanish-American War veterans, quite irrespective of service connection or need or degree of disability.

Those two paragraphs contain all the criticism which was submitted against the Steiwer-Cutting amendment on the floor of the Senate on that day or on any other day. That provision has been before the Senate since Monday. On Monday morning it was printed and on the desk of every Senator, and last night the Senate adopted it by a vote of 51 to 39.

Mr. President, that is the record. I do not see how it could possibly be clearer. I do not see how anyone in a political campaign or at any other time can distort those very simple facts. The Senate is on record, has been on record since 1924, in favor of this presumption which we are now told is a grave mistake and justifies the cutting of these men off the rolls.

Mr. President, that argument might have been perfectly valid in 1924. In 1924 any Senator might have stood on this floor and said that the presumption was contrary to the best medical opinion; that it should not go on the statute books and that he would not stand for legislating a lie; but we are in a very different position in 1933. These men to whom the law declared compensation would be given, whom we placed upon the rolls without any necessity for establishing the service connection of their disabilities, have been compensated by the Government, have been kept alive, and their families have been kept alive from 1924 until 1933.

I know the Government is not legally bound to keep its contract with anybody, but these men who suffered in the service of the United States, these men whom the Government and the Congress of the United States drafted to fight our battles in time of need, considered it a moral contract, and I consider it a moral contract, Mr. President, and there is not a veteran who ever dreamed that his Government would at some future date cut him off the rolls unless he could establish by direct and conclusive proof the service connection of his disabilities.

Perhaps he could have done it in 1924, yet it is quite possible that the same man would be totally unable to prove the service connection of his disabilities 9 years afterward, when the men who fought with him may be dead, when the men who had the next beds to his in the hospital may be dead. Even the widows and dependents of men who have died, who have no possible way of establishing the service connection and who do not know the comrades of their dead husbands, may still be cut off the rolls under the Economy Act, and they may still be cut off the rolls under this infamous House proposal if some doctor says that they were on the rolls by mistake.

Mr. HATFIELD. Mr. President——

Mr. CUTTING. There was a ruling by the Chair a little while ago that I could not yield except for a question.

The VICE PRESIDENT. The Senator may yield for a question.

Mr. CUTTING. I yield for a question.

Mr. HATFIELD. Is it not a fact that this is the first time in the history of our Government that it has repudiated its contract with or its obligation to the soldiers?

Mr. CUTTING. I think so, Mr. President. If there have been any similar cases, I do not know of them. I think it is a terrible precedent to establish. These presumptive cases, these cases where the pensioners have been held up to the country as grafters, panhandlers, and "garbage-can grenadiers"—to use the language of a Baltimore evening newspaper which was recently presented to me—are today suffering more intensely perhaps than any other men in the United States. If it could be definitely established that their disease was not connected with the service, even then, Mr. President, they are human beings; they are suffering human beings, whom the Congress of the United States 9 years ago promised to take care of. They did not place themselves on the rolls; they are on the rolls because we passed legislation here stating that we would take care of those men regardless of whether or not they could prove direct service-connection.

I showed the Senate a few days ago the picture of one of them, a man with one lung, and that infected with tuberculosis. I asked the Senator from West Virginia [Mr. HATFIELD] and the Senator from New York [Mr. COPELAND] to examine this man, to study his history, and to make a report on the case. They did so, and reported that, in their opinion, there could not be the slightest doubt that his should have been not a presumptive but a directly service-connected case.

I have been told during the course of the day that some evidence has been presented by the Veterans' Administration which would discredit the case of this man. I have always found, Mr. President, that in cases of suffering veterans whenever examination is made and then whenever criticism is made by the name of the case, time and time again evidence is produced, often doctored, often distorted, often garbled, but always evidence tending to show something completely contrary to the facts. For that reason, and because the Bureau has usually "had it in" for men whose cases were made public, I have generally refrained from mentioning names. The name of this man was mentioned by the distinguished Senator from West Virginia, who conducted the examination. I hope if the Veterans' Administration has any evidence of the kind which I have mentioned and which has been rumored around the Senate all day that it will be presented tonight, so that the Senator from West Virginia may refute it.

But, Mr. President, the case does not depend on that man or any other man. The case depends on hundreds of thousands of men all over the United States, men whom we all know personally, men whom we have seen cut down, dying, committing suicide, having hemorrhages in the hospitals.

Yesterday I received this telegram from Phoenix, Ariz.:

Associated Press announces suicide by hanging of 70-year-old Spanish War veteran, Thomas "Buck" Smith, pioneer Arizonian, at Flagstaff today. Sheriff Vandevier says Smith had been despondent because he was threatened with a reduction in Government pension; further, Joseph Berryman, Spanish War veteran, at Nogales, Ariz., in fit of despondency over contemplated pension legislation went into his room, closed door, and turned on the gas, committing suicide. I know of others in Arizona in same frame of mind; this is not conjecture but of my own actual knowledge.

W. D. ONEIL,
Commander Phoenix Camp, No. 1,
United Spanish War Veterans.

I received a telegram from Fort Bayard, N.Mex., from the adjutant of the D.A.V., reading as follows:

It has really been tragic here primarily due to the anticipated results of the economy bill. One boy, here 9 years, hemorrhaged Saturday night and died. We presume this is an example of what is happening generally all over the country.

I can assure the Senate that it is "happening generally all over the country."

How long are we going to let this thing go on? These men are on the rolls through our legislation. If it could be proved definitely that they ought not to have been placed on the rolls in 1924, that would not salve my conscience for one moment in now turning them out on the streets to die.

I think, Mr. President, the time will come, and I think there are Senators on this floor who will see it come, when the Government will take care of all men who are too old to work or too sick to work or who are unable to obtain employment on account of economic conditions in the country. I hope that time will come soon. In the meanwhile, Mr. President, we are faced with the immediate duty toward this particular class of men for whom in a special and immediate degree we are responsible.

The conditions in Arizona and New Mexico are in no way different from the conditions in every other State of the Union. What are we going to do about those men? Perhaps some of the States, even in time of depression, are wealthy enough to take care of them. Arizona and New Mexico are not able to do so. What are we going to do with them? Are we going to leave them to die? Does the local community have the only obligation to such men? Does the Nation have no obligation to men toward whom it entered into a moral contract in 1924?

Let me quote some eloquent words uttered in April 1932, by the then Governor of New York, Franklin D. Roosevelt. His article is headed—

I can be Governor, but could I be a shipping clerk—

And reads, in part, as follows:

I am 50. I consider myself at the peak of whatever ability I may have acquired. But if I were to seek employment, even in boom times, upon a basis of equality with other average men of 50, I should have the greatest difficulty.

I could be the governor of a State, but I could not be a shipping clerk—for the growing number of employers, even in the best of times, are hiring only younger men.

In times of depression the older men and women are the first, not the last, to go. That this is a human problem which has been with us for a long period is obvious.

Now let me call the attention of the Senate to these words:

But no government which refuses to consider the sufferings of these people really merits support.

The people for whom Governor Roosevelt was speaking are not the people for whom the Congress of the United States has ever assumed any particular obligation. They were average men and women of 50 out of employment.

I quite agree with what the Governor of New York said in April 1932, that "no government which refuses to consider the sufferings of these people merits support." But what of a government which refuses to consider the sufferings of men drafted into the service of the United States by the Congress of the United States, men who are suffering under what Congress said was the result of that service, men who have been on the rolls of this country from 1924 to 1933, and who are now thrown loose on the mercies of charity, without the Government of the United States being obliged by any mandatory provision to do anything whatever for them, for I again call to the attention of the Senate the fact that there is not one mandatory word in the House provision from beginning to end.

Now, let me make it clear: It is not, of course, the President of the United States who is personally responsible for failing to carry out the desires of the Congress of the United States as expressed by the legislation of 1924 or as expressed by the guaranty offered to the Senate by the Senator from Massachusetts in March 1933. The President of the United States is entirely too busy even to give these matters the general consideration which men who have been studying them are able to give. Obviously neither he nor any other one man nor any other hundred or thousand men can give the necessary attention to the individual cases.

Yet, Mr. President, it is the individuals who are suffering; it is not an abstract class of men who are suffering; it is men of our own flesh and blood whom we, in our capacity as Senators, together with the House of Representatives at the other end of the Capitol, guaranteed to take care of while they were disabled. Those are the presumptives. With regard to the combat-connected cases, the only reason that I do not emphasize them further is because every Senator on this floor is agreed that they ought to be taken care of.

We are promised justice for these men. We have been promised justice ever since March. Who is going to interpret what justice means? We know Mr. Lewis Douglas' conception of justice. We know the interpretation of justice by the Veterans' Bureau. We know the outrages which have been perpetrated and the brutality which seems to bring pleasure to the sadistic hearts of these men. Then we are asked: Why do we suspect? Why have we not confidence that from now on justice will be done? Why do we not believe it when we are told that from this day forward cases of veterans will be administered fairly and in a sympathetic spirit? Does anyone really believe that? Is there any Senator on this floor who, in his heart, really believes that a great change has come over the heart of the agent of the Veterans' Administration? Does any Senator really believe that the Director of the Budget is going to be a different man from now on than the man he has been in the past? If so, let that Senator vote for the conference report.

Mr. WALSH. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Massachusetts?

Mr. CUTTING. I yield.

Mr. WALSH. Does not every Senator here know that Senator after Senator and Representative after Representative and veterans' organization after veterans' organization have appealed in vain to the Director of the Budget to modify these regulations?

Mr. CUTTING. Yes, Mr. President, and Senators also know that when the Director of the Budget was a candidate for an elective rather than for an appointive office he made the direct pledge that so far as lay within his power no Spanish-American War veteran should ever be required to establish service connection.

Mr. WALSH. Is it not apparent from what we have seen here that the veterans have nothing left but an election to restore their rights?

Mr. CUTTING. Mr. President, I hope it has not come to that. I should not like to go so far as the distinguished Senator from Massachusetts suggests. I hope that the veterans of the country may find protection without an election, that the veterans of the country may find protection where they have a right to expect it—on the floor of both Houses of Congress. If we do not legislate in their favor tonight or tomorrow—in case we are going to be in session tomorrow—if we do not legislate in their favor at any rate before we close this session and go home, then, Mr. President, every death and every instance of suffering which will come to any veteran between now and next January will be laid at the doors, not of the President, not of the Director of the Budget, not of the Veterans' Administrator, but at the doors of the two Houses of Congress. If we go away, we leave them to the mercy of the men who have established a record for brutality unequalled in the history of the country. We know perfectly well what is going to happen. Every Senator on this floor knows what is going to happen. There is no use in deceiving ourselves.

We are asked not to be suspicious. May I say, Mr. President, that the Indians in the Southwest have a proverb: "If you fool me once, shame on you. If you fool me twice, shame on me."

SEVERAL SENATORS. Vote! Vote!

Mr. GLASS. Mr. President, if there is to be an immediate vote I have no desire to interpose any personal matters into

the discussion. I shall be glad to wait until the vote is taken if I am assured that there will immediately be a vote. Then I shall rise to a matter of personal privilege to respond to the attack made upon me by the Senator from New Mexico [Mr. CUTTING.]

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. RUSSELL, Mr. TRAMMELL, and other Senators addressed the Chair.

The VICE PRESIDENT. The Senator from Georgia is recognized.

Mr. RUSSELL. Mr. President, I realize that the Senate is anxious to have the issue joined on this question and I assure them I shall delay the vote but a few moments. In view of statements that have been made by those who have seen fit to criticize the conference report both as to the motives and as to the previous votes of the signers of that report on veterans' legislation and in justice to myself, I feel impelled to make a brief statement.

It is true, as related by the Senator from New Mexico [Mr. CUTTING], that when the motion was made to suspend the rules in order that legislation for the benefit of the veterans might be inserted in an appropriation bill I voted in favor of suspending the rules. For that vote I have no apologies to make this evening.

Letters have been read on the floor of the Senate from time to time that portray the many grave injustices that were wrought by the first regulations that were drawn under the terms of the Economy Act. Every Member of this body has received letters from men who are bearing in and upon their bodies wounds that were received in the service, showing that their compensation for actual, directly service-connected injuries have been reduced from 40 to 50 or 60 percent. I did not believe then, nor do I believe now, that it has been the intention or the wish of the Congress of the United States nor the people of the United States nor the taxpayers of the United States that men who had actually been wounded in their country's service should have such drastic reductions made in the compensation which they receive. If conditions now were the same as when this bill first reached the Senate, I would stay here until Christmas in an effort to correct what I regard as injustices.

I supported the amendment offered by the Senator from Texas [Mr. CONNALLY] limiting to 25 percent the amount whereby any man's compensation could be reduced who had a service-connected disability. Mr. President, had I my way the compensation of men who were actually injured in their country's service would not be reduced one single dime. I express the hope and the belief that within a short while, when this legislation and the regulations which have been promulgated thereunder shall have had an opportunity to be put into effect, to be studied, and all the results surveyed, the directly service-connected veterans of the World War and other wars will not suffer any substantial reduction.

By innuendo it has been inferred that those who signed the report of the committee of conference on the part of the Senate were not friendly to the ex-service men. Mr. President, I signed that report freely and cheerfully, feeling that this act demonstrated that I am a friend of the ex-service men. They have been my companions. I do not mention my service during the recent World War because it was only a matter of 2 months and I never heard a gun fired in anger nor left the United States. But I am proud of the fact that this service, though limited, entitles me to membership in the American Legion and that I have enjoyed the friendship and confidence of the members of that organization in my own State.

The Senator from Texas [Mr. CONNALLY], as I observed in reading the RECORD of day before yesterday, stated in the Senate that I had been a State commander of the American Legion. That statement is an error. It has been my privilege to serve as post commander in the small country town in which I reside. I have known the ex-service men and they are my friends and I am theirs. I feel that the conference report presented this evening offers the real friends of the veterans the best means of expressing their friendship that it will be our pleasure to enjoy. I feel that because, as I construe the House amendment, it limits to 25 percent the amount of reduction in compensation of any man who actually was injured while in the service of his country.

That answers the question so often asked here as to what benefit the ex-service men will obtain from the House proposal. It assures some protection to the service-connected veteran. If that construction be not correct, if the construction put upon that amendment by the Senator from Oregon [Mr. STEIWER] and the Senator from New Mexico [Mr. CUTTING] is right and time proves to me to be in error, if greater reductions shall be made in compensation, I shall be among those who at the next session of Congress will support as strongly as I know how legislation that will so clearly establish the right of the service-connected-disability veterans that there cannot be any doubt or question as to their rights.

Mr. President, there has been a great deal said as to what benefits will be derived under the House amendment. I shall not tire the Senate, but I wish to state for the benefit of the RECORD, and in view of the reflection or innuendo that has been made, some of the benefits I see from the House amendment.

In one instance it places upon the rolls and restores by law, after they had been stricken off by law through the Economy Act, 36,325 widows and orphans and parents of ex-service men whose claims were presumptively connected and who had been entirely eliminated by the Economy Act. It is true that perhaps these widows and orphans and parents are not well organized, but they should, indeed, be a charge upon and a subject of interest to every Member of this body.

In addition to that it gives something, a very little, I will admit, but at least some assurance to the Spanish-American War veterans, that they did not enjoy under the regulations which were issued under the Economy Act, that having been a concession, as I am reminded by my friend the Senator from Texas [Mr. CONNALLY], that was obtained after the measure reached the Senate and as a result of conferences of Members of this body with Members of the House and with the President of the United States.

Mr. President, I submit to this body the inquiry, Who in this hour are the real friends of the American veteran—those who seek something that we all know in our hearts cannot be obtained by the adoption of the Cutting-Steiwer amendment, or those who take this concession that has been gained since this bill reached the Senate and the fight started to relieve the veterans of the injustices of the Economy Act. The amendment provides increases amounting to from $125,000,000 to $150,000,000 in increased benefits to the ex-service men and soldiers of these United States. We all know that, despite the greatness of this body, the Senate of the United States cannot legislate without the cooperation of the House of Representatives, and that the efforts of both bodies will fail tonight if that legislation does not meet with the approval of the President of the United States.

I regret that any question has been expressed on this floor with reference to the good faith of the President of the United States. But I submit that there is not a single, solitary Member of this body who does not believe the statement made that this measure would not meet with his approval, and every Member also knows that it will be impossible to summon a two-thirds vote to override a Presidential veto.

Mr. President, if we wish to stay in session for a great length of time and pursue a circle that can only lead us back from whence we started we can vote down the conference report, we can adopt again the Cutting-Steiwer amendment, we can attach it to a resolution that will be presented to continue the appropriations heretofore made, and the President will veto that, and we will start in on the circle again.

But, Mr. President, the time is approaching when under the original Economy Act thousands of presumptive cases

will go off the rolls without the slightest hearing. If no legislation be passed and approved by the President before July 1, 1933, these presumptive cases will be stricken from the rolls without a hearing; and Congress would indeed look silly to stay here and chase any such illusive shadow in a circle from now until then and have these presumptive cases go off the rolls, when under the terms of the House amendment these men are presumed to have received their injuries in the service; it gives them the benefit of the doubt and places the burden upon the Government of the United States to prove otherwise. They will have a hearing before a jury of five to investigate all available evidence to determine whether or not their injuries are service connected.

This amendment does not meet with my whole approval. Had I written it, in some details it would perhaps have been more pleasing to those on the other side of the Chamber. But, Mr. President, while I have not served long in this body, my service in legislative bodies within my State has long since taught me that it is impossible to write any one comprehensive measure so that it will please in its entirety and in every detail any one individual. Only through a meeting of minds and by concessions can we legislate here this evening.

We have here these benefits that I have outlined, in the aggregate from $125,000,000 to $150,000,000 of increases to the ex-service men over that which was allowed them by the original regulations promulgated under the Economy Act. I say that it would be better to take this now than to endanger all of the increases by continuing to strive here for something that is unobtainable.

I feel in my position that a defeat of the report will hurt the ex-service men. I have goodly company. I have discussed this matter with a Member of the National House of Representatives, a man whose name is a household word wherever ex-service men gather, a man who is known to every man who has ever sought compensation, who has been interested in the payment of his adjusted-compensation certificate, and who has loyally championed the cause of the ex-service man in and out of season. I refer to Congressman PATMAN, of Texas. He says that the success of the procedure advocated here by those who are opposing this report is likely to strike down the ex-service man and injure his cause for 10 years to come.

As I see it, the ex-service man is served by supporting this report far better than by mere lip service advocating measures it is impossible to obtain at this time.

Feeling that by the adoption of this report at this time and under all of these circumstances I can best serve the ex-service men of America, I gladly signed the conference report and shall support it when the roll is called.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. McNARY and other Senators called for the yeas and nays, and they were ordered.

Mr. GLASS rose.

Mr. TRAMMELL. Mr. President, I desire recognition for a few moments.

The VICE PRESIDENT. The Senator from Florida.

Mr. TRAMMELL. The Senator from Virginia had the floor, though the Chair declined to recognize him.

The VICE PRESIDENT. The Chair did not intend to decline to recognize the Senator from Virginia.

Mr. TRAMMELL. I beg the Chair's pardon. I understood he had ordered the roll call to proceed.

The VICE PRESIDENT. The Chair asked if the yeas and nays were ordered, and they were ordered. The Senator from Virginia had announced that after the roll was called he would address the Senate on a question of personal privilege.

Mr. GLASS. Mr. President, the Senator from Virginia has no grievance against the Chair. The Senator from Virginia did obtain the floor, and announced that if there was to be a roll call without further speaking, he would defer his speech; but other Senators intervened and made speeches, so I will wait.

Mr. TRAMMELL. Mr. President, I desire a few moments, and of course I desired not to interfere with the Senator from Virginia when he gained the floor. That is, there was no recognition of him, but he was on the floor first.

I do not question the sincerity of any Senator as to the position he takes upon this question. Throughout the entire contest, however, I have felt that the best way to obtain something for the veterans was to go forward, instead of receding. I have never thought of the idea of entering into a compromise which was equivalent to a surrender.

A good many Senators for whom I have the greatest respect, and who are entitled to their own opinions and views, instead of going forward with the fight for our veterans all the way through have been too easily driven to supporting every proposed compromise. They are welcome to that view and that course. They are, of course, sincere in that view; but I sincerely pursue the other policy of fighting for what I think is right, for what I think is just; and I think we generally obtain much better results by following a militant course instead one of retreat.

If nothing is done more than will be accomplished by the adoption of this report, some of us have obtained something for the soldiers, not by a weak-kneed policy of trying to back-track all the time and get ourselves in position for alibis. No concession whatever, in my opinion, would have been made but for the stubborn fight made for the veterans by about seven or eight Senators. Most of the others preferred the easiest course. If nothing more is accomplished than is recommended by the conferees, some of the Senators here who have been aggressive, in season and out of season, in behalf of the soldiers, are the ones who have brought about that result, and not those who think the way to favor the soldier is always to compromise, compromise to the extent of a surrender.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. TRAMMELL. I will yield only for a qestion. I do not want to detain the Senate more than a few minutes, and I do not propose to yield for a speech. If the Senator wants to speak after I conclude, he can do so. I yield for a question.

Mr. CLARK. I desire to ask the Senator a question.

Mr. TRAMMELL. I yield for a question.

Mr. CLARK. Did the Senator vote for the economy bill?

Mr. TRAMMELL. I voted for the economy bill. [Laughter.] For that reason, if I made a mistake, I desire to correct that mistake. If I made a mistake in voting particularly for the feature of it which allowed the drastic regulations and the abuses that have been inflicted upon the veterans of the country, particularly the service-connected soldiers, I feel that it is my duty to correct it as far as is possible, and I am to answer for that, and not to be directed by someone else as to how I shall answer for it.

I believe—I may be wrong; I credit sincerity to everyone who believes otherwise—I think that if those who are in charge of the veterans' affairs of the country have been convinced by the exposure which has been made in the Senate until it has impressed them so that they are willing to try to do what is contained in the conference bill, they will do that, if they are men of heart and of justice, whether legislation on the question is enacted or not.

On the other hand, if we doubt that, then when I reach the crossroads where I find one road going this way to a certainty that will benefit and help the soldier, taking it for granted that those who administer the law may not act without legislation, I am going to follow that road instead of taking the road of doubt, the road that winds hither and thither and is coming in contact most of the time with those who are unsympathetic with the American soldiers. I am not going to wander off on that path. Others, of course, think that is the proper path. I am not questioning anybody's sincerity, but I never won a fight in my life by compromising and surrendering all the time, and I have never seen anybody else who did.

You do not win fights in that way. You win fights by holding the line when you gain a certain advance, just as the American soldiers did in the great Battle of the Argonne.

Their commanders, on the night before that battle, had warned those gallant and brave boys what was to happen on the next day, that they would have a great battle. The American soldiers were to confront the picked soldiers of Germany, the Royal Guard; and their commanders warned them and begged them on the morrow to hold the line.

We remember the bulletins that were returned the next day, following that great battle line, where for 50 miles thousands and thousands and hundreds of thousands of soldiers confronted each other, when the news came back and was flashed upon our own shores and to our own country that that day, as the French had been driven back, driven back, the Americans had held the line; and finally there came back the bulletin that thrilled every American heart, saying that the Americans were in full advance, the Germans were on the retreat, and there were no Germans left beyond the Marne, except the wounded and the dead.

What if our soldiers had begun the compromising policy, the policy of breaking the line and going back and back every time someone said, "Well, you cannot get that"? What if they had done that? The story of the World War would have been quite different from what it is and as it has been written.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I yield for a question.

Mr. LONG. Under the civil law, the definition of "compromise" is such that both parties get something. In this thing here, the soldiers are not getting anything. It cannot be called a compromise. It could be called a surrender.

Mr. TRAMMELL. I think that if the conference report is administered sympathetically, and by friends of the soldiers, probably they will get something helpful; but if it is administered by the same character of people who have been writing regulations and who have been planning all of these abuses of the soldiers, then they would not get anything of consequence to them, except mistreatment. The other amendment is more specific and is more definite.

I challenge any Senator to show where, in the committee amendment—the amendment that was offered in the House and came to the Senate—there is any guaranty in a service-connected case that the compensation cannot be reduced in excess of 25 percent. There is no such protection in the provision that was passed in the House and which is now before us. The only provision is that the rate of compensation cannot be reduced more than 25 percent.

We know the manipulation in connection with those features and what that means. That means that they can reduce the rate for a certain schedule of injuries so much, but not over 25 percent; but when it comes to the question of the compensation that the man is receiving, there is no restriction whatever upon the amount he can be reduced in the House provision which we are urged to accept now.

Mr. President, I want to make plain and reiterate that those who have favored the question of the protection of the soldier—that, I think, has rung true in regards to all of the amendments—have had in mind protection for the service-connected cases. This measure does not go into the question of all the soldiers whose disabilities are not service-connected. We probably may need some legislation in regard to that in the future; but both the House provision and the provision offered by the Senators from New Mexico and Oregon deal entirely with the service-connected cases, and I think they are deserving of some protection.

There is a reason, of course, why we have legislation of this kind confronting us. There is a reason why there is an aroused public sentiment in this country, and it is not confined to the veteran himself. That reason is on account of the harsh, ruthless treatment which has been extended to the service-connected cases. We have not mentioned cases other than the service-connected cases. I have not. Nobody can retreat behind the proposition, and do it justly, that anyone is trying to have a lot of people carried on the roll who have no business there, or retreat behind the false argument that any Senator who has advocated relief, as has been advocated by practically all the Senators, is trying to protect some fellow who got on the roll by some fraudulent manipulation. We want such fraudulent cases stricken from the roll.

That is not the proposition that is confronting us. The proposition confronting us is whether or not we shall protect the sick and the wounded and other disabled veterans who were injured in the line of duty. That is what we have been contending for. I think the Steiwer-Cutting provision is better, and I will support it, feeling that even if a majority of the Senate should support the conference report it would then depend entirely upon whether or not a generous spirit guided those who administered it, because with all the loopholes in it, with its lack of specific, direct provisions as to what treatment shall be extended to the service-connected cases, unless the administration is to guide the situation with sympathy, the veterans will not get anything of consequence. Under the other proposal, of course, they would have to go directly in violation of certain specific provisions of the law if they did not give protection to the veterans.

Mr. President, I think that without any amendment being adopted along the lines of that offered by the Senator from Oregon and the Senator from New Mexico, we will have practically no law that will furnish any guaranty to the veterans. That is why I raised the subject, and why the Senator from New Mexico and the Senator from California and a few others raised the subject here about the same time, some 10 days ago, because we had reached such a state of sentiment in regard to these cases, which seem so terrible, that we felt Congress should take up the matter.

I want the veterans to get some definite relief, and I want to try to put up the bars against administrative officers who have no sympathy for the veterans, who give no consideration to matters of humanity, and have no feeling for the men who served their country, and served their country valiantly. At one time, at least, they had the plaudits of all Americans, and I will assert that today, as far as the rank and file of the American people are concerned, they still enjoy their esteem and their confidence, although some Representatives and some Senators may not accredit them with having done anything for their Nation.

I think they did the world good when they served the Nation and served it faithfully. I do not think we owe Great Britain and our other Allies anything because they may claim to have protected us. I think the indebtedness is on the other side, because when the United States entered that conflict, the Allies were fighting as it were, with their backs to the wall. It was not long after our soldiers had entered before history began to reverse itself and the Allies began to win. I cannot see how any American could attribute the winning of the war to any other thing than the entrance of the United States and the contribution which we made upon the battlefield in human beings and to our Allies through our financial assistance. I think not only America but the world owes a great debt of gratitude to the American soldier.

Mr. President, as I see it, I am going to follow the branch of the road at the crossroads which I think leads to a very definite protection and relief for the wounded, the blind, and the sick veterans of this country who received injuries upon the battle front, and I believe it can be more definitely accomplished by the amendment offered by the Senator from New Mexico and the Senator from Oregon.

I care nothing about whether it is offered by a Republican or a Democrat. I care nothing about whether some Democrat does not want me to support it or whether some Republican wants me to support it. I do not vote upon legislation on that theory nor upon such influences.

I remember one night in this very Chamber long years ago. It was a dramatic page in our Nation's history. The League of Nations was before us. The President, whom I esteemed as much as anybody in America, had urged that our country enter the League of Nations. I may say that I esteem President Roosevelt as much as does any Senator on this floor. I believe in him. I am proud of the splendid

record he has made. I will not yield to any man in my loyalty and in my admiration for him. Whether or not I will always vote as he suggests, I have a right to my opinion, the same as he or anyone else has a right to his opinion.

On that tragic evening, the night we voted on the League of Nations, I hated to vote against the immortal Wilson. However, I just happened to be one of the seven willful Democrats who voted against our entering the League of Nations. As I left the Senate Chamber at least seven of my Democratic friends who had voted on the other side commended me, saying I was right. History has vindicated me.

Mr. LONG. Mr. President, I rise to a point of order. I demand order in the Senate.

The VICE PRESIDENT. The Chair has asked for order, and is trying to keep order as nearly as possible.

Mr. LONG. If we do not have better order among our guests on the floor, I will ask that the Senate floor at least be cleared.

The VICE PRESIDENT. That is for the Senate to decide and not the Senator from Louisiana.

Mr. LONG. Mr. President, it is a rule of the Senate that there shall be order in the Senate.

The VICE PRESIDENT. It is a rule of the Senate that there shall be order in the Senate, but whether the Senate will clear the Chamber of its guests who are entitled to enter it is a question for the Senate to decide.

Mr. LONG. It is my right to ask for it if order is not kept.

The VICE PRESIDENT. The Senator will be recognized to make the suggestion.

Mr. TRAMMELL. Mr. President, I yield to no one in my loyalty as a Democrat, but I have a duty to perform in the Senate as a Senator from a sovereign State. On the occasion to which I have just referred I did not yield to anyone else as to what my duty was. I performed my duty, and I voted against the resolution unqualifiedly endorsing the League of Nations. That was some 16 or 17 years ago, and I am still in the United States Senate, and I still have my standing among my Democratic friends in my own State and throughout the Republic. I did not come here to be a jellyfish.

I do not consider it any disrespect for a person if a Senator votes his own convictions, and I am in the habit of doing that. I mention this because someone discussed a matter here a while ago about voting for a policy when a Republican offered it or when a Democrat offered it. I have found that sometimes some of my good friends on the Democratic side and I may differ. Of course, I much prefer to vote with them, if I feel I can consistently do so; but at the same time I will not be controlled by partisanship upon questions which are not party questions, and this is not a party question. This is a question of preserving the rights, preserving the health of the veterans of this country and affording protection and food for their children and for their widows, instead of allowing them to be driven into the street to starve, to beg, or to be dependent upon charity.

As for my part, I take the side which I think will best protect the veterans in the future.

Mr. SCHALL. Mr. President, it is impossible to conceive of the perfidy we are about to commit to the injured soldier without a short review of what this extra session of Congress has done and how it has broken its political undertakings to the people right and left, what it has committed itself to, and, by comparison, how it will affect the veteran, the farmer, the worker, and plain folk in general.

It is now after midnight, and I take it that at the close of this speech we will vote and in that vote will be decided the fate of the disabled veteran and along with that vote will be clearly demonstrated the attitude of the Democratic "new deal" toward humanity.

The Executive order that has been worked out so disastrously to the disabled veterans, unless we by our votes here tonight change its destructive course, will be thought of by the veteran and the people in general much as the opinion expressed by one of our soldiers in France when it was reported to him that General Pershing had said that he would give an American division, 125,000 men, to take St. Mihiel. The soldier's laconic reply was, "He is a liberal cuss."

We hold up our poor disabled soldiers to furnish contributions up to 75 percent, and in many cases 100 percent, of their slight compensation for injuries received in war under the disguised Democratic slogan of "Balancing our Budget." Why kick sick veterans out of hospitals that the Government built especially for them? Why refuse to furnish them railroad fare back to friends or at least what they call their home? Why let widows and orphans of injured soldiers starve or become a charity charge?

The Republicans paid off debts recklessly contracted by the Democrats to the extent of about $10,000,000,000 since the war. Already the "new deal" has and will through recent legislation put us back into debt more than $9,000,000,000, which the taxpayers now and henceforth must meet. Yet the Democratic platform, as usual, vehemently declares for drastic reduction of expenditures. They have increased the governmental expenditures over $1,000,000 a day! What a farce!

The contemplated saving of over $400,000,000 out of the blood and suffering of the veteran makes only a small patch of this new over $9,000,000,000 debt. If the young voters who supported this "new deal" could only have known of the inefficiencies and debt-getting proclivities of the Democratic Party, they never would have believed their recent campaign slogan, "It could not be worse." That is why the Democrats only win every 15 or 20 years. They have to wait for a new generation to grow up who does not remember the wreckage of the last Democratic administration. [Laughter.]

"NEW DEAL" LEGISLATION

Mr. President, it is fitting, therefore, tonight in the last moments of this extra session to review the legislation passed under the "new deal." Such a review will indicate clearly that altogether it has taken our Nation a long step in the direction of planned economy, controlled production and consumption by means of the Federal Government, all in the same direction as Hitler, Mussolini, and Lenin. Economists and historians have to strain their thinking ability to find any distinctions between the general plans those gentlemen propose and what the "new deal" now proposes. The minority, outnumbered two to one, have had little heart to oppose. Perhaps they should not have opposed. To oppose would immediately label them as obstructionists. So while we cannot oppose we can, with what little power we have, call to notice, let the people know that they are not getting what the "new deal" platform promised to give them. Perhaps that will be sufficient. We hope it will. The first steps have been completed in eliminating the middle class. Henceforth the continuance of the policy now adopted will tend to establish the status of master and slave. This is the very thing that our Revolutionary fathers thought they had escaped in founding this Republic. They thought that just as Christ came to guide mankind, so the Government they had founded would be an inspiration and guide to other nations. Built upon the equality teachings of Christ—the first shall be last and the last shall be first—in no other country can the lowest become the highest. Christ said we should be free to choose between good and evil. Without such freedom there can be no advancement of the individual. Any government can serve for the rich, but there must be in that government which would look to the needs of the humble, the right to advance to such limits as their own individual initiative prescribes.

Anyone who has a conception of what liberty means would surely rather hazard the rough and uneven path of individualism than be confined in a rule-ridden asylum, however fine his food and raiment and however perfect and antiseptic his care. A slave is a slave, however elegantly housed and fed. When you take away the right of individualism you remove ambition. When hope dies all the evils of mate-

rialism that were turned loose in the world from Pandora's box will concentrate themselves to make one man the uncomplaining servitor of his rich brother. When you by law make all mankind alike, when you standardize the efforts of his labor, you destroy his freedom to the right of understanding and retard the growth of his soul.

True, Congress has granted Roosevelt only permissive powers, but looking back over a century we can safely assume that the Executive will use the powers granted him and will vehemently protest their being withdrawn and they can only be withdrawn over his objection by the vote of two thirds of Congress. The Executives over a period of years have gradually arrogated to themselves the power to carry on war without congressional declaration—a power exclusively vested by the Constitution in Congress. Yet our troops have for years been sent hither and thither, contrary to this right, by the Executive.

Hence the grant of the power will undoubtedly lead to its use by the Executive.

The planned economy of the "new deal" will be in contrast with rugged individualism.

The rights of the individual as advocated by Jefferson are displaced for the authority of a Lenin, a Hitler, a Mussolini, a Franklin Roosevelt.

The excuse for this rapid change is laid at the feet of the present depression. The world price level has fallen to its lowest in a hundred years in some instances because of a multitude of causes, chiefly those growing out of the enormous wreckage of the World War.

It may seem drastic for me to compare this Democratic Government to that of Hitler, of Mussolini, of Lenin. Yet we are now definitely headed in the same direction as they are. For 150 years, ever since the beginning of our Government, we have believed in freedom of the individual to earn his own living, separate and apart from the state. We have assigned to our political society certain functions impossible of achievement by any person or corporation, such as police powers, national protection with Army and Navy, delivery of mail, and similar functions especially pertaining to health.

Now, however, our Federal Government, like those named, is about to render economic services. Uncle Sam is about to become a partner in business. This undertaking presents an anomalous situation. The sovereign power enters business where it also has to enforce laws and regulations as one of the partners. Such a partner must necessarily be a different kind than any yet known.

This partner will enforce the codes that determine prices, wages, hours of labor, and other business regulations. And there is where the Government definitely parts from the past. It will set the price of goods it helps to produce as one of the partners.

Heretofore production and consumption of goods have been governed by prices and profits, and they in turn have been comparatively freely influenced by a multitude of factors, such as world crops, drought, floods, distance of transportation, interest rates, wars, famines, wages, habits, customs, change of styles, and many more.

These factors and others have all contributed to determine prices and profits, which in turn govern production and consumption.

Henceforth Uncle Sam, as one of the partners, will by means of a code set the price, however unresponsive that price may be to the different factors that before have governed. Production will not depend on the old barometer of prices, in production, and consumption, but on what the political unit will determine shall be the price, and it can only guess the price. It will have to risk overproduction or underproduction, depending on this master mind, this political overlord, to decide what we shall pay for what we buy.

Economy powers granted to the President in two bills especially, the farm bill and the industrial recovery bill, constitute a revolutionary step. It sets aside prices as a governing factor in our production and consumption and replaces them with a political decision rendered by the White House. It is in that respect that we shall henceforth resemble Russia, Germany, and Italy. They render economic services and determine cost of production as we are about to do. Whatever the future may hold in store for us, if we follow this course there is reason to believe our goal will eventually be about the same as theirs. I wonder if the American people will be as elated as this administration assumes when they realize they have been elevated to the great heights that the people of Russia, Germany, and Italy now enjoy. Planned economy will entirely displace rugged individualism, freedom to act as you will in the matter of production and consumption. The individual liberties of Jefferson have been discarded for the planned economy of the "new deal."

All this is done under the guise of breaking the depression. We are told that to let matters drift will not cure our troubles. They demanded action and are surely getting it. What will the reaction be? What other nation in the world's history ever had an industrial machine as huge and comprehensive as ours that cured its depression with a planned economy? Yet our brain trust says that is the way to do it. So we have thrown overboard traditions 150 years old to break a depression with a cure concocted in the minds of certain professors who have been reading the propaganda of Hitler, Mussolini, and Lenin. What is Jefferson compared to them? they say. Who is Lincoln, Washington, and Theodore Roosevelt when compared with modern men of the type of Hitler?

The bank-holiday proclamation was the first step. It was followed by a law granting the President the power over the opening of banks and the control of gold movements. In rapid succession this led to continued gold embargoes, inflation powers almost unlimited in extent, and repeal of the Gold Standard Act.

That the Democratic Party in 1932 did not contemplate any such drastic action is best evidenced by the following words from its platform:

> We advocate a sound currency to be preserved at all hazards.

The author of the plank relative to sound currency has stated that he does not think that the currency now proposed under the inflation powers would be sound currency. They have turned their backs on their word to the American people in 1932, and we can only hope that it is for the best. The President was not elected to do what he is now authorized to do. This authority he requested Congress to grant to him.

The "new deal" program as set forth in the Democratic platform had this to say about the antitrust laws:

> We advocate strengthening and impartial enforcement of the antitrust laws to prevent monopoly and unfair trade practices, and revision therefor for the better protection of labor and the small producer and distributor.

Which means the "new deal" has forgotten all about their promises to the individual, the little merchant, the small producer.

Under the Industrial Recovery Act the President is given the right to suspend the antitrust laws and to permit trusts and combinations in restraint of trade. Senator BORAH did insert an amendment to prevent combinations in restraint of trade, but this amendment, under the insistence of the President, was emasculated in conference—another broken promise, another link in the program of planned economy, of industrial dictatorship under the President.

Regulation of farm and factory is contemplated in these two bills, the farm bill and the industrial control bill. In the latter, industries are permitted to establish codes on prices, hours, wages, and regulations for each trade association with Presidential approval.

In the farm bill, progressive Senators tried to insert a cost-of-production amendment in behalf of the farmer, surely necessary if, contrary to the antitrust laws, prices can be set on everything the farmer buys. But the administration would not permit this amendment; it left the farmer to get an average return based on the period 1909–14. This may or may not be cost of production. To protect the farmer in this "new deal", he should have been so safeguarded

that whatever price the President permits in his industrial control bill would take into consideration the farmers' income in relation to the cost of everything he has to buy.

As it stands the cost on everything he buys can be raised so high that it will wipe out all benefits he may derive from prices depending on a base period. The base period is no assurance that the prices will cover the cost of production under the "new deal", under the plan of the so-called "economy of the Franklin Roosevelt administration."

Under the two home-loan bills, namely the farm- and the city home-owner bills, the city resident can borrow on his home up to 85 percent, while the farmer can borrow on his home only up to 35 percent. This glaring discrepancy shows clearly that the "new deal" does not consider that the basic industry of the country—agriculture—is entitled to the same consideration as industry. That is why the administration knocks out the agricultural-marketing system which was established for and did protect the farmer from the wholesale-market racketeers. That is why with one hand he saves $2,000,000 from going to the farmers' benefit while with the other he spends hundreds of millions of dollars to establish machinery for the control of industry. The farmer, the Government employee, and the injured soldier are singled out to bear double the so-called "economy" of the "new deal" and rightfully claim it is not a "new deal", but just a new cut, a joker.

THE DISABLED VETERAN

We are about to engage in the largest peace-time program that history records, yet the administration is committed to a program of cutting Government expenditures.

Public Act No. 2 is entitled "An act to maintain the credit of the United States," and allows the President to cut compensation of veterans of all wars and of Government employees. Credit of the United States! What sort of credit will the Government of the United States reap from this session's work? In accordance with this power, the President has merged bureaus, reduced the number of employees, and cut the compensation of those still on the pay roll.

All this has left Government employees in doubt and fear, demoralizing the whole Federal force. In addition, it has entirely and purposefully disrupted the Civil Service regulations, leaving employees with ranking Civil Service ratings out of work and reemploying, under the farm bill and the industrial control and other bills, help without civil-service ratings, as the acts specifically provide the President can do. The governmental cuts of 15 percent that apply to the old governmental employees will not apply to the new appointees. Because of the evil influences of the spoils system, the Civil Service Commission was set up in the hope that once and for all Government service would be placed above politics. Deserving Democrats have to be taken care of at the expense of the civil-service laws which the Democratic platform of 1932 specifically provides must be observed and maintained. The replacement of efficient civil-service employees by inefficient Democrats only augments by leaps and bounds the usual inefficient, unbusinesslike, and profligate Democratic administration.

The extent of this abrogation of civil-service rules can only be realized when we consider that the Federal Government is about to regulate both farm and factory as part of its planned economy program. What a tremendous political machine will be built for future elections and the perpetuation of dictatorship. It does not stand to reason that the Federal Government can carry out a program of a Hitler, a Mussolini, and Lenin with less help than that required for a program of rugged individualism.

To create work, the Federal Government passed an act to establish a Forestry Conservation Corps, to employ 250,000 or more men, maybe women as well, by sending them out to plant trees and to protect forests from fires. The expenses of this corps has already absorbed more than the touted savings. Injured saplings have been put in the beds in veterans' hospitals in place of veterans displaced under this so-called "economy act." Tree planters ride on Pullman cars, whereas veterans are put out of hospitals without car fare. A widow of a brigadier general of the World War had her widow's pension reduced to $15 under the new regulations, whereas the widow of a tree planter under the "sap bill" is allowed $45 per month.

The regulations under the so-called "economy act" led to such wide abuses that finally the Senate attempted to insert the Steiwer-Cutting amendment to limit the cuts to war-injured veterans. A brave Democrat, Senator TRAMMELL, introduced an amendment to limit cuts to 15 percent on all veterans except those who were drawing pay not because of war service. A rule of the Senate made this amendment out of order on an appropriation bill, but Senator TRAMMELL moved to suspend the rule in order to vote upon his amendment. The Senate voted 21 to 59 for suspension of the rule. This is the unhampered and true consensus of the Senate for a limit of only 15-percent cut. Senators were led to believe the President would not sign the Trammell measure but that he would sign the substituted Connally amendment limiting them to 25 percent. Thus the "herring was drawn across the trail" to give time for work to be done upon independent Democratic Senators who tenaciously clung to justice rather than the Democratic "new deal." The vote on the Connally amendment was 42 to 42, with the Vice President breaking the tie. This vote shows that the parliamentary trick was successful, for many Senators, friends of the soldiers, hoping to get a limit of 15-percent cut, voted against the 25-percent cut substitute.

After this victory for the veterans they were soon to be disillusioned in discovering that the President would not sign the independent offices appropriation bill with the Connally amendment in it. The House, under the direction of the President, rejected that and inserted the President's amendment with no definite limits as to cuts, the only difference being that these inhuman, cruel, and unjustifiable cuts go into effect October instead of July. The amendment is so filled with a jumble of weasel words that no one can tell what it means and it can be interpreted in almost any direction. The Senate, by a goodly majority, including the solid Republican vote and 19 Democrats, rejected the House amendment and the bill went back to conference, the vote standing 51 to 39. The Senate insisted that the Government stand by its contract with its war-injured men by at least giving them 75 percent of what they were entitled to under the law and justice of the land. But what is a contract, a promise, sound money, an obligation, a party platform, Civil Service law, the Constitution, under the Democratic "new deal"?

If you independent Democrats who have so far in this fight supported the cause of the injured soldier stand steadfast to your conscience regardless of the tremendous administrative pressure being placed upon you and refuse this conference report, the Senate will have its way, and even those Senators voting for this report will rejoice that the injured war veteran, despite their votes, has received some little measure of just consideration. A score or more of House Members have told me that they are hoping and praying that we will have the courage to return this unpatriotic, unfair conference report to the House and thereby see to it that the war-injured veteran is not reduced more than 25 percent. Government salaries have been cut only 15 percent—surely 25 percent is an ample cut for the disabled veteran. History everywhere records the decay of that nation which forgets and belittles its defenders. We honor the men who put our flag in the sky. We must not, if we are long to remain a leading nation, despise the men who have kept it there.

The House Members tell me, and we all who have been Members of the House know that it is true, that they did not have a chance to vote upon the real issue; and some of them tell me they have been misinformed, which misinformation has been dispelled by the Senate debates upon this question, and that they are now ready, if we will but return this disabled-soldier issue to them, to back us up.

I know, and you independent Democrats know, that the king of patronage of this administration has been about and in the gallery all during this controversy and still sits

in the gallery even at this late hour of half-past 12 with pencil in hand to take the names of recalcitrant Democrats. But, Senators, regardless of him and all he represents, vote your convictions. What are you going to tell the widow, the orphan, and the injured veteran when you get back home? Are you going to say that you thought it was the right thing under this silly slogan of "Balance the Budget" to rob the war cripples, to take the food from the mouths of their widows and their children? Are you going to say that if you had voted other than directed you would have been ignored in the numerous political appointments that otherwise you would be consulted upon? Or are you going to say that you think these inhuman, unjust, and cruel cuts contemplated and already by Executive order being put into execution are the right thing? You remember the case called to our attention by Senator CUTTING, of New Mexico? His name was Peter J. Reno. He was being cared for at the tubercular hospital at Fort Bayard, N.Mex., but when he was to be kicked out under Executive order that we, as the Congress, empowered the President to make, the people of Fort Bayard took up a collection and sent him on here as a typical example of what was being done to the disabled veteran. Senator CUTTING asked Dr. HATFIELD, Senator of West Virginia, and Dr. COPELAND, Senator of New York, to make an examination of this man.

The report made by both Dr. COPELAND and Dr. HATFIELD was that the tuberculosis was directly due to the service, and Senator JOHNSON asked Senator BYRNES if this report was consistent with the Veterans' Bureau files, and he replied that it was. This man served in five major engagements; was decorated for gallantry. At the Battle of the Marne he was severely gassed, from which his tuberculosis trouble came. In some one of these five battles, as I remember it, he was wounded in the back. One lung has been entirely removed and the other is seriously affected. The hole in his back extends clear through and within less than an eighth of an inch of his heart. By placing your hand in the hole you can feel the beat of the heart and by casting a light in the hole you can see the beat of his heart. The man is entirely helpless. The wound in his back must be washed and dressed at least four times a day. His wife at present is doing this service for him. He has three dependent children.

He was rated totally disabled and receiving $100 a month. The Executive order ousts him from the hospital and sets him down as entitled to $20 a month. Under the strong pressure of several Senators who had become interested in this typical case, it was finally decided by those in authority under this Executive order to raise the compensation to the magnificent sum of $30. This was done after due reflection and considerable study, not, as I take it, through sympathy and understanding of the man's condition and his case but those in authority no doubt considered the senatorial pressure and valued it at $10 per month, which $10 was added to the $20 already allowed, making the munificent sum of $30 with which he should care for himself, his wife, and his three children, and if he could not do that on $30 the "new deal" should worry. Thirty dollars was all they could squeeze out to give this entirely disabled man, even though they had had for once in their life the opportunity to see and feel the beat of a human heart. What chance under such an Executive order has the ordinary injured soldier?

Do you want to meet that kind of a case back home and answer that you think that $30 a month was adequate for a great and grateful country to do for its crippled defenders?

Every veteran will look over tonight's roll call. The excuses you have given here tonight may serve as a political expedient to ease your own conscience, but your words to the common people, the ordinary soldier, will be only as sounding brass and tinkling cymbals.

In the last few days I have been inspired by hearing Democrat after Democrat come to the aid of the beleaguered soldiery with fiery eloquence and cold, hard logic, and I rejoiced, thinking that the simple garments of Dorcas would again outweigh the crown of the dictator. But as I have sat here tonight and heard some of these same Senators deliver their fixing speech, my heart grew heavy. I have heard Republican Senators about me time and again this evening listening to these speeches say, "Oh, oh there he goes; the discipline is strong." It reminded me of my experience in following our boys in the Chateau-Thierry drive.

The Germans were retreating and blowing up their ammunition dumps. Whenever one of these tremendous explosions rocked the earth I would hear some of the boys say, "There goes another ammunition dump; now we'll move." My advice would be to heed the still small voice and save your ammunition. Stand by yourself, by justice, and humanity.

DISCIPLINE OF LEGISLATORS

Mr. President, I have a keen understanding of party discipline. It has been applied to me both in the House and in the Senate, and I know how hard it is to follow your own good judgment as God gives you the light to see it when opposed by the selfish desires of mean and petty men.

Truth forever on the scaffold,
Wrong forever on the throne;
Yet that scaffold sways the future,
And behind the dim unknown
Standeth God within the shadow,
Keeping watch above His own.

I was elected to the House in 1914. In 1916 I campaigned the country for Hughes, but our Democratic President who kept us out of war was reelected, and with true Democratic promise-keeping, he immediately put us in the war.

In 1917, with a Democratic Senate and a Democratic President on the threshold of the declaration of war, I felt that the best interests of my country lay in the election as Speaker of the House, of that Democratic progressive, Champ Clark, for through his election as Speaker the Democrats would retain the committee machinery of the House and put a Democratic House and a Democratic Senate back of a Democratic President. I felt that the issue of the organization of the House was the issue of the Nation. I felt that our Nation involved in an international crisis should show to the world a solid front. I felt that it was a bigger issue than party, just as I feel the question here before us tonight is a bigger issue than party, though I am happy to state that every Republican in the Senate will cast his vote or be paired in favor of the soldiers. So as a progressive Republican I nominated and voted for Champ Clark for Speaker and without that vote he would not have been elected. I thereby called down upon my head the scorn and contempt of the hidebound party men who figured that through my vote they had lost the loaves and fishes.

Most of them could not construe my action as anything but deep-dyed party disloyalty, for they did not realize that I owed nothing to the regular Republican organization of my State. Rising in indignation, they left the space all around me empty, so I sat alone, scorned as a renegade, the earlier months of that session, except for a few bigger Members who, by an occasional word or friendly touch, would indicate they understood. That party discipline followed me to the Senate and instituted a contest for my seat. Not that I had done anything to warrant that action, but I had committed the crime of being independent, and to show you the spleen, when the Senate unanimously dismissed that contest, this powerful influence caused my own State senate to pass a resolution calling for a hearing of my election and appointed a committee especially arranged to nail my political hide to the fence.

Testimony in this very hearing showed that $30,000 had been paid for three witnesses to testify to certain falsehoods written up by those interested in my political demise and a copy handed to these witnesses for them to commit to memory. One witness was called and went through as per schedule, but when the second was called it was found that he was just recovering from a very severe illness. He went on the stand and testified that he had been so ill that he thought he was going to die; that he had called in the priest, taken the last sacrament, and made a full predeath confession. Whereupon the priest admonished him, if he lived, he should go before that committee and tell the whole

truth. And the truth was, according to his sworn testimony, as above stated. So their well-laid plans to destroy me failed, and the committee were forced unanimously to exonerate me of all charges, and the Senate unanimously adopted that report.

Thus—

Behind the dim unknown
Standeth God within the shadow.

I continued that independence here in the Senate, and when my reelection came up in 1930 some sinister and powerful influence followed me again to Minnesota and furnished the necessary money to fight from within the Republican Party my election, though I had been nominated upon the Republican ticket by 100,000 majority. The $2,000,000 spent to get me did not succeed, though it did capture the Republican machinery and all but about 17 newspapers in the State. This newspaper onslaught against me was headed by a great Republican paper, known in my State as the "Minneapolis Journal." My record had been, and still is, 100 percent for labor, 100 percent for the farmer and agriculture, and 100 percent for the veterans. This was a hard record for them to drive a wedge in. But the Journal's brain trust figured out several propositions to make attacks that were entirely false, and anyone who would take the trouble to read the CONGRESSIONAL RECORD would know it. But the most ingenious scheme of all their false attempts was the one in which they used a whole page, which page was distributed to over 400 other Republican newspapers in the State, and those papers enfolded this sheet with their own and sent it out through Uncle Sam's mail. All the time these papers were yelling about my using the frank with which to defend myself against their falsehoods, while they mailed, under their newspaper frank, these same papers free to every subscriber throughout the county in which the newspaper is published.

Their plan ran something like this, and I am sure you Senators will appreciate the ingenuity displayed: "SCHALL says his farm record is 100 percent. Let us see about that. When the tariff bill was before the Senate Finance Committee and the farm schedule was up, where was SCHALL? When so and so was up, in which the farmer was most interested, SCHALL was absent; when thus and so was up in which the farmer was greatly interested, SCHALL was absent." And thus they filled a whole sheet of that great Republican newspaper with goose eggs and absent marks. All of which was true, but at the same time carried the most damnable falsehood to the voters of Minnesota. The ordinary voter would not understand, and they knew he would not understand the difference between the Senate floor and a Senate committee. I was not, and they knew I was not, a member of the Senate Finance Committee; and, of course was absent. I had no business there. But they nevertheless carried the impression to the farmers of Minnesota that I had betrayed them.

On September 20, 1930, a Standard Oil truck ran into my elder son and severely mangled and injured him. We despaired of his life for months. During that time, these hired papers printed that I had had my son run into this truck to create sympathy, and headed their articles with such defaming titles as "Blind Tom's Sympathy Racket."

A jury, just a few weeks ago, passed upon that accident and awarded my son a verdict of $60,000.

The discipline continued. They bribed several local labor leaders to oppose me stealthily, and these traitors to labor's cause through falsehood, lost me a large part of the labor vote, though my labor record then was 100 percent for 16 years in Congress and still is and will continue to be 100 percent. It is hard for fake labor leaders to fight that kind of record. Nevertheless some of these racketeer labor leaders are still at work preparing anti-Schall propaganda.

Just the other day a friend sent me a clipping from a so-called "labor paper" in Minneapolis, known as the "Labor Review." The editor of this paper is an out and out "Red" and has always been for somebody else whenever I have been up for election. It carried an article headed "SCHALL'S reward of labor", and sought to put over the idea that I was building a magnificent home and in its construction was misusing labor, and showed a picture of a "sandwich man" with placards on both sides of him, before the house which I hope to make my home, bearing the inscription, "Senator SCHALL's palatial new home 'unfair' to labor. Senator SCHALL says his labor record is 100 percent. On this job his record is 000 percent." An ingenious way of getting over an utter falsehood and the tools who were hired to do it know that it was a damnable lie.

Ever since I have been old enough to realize, the one wish of my heart has been to own a good home. The hard times afforded me the opportunity to buy from the estate of Van Tuyl at a price that my lean pocketbook could afford, and no honest man will begrudge me a decent home after 50 years of hard work and close temperate living and saving.

The facts are that sometime ago I contracted to purchase a home, that was a good home when it was built in 1900, for $6,000. I arranged to borrow $5,000. But before its consignment, enlisted certain repairs, including carpentry, plumbing, tinning, stuccoing, plastering, the fixing of the chimney, and painting. It seems the contractor had no trouble with employing union labor for everything but painting. This exception came about through the grafting, racketeering, and dishonest methods of one Stanley Anderson, who was being used as a substitute for the real paint union leader, who was ill. He, in true racketeer's style, was determined, as he put it, to get a "break" upon that job. He told the contractor that a United States Senator just had to give him the "break", whatever that means, or he would put the screws to him.

It is this kind of grafting, criminal racketeering by so-called "labor leaders" that does more harm to the cause of labor than any other single thing. And, by the way, this particular local labor organization was opposed to me in the last election, though the Federation of Labor and the railroad unions supported me and vouched for my labor record as 100 percent. I wonder what part of the $2,000,000 these so-called "labor leaders" got, and if they are not still on the pay roll.

The slush fund tried to hire farm leaders to oppose me, but in this ruse they were not successful. The farmers had kept track of my record and they were therefore unable to deceive them. From all parts of the State the farmers—God bless them—gave me an enormous vote, that more than offset the wholesale stealing and miscounting of my votes in the Twin Cities.

This sinister influence was so chagrined at my reelection that they thought the only way to save face was to institute a contest against me, which was unanimously dismissed by this Senate—and so bitter was still the resentment that they filed another contest, which was again unanimously dismissed last session. And all this discipline has been given me because I dared to speak and vote my convictions.

So I insist that I know something about party discipline over the course of 19 years in Congress.

But I also in that time learned something, being here from its inception, about the war and the boys who fought the war.

SOLDIER AND FARMER

My colleague the distinguished Senator from Illinois [Mr. LEWIS] and I were on the *Mount Vernon* when she was torpedoed 250 miles off the coast of France. That vessel was carrying about 500 boys who had had legs, or arms, or eyes, or jaws shot away. They were beyond repair and were being sent back home. These are the boys whom we are tonight fighting for. The disabled men who fought that war. We are proposing, by voting for this conference report, to kick them out from our protection and care, where the Constitution places them, into the tender mercies of those who have already been proven to have no mercy, of those who apparently stand with upraised cutting knife to advance upon these war cripples and without understanding or sympathy drain from them what little sustenance of life they have.

I was on the battlefield with the boys in France and I know something about what they suffered and what they did. I lined with them at mess and communed with them in bivouac in the night.

I heard here on the floor the other night one of the leaders of the "new deal", as he was one of the leaders of the old Democratic deal that took us into the war after their winning slogan to the people had been "He kept us out of war", just as their winning slogan in the last campaign was "It couldn't be worse", declare that it was our business to get into the war and that we should have been in long before we were.

I want to say with all the emphasis I have that it was not our business to get into that war and we should not have been in it if a Democratic President reelected upon the platform that he had kept us out of it had cared anything for what the people of the country desired. If our Democratic President, with the aid of the international bankers, had not taken us into that war this country today would not be in the slump of despair and despondency that it is. It is because of that war and the reckless extravagance of it that laid the foundation that has brought about our condition today.

It seems odd that the people of this country could be so deceived that they would return the very party to take us out of our difficulties who had through their drunken-sailor attitude in the war made the very conditions which cannot be expressed better than they put it in their slogan, "It couldn't be worse." Nowhere, anywhere in the annals of history can be found even an iota of parallel of the extravagant, ill-managed, wreckage of our country that the Democrats brought about through their conduct of that war. They created the condition from 1916–20 that we as a nation have had to answer for since 1928 to the present time.

The people, suffering in 1932, not realizing their condition was directly due to the wrecking administration of 1916–20, were as easily misled with the slogans, "It could not be worse" and "We must have a new deal" as little Red Riding Hood who asked, "But Grandma, what makes your eyes so big?" and the phony Democratic grandma answered, "The better to see you with, my dear." By the time the citizen, little Red Riding Hood, gets to the question of "what makes your mouth so big?" they will begin to realize that it is a gastronomic condition that will not be sated with the blood of the disabled soldiers or Government employees but crunches on into the vitals of the country, gnaws away the very foundation of our liberty, gulps down the very Constitution upon which we, aye the world, depend for the preservation, development, and understanding of the individual and stands with its new deal, its new laws, its unlimited powers filched from Congress, a menace behind the Stars and Stripes ready to strike down when the moment shall come the emblem of liberty and hoist in its place the black flag of Mussolini, Lenin, and Hitler.

Here we are with the same party, almost the same personnel that conscripted our soldiers and sent them over there to fight for democracy. They did not conscript wealth, but on the contrary pampered it and are doing so today.

Now this same party, this same personnel, is trying to fix up the havoc they wrought when they were in power before and they begin with the Government employees. Then they ask the very soldiers who have been shot up, mangled, and diseased through obeying their orders to come forth now and lay upon the altar of sacrifice the little pittance a Republican Government gave to them to keep life and body together.

Yes, they are fixing things up all right just as they did when they were in power before. The similarity is analogous in their many new commissions, new bureaus, "new deals" which are again to be run by "pay-triots", the dollar-a-year men, who as a rule were interested only in their particular manufactory or business or form of making money.

Remember the war contracts that were let on a percentage basis and where millions of feet of whole lumber yards were burned to increase that percentage? Where cement was piled in wet sloughs that it might be destroyed and the percentage thus increased? Where five or six men were hired to do one man's job and paid exorbitantly? Where the ordinary laborer was getting $10 to $15 a day and the skilled from $25 to $40 all of which went to increase the cost? Compare this wage with the $1 a day of the boys whose compensation for injury we now propose to take away from them. Oh, yes; the Democrats always were great boys to put things in circulation. Remember the story of the plumber's helper who reported somebody following him around, thought it was a German spy and upon investigation it was found to be the helper's helper, all of which went to the cost and in a crude way explains Democratic efficiency. [Laughter.]

We appropriated $42,000,000,000 for that war and spent it over and above our loans. We paid our noble allies from $80 to $140 for every soldier they took over on their ships to fight their battle, and we paid cash as we went clear through the war. We bought from France and paid them in cash; I am not sure as to the figures, but I think it was around $100,000,000 more than they got from us, including their $4,400,000,000 loan, so I cannot agree with the Senators who suggest that we profited out of the war.

We built them ships, we deepened their harbors, we built them docks, put machinery on those docks, built railroads, furnished thousands of cars and engines, built hospitals, and we paid for everything as we went, in cash—cash raised from the people of this country.

They wanted to charge us and did charge us for the ground our soldiers drilled on and felt they were abused that we did not pay them for the property shot up in driving the Germans out of their land. We gave 125,000 lives and the millions of crippled, torn, harassed, infected, diseased humanity that was left to us as a heritage, which is costing us around $800,000,000 a year. We are paying out about that sum in interest on money we borrowed from the people to loan to our allies, and we must pay the principal when due.

We loaned something over $12,000,000,000 to 12 different nations, and we have raised this money from the people by means of so-called "Liberty bonds", and we agreed to pay that money back with interest at the rate of 3½, 4, 4½, and in some instances 5 percent.

We loaned to England $4,715,000,000.

To France $4,400,000,000—$1,800,000,000 after the armistice.

To Italy $2,150,000,000.

Belgium a half a billion and so on to 12 different nations. This money was loaned without any regard to good business principles.

Congress had passed a law that these loans were to be made to our allies and that we should take in exchange for these loans their national bonds in the amount of the loan, bearing interest at the same rate that we were paying to the people. This was not done. Loans were made with only an I.O.U. receipt, so that after our boys, practically in 6 months, had cleaned up what the Allies had been trying to do for 4 years and through their efforts brought victory to the Allies and thereby gave them the unjust Versailles Treaty, because of which England is now in possession of nearly a third of the world, through which France filled her pockets, Italy her lap, and Japan her arms, and we got prohibition. [Laughter.] And now the Democrats have taken that away from us. [Laughter.] We asked nothing out of that war and got nothing. The least thing our allies could do in showing their appreciation is to pay the debt they owe us, a debt the amount of which they themselves dictated. After the war was safely over and they had the spoils of that war carefully locked up, the Allies began to twist and turn, as usual in the case of a dead horse, to find some way to get out of paying their legitimate debts. After much parley we accepted their proposition, and really, in effect, canceled these debts. We

accepted in lieu thereof a small rate of interest over a period of 62 years. In the case of England this amounts to 3.7 percent, in the case of France 2.17 percent, in the case of Belgium 2.1 percent, in the case of Italy 1.1 percent.

That is the war debt of which we hear so much, and that is the debt and the conditions of it that some of our noble allies wished to default or have it arranged in some other way so that in the end they can even get away from this tiny interest and pay nothing.

While I was in France during the war an official delegation called upon me and asked me to urge the President to announce at once that at the close of the war we would give France one half of our merchant marine which we were then building for our allies' defense. They said it would make for better understanding. They were suspicious of our soldiers landing there in such tremendous numbers. They surmised it would not be much better if we took possession instead of the Germans. In order to allay the feeling of Europe that we had any design, we called a conference to limit the different nations' armaments, which France and England and Italy gladly joined. They had nothing to lose at the time. We had a Navy built and building that would have whipped the combined navies of the world. In order to make them feel that we had no desire of conquest, we agreed to sink and did, like silly asses, sink 22 battleships, 11 of them brandnew, while our noble allies tore up a great number of blueprints. This had no sooner been done than our allies began to pull back from the Navy disarmament as to lighter vessels and adjourned to take that matter up at a later date. They all went home and began to build war cruisers as fast as they could build them with our money, and they have been building them ever since, until from this magnificent Navy that would have defeated the combined navies of the world we are now in fourth or fifth place. Europe has over 30,000,000 men under arms, more by several million than she has ever had in her history.

Now if we had had the national bonds of these different nations—and we would have had if Republicans had been at the helm, if the law had been carried out, or good business principles practiced—we could have put them upon their markets. We would not have been forced as we have been, step by step, to abandon every claim that we have advanced for the taxpayer of this country in lessening his bills by cutting down war preparation.

If we had had these bonds we would have had a club that would have brought them to terms, for none of them could have afforded to have these bonds placed upon their market at any time since the war. We get nothing from Europe, as history shows, and especially history since the war, unless we are in position to enforce it. Promises mean nothing to them, treaties are only scraps of paper, though we went into that war upon the pretense of making them something else.

We were outmaneuvered and outpointed in all conferences and are thought of today in Europe as a soft mark. No wonder Will Rogers says that we have the greatest navy of the world at the bottom of the sea and that we have never lost a war and never won a conference. Over there we are called "Uncle Sham" and "Uncle Shylock", and yet our President in exact opposition to the declaration of his party platform just yesterday accepted $7,000,000 in lieu of an $89,000,000 interest payment of England and remarked the while that he did not hold this slight payment as a default. Why not insist upon these tiny interest payments as a means of balancing our Budget instead of taking it out of the very men they sent over there to get wounded and diseased? It is a crime that these boys, the targets of the war, must now become charity charges in order to help patch up a depleted Treasury because of the Democratic financial orgies of their last administration. Better that we insist on the Allies paying their little interest as they agreed to do, and if they do not, let us call it by its proper name, a "default", and end the matter there and charge it up to education in hopes that it will teach us to attend to our own business and keep out of entangling alliances.

Over there in London today they are holding forth to settle the troubles of the world, and from there we learn that our debtor nations will default on the June 15 payments except for about $7,000,000. One hundred and forty-four million dollars is due us. Little Finland, who is by far less able to pay than either England, or France, or Italy, or Belgium, pays hers in full.

Because of the unprecedented generosity toward our allies we find ourselves burdened with $12,000,000,000 of bonds to our citizens that gradually fall due, making it, as the administration says, impossible for our Government to give fair treatment to our soldier boys because of the depression, which depression, if traced to its origin, would run right back to the Democratic mismanagement of the war. If the Democratic administration would be as considerate of them as they have been of the Allies, we should not have to be arguing here for days over a $100,000,000 for them when by mere notice from Europe we are told we shall lose $140,000,000 that they refuse to pay us on debts they acknowledge they owe, and which represents only a tiny interest on cash money we turned over to them.

We wanted it, moreover, distinctly understood when we went over there that the debts were not to be discussed. Still they are the first thing put to the fore.

Then they talk about tariffs over there and about inflation. They say that there is no use to set tariffs until they stabilize their currencies, as they can cheapen their money to defeat any tariff barriers we may set.

Well, some time ago we gave the President power to set the value of our money. So the market went up. Yesterday we find the stock market fell on a mere rumor that the President has in mind to peg our dollar at 84 cents of its old value in terms of gold.

Tomorrow I suppose he will have to assure the country this is not so to make it move up again. Then it will move again until some other rumor comes out.

England and France are opposed to our setting our dollar where it will have about the same ratio in gold as their money now has. The dollar should be set somewhere around $3.40 to the pound to accomplish this. England wants it set around $4.05. France does not want it that cheap, as they both openly advocate an expensive dollar so they can defeat us in the world markets.

We gave the President power to set our money value on the theory he would need that power in the Economic Conference. It is likely he will not be able to influence our former allies to join with him, so our delegates might as well come home. And then what good is inflation?

Why be battling around in Europe asking them to reduce their tariffs? Over 90 percent of our entire commerce is done within our own States. Let us tend to our own business and our own commerce and our own affairs and our own people and forget this Lady Bountiful pose.

If we raised our tariffs to protect our markets from the deflated currencies of the world, we would have had enough gold to say on gold, without inflation, and would then have prevented this added uncertainty in our business, the uncertainty of the value of our dollar. As matters stand, I cannot see how any business man can know what value to put on goods while prices are going up. And this all because some international bankers insist on doing business all over the world, and to do that we had to get into a currency war so they could compete.

Oh, yes, they say, we need inflation at home also; that it was not only because of foreign competition. In the past we have got out of depressions without such radical measures. We had every reason to believe that we were about to witness a rising price movement in this country without artificial stimuli, because our shelves were empty, the falling prices had made it impossible to manufacture goods. No one would stock up for fear of a falling market. Hence merchants had to wait for their orders to be filled to make a sale.

With guaranty of bank deposits and with confidence in banks returning, there was every reason to believe we

would soon have a rising price level without artificial measures.

Now it appears that we are confusing a rising market with some hallowed price level, arbitrarily set at 1926. If we can only get back to the 1926 price level everything will be all right. I wonder if the average business man is more interested in some certain price level than he is in knowing that the market is rising and that he can safely go ahead with his factory with little worry that prices will fall. It takes production, not a price level, to create purchasing power. Without purchasing power no price level can be sustained.

It seems to me that the rising price level would have led business men back to their work, and with a stable dollar they would be much more confident of the future than they are with this artificial value of the dollar. No one knows from one day to the next what the dollar is worth now. Hence, how can they safely go ahead and do business? Look at the market today. Who can say that this inflation dollar lends confidence to business?

Surely inflation will not cure the maladjustment of population in agriculture. It will not remedy the evil of a 20-percent overproduction of grain and a 50-percent overproduction of cotton. Thirteen million bales of cotton will not be quickly used up because of a soft dollar. We do witness 9-cent cotton now and 75-cent wheat, but for how long? Suppose we continue the usual overproduction, how can inflation cure that?

The fact of the matter is that for many years prior to the war we used our overproduction of wheat and cotton and grain to pay our debts to Europe, but since the war, through tariffs, they have practically placed an embargo on our goods to show their friendly attitude to the nation that saved them.

Where to find foreign markets for the farmer is our problem. How to adjust our agricultural population to domestic consumption is our trouble. But inflation will not do it. Soon we shall have got to the top—to the 60-cent dollar—and then what? Where will the farmer be then? Will he raise more grain than last year? More cotton? If he does, the farmer will be worse off and not better. His fundamental problem is to adjust his production to domestic consumption. We have no foreign market for his products. There is no foreign country with money to pay. Look at China. She borrows from the Reconstruction Finance Corporation. She may never pay back. I am glad the farmer got the break. Now Russia wants to try the same stunt. But will the Reconstruction Finance Corporation be able to finance all foreign countries who want to buy our grain? If not, we are back at the old post—overproduction of grain and cotton.

The World Conference will settle nothing. How can we cut tariffs with a currency war on? How can we peg the dollar without tariff and risk dumping in our country?

In foreign affairs we may as well admit we need tariffs and less entangling alliances. If we can stand in with our neighbors in the Western Hemisphere, we do well, and we will be on solid ground—on the Monroe Doctrine—in line with Washington's admonition. To roam about in Europe, in Asia, in Japan, is to encourage trouble.

Let us keep our tariffs. We should not abandon the gold standard for some mythical results to be got at any London Conference and throw added uncertainty into the business world. Let us adjust our farming population to meet domestic needs.

Let us use a little more American Constitution, a little more of Washington's advice, a little more of the Monroe Doctrine; let us use our gold for our money and forget about Europe, and maybe eventually we may even have enough money so we can do as much for our boys as we have done for Europe. While we waste time on mythical conferences to peg the dollar, to cut tariffs, and to cancel our debts, we neglect both our farmers and our veterans and leave them to depend on what Europe may do for us, and that, we should know, is nothing.

It was the international bankers that took us into the World War. They loaned money to our allies. They would have no doubt loaned it to Germany if they could, but the English Navy kept the German ships pretty well locked up. The loans became so large and the Allies were getting whipped that it soon became evident to them that if they were to save their money they must get the United States into the war on the side of the Allies. We had really as much reason to go to war with England as we had with Germany. England was trampling under her feet every freedom-of-the-sea right we had. So the international bankers began propagandizing the country, with the aid of fiction writers called "correspondents" through the newspapers, through propaganda in the pulpit, over the radio, and in all sorts of ways just as the Economy League, backed by the same sort of personnel, is putting over the propaganda today in an effort to cut down the just compensation of the disabled veteran.

Aye, Mr. President, we went into that war only because of propaganda.

I have heard men speak here on the floor who were strong for the bankers but weak for the poor devil of a soldier who fought to keep the bankers alive and going. Where would their bankers be if it had not been for the soldier, if it had not been for the boys who went to France and shed their blood and gave their lives?

I was in Paris when the Big Bertha shells were pouring in there. I was in Paris when the Parisians were moving out. German patrols were captured within 6 miles of Paris. The Frenchmen were not standing, they were being driven back; the Prussian Guard, headed by the Crown Prince, with five German divisions, had captured Belleau Wood and, with their great guns trained upon the road to Paris, cleared it for over 10 miles in advance, and the German troops were coming forward at the rate of from 4 to 5 miles a day as steady as clockwork. So confident were they that they were going into Paris that the Prussian Guard, as will be remembered, put on their dress suits, starched-bosom shirts, and spiked helmets because they thought they were going into Paris and no one could stop them. The Italians believed they were, the English believed they were, and the French themselves believed they were. The only ones who did not believe it were 15,000 Americans who were thrust into the line by Foch just as a sort of stopgap. He did not have much of an idea that the American soldier was any good. They wanted us to send our troops over there to be fed into their lines without American generals and without American military organizations. The Allies did not even want us recognized in the war as a nation; but the French troops were forced back, and finally Foch, in order to gain time so that reenforcements might be brought up near Paris, picked out four handy American regiments—the Fifth and Sixth Marines, the Ninth and Twenty-third Infantry of the Second Division. Fifteen thousand of our men were loaded into trucks and in the dead of night taken out toward the front. They passed retreating French troops, who said, "Go back; you're zigzag; you are crazy; sure death is ahead"; but the American soldier does not go back with an enemy in front. So our troops were landed there in the rain and in mud up to their knees, and in the morning faced an attack by five German divisions, headed by the Prussian Guard, which had never been defeated in 4 years of war. Those 15,000 Americans fought them, turned them back, defeated them, and began the rout that 6 months later ended in the victory of the Allies.

As I have said, every person in every land who knew the situation and facts believed that the Germans were marching into Paris; they all believed it except these 15,000 boys, there in the mud, who met the Germans at the break of dawn and turned them back and thereby turned over to our noble allies the spoils of the world which they have today; and they still are refusing to pay the tiny rate of interest that it was their own proposition to pay. The Germans thought from the way the Americans fought that they were there by the hundreds of thousands. So well did our boys fight that wherever they were lined up with the Allies the American salient was always the farthest advanced. Foch and other commanders tried to get them back to straighten out their lines with the French, and repeatedly quarreled with the officers. Finally one American officer was put upon

the carpet and asked why he did not obey orders and take his boys back and get them straightened out with the French line, and he replied, "How the hell do you expect me to hold them back when the whole damned German Army cannot hold them back?" [Laughter.]

That is the kind of soldiers we had over there. I followed along there in the Chateau-Thierry drive, and I had pointed out to me where lay five or six dead Americans leading to a German machine-gun nest; over there 10 Americans strewn along in the capture of another of the German machine guns. That is the way our boys died. They died with the bullets in front. They were wounded by shell and choked by gas, and some of them are here today, a part of the wreckage of that war. They gave everything to that war. Our boys won it. If they had not been there the allied cause would have been lost. Because of our boys being in that war the Allies won.

You Democrats did not conscript wealth, you merely conscripted these boys, to make the world safe for the international banker, and it seems, from all I have gathered during this session, that you are still hard at work at your old job for the old master, and now wealth needs some money, and wealth says, "Conscript these poor devils; they cannot defend themselves; let us take the money from them." No wonder they should say, as they did of Pershing, "What a liberal cuss," taking the money by this fake economy law, which has turned every power Congress had over into the hands of what seems to me to be working out to be a true dictator. If we must delegate our power, let us delegate it to somebody in sympathy with the boys who fought our battles. We have delegated the power, and the money is taken from the soldiers; and more than that—it is put into the "sapling" camps, and members of the "sapling army" go into the soldier hospitals; the soldiers are kicked out and the little favorite saplings are put in their beds. Is that justice? Is that what we are seeking to have done here tonight? Is that the kind of thing we want the veterans to read in the RECORD tomorrow morning, that we were afraid to give them justice? We conscripted and paid a dollar a day to the soldiers who fought our battles, but for clerks who stayed at home we appropriated money to raise their salary and in addition gave them a bonus. We bonused everything; we bonused he railroads; we bonused every contractor in the country; but when bonus was mentioned for the soldiers after they had won the war, you gave hardly enough at the high prices then to buy a shoddy suit—$60. Then there came the "graveyard bonus" proposition that would not have been considered for anybody else. Certainly big business must be taken care of.

I heard one of the Senators say to us that he was so interested in bankers' legislation that he had not had time to pay any attention to the soldiers who fought our battles, and that we have got to have bankers to depend on to stand by and keep this country going. But where would his bankers be if it had not been for the soldier? It is the soldier upon whom the banker stands. It is the soldier upon which law and order and civilization must stand. Oh, yes! We loaned $12,000,000,000 to 12 different nations and we borrowed the money from our citizens. We took a club and went out and hit them over the head and made them buy the bonds, many of them, and they did buy them.

I heard a Senator say the other night that we put good money into the war, but that money was not anything in comparison to blood. I agree with him, but we put blood in there and we put money. We did it without thought of compensation to us to please the international bankers. The Allies had no claim on us to go across the sea, and what we did should certainly be recognized by the allied nations. They certainly should recognize and thank us instead of telling us that we got over too late, instead of doing the things that they are doing to us today.

When I was in Paris the French people were so rejoiced that the Americans were over there that everything was "just lovely"; it could not be otherwise—and I think it is so with the common people over there today—but the politicians got to work after the war was over. We had over $400,000,000 worth of goods and supplies in France, and Senators will remember that we sold them to the French Government for something like 10 percent and took their note for 10 years, at no interest, and the agreement was that they should keep those goods and not resell them in the United States. The ink had hardly dried on the paper when shiploads of shoes and clothing began to pour in here; and it will be remembered that we had to pass a hurry-up resolution to prohibit it. So you see, Mr. President, how they keep their word; you see what their word is worth. We do not want the American soldier to get the idea that the Government of the United States is keeping its word like that.

We pledged ourselves almost unanimously—I think there were only 5 or 6 votes against it—to give these soldiers certain rights, and under legislation enacted by the House and by the Senate these soldiers were to be given certain sums of money. That was a contract, and God knows they had some right to rely on it. They said, "There it is; Uncle Sam for whom we fought is doing this for us." But along comes the economy bill. It never should have been passed; never in the world should we, in this country, turn over absolute authority to any one. That is contrary to the Constitution. I heard my friend from Michigan [Mr. VANDENBERG] say here the other night that the Constitution is an old-fashioned document in the "new deal"; but let me say to my friends on the Democratic side, do not let them crack the whip over your backs; do not allow them to get you tonight to vote against humanity and right or you will not sleep well hereafter. Stand by your guns; stand by your opinions, believing that your soul is worth more than any patronage that can possibly be given to you by the dictator. Stand by your conscience and vote for humanity; vote for the men who have stood for their country, who have fought the battles of your country.

Senators, you remember the story of the Holy Grail. It was right outside the door. That is where it is tonight; it is right here in the hands of the veterans. That is where the Holy Grail is. Do not get excited when you hear the crowd yelling for Barabbas. You will remember that when Pilate washed his hands so nice and clean, the crowd yelled "Barabbas." Why are some Senators preparing to change their vote? They are just washing their hands nice and clean. I heard all along the Republican line during this battle, "That fellow is going overboard. He is getting ready to take a dive. Oh, that is too bad", and it is too bad. It is too bad, my friends, that you will not stand and fight as these boys fought. Why exhibit such cowardice, and be driven away from doing what you know is right? Stand by justice and humanity! It will be remembered that when Pilate washed his hands of the Savior, he said, "Let me give you this other man and let me pardon Christ." But the mob yelled, "Oh, no; we want Barabbas!"

My friends, do not yell for Barabbas. Ask for humanity. Ask for the Christ that is here. The Holy Grail is right here in front of you in the persons of the veterans who fought your wars. Stand by them. This is not a party question. It will not get you anything but the contempt of the men who saw you change your minds and sneak away and vote for a little patronage benefit; that is what Judas did for 30 pieces of silver, but he had the decency to go out and hang himself after he had had time to realize his perfidy.

In a few moments the vote will have been taken, the fate of the injured soldier decided, and with him perhaps the fate of his country.

Congress will then come to an adjournment but just before that adjournment the customary message of the President will be read, and no doubt he will thank you Democrats for your stanch work and the way you stood by him in getting over his dictatorial powers, and especially he will thank you for tonight's work for he already knows the outcome.

It seems to me that I hear him say in the words of Mark Antony after his funeral oration over Caesar wherein he

had aroused the citizens and they had carried out the stab-riddled murdered body of Rome's first soldier:

> Now let it work; mischief, thou art afoot,
> Take thou what course thou wilt.

The VICE PRESIDENT. The question is on agreeing to the conference report, on which the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LEWIS (when his name was called). I have a pair with the Senator from Connecticut [Mr. WALCOTT]. If he were to vote, it is to be announced that he would vote "nay." If I were to vote, I would vote "yea."

Mr. McCARRAN (when his name was called). I have a general pair with the senior Senator from Nebraska [Mr. NORRIS]. Not knowing how he would vote, I withhold my vote.

Mr. WAGNER (when his name was called). On this vote I am paired with the senior Senator from Missouri [Mr. PATTERSON]. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and vote "yea."

The roll call was concluded.

Mr. LEWIS. I am instructed to announce that the Senator from Georgia [Mr. GEORGE], who is absent on account of illness, is paired with the Senator from Delaware [Mr. HASTINGS] and that the Senator from Florida [Mr. FLETCHER] is paired with the Senator from Ohio [Mr. FESS]. I am advised that if present the Senator from Florida [Mr. FLETCHER] would vote "yea", the Senator from Georgia [Mr. GEORGE] would vote "yea", and the Senator from Ohio [Mr. FESS] and the Senator from Delaware [Mr. HASTINGS] would vote "nay."

The junior Senator from Massachusetts [Mr. COOLIDGE] is necessarily detained on official business.

The senior Senator from Nevada [Mr. PITTMAN] is absent from the Senate on official business, being a delegate to the London Economic Conference.

The senior Senator from Florida [Mr. FLETCHER] is necessarily detained.

The Senator from Colorado [Mr. COSTIGAN] is unavoidably detained. I am not advised as to how he would vote if present.

Mr. HEBERT. The Senator from New Hampshire [Mr. KEYES] has a general pair with the Senator from Massachusetts [Mr. COOLIDGE]. I am informed that if present the Senator from New Hampshire [Mr. KEYES] would vote "nay", and the Senator from Massachusetts [Mr. COOLIDGE] would vote "yea."

I also desire to announce that the Senator from South Dakota [Mr. NORBECK] and the Senator from Missouri [Mr. PATTERSON] are necessarily absent from the Senate. Both of those Senators if present would vote "nay" on this question.

The result was announced—yeas 45, nays 36, as follows:

YEAS—45

Adams	Byrnes	King	Smith
Ashurst	Caraway	Logan	Stephens
Bachman	Clark	Lonergan	Thomas, Okla.
Bailey	Connally	McAdoo	Thomas, Utah
Bankhead	Dieterich	McGill	Thompson
Barkley	Dill	McKellar	Tydings
Black	Duffy	Murphy	Van Nuys
Bratton	Erickson	Pope	Wagner
Brown	Glass	Reynolds	Walsh
Bulkley	Gore	Robinson, Ark.	
Bulow	Harrison	Russell	
Byrd	Kendrick	Sheppard	

NAYS—36

Austin	Davis	Kean	Robinson, Ind.
Barbour	Dickinson	La Follette	Schall
Bone	Frazier	Long	Shipstead
Borah	Goldsborough	McNary	Steiwer
Capper	Hale	Metcalf	Townsend
Carey	Hatfield	Neely	Trammell
Copeland	Hayden	Nye	Vandenberg
Cutting	Hebert	Overton	Wheeler
Dale	Johnson	Reed	White

NOT VOTING—15

Coolidge	Fletcher	Lewis	Patterson
Costigan	George	McCarran	Pittman
Couzens	Hastings	Norbeck	Walcott
Fess	Keyes	Norris	

So the conference report was agreed to.

Mr. GLASS. Mr. President, as I hope the Senate has observed, I did not desire to interpose my personal affair to prevent a vote on this important measure, and three times desisted when I desired to speak. Very likely I should be content with the record as it stands, except that I should very likely, for the RECORD, make a statement as to my relation with this particular question of the veterans' compensation.

As already indicated to the Senate, I was incessantly engaged with banking legislation when this particular matter came up for consideration before the Committee on Appropriations, of which I am chairman. I also am chairman of the subcommittee of that committee having charge of the independent offices appropriation bill. Knowing that it would be impossible for me to give attention in detail to these important matters, I requested the Senator from South Carolina, next ranking on the subcommittee, to take charge of the bill, and that he did; and I gave little attention to the discussion until the last 2 days, when banking legislation was enacted. In the last 2 days, however, I took my place in the Senate; I heard every word of the discussion indulged in by the Senator from New Mexico [Mr. CUTTING] and the Senator from Oregon [Mr. STEIWER] on one side, and the Senator from Texas [Mr. CONNALLY] and the Senator from South Carolina [Mr. BYRNES] and perhaps other Senators on one side or the other.

I am not quite so stupid, as the Senator from New Mexico implied, as not to have been able, by listening to these discussions, to get a fairly comprehensive idea of the differences between the proponents of one side and the proponents of another side of this question. I recall very distinctly that when an attempt was made in the Senate to instruct the conferees, and when that attempt was resisted, there was exacted from my colleague the Senator from South Carolina [Mr. BYRNES] an agreement that the House amendment should not be agreed to by the conferees on the part of the Senate unless it should first be brought back to the Senate; and while I did not openly participate in that agreement, I felt that by my silence I was committed to that plan of procedure. With that understanding, we went into conference.

Of course, I followed my colleague from South Carolina in nearly all matters of detail, because having put upon him the burden of considering these matters involving conversations with the White House, with the Veterans' Bureau, and with leaders of both House and Senate, nothing could have been more ungracious in me, except upon a matter of principle, than to have contested mere details agreed to by the Senator from South Carolina.

We went into conference and kept faith strictly with the Senate, refusing positively to agree to the action of the House, and compelling the House conferees to take the so-called "Steiwer-Cutting amendment" to the House for a formal vote. That was done; and the action of the House thus taken was reported back to the Senate, and full opportunity thus given to the Senate either to concur in the action of the House, or to send the bill to a free conference between the two Houses, or to send the bill to conference under instructions to the Senate conferees.

The bill was sent back to a free conference; and for 2 hours the same question of construction that occupied the Senate for hours was gone into; and I—modestly, I hope—impute to myself enough of ordinary intelligence, contrary to the assertion of the Senator from New Mexico, to have understood the argument presented by the Senator from Oregon, and the contrary argument made by the Senator from South Carolina.

I felt then, as I am convinced now, that the construction of the Senator from South Carolina was the correct construction of the text of the bill proposed; but, regardless of that judgment on my part, I took every precaution to interrogate the House conferees to ascertain from them whether they would agree to any modification of the action of the House beyond the incorporation of the amendment proposed by the Senator from South Carolina and once adopted by the Senate.

The answer of the House conferees was unqualified and unmistakable. They stated that they would not agree to any modification; they would not accept the construction placed upon the text of the proposed bill by the Senator from Oregon; and they insisted upon the amendment of the House, as modified by the amendment of the Senator from South Carolina.

Knowing that that was all that could be gotten, having been very definitely apprised of the fact that the President would veto the bill should any further concession be made to the proponents of the Steiwer-Cutting amendment, we were faced with the practical situation of either yielding to the House or inviting an inevitable veto by the President, which in our judgment could not be overridden. The Senate yielded and made its conference report. That, I think, is an incontestable statement of the facts.

Then we had from the Senator from New Mexico the most extraordinary and, I venture to say, the most unprecedented performance that has ever been witnessed in the Senate of the United States, of personal attacks upon Senators who exercised their conscientious judgment and recorded it in a conference report.

The suggestion first was made that Senators agreeing to the conference report were for some reason afraid to have it known. That was the suggestion made in his most amiable mood by the Senator from Oregon, who is never quarrelsome but always tactful, but sometimes rather suggestive. But then the Senator from New Mexico seemed to single out the senior Senator from Virginia for some reason, to reproach him with some large degree of culpability because at some time or other when the Treasury was flush, when the country thought it was prosperous, when fortunes were being made on paper in speculation, the Senator from Virginia had voted in some sense of liberality for persons on the pension roll who had no service connection.

There was called to my attention in the course of the conference what very likely I had known before, but was then stressed, that the President of the United States was given unqualified authority to determine these matters; and I, for one, assumed that he would not determine them in a sinister way, or in the harsh and brutal way which has been imputed to him in discussion here tonight.

Knowing him personally as I have for 20 years, regarding him as one of the most philanthropic and humane men I have ever known, it was inconceivable to me that he would himself take hostile action against veterans whose disabilities might be attributed to the service, or that he would sanction harsh or unjust action in any other branch of the Government. Therefore I signed the report without hesitation.

I could have made no concealment had I desired to make any, and I have never in my public life desired to conceal an opinion or a vote I have ever cast. When I sought to interrupt the Senator from New Mexico, in a way quite as brutal as the cruelty imputed by him to the Director of the Veterans' Administration and to the Director of the Budget, if not to the President himself, he abruptly declined to be interrupted, although the RECORD will show that I permitted him to interrupt me three times this evening when I had the floor. I was never before so astonished in my life. Then he proceeded to make a statement the only implication of which was that the Senator from Virginia had been guilty of a despicable alteration of the RECORD and had inserted in it something which had not occurred.

Mr. President, so far as participation in the World War through those of my blood and bone, so far as support of this Government and the country during the World War are concerned, I am perfectly content to make contrasts with the Senator from New Mexico. So far as sympathetic consideration with veterans who may trace their disabilities to actual service is concerned, I assert that the records will show that my sympathy exceeds his and that my generosity surpasses his.

I have said that were I the President of the United States acting under the economy law, I would not subtract a thrip from the compensation of any veteran whose disability may be traced to actual service for his country in any war. So far as my information extends, I have no reason to believe or suspect that the President of the United States desires to reduce the compensation of such men or their dependents.

The Senator made one statement which, had he omitted it from his attack upon me, wanton and unprovoked as it was, I should very likely have been content to let the record stay without another word. He said that I had presumed upon the affection of my colleagues, upon the esteem in which they held me, to insult them at my pleasure.

I challenge any Senator here to search this RECORD in either House for 32 years and to show where I ever initiated a dispute with a colleague in the other House or in the Senate for the last 13 years, during the time I have been here. There is a single man on the other side of the aisle who may think that on one occasion I spoke harshly of him; but, in my view, the provocation was great. There is but a single man on this side of the Chamber to whom I have spoken harshly, under the gravest provocation. But with neither one of those two Senators did I ever initiate a dispute. I believe in the doctrine of Abraham Lincoln on that point, said to have been written above his office door:

> Beware of entering into a quarrel; but once in, make the other man beware of you.

It hurt me to the quick to be told that I had presumed upon the affection and esteem of my colleagues to insult any one of them. There is not the semblance of truth in the accusation. Although I am not accustomed to being proud of myself in any sense, I have often said that the greatest satisfaction of my public life was the belief that on both sides of this Chamber, perhaps on the other side more than on this, I had the respect and devotion of my colleagues.

For the Senator from New Mexico I had the greatest esteem, approaching the point of affection, had so high a regard for his character and intelligence that he knows that I advocated his appointment to the President's Cabinet, and urged him personally to accept the position of Secretary of the Interior. After this unprovoked attack upon me he spoke of my vote, as if he could imagine that I could ever fear the result of my action here presented to the people of Virginia, as if he could intimidate me to alteration of my views or a change of my vote by citing to the Senate my attitude on this question—something so astonishing that I shall not soon recover from the amazement of such a performance. Then to tell me of his love and affection for me!

If I could quote Scripture as accurately as the senior Senator from Louisiana, I would be tempted to illustrate the loving affection the Senator from New Mexico entertains for me, as I gather from his unprovoked assault here in the Senate Chamber tonight. I was reminded of that scene in the Palestine desert where Joab met Amasa, and, following the Jewish custom, took him by the beard with one hand and kissed him on the cheek and said, "Art thou in health, my brother?" But Amasa observed not that Joab carried in his right hand a dagger, and with it he smote Amasa, and shed out his bowels to the ground. That is the sort of affection the distinguished Senator from New Mexico has manifested toward me here in the Senate, simply because I acted upon my judgment and my conscience in trying to get, as I conceived, something for the veterans, rather than nothing.

I am distressed to think that my accustomed poise and well-known amiability were so disturbed that I had to apply what it seemed to me was a suitable epithet in response to the utterly unprovoked accusation made by the Senator from New Mexico. I do not like to figure that way in the CONGRESSIONAL RECORD nor before my colleagues, but with this statement of the record I have no apology to make.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive

bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 813. An act to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circuit;

S. 815. An act to provide for the survival of certain actions in favor of the United States; and

H.R. 5389. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H.J.Res. 207) requiring agricultural products to be shipped in vessels of the United States where the Reconstruction Finance Corporation finances the exporting of such products, was read twice by its title and referred to the Committee on Commerce.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, June 16, 1933, that committee presented to the President of the United States the following bills:

S. 813. An act to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circuit; and

S. 815. An act to provide for the survival of certain actions in favor of the United States.

INDEPENDENT OFFICES APPROPRIATIONS—CONFERENCE REPORT

Mr. CUTTING. Mr. President, if the Senator from Virginia, whom I still esteem and admire, believes that I treated him with the same degree of brutality with which the Director of the Budget has treated the disabled veterans of the country, then I want to tender to him my sincere apologies. I have not the slightest idea that anything I said could be characterized in that way.

If the Senator from Virginia had listened until I had completed my sentence he would have seen that I did not accuse him in any way of what he calls "a despicable alteration of the RECORD." When he reads the RECORD in the morning, he will see exactly what I said, and he will see that the sentence as a whole accuses him of nothing of the sort, although in the middle of the sentence, with his usual speed of action, he rose to his feet and accused me of mendacity.

Mr. President, I am not going to initiate any kind of a feud with my distinguished friend the Senator from Virginia; I think just as highly of him as I have thought of him ever since I have been a Member of this body; and I hope that, on reflection, he may again award to me some part at least of the esteem which he tells us he has felt for me in the past.

However, Mr. President, the issue which I raised with the Senator from Virginia was not in any sense a personal one. It is a question which seems to me of the gravest importance for the Senate of the United States. I do not wish to be diverted from the question of public policy by any bandying of epithets between individuals on the floor of this body. The Senator from Virginia has repeatedly stated that he was so busy with banking legislation that he had not had time to give attention to the subject of veterans' laws. Nevertheless he went on the conference committee. When he went on the conference committee, according to the statement which he has just concluded, he listened to arguments of the Senator from South Carolina opposing the attitude which the Senate had taken and to arguments of the Senator from Oregon supporting the attitude which the Senate had taken, and he followed his colleague from South Carolina against the wishes of a majority of the Senate.

Mr. BYRNES. Mr. President, will the Senator from New Mexico yield to me?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from South Carolina?

Mr. CUTTING. I yield.

Mr. BYRNES. I did not hear the statement this evening, but certainly the Senator from Oregon would say that what has just been said is not a correct statement of the facts. The question discussed by the Senator from Oregon and the Senator from South Carolina was as to the interpretation of certain language. The contention of the Senator from South Carolina was that the effect of the language of the Byrnes amendment and of the Steiwer-Cutting amendment which was in dispute was exactly the same, and the argument on the part of the Senator from South Carolina was not against the position of the Senate.

Mr. CUTTING. Exactly.

Mr. BYRNES. It was simply a question between us as to the proper interpretation or construction of the language.

Mr. CUTTING. But the interpretation which the Senate had given to that language was in harmony with the opinion of the Senator from Oregon or the Senate would not have acted as it did last night. If these two amendments meant exactly the same thing, there would not have been any point in sending the bill back to conference.

Mr. BYRNES. The Senator from New Mexico should be fair about that. There was a difference, but the dispute was only around one section of the bill. Of course there were differences between the bills, and the Senator from South Carolina stood for the Senate bill in that discussion.

Mr. CUTTING. Mr. President, I am glad to hear the Senator from South Carolina say that he stood for the Senate bill in the discussion, but the point I am trying to make is that the Senate conferees had instructions from the Senate of just as sacred and just as binding a character as the conferees on the part of the House had from the body which they represented. The conferees of the House had been instructed by their body in favor of a certain proposition; the conferees on the part of the Senate had been instructed in an equally binding fashion, to support the Senate proposal. If that was an unhampered conference between equals, I repeat that the conferees on the part of the Senate should have at least obtained a compromise somewhere between the terms of the Steiwer-Cutting amendment and those of the House amendment. There was a large degree of latitude between those two propositions. When the Senate conferees came back here and surrendered, I think they were entitled to criticism, and it is that criticism, with neither personal feeling nor personal motive in view, which I endeavored to express in the remarks which offended the Senator from Virginia.

I think that is a very fundamental proposition, Mr. President, and I hope that when we come back here in January we will take measures which will prevent Members from serving on conferences when they are not genuinely and firmly and sincerely convinced of the soundness of the position taken by the body which they represent.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to a concurrent resolution (H.Con.Res. 24), in which it requested the concurrence of the Senate, as follows:

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress shall adjourn on Friday, the 16th day of June 1933, and that when they adjourn on said day they stand adjourned sine die.

RAILROAD SALARIES

Mr. DILL. Mr. President, out of order, I ask unanimous consent to have printed as a public document a report from Joseph B. Eastman in regard to the salaries of railroad officials 1932–33. It is supplementary to a public document of last year and brings the data down to date.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

DEMOCRATIC PLATFORM PLEDGES AND THEIR FULFILLMENT—LEGISLATION OF THE SPECIAL SESSION, SEVENTY-THIRD CONGRESS

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have printed in the RECORD a review of the legislation of the session, together with data and memoranda with reference thereto.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBINSON of Arkansas. Mr. President, President Roosevelt was elected on a platform which, in plain and simple terms, pledged his administration to a definite program of action for the relief of conditions which had become intolerable. That platform declared that the only hope of affording permanent relief lay in a drastic change in governmental policies. It further declared that a party platform is a covenant with the people to be faithfully kept by the party when intrusted with power.

The special session of the Seventy-third Congress, of which a large majority in both Houses is Democratic, was charged with enacting the measures necessary to carry out the legislative program of the Executive in order to fulfill the platform pledges. This Congress, which covered a period of about 90 days, has made a record unparalleled for speed and effective action. Taken in connection with the Executive acts of the President, it furnishes incontrovertible evidence that the pledges of the platform upon which the present administration was elected have all been kept when final action was possible, and the remaining problems have been advanced to a stage which promises early ultimate results.

The manner in which these platform pledges have been kept can best be shown by enumerating them and reciting the action taken for their fulfillment:

THE PLATFORM

We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government.

THE FULFILLMENT

On the second day of the present session President Roosevelt transmitted an emergency economy bill, which empowered him to establish a revised pension system and authorized a reduction of Federal salaries up to a maximum of 15 percent, effective for the fiscal year 1934. This measure, in connection with the authorization for the reorganization of departments and bureaus and economies effected in the appropriation bills, was estimated to bring about a saving in excess of $1,000,000,000. This estimate has been modified by other legislation favorable to veterans, which tends to reduce the amount of annual savings to about a billion dollars, which is equal to a reduction of 25 percent of expenditures as pledged in the party platform.

THE PLATFORM

We favor maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues, raised by a system of taxation levied on the principle of ability to pay.

THE FULFILLMENT

The emergency economy law, in connection with reductions in the annual supply bills and reorganizations in the departments, accomplished the balancing of the Budget.

It is proper to state that measures have been enacted authorizing the employment of Government credit for purposes deemed essential to national recovery; but it should also be stated that for the most part additional revenues have been levied to service these unusual Federal activities, such as unemployment relief, public works, and industrial control. The continuation of somewhat irksome taxes and the imposition of higher rates in some instances, in order to support essential sinking-fund arrangements, is believed to be fully justified as the sound and proper method of maintaining the national credit while initiating undertakings calculated and intended to revive business and revitalize industry.

PLATFORM PLEDGE

Pending repeal (of the eighteenth amendment) we favor immediate modification of the Volstead Act to legalize the manufacture and sale of beer and other beverages of such alcoholic content as is permissible under the Constitution and to provide therefrom needed and essential revenue.

THE FULFILLMENT

During the regular session of the Congress following the election of President Roosevelt a joint resolution submitting the question of repeal of the eighteenth amendment was passed by the necessary two-thirds vote in both Houses. The legislation carrying out the promise to modify the Volstead Act by legalizing beer of alcoholic content believed to be within the constitutional limit was promptly enacted following the inauguration, and the sale of beer was permitted in States whose laws did not prohibit the same. The revenue from the beer bill is an important factor in the balancing of the Budget. Originally estimated at between one hundred and twenty-five million and one hundred and fifty million dollars, the returns from this source indicate that annual Federal revenues from beer will amount to $250,000,000.

THE PLATFORM

We favor the restoration of agriculture, the Nation's basic industry; better financing of farm mortgages through reorganized farm-bank agencies at low rates of interest on an amortization plan giving preference to credits for the redemption of farms and homes sold under foreclosure.

Extension and development of farm cooperative movement and effective control of crop surpluses so that our farmers may have the full benefit of the domestic market.

The enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of the cost.

THE FULFILLMENT

Within 2 weeks after the new administration came into power, a farm relief bill was presented to the Congress. Under it the President was granted wide powers over the production and distribution of basic agricultural products. He was also authorized to cause to be expanded the currency of the National Government. The farm legislation enacted by this Congress also includes a provision for refinancing the farm debts, by exchanging farm mortgages for Federal land-bank bonds with interest guaranteed by the Treasury. The legislation for refinancing farm mortgages at lower rates of interest, supplementing the Federal Farm Loan Act and providing for the orderly liquidation of joint-stock land banks and for other purposes, was introduced in this body as early as April 3, 1 day less than a month after the inauguration of the new administration. In addition to providing $2,000,000,000 for exchange of unpaid farm mortgages for Federal land bank 4-percent bonds, it supplies loans of $200,000,000 to farmers through the Reconstruction Finance Corporation in refinancing themselves and redeeming foreclosed property.

There are many other features of the legislation all beneficial to the farmer and designed likewise to protect the holders of farm mortgages.

When the President signed the farm relief bill he made a special appeal to mortgage creditors to abstain from foreclosure proceedings, and received many favorable responses from the large insurance companies holding such mortgages directing the suspension of foreclosures.

THE PLATFORM

We condemn the extravagance of the Farm Board and its disastrous action which made the Government a speculator of farm products.

THE FULFILLMENT

By Executive order issued March 27 President Roosevelt abolished the Farm Board and consolidated all of the agricultural credit agencies under one head, to be known as the "Farm Credit Administration" with an administrator, to be known as "the Governor" of the new organization. Large unexpended balances of the Federal Farm Board were thereby impounded and returned to the Treasury.

THE PLATFORM

We advocate the extension of Federal credit to the States to provide unemployment relief wherever the diminishing resources of the States make it impossible for them to provide for the needy; expansion of the Federal program of necessary and useful construction affected with a public interest, such as adequate flood control and waterways.

We advocate the spread of employment by a substantial reduction in the hours of labor, the encouragement of the shorter week by applying the principle in Government service. We advocate planning of public works.

THE FULFILLMENT

The platform pledges made for the relief of unemployment have been more than fulfilled. Within 3 weeks after his inauguration President Roosevelt put in motion one phase of his plan for unemployment relief by transmitting to Congress a bill for the creation of a Civilian Conservation Corps by which 250,000 unemployed would be given work in the national forests and the national parks. In addition to the cash allowance, they receive their food, quarters, clothing, and medical attention. Subsequent action adds 25,000 men from the unemployed bonus army to this reforestation corps. To this extent unemployment is reduced and various communities relieved of the expense incident to the support of 275,000 unemployed persons. The moral result is even greater by removing many youths from the temptations that would beset them in the towns and cities from which most of them are drawn. This involved no present additional taxation, as there was $200,000,000 of unobligated money already in the Treasury heretofore appropriated for public works.

The second phase of the administration's unemployment relief program was the passage of the so-called "Wagner-La Follette-Costigan bill" authorizing the grant of $500,000,000 outright to the States for the care of the unemployed.

The administration's vital blow at unemployment is the gigantic public works bill, transmitted to Congress on May 17, involving the control of industry, which provides for a $3,300,000,000 bond issue, to be retired over a period of years, at an estimated cost of $220,000,000 annually. This legislation was designed for the shortening of the working week, the payment of a decent wage, and the prevention of unfair competition and overproduction. It is limited to 2 years. It is estimated that the entire cost of this plan for Nation-wide reemployment can be met by the increased revenues that would follow the repeal of the eighteenth amendment.

Late in the session the Congress passed the Wagner-Peyser employment agency bill, providing for the Federal employment agencies and authorizing appropriations to carry out the same for each succeeding year until 1938.

In addition to these measures for unemployment relief, President Roosevelt has taken steps in behalf of wage earners already employed. In an address to the Chamber of Commerce of the United States he urged its members, representing the principal employers, to refrain from further reductions in wages and to increase wage scales in conformity to the rise in prices. The President also asked the Governors of 13 industrial States to urge the adoption of laws similar to the new minimum wage act of New York State.

INDUSTRIAL RECOVERY

History probably will record the National Industrial Recovery Act as the most important and far-reaching legislation ever enacted by the American Congress. It represents a supreme effort to stabilize for all time the many factors which make for the prosperity of the Nation.

Thus spoke the President as he signed the Industrial Recovery Act, a measure providing $3,300,000,000 for a public-works program—probably the greatest undertaking of its kind ever attempted by the Government.

Continuing, the President said—

The law I have just signed was passed to put people back to work—to let them buy more of the products of farms and factories and start our business at a living rate again. This task is in two stages—first, to get many hundreds of thousands of the unemployed back on the pay roll by snowfall; and second, to plan for a better future for the longer pull. * * * As in the great crisis of the World War, it puts a whole people to the simple but vital test: Must we go on in many groping, disorganized, separate units to defeat, or shall we move as one great team to victory?

The funds provided by this Industrial Recovery Act will be spent in various ways: $400,000,000 for highway building projects; $238,000,000 for construction of new vessels for the Navy; $9,000,000 for new airplanes for the Navy; the Post Office and Treasury Departments are to get by October first $100,000,000 for new post offices, quarantine stations, and so forth.

Further referring to this act, the President said:

In my inaugural I laid down the simple proposition that nobody is going to starve in this country. It seems to me to be equally plain that no business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By "business" I mean the whole of commerce as well as the whole of industry; by "workers" I mean all workers—the white-collar class as well as the men in overalls; and by "living wages" I mean more than a bare subsistence level—I mean the wages of decent living.

THE PLATFORM

We advocate the conservation, development, and use of the Nation's water power in the public interest.

THE FULFILLMENT

One advance step in the fulfillment of this platform pledge is the passage of legislation for the operation and development of the great plant at Muscle Shoals, almost entirely abandoned since the war. As pointed out by President Roosevelt, the potential public usefulness of the entire Tennessee River is involved in this legislation.

Such use—

He said—

if envisioned in its entirety, transcends mere power development: it enters the wide fields of flood control, soil erosion, reforestation, elimination from agricultural use of marginal lands and distribution and diversification of industry * * *. It touches and gives life to all forms of human concern.

This project includes a broad plan for the improvement of the whole Tennessee Valley and is designed to add comfort and happiness to the hundreds of thousands of people there and be generally beneficial to national recovery.

THE PLATFORM

We advocate quicker methods of realizing on assets for the relief of depositors of suspended banks, and a more rigid supervision of national banks for the protection of depositors and the prevention of the use of their moneys in speculation to the detriment of local credits.

The severance of affiliated security companies from, and the divorce of the investment banking business from, commercial banks, and further restriction of Federal Reserve banks in permitting the use of Federal Reserve facilities for speculative purposes.

THE FULFILLMENT

President Roosevelt entered upon his duties facing a banking crisis. A Nation-wide run on the banks of the country had already closed thousands that were weak or insolvent, and if permitted to continue would have brought about the closing of strong and solvent ones. His first Executive order declared a bank holiday so that it might be determined what banks were sound and able to resume business, and to aid those whose assets would warrant assistance that they might also resume. It was a period of terrible suspense for all bank depositors, especially for those whose life savings were involved. One week later the President took the people into his full confidence, explained the situation in such plain terms that every person of common understanding realized not only the necessity for his act but also that it was in behalf of the people themselves. Public confidence was almost immediately restored.

Congress was called to assemble 4 days later, and on that day the President transmitted an emergency banking bill legalizing his acts in the crisis, giving him full authority over the banking situation and providing additional currency to meet any necessity that might arise. The bill invested the President with the tremendous World War powers of regulation over transactions in credit, currency, gold, and silver, including foreign exchange. It also authorized the President, without invoking the war powers, to fix restrictions on the banking business of Federal Reserve members. The result has been that the banks which opened upon the lifting of the ban or since have remained open.

The temporary or emergency banking legislation is supplemented by the passage of the Glass banking bill, which provides for the safer and more effective use of the assets of banks, requires insurance of bank deposits in a limited amount, and prevents the undue diversion of funds in banks from commercial to speculative purposes.

THE PLATFORM

We advocate protection of the investing public by requiring to be filed with the Government and carried in advertisements of all offerings of foreign and domestic stocks and bonds true information as to bonuses, commissions, principal invested, and interests of the sellers.

Regulation to the full extent of Federal power of:

(a) Holding companies which sell securities in interstate commerce.

(b) Rates of utility companies operating across State lines.

(c) Exchanges in securities and commodities.

THE FULFILLMENT

The platform declarations for Federal control over interstate traffic in securities were made effective in a bill signed by the President on May 27. This act is to be administered by the Federal Trade Commission.

THE PLATFORM

We advocate a competitive tariff for revenue, with a fact-finding Tariff Commission free from executive interference, reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

We advocate a sound currency to be preserved at all hazards and an international monetary conference called on the invitation of our Government to consider the rehabilitation of silver and related questions.

THE FULFILLMENT

The continued depreciation of foreign currencies operated notably to the disadvantage of American producers and merchants. In the opinion of many, conditions which had not been anticipated by the previous administration made necessary the grant of extraordinary powers to the President with respect to the content of the gold dollar. Authorization for the issuance of Treasury notes secured by Government bonds and for the purchase by the Treasury of Government obligations is supported by numerous precedents. Manifestly the platform declaration, which declares for an international monetary conference to consider the rehabilitation of silver, did not commit the administration to the obligation to maintain the gold standard in spite of the fact that nearly all other commercial nations of prominence might abandon it.

As early as April 21 the President began conferences with representatives of many of the principal nations of the world with a view to facilitating the work of the International Economic Conference to meet at London. Differences of opinion have developed. Some of them are complex and present great difficulties. The Conference has potentialities of great benefits, but it must be remembered that the representatives of no one government can dominate its proceedings or direct the course that shall be taken respecting problems of vital importance to all the participants.

THE PLATFORM

We advocate a firm foreign policy, including peace with all the world, and the settlement of international disputes by arbitration; no interference in the internal affairs of other nations; the sanctity of treaties and the maintenance of good faith and good will in financial obligations; adherence to the World Court with appending reservations; the pact of Paris abolishing war as an instrument of national policy to be made effective by provisions for consultation and conference in case of threatened violations of treaties.

We advocate international agreements for reduction of armaments and cooperation with nations of the Western Hemisphere to maintain the spirit of the Monroe Doctrine.

THE FULFILLMENT

Demonstrating the firm foreign policy of the present administration and its desire for international peace, President Roosevelt addressed a message to 54 nations in behalf of disarmament and amicable relations. In this message he asked for a solemn, definite pact of nonaggression and that the nations should individually agree that "they would send no armed force of whatsoever nature across their frontiers." It was a courageous and dramatic act of high statesmanship which revived hope for the success of the Disarmament Conference in Geneva.

Thus far I have cited only the record of this session of Congress and acts of the Executive as they apply to the fulfillment of specific platform declarations. It is an incomparable record. The rapidity with which the legislation has been formulated and presented has been equaled only by the promptness with which the Congress has enacted it. I know of no other instance of equal cooperation by a legislative body with the Executive. There have been differences of opinion regarding detail, but they have been quickly composed and the desired result obtained. The Congress has not been a rubber stamp. The most obvious necessity of emergency legislation has been a speedy passport for its enactment, while other measures less urgent, or seemingly so, have been debated in considerable detail. The Congress, however, has realized that much was expected of the Executive, but it also has had a clear understanding of its duties and responsibilities to the people, and has endeavored to meet them as fully and as promptly as the distressful conditions of the country demanded.

This special session has also dealt with considerable important legislation not specifically pledged in the Democratic platform. Among these measures is the railroad reorganization bill, creating the office of Federal Coordinator of Transportation and dividing the railway lines into three separate groups. It also repeals the recapture clause of the Transportation Act of 1920. It provides for definite planning by the railroads with the aid of Federal authority for the purpose of eliminating duplication and waste resulting in railroad receiverships. With the assistance of the Commission it is designed and expected ultimately to overcome operating deficits. The bill also provides for financial reorganizations to reduce fixed charges so that the earnings may not be unduly impaired.

One of the most important measures dealt with by this Congress and not specifically pledged in the platform is the bill providing for the refinancing of mortgages on homes. This legislation creates an emergency loan corporation authorized to issue $2,000,000,000 in bonds which may be sold or exchanged for mortgages, with the interest but not the principal guaranteed by the United States Treasury. It provides also for moratoria on interest payments in case of extreme need.

Incidental to the President's Executive order declaring the bank holiday, he placed an embargo upon the export of gold, renewed later by Executive order.

The joint resolution which declared that obligations payable in gold "obstruct the power of the Congress to regulate the value of the money of the United States and are inconsistent with the declared policy of the Congress to maintain at all times the equal power of every dollar coined or issued by the United States" was signed by the President on June 5.

It declares that every provision of every obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency to be against public policy and further declares that every obligation heretofore or hereafter incurred, regardless of whether any such provision is contained therein, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts.

In other words, every dollar in coin or currency issued by the Government is given an equal value and is made legal tender for the payment of public and private debts.

Not all of these legislative acts are permanent changes in our Government, of course. So grave was the emergency and so acute was the distress at the time President Roosevelt took office, drastic and courageous action was imperative. It was with that thought in mind that the Congress acted promptly in providing for some pronounced alterations in the Federal Government. Some of the features of the Agricultural Adjustment Act, provisions of the Industrial Control Act, and the unemployment-relief measures are only temporary in their scope. It is hoped and expected that they will provide the necessary stimulus for industrial and agricultural recovery in the United States. Other phases of the legislative program of this Seventy-third Congress are permanent; and such measures as the Securities Act, the Muscle Shoals legislation, the banking law (Glass bill), and the modification of the Volstead Act to allow taxation of beer should prove of lasting benefit. It is hoped that all the legislation will prove effective as a stimulus of business activities. If what has been accomplished does bring the

country back to normal and permanent prosperity, the cooperation of the majority of Republican Members of this body and House of Representatives must be acknowledged, as they have reciprocated for action by the Democrats in the past Congress.

SIGNS OF BUSINESS REVIVAL

No one who keeps in touch with the daily happenings as recorded by the press can fail to be impressed with the reports from time to time from various sections of the country that there is a decided improvement in business. In the first statement on business conditions by the present Secretary of Commerce, issued on April 26, it was set forth that general business activity had progressed steadily since the latter part of March. It was noted, however, that the statistics for the month of March revealed a general decline.

On the 3d of May, however, the Secretary of Commerce, in a statement on business conditions, called attention to the upward trend in commodity prices, pointing out that the unofficial index of wholesale prices reached the highest point of 1933 in the previous week.

Retail sales were sustained at relatively high levels in many parts of the country.

The improvements noted in a general way by the Department of Commerce on May 3 were more specifically set forth in the financial pages of the press as early as May 7. On that date it was shown that the carloadings for the previous week gained 42,706. An Associated Press dispatch from New York showed that the rise in the stock market during April added nearly $7,000,000,000 to the value of shares listed on the New York Stock Exchange, and that the average price per share of stock had risen from $15.41 to $20.73. It also showed that the markets had continued to gain during the first week in May.

One of the most encouraging signs of the first week of the same month was the reopening of 117 banks, as reported by the American Banker—the largest number of weekly resumptions since the end of March.

In the agricultural field, a much better livestock market was reported, at prices varying from 25 to 40 cents higher around the circuit. Hog prices gained 5 to 20 cents and sheep 10 to 50 cents, according to the individual market. There was an advance in the cotton market which carried the price of July contracts in New York to approximately an 8½-cent level, or about $11 a bale above the low price touched on the reaction of late last March.

Compared with the previous week, wheat on the Chicago market was 8½ cents a bushel higher, with a rise of 9 to 11 cents in rye, 7¾ to nearly 9 cents gain in corn, and provisions showing a rise from 32 to 57 cents.

Chicago on May 6 reported that the March cash income of farmers rose about 17 percent above the February low.

One of the early wage increases of recent date was attributed by the Associated Press on May 6 to Detroit, where the American Store Equipment Corporation announced an increase to about 400 employees of 10 percent. Detroit also reported on the same date that the automobile industry estimated a May output of about 200,000 units, which is 40 percent higher than the volume for May 1932.

New York reported that leather was up from 15 to 25 percent. There was a rise in tire prices for the first time in the year of 1933.

On May 8, following this encouraging news, a New York Stock Exchange firm announced a salary raise of 10 percent "in support of President Roosevelt's program to revive business and increase purchasing power." From Chicago on the same day the Cord Corporation announced a blanket increase of 5 percent to their employees in automobile plants and affiliated industries, affecting more than 10,000 individuals in 25 States.

One week later, on May 13, New York reported the greatest volume of business in recent years in cotton goods. For that same week the first gain in unfilled orders of the United States Steel Corporation since October 1932 was reported, with an increase in steel-ingot production to an estimated 31 to 33 percent of the country's capacity. Since then steel-ingot production has increased to more than 40 percent. For the same week, for the first time in nearly 3 years, electric-output consumption ran at a higher rate than in the previous year. As reported by the Edison Electric Institute, the gain for the week was 3,675,000 kilowatt-hour production. Automobile production for the week of May 13 was the highest weekly figure attained since the week of June 27, 1931. The output was estimated at 51,671 units.

In the lumber business the National Lumber Manufacturers' Association reported new business for the week amounting to 208,665,000 feet. Steel mills at Chicago jumped 28 to 30 percent, and the daily metal trade publication announced that the steel industry for the week was running at 33-percent capacity.

Dow Jones & Co.'s statistician estimated sometime ago that when the mills reached the 35-percent figure they would start doing their bookkeeping with black ink instead of red. For the week ending May 13 hogs reached the price of $4.80, establishing a new high since last September. Wheat in the Chicago market advanced to the level of 75 cents a bushel, or from 31⅛ to 32½ cents above the low point of the season.

On May 17 Secretary of the Treasury Woodin reported that frozen deposits in national banks which had not yet been licensed now total about $1,500,000,000 out of more than $17,000,000,000 of deposits when the national-bank holiday was proclaimed.

On May 22 the Chairman of the Reconstruction Finance Corporation reported that bank reopenings had passed 125 a week and that the Corporation had received back about $500,000,000 of money loaned the banks, trust companies, and related institutions. He cited these and other facts as evidence that the Nation was recovering under the lead of President Roosevelt. As another sign of returned confidence in the fiscal affairs of the Government, the latest issue of a billion dollars in securities by the Treasury was reported on June 8 to be oversubscribed five times, despite the absence of the gold clause.

The increased industrial operation in business and the steady improvement in agricultural prices have been accompanied by increases in employment and in wages of workmen.

The following items are taken at random from the month of May reports in the daily press:

Steel mills at Gary reopened, calling back to work more than 3,000 men.

The pay roll of the Inland Steel Co. at Hammond, Ind., now shows 4,300 employees, estimated to take about 1,500 families off the local relief rolls as a result of newly created jobs.

The national plant of the American Sheet & Tin Plate Co. at Monessen, Pa., resumed 100-percent operation on May 22 with 1,600 men. The plant has been idle since March 15.

The Laughlin Tin Plant at Martins Ferry, Ohio, has advanced to 100-percent operation, adding 300 employees to the 1,200 previously employed.

Seven textile mills in eastern Massachusetts announced wage increases on May 20 to more than 30,000 employees. Some of the increases have been as high as 15 percent. Numerous manufacturing plants in Connecticut and Ohio, including the Remington Arms Co. at Bridgeport and the Goodyear and Firestone plants, have recalled many employees by reason of increased production.

The Pittsburgh Coal Co., in the latter part of May, announced a 10-percent increase of wages to 8,000 miners in 12 of the company's mines, including 1 Kentucky mine—the first upward revision in the company's wages since 1926. Other companies, employing from 1,000 to 1,200 men, also made a 10-percent increase in the wages of their miners.

Four hundred miners in the tri-State district lead and zinc mines in Oklahoma have received wage increases of 25 cents a day.

Four Rhode Island textile companies announced wage increases of from 10 to 12 percent in the latter part of May. Two of them employ 5,500 workers.

A 12½-percent wage increase was also announced by seven Maine cotton mills, affecting 5,000 employees.

Reopening of plant at the Universal Atlas Cement Co. in Indiana on June 1 put between 300 and 400 men back to work.

On the other side of the continent at Portland, Oreg., and Longview, Wash., a pay-roll increase of $150,000 a month in the Douglas fir plywood industry was given 6,000 workers, making their average wage 80 percent of the amount paid in predepression years.

On June 8 a 12-percent increase in wages was given the mine workers of two large Ohio steel companies, while a firebrick company announced wage advances for its 200 employees. At Youngstown, Ohio, the pay roll of industrial plants increased 50 percent in the month of May, according to a special dispatch to the New York Times.

The foregoing are only scattered items of news in the daily press and are only a part of those reported. They are used here merely for the purpose of showing that increases in employment and wages are not confined to any section or to any industry, and that they are made by small employers of labor as well as by the larger ones.

The steel industry is now operating at 50-percent capacity, according to the Iron Age, for the first time since April 1931. This is 15 percent above the dividing line between profit and loss. The last monthly report of the American Federation of Labor estimates that a total of 1,629,000 persons gained employment since the end of March.

The New York Times Weekly Index of Business Activity for the week ending June 10 indicates that the trend of business, as advanced for 12 consecutive weeks, registered a 45-percent gain since the low point in the week ending March 18.

May imports increased $18,588,300, according to the report of the Department of Commerce, the largest advance in any month since the beginning of the downward trend in 1929. This increase is credited to the general improved condition of domestic industry in the United States, requiring large quantities of foreign raw material. May exports increased by $8,781,000, due largely to increased shipments of cotton.

Miscellaneous internal-revenue taxes will show a gain over the last fiscal year of $350,000,000. At the present rate of receipts, they are estimated to amount to $1,500,000,000 annually.

The details of the rise in commodity prices since the inauguration of Franklin Roosevelt on March 4, together with a comparison of the prices on June 6, 1933, with June 7, 1932, are contained in the following table herewith appended:

The Annalist weekly index of wholesale commodity prices

[Unadjusted for seasonal variation]

	Farm products	Food products	Textile products	Metals	Building materials	Chemicals	Commodities
1933							
June 6	82.3	97.8	[1] 93.2	99.3	107.0	95.5	92.7
May 29	[2] 83.9	97.1	[2] 92.3	98.3	107.0	95.5	92.7
May 23	81.3	96.9	87.4	97.1	106.9	95.5	91.1
May 16	81.3	97.3	82.3	96.1	106.7	95.5	91.0
May 9	76.9	94.1	80.6	95.8	106.6	95.5	89.3
May 2	74.9	93.7	77.8	95.2	106.6	95.5	88.2
Apr. 25	71.5	93.4	73.0	94.8	106.6	95.0	86.3
Apr. 18	68.1	89.6	69.4	93.0	106.6	95.0	83.7
Apr. 11	67.5	89.4	67.2	93.3	106.6	95.0	83.3
Apr. 4	65.3	87.1	66.0	92.7	106.6	95.0	81.7
Mar. 28	65.4	87.1	66.8	94.0	106.6	95.5	82.0
Mar. 21	65.9	88.7	67.5	94.4	106.6	95.5	82.7
Mar. 16	66.0	87.8	68.0	95.1	106.5	95.5	82.7
Mar. 3	62.8	84.2	65.3	93.8	106.5	95.5	80.4
1932							
June 7	64.8	90.6	69.1	96.0	107.3	96.0	87.4

[1] Preliminary. [2] Revised.

The following table shows prices received for staple agricultural products by months since the inauguration of President Roosevelt, compared with the month of May 1932, as estimated by the Department of Agriculture. The index basis is 100 for 1910–14:

	May 1933	April 1933	March 1933	May 1932
Farm prices received:				
Cotton [1]	65	49	48	42
Grains	62	47	36	49
Meat animals	65	57	56	59
Poultry products	62	56	54	60
All groups	62	53	50	56

[1] Including cottonseed.

DEMOCRATIC PLATFORM PLEDGES AND THEIR FULFILLMENT

PARTY PLEDGE	PARTY PERFORMANCE
1. Agriculture, restoration of.	Message from the President March 27 advocating reorganization of the agricultural credit agencies of the United States. Message from the President April 4 proposing the refinancing of mortgage and other farm indebtedness. H.J.Res. 135 (Public, No. 5, approved May 1). To provide loans to farmers for crop production and harvesting. H.R. 3835 (Public, No. 10, approved May 12). To relieve the national economic emergency by increasing agricultural purchasing power. H.R. 5790, Farm credit bill.
2. Armaments.	President's message May 16. To heads of sovereign nations expressing hope that peace may be assured through practical measures of disarmament.
3. Army and Navy, adequate.	Policy of naval and military establishments to maintain adequate defense, including replacements of obsolete equipment.
4. Banks, sound.	Message from the President April 9 asking control over banks. H.R. 1491 (Public, No. 1, approved Apr. 9). Providing relief in the existing national emergency in banking. H.R. 3757 (Public, No. 4, approved Apr. 24). Providing for direct loans by Federal Reserve banks to State banks and trust companies. S. 1415 (Public, No. 20, approved May 20). Removing the limitations on national banks. H.R. 5661 (Public 66, approved June 16). To provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations.
5. Budget, balanced.	Message from the President April 10 asking prompt action respecting finances to balance Budget. H.R. 2820 (Public, No. 2, approved Apr. 20). To maintain the credit of the United States. (Tremendous cuts for all departments, together with authority for the President to consolidate departments in the interest of economy and efficiency.)
6. Children, protection of.	Child labor prohibited under regulations of Industrial Recovery Board.
7. Economy, reduction in Government expenditures 25 percent.	H.R. 2820 (Public, No. 2, approved Apr. 20). To maintain the credit of the United States. (Tremendous cuts for all departments, together with authority for the President to consolidate departments in the interest of economy and efficiency.)

PARTY PLEDGE	PARTY PERFORMANCE
8. Economic Conference, International.	Called for June 12, London, England.
9. Farm Board, condemn the extravagances of.	Abolished—consolidation of wholesome activities under the Farm Credit Administration.
10. Farm commodities, price level for.	H.R. 3835 (Public, No. 10, approved May 12): By reduction of acreage in various crops. By entering into agreements with processors, producers, etc., regarding marketing. By licensing producers, processors, etc. By employing the Smith cotton plan (granting options on Government cotton to farmers who cut acreage).
11. Federal credit to the States.	Restoration of State activities by public-works construction—$500,000,000 in La Follette-Costigan-Wagner Act (Public, No. 15).
12. Flood control.	H.R. 5081 (Public, No. 17, approved May 18). Muscle Shoals plans for control carried in this bill (provisions to take care of destructive flood waters in the Tennessee River and Mississippi River Basins).
13. Foreign debts, opposed to cancelation.	The President on June 14 said: "The Congress in December 1931, in approving the moratorium in June of that year, specifically set forth that the debts should not be canceled or reduced."
14. Foreign securities, condemn fraudulent issuance of.	H.R. 5480 (Public, No. 22, approved May 27). Providing for full and fair disclosure of the character of securities sold in interstate and foreign commerce and to prevent fraud.
15. Labor, shorter working week—shorter hours.	H.R. 5755. Industrial recovery bill.
16. Monetary Conference, International.	Called for June 12—London.
17. Philippine independence.	H.R. 7233, Seventy-second Congress, second session. To provide for the independence of the Philippine Islands. Introduced in a Democratic House of Representatives and passed Congress. (Public, No. 311.)
18. Prohibition, repeal; modify Volstead Act (beer).	Message from the President March 13 urging immediate modification of the Volstead Act. H.R. 3341 (Public, No. 3, approved Apr. 22). Beer. To provide revenue by taxation of certain nonintoxicating liquor. S. 562 (Public, No. 6, approved Mar. 31). Relating to the prescribing of medicinal liquors. Joint resolution for repeal submitted to the States. Introduced in Democratic House of Representatives, Seventy-second Congress, second session, and passed Congress. (S.J. Res. 211.)
19. Public works.	S.J.Res. 14 (Public Res. No. 2, approved Apr. 23). Authorizing the Reconstruction Finance Corporation to make loans for financing the repair or reconstruction of buildings damaged by earthquake. S. 598 (Public, No. 5, approved Mar. 21). Relief of unemployment through performance of useful public works. H.R. 5755. Industrial Recovery Act. (Public, No. 67.) H.R. 4606. Wagner-La Follette-Costigan. (Public, No. 15.)
20. Saloon, prevent return of.	District of Columbia Beverage Act, providing that no beverage shall be sold or served in any room not used primarily for the serving and consumption of food.
21. Securities, safe.	Message from the President March 29 advocating Federal supervision of traffic in investment securities. H.R. 5480 (Public, No. 22, approved May 27). Providing for full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof. S. 1094. Authorize purchase of insurance-company securities by the Reconstruction Finance Corporation. (Public, No. 35.)
22. Silver, rehabilitation of.	H.R. 3835. Accepting $200,000,000 in silver on foreign debts. (Public, No. 10.)
23. Subsidies, revoke improvident.	Paragraph in the independent offices bill giving the President power to revoke any subsidy granted during past Congresses, but providing matter could be appealed to courts.
24. Tariff, condemn Smoot-Hawley Act.	International Economic Conference, now in session in London; also to discuss reciprocal tariffs.
25. Unemployment, relief for.	Message from the President March 21 asking for unemployment relief. Message from the President May 17 asking cooperative movement to obtain reemployment. H.R. 4606 (Public, No. 15, approved May 12). Providing for cooperation by the Federal Government with the several States and Territories, and the District of Columbia, in relieving the hardship and suffering caused by unemployment. S. 598 (Public, No. 5, approved Mar. 21). Providing for the relief of unemployment through performance of useful public works. H.R. 5755. Industrial Recovery Act. (Public, No. 67.)
26. World peace.	President's message to the heads of sovereign nations, May 16, 1933, "that all nations of the world shall enter into a solemn and definite pact of nonaggression, etc."

LIST OF PUBLIC LAWS PASSED DURING FIRST SESSION, SEVENTY-THIRD CONGRESS

Subject of bill	*Law*
Emergency banking bill	Public, No. 1.
Economy bill, 1933	Public, No. 2.
Beer, taxation of	Public, No. 3.
District of Columbia, beer in	Public, No. 7.
Farm mortgages, mineral rights	
Banking relief, State banks	Public, No. 4.
Agriculture, emergency relief	Public, No. 10.
Government records, to protect	Public, No. 37.
District of Columbia appropriations	Public, No. 70.
Unemployment relief, public works	Public, No. 15.
Apples and/or pears	Public, No. 39.
Revenue, gasoline and postal rates	Public, No. 73.
Muscle Shoals	Public, No. 17.
Code, Criminal, to amend sec. 289 of	Public, No. 62.
Probation law, violators	Public, No. 74.
Public land, homestead or desert-land entries	Public, No. 76.
Home owners' loans	Public, No. 43.
Independent offices appropriations	Public, No. 78.
Deficiency appropriations, third	Public, No. 26.
Securities, supervision of	Public, No. 22.
Banking Act of 1933	Public, No. 66.
Defense Act, to amend	Public, No. 64.
Oklahoma beer	Public, No. 82.
Industrial Recovery Act	Public, No. 67.
Agriculture, Farm Credit Act	Public, No. 75.

LIST OF PUBLIC LAWS PASSED DURING FIRST SESSION, SEVENTY-THIRD CONGRESS—continued

Subject of bill	*Law*
Deficiency appropriations, fourth	Public, No. 77.
Mining claims	Public, No. 18.
Claims of Indian pupils	Public, No. 27.
Employment system	Public, No. 30.
Medicinal liquor	Public, No. 6.
Conservation Corps, reforestation	Public, No. 5.
Stock-raising homesteads	Public, No. 34.
Survival of certain actions in favor of the United States	Public, No. 80.
Insurance companies, for relief of	Public, No. 35.
Inspection of boilers	Public, No. 40.
Bank reorganizations	Public, No. 19.
Removing limitations on national banks in certain cases	Public, No. 20.
Issue of stock by national banking associations	Public, No. 56.
Sales of timber on Indian land	Public, No. 81.
Railroad reorganization	Public, No. 68.
Administering of oaths by members of international tribunals	Public, No. 31.
Amending sec. 1025 of Revised Statutes	Public, No. 16.
Redemption of certain national-bank notes	Public, No. 41.
Reconstruction Finance Corporation loans to building-and-loan associations	Public, No. 51.
Amending sec. 74 of the Judicial Code	Public, No. 57.
Coinage of 50-cent pieces commemorating the anniversary of the independence of Texas	Public, No. 59.
SENATE JOINT RESOLUTIONS	
Earthquake relief, California	Pub. Res. No. 2.
Designating May 22 as National Maritime Day	Pub. Res. No. 7.
HOUSE JOINT RESOLUTIONS	
Swimming tank, White House	Pub. Res. No. 3.
Loans for crop production, 1933	Pub. Res. No. 5.
Extending time for application of claimants, Mixed Claims Commission	Pub. Res. No. 11.
Uniform currency	Pub. Res. No. 10.

[Page ad—New York Times, Sunday, June 25, 1933]

BEHOLD THE NATION RISING TO LEADERSHIP!

No man of observant eye can fail to mark the change that has come over America in the past 3 months.

You can see it in the records which the trained business analyst follows: Commodity prices are surging up.

You can see it in advertising and in the stores where you go to buy: Retail prices already have made a slight rise.

You can see it in city after city where the wheels of industry are turning again: Men are marching back to work.

After 3 years in which business withered because prices were chiseled lower and lower—in which people feared to spend money and held back lest prices drop still lower—a new spirit of courage and confidence has started people buying!

This new spirit, this new courage, is born of a single cause—leadership. This new confidence, expressed in a reviving trade, is the direct result of vision, enterprise, competence concentrated upon a clearly understood task.

Just as surely as the men and women of America recognize and respond to national leadership, so do they react to leadership in the everyday things of life.

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THE GOODYEAR TIRE & RUBBER CO., INC.,
R. W. LITCHFIELD, *President*.

[Washington Star, June 1933]

THE GREAT EMPLOYER

The Federal Government is fast preparing to do its share toward bringing employment to the unemployed. The plans for the operation of the public-works program, for which Congress has appropriated $3,300,000,000, are taking shape and already there has been an allotment of $400,000,000 to be used in highway development throughout the States, in the District of Columbia, and in the Territories. In addition $135,000,000 has been allocated to be used for construction work at Army posts. Rules have been adopted relating to employment on highway construction. In the regulations provision is made for a 30-hour workweek, for a minimum wage, and for the use of human labor in place of machines "where consistent with sound economy." Preference must be given to former service men with dependents, to bona fide residents of the districts in which the work is carried on, and to residents of the States where the work is located, in the order named. The plan is designed to give the maximum employment at wages that are fair and capable of providing a living, and at the same time the problem of a national highway system is not overlooked. The funds for the road work will become available July 1.

* * * * * * *

The Government's public works program represents the contribution of the American people through their Government to the solution of the unemployment problem. It is a contribution by the public, because the bills for these public works, including both labor and material, must come out of the pockets of the people. There has been much argument regarding the efficacy of this attempted cure of unemployment. The time for argument has passed. The experiment is under way. The elected representatives of the people have decreed that a huge sum of money is to be expended for public works. That the experiment will be beneficial is necessarily the hope of the people.

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[New York Times, June 1933]

The more convincing becomes the evidence that financial and industrial recovery is genuinely under way, the more one hears of divergent reasons for it. That a definite turn has come, the customary indices without exception testify. Activities of textile mills in May were the largest of any month since October 1929. Freight loaded for distribution by the railways, which since 1929 had at no time until last month equaled the loadings for the corresponding period a year before, has thus far in June exceeded 1932 by 193,200 cars, or 13 percent. The country's steel production, now at the year's highest to date, has considerably more than doubled itself since March—a period usually marked by decreasing output. Business insolvencies, compiled for May in the whole United States, were numerically the smallest of any month in 4 years. The rise of average prices, doubtless both effect and cause of the trade recovery, is computed by the conservative Labor Bureau statisticians to have been more than 2 percent since the opening of March.

[From the Washington Star, June 1933]

A BREAK FOR THE FARMER

The rise in wholesale prices at this time is encouraging to everybody as indicating an upturn in business, but for the farmer it is spreading happiness and joy. For every time the wholesale price level rises, the level of agricultural prices rises much faster, while the prices paid by farmers for commodities which enter their cost of living lag behind. Thus, a gain in agricultural prices is a gain in more ways than one for the farmer.

What has happened this year can be understood by the following comparisons in price indexes:

	Prices of farm products	Wholesale prices	Prices paid by farmers for commodities bought
January	51	61	104
February	49	60	102
March	50	60.2	101
April	53	60.4	100
May	62	62.7	100

As it is seen, since the beginning of the year the prices received by the farmers for the commodities they sell have gained 11 points, wholesale prices have gained almost 2 points, while the farmer's costs have fallen by 4 points. In other words, he is receiving more money for his products, but what he buys is cheaper. That is clear gain for him in the purchasing power of his dollars.

Today wholesale prices have risen since the end of May to 64.5, and the rise in agricultural prices has been even greater. The process of what happened to the farmer when wholesale and agricultural prices began their fearful slump in 1925 is being reversed today. From 1925 until the end of 1932 the prices received by the farmers for the commodities they sold decreased by 90 points, while the prices paid by the farmers decreased by only 59 points.

[Washington Star, June 1933]

CAPPER FORECASTS STEADY BETTERMENT—MORE EMPLOYMENT AND BETTER PAY SHOULD RESULT FROM HIGHER PRICES, HE SAYS

A steady improvement in economic conditions during the next few months was predicted last night by Senator CAPPER, Republican, of Kansas, who said: "Commodity prices should continue to improve, making possible more employment and at better wages."

"Commodity prices are on the rise", said the Kansan. "Stock-market levels are higher and promise to go still higher. There will be recessions in both, some of them sharp. But the tendency is upward, and that means increased employment and more purchasing power.

"So far as the Farm Belt is concerned, things are on the upgrade again. The farm-mortgage relief sections of the Agricultural Adjustment Act are operating to relieve the farm-mortgage situation. Coupled with local tax reductions, which are very general and noticeable throughout most of the Farm Belt, the Government aid to agriculture, through mortgage relief and through increased returns for agriculture through inflation, through better employment conditions, through the price-raising features of the Farm Act, are bound to increase the purchasing power in the Farm Belt."

[Excerpt from a full page ad by the Literary Digest—The Washington Star, 1933]

THE LITERARY DIGEST IS RECORDING THE REBIRTH OF A NATION

With new vision and new leadership a Nation dormant and discouraged suddenly comes to life. Inspired by the courage and

driving force of a new leader optimism flares overnight. A great populace, too long idle and despondent, becomes busy, active, happy again. Since President Roosevelt delivered his inaugural nearly 2,000,000 men have gone back to work. News, big news, epoch-making news flashes over the wires. History—vital and significant—is in the making.

[The Washington Post, 1933]

GAINS IN BUSINESS REVEALED AS COVERING ENTIRE NATION

NEW YORK (A.P.)—Business gains throughout the country in the last 2 months are characterized as "decisive" by the New York Board of Trade.

It made public yesterday the results of a survey garnered from chambers of commerce, boards of trade, and other organizations in more than 100 cities.

As a result the board says: "Using every index by which business is measured, the replies indicate substantial progress generally throughout the entire country."

Percy C. Magnus, president of the board, commented: "Upon reading the reports that have reached us * * * the conclusion is inescapable that the depression is over and that we are well on the road to recovery. The 4 months of March, April, May, and June witnessed economic changes of colossal proportions."

The survey showed improvement in employment, working hours, wages, and volume of sales.

SILVER IN THE MONETARY SYSTEM

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the RECORD an open letter addressed to President Roosevelt by the Spokane branch of the American Monetary Reform Association, and also a letter from Mr. D. F. Guinan, president of the Merchants Banking Trust Co., of Mahanoy City, Pa., on the subject of the use of silver in the monetary system.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

AN OPEN LETTER TO PRESIDENT ROOSEVELT

SPOKANE BRANCH OF THE AMERICAN
MONETARY REFORM ASSOCIATION,
Spokane, Wash., March 27, 1933.

HON. FRANKLIN D. ROOSEVELT,
Chief Executive of United States of America,
Washington, D.C.

DEAR MR. PRESIDENT: Pardon us for intruding upon your valuable time, but we are prompted by a spirit of patriotism, national pride, and the trend of public sentiment to invite your attention to a few statements and authorities relating to the silver question.

While the facts hereinafter set forth are matters of record, doubtless many Members of both branches of Congress are not familiar with the history of the important subject of silver and its relation to universal human needs, for the reason they may not have had access to the information herewith respectfully submitted, in substance as follows:

DEMONETIZATION OF SILVER

In the House of Representatives, February 10, 1873: See Appendix to the Congressional Globe, part 3, Forty-second Congress, third section, CXXXI, an act revising and amending laws relative to mints, assay offices, and coinage of the United States, pages 236 to 240, both inclusive. Section 15 states that the silver dollar shall be legal tender up to $5 for any one payment. (After this bill had passed the House it was surreptitiously changed and never read before its final passage in the Senate. Thus the forgery and fraud.)

Also, in the Senate, February 12, 1873: Congressional Globe, part 2, Forty-second Congress, third session, page 1280, top of third column. (This was the date of the final passage of the bill in the Senate demonetizing silver.)

For more complete details of this revolting crime we refer you to A Call to Action, by J. B. Weaver, 1892. Read especially pages 319, 320, and 321. This book contains 446 pages and is a thorough treatise of the destruction of silver in our monetary system. See also quotations from Senator Jones on pages 300–301 and 322–323. Book should be found in public library.

Crime of 1873, by former United States Senator Charles S. Thomas, of Colorado; republished in Spokane Mining Truth, December 1 and 15, 1932. (15 cents per copy.) Rothschilds led the first assault for the demonetization of silver.

Special attention is called to the Bankers' Magazine of August 1873, stating that $500,000 of foreign money was used to bribe Senators and Congressmen who aided in demonetizing silver. (Excerpt found in the Weaver book.)

Imperial Washington, by the late United States Senator R. F. Pettigrew, whose 50 years in public life is told in this book. It deals clearly with the silver question. Charles H. Kerr & Co., Chicago. $1.25.

Senator WHEELER's speech in Congress January 25, 1933, covers the question quite completely. All should study the facts therein given.

To further emphasize the importance of remonetizing silver—as provided in the Wheeler bill—a few excerpts are quoted from Bulletin 80, Money and the World Crisis, by H. S. Denny, C.B.S., 1931. We quote:

"The bimetallic unit basis is a dual standard in one sense and single in another, designed to suit the needs of the rich and the poor, individually and collectively.

"Remonetization of silver for currency purposes alone would immediately absorb all floating supplies and there is more danger of a famine than a flood.

"Remonetization of silver is an act of just restitution. Myriads of humble people have had their life insurance gratuitously and drastically cut down by the imposition of the gold standard and accompanying degradation of silver.

"Finally, the world has to have more metallic money than present gold reserves represent, and the quickest, fairest, and most effective method of meeting the demand is reformation of the existing currency condition."

(Mr. Denny is a mining engineer of world-wide experience and a well-known technical writer. Bulletin No. 80 can be had from Hon. Charles McCrea, minister of mines, Toronto, Canada.)

B. C. Forbes, recognized financial authority, says:

"If every gold dollar in the United States were tendered in payment for taxes, the bill would not be one third settled. If all the paper currency in circulation throughout the country were added to all the gold we would still owe the tax-collector as much more again—and more."

If still in doubt of the justice and necessity of restoring silver to its former place with gold, write to Judge James H. Teller (35 cents), Denver, Colo., for a copy of "Money: The Silver Question and Bimetallism."

The populace of all nations are pleading for a standard of money with full debt-paying power, and would follow if the United States would take the lead and restore silver, but they have been cowed and dominated by the international bankers and money changers and are only waiting for a leader.

Credit inflation and managed currency (paper) are fundamentally unsound and uncontrollable, and is the most dangerous inflation that any government can indulge in. Currency based upon metallic inflation is a permanent inflation by reason of the fact it is limited by nature.

The dastardly crime of demonetizing silver in 1873 was accomplished without the knowledge of the American people and without the approval of either the Republican or Democratic Party or any other political organization—which fraudulent legislation was contrary to the sound, patriotic principles upon which this great Republic was founded.

According to Congressman William D. Kelly, the bill which brought about the demonetization of silver originated with the Treasury Department, and the Congressional Globe reveals that Congressman Samuel Hooper, of Massachusetts, was the "key" man in the House and that John Sherman, of Ohio, was the arch traitor in the Senate, and with their insensible connivance, working in conjunction with one Ernest Seyd, representative of the international bankers and Bank of England, committed this revolting crime of demonetizing silver and at the same time set up the single gold standard in the United States in lieu of the bimetallic system—thus destroying more than half of the wealth of the nations of the world, which merciless destruction is responsible for the ruin of American homes, American industries, and innumerable private business enterprises and commercial undertakings. The ruinous effect of this brutal system and reprehensible policy have been more disastrous than the World War, which internecine conflict was the outgrowth of an avaricious greed for gold by the money changers.

Between 1870 and 1876 all nations of Europe that were not already on the gold standard, demonetized silver and adopted the single gold standard—followed by bankruptcy, crime, destitution, and untold misery, a condition similar to that of the present but not so intense and far-reaching.

It is passingly strange that so few persons in public life associate our damnably corrupt monetary system with the crisis that is crushing civilization out of existence, as evidenced by the utter collapse of almost every undertaking, whether in civic circles, commercial pursuits, religious movements, or social activities. It is only now and then one will find a man who has the courage to strike at the root of the evil that is responsible for the chaotic condition with which the whole world has been cursed for the past 3 or 4 years.

In this connection it is well to take note of this indisputable fact—a fact upon which all economists of recognized authority agree—that the price of silver governs the price of all commodities and the price of labor. Therefore, serious thought should be given to the almost incredible and astounding truth that four London brokers, affiliated with bankers in New York City, Shanghai, China, and Bombay, India, fix the price of silver daily. This statement is made on the authority of Herbert M. Bratter, of the United States Department of Commerce, in an article in the Denver Mining Record, January 28, 1933. So long as these international bankers and brokers control the price-fixing of silver they can bring on an economic war at will, causing bankruptcy and the destruction of property values of every kind and character, followed by crime, distress, and poverty. Or they can create artificial prosperity for the sole purpose of growing another "flock of lambs to fleece", as has been done in regular periodical cycles for more than 50 years. It must be remembered that when the price of silver was fixed at 30 cents, the price of wheat sought the same low level, as did other commodities. Wheat at 30 cents per bushel is at least 50 cents below cost of production, and when the prosperity of the farmer is destroyed, all other undertakings are correspondingly affected. The victims of depression's ruthless war are reflected by hundreds of thousands of farmers losing their

farms, and city folks losing their homes, adding millions to the ranks of the unemployed and forcing thousands into the breadlines.

This indefensible system of price-fixing of silver by a small coterie of foreign brokers and international bankers is sent broadcast daily by way of controlled news agencies and a subsidized press. This criminal conspiracy is, therefore, responsible for the economic war which encircles the globe, robbing its inhabitants of their wealth, driving them from their homes and even depriving them of the right of existence. Nations are devastated, their potential resources placed in jeopardy, and the morale of the people sadly demoralized—all for the benefit of a band of legalized pirates who control the gold.

At this point it is pertinent to quote from an alleged secret document written over 30 years ago and later published, purporting to have had its origin in close proximity to the international bankers, to wit: "All wheels of state mechanism are set in motion by power, which is in our hands, that is to say, gold."

From earliest history silver has been used as money, and long before gold was adopted as coinage, silver was in use all over the world, and, as money, has served countless myriads who never possessed a gold coin. Long before the Roman Empire became the mistress of the civilized world the par value of silver and gold was stabilized by custom or conviction at 12 ounces of silver to 1 ounce of gold. For many centuries the ratio established by custom was between 12½ and 14½ to 1, this ratio being based upon the relative production of the two metals. The average for the period of 438 years, dating from 1493, is 14.5 ounces of silver to 1 of gold. For hundreds of years, therefore, the price ratio of silver to gold was approximately 14½ to 1, the average price up to 1873, when silver was demonetized, being a little over $1.40. From 1833 to 1873, however, the price fluctuated from $1.30 to $1.36.

The facts stated in the first foregoing paragraph should make it clear to the average citizen that the single gold standard does not furnish an adequate supply of legal-tender money, with full debt-paying power, to meet the enormous obligations imposed upon the yellow metal to carry on the commerce of the world. Over 10,000,000 men tramping the highways seeking employment to support themselves and families is a warning that when you "impoverish labor you imperil the whole structure of society."

Accepting available statistics as reliable, the aggregate of silver coins in circulation over all the world is but $4,000,000,000 which if added to the $11,000,000,000 of gold in existence, will not pay even one half of the annual interest charge on the world's indebtedness of $750,000,000,000 gold-bearing bonds. The interest at 5 percent on this debt amounts to $37,500,000,000 annually, more than three times all the gold in the world for monetary use. The ratio between this debt, payable in gold, and the $11,000,000,000 of gold in coin, is approximately 75 to 1. This is an object lesson that should warn financiers, bankers (Jew or Gentile), and lawmakers and high officials that the single gold standard is a menace to humanity, and that unsettled conditions, the strife and struggle for existence, that chaos and turmoil will continue throughout the world so long as gold is buried beneath the burden of debt—the interest upon which can never be paid, to say nothing of the principal.

Witness Arthur Brisbane: "If all the gold mines in the world shipped every ounce of their production, it would take 34 years to meet America's tax charges for 12 months."

Mark Sullivan, the well-known political commentator, wrote under date of May 23, 1931: "I gather that you regard the currency question, that is, gold and silver, as the most fundamental. I may tell you that I receive an immense number of letters taking the same view."

Bimetallism is the most direct cure for our financial ills, and it is incumbent upon the United States to take the lead in this movement. This is a creditor Nation, and not only has the right but has the power to restore silver to its rightful place in our monetary system, which can be done with the Wheeler bill, no. 2487, now pending before Congress. It provides for the free coinage of silver at the ratio of 16 to 1. No substitute will meet the necessity of the hour. The adoption of this bill would permanently fix the price at $1.29 or thereabouts, which price would correspondingly affect the price of wheat, consequently making a market for the farmer for his wheat crop at a profitable price. The Wheeler bill adopted would destroy the nefarious business of the foreign brokers who gamble with the welfare and lives of 2,000,000,000 people who are at the mercy of these international sharks.

It is absurd and illogical to waste time and money for holding an international conference with these bankrupt debtor nations with the cards stacked against us. Judging from past experience nothing whatever will be accomplished toward restoring silver to its former place in our monetary system. The only way that silver will ever be rehabilitated will come through the action of Congress of the United States. The sooner this fact is recognized and acted upon, the sooner this Government will get on a sound financial footing and start on the highway of prosperity. No one piece of legislation will return more men to work than the passage of the Wheeler bill. Every industry and every trade channel will readily respond to the beneficial effects of the adoption of this 16-to-1 silver measure.

Scarcely a nation on earth has any silver to spare if silver was remonetized, and in proof of this statement we quote Senator PITTMAN, who was reported by the Associated Press on March 10: "If you are going to expand the currency, there is a limit to silver expansion, as there are only 12,000,000,000 ounces in the world; which could be made to provide $15,000,000,000 in sound metallic currency, ready to circulate."

Should the passage of the Wheeler bill fail (but we are not conceding that it will), the act of February 12, 1873, demonetizing silver through the device of bribery, forgery, and fraud, should be set aside by the Supreme Court of the United States. Surely the statutes of limitation do not run against a crime which has been the primary cause of bankrupting the Government of the United States of America as well as millions of her patriotic citizens. It is never too late to right a wrong. It is time to act.

There appears to be a custom for Senators and Congressmen to leave their seats and retire to cloakrooms when a Member is speaking upon some measure, and even refraining from voting. This custom should be abolished. The public is heavily taxed to carry on the Nation's business, and when Members of either House are found absenting themselves from their seats during a session they should be held accountable to their constituents for this dereliction of duty—and left at home permanently.

When any metal is coined into money it ceases to be a commodity, and when changed back into a commodity it ceases to be money.

Only a sovereign power can create money, and nothing is money upon which the law does not confer the compulsatory power of paying debt.

An increase or decrease of money in circulation will cause a change in the level of prices.

The volume of money in circulation fixes the price of commodities and the wages of workers.

Increasing the volume of money increases the prices of commodities and the wages of workers.

Decreasing the volume of money decreases the prices of commodities and the wages of workers.

Increased prices of wages results in increased production and employment.

Decreased prices of wages results in decreased production and employment.

The employed consume the product of the farm and products of the factory, creating prosperity.

Unemployment causes business depression, poverty, bankruptcy, crime, suffering, and general destruction.

Respectfully submitted,

AMERICAN MONETARY REFORM ASSOCIATION,
S. H. TWEEDELL, *Local Chairman*
I. R. CROW, *Secretary Local Branch.*

MERCHANTS BANKING TRUST CO.,
Mahanoy City, Pa., June 15, 1933.

DEAR STOCKHOLDER: Your board of directors has resolved to "pass the dividend", owing to the diminished income arising from the nonpayment of interest on loans and default on bonds. The cause of the loss of income is Nation-wide. The fault is with the country, not with the banks.

Men are not working; they are not able to pay rent, so that the property owner can get money to pay interest. Congress alone can pull the country out of the depression.

For some few years deflationary measures were going on, contracting bank credit and currency. The currencies of foreign countries became depreciated in comparison to the gold dollar and thus it required more foreign money to buy goods in America. They couldn't buy. We did not sell. We lost trade; scarcity of foreign exchange was the cause. Our 12 Federal Reserve banks contracted bank credit by refusal to rediscount some nonliquid notes. Here are some figures to show deflation while the cry for inflation comes up from farmers, workers, and others suffering from low wages and low commodity prices:

Total rediscounts held by all Federal Reserve banks:

March 1, 1933	$712,391,000
May 3, 1933	400,102,000

There is no hope of industrial recovery until every deflationist is removed and the policy of inflation carried quickly into effect. There should be an abundant increase in the quantity of currency and bank credit to start the wheels of industry and insure permanent and lasting prosperity.

The free coinage of silver, as proposed in the Senator Wheeler bill, the issuance of paper money instead of bonds as proposed by Senator MCADOO, the issuance of more paper money as proposed by Senator ELMER THOMAS. Each and all are the needs of the hour. Price-fixing and other childish measures will be unnecessary when the high flood of inflation is started. Nothing else can put men to work; nothing else can hold up wages, earnings, and commodity prices.

Seasonal and spasmodic starts of industry do not mean anything. They may hold out false hopes of "things picking up" and the threat of inflation may lead the man with money to speculate on stocks or commodities.

The writer will stake his reputation as a prophet and assert there is nothing yet done to keep up prices, and they can't stay up without abundant inflation of currency and bank credit.

Our good President has the confidence of the people, but he has not yet done anything for inflation of currency or bank credit. There is no hope of revival of industry until the President or Congress gives the country the full measures of inflation.

The resourcefulness of the then Secretary of the Treasury, MCADOO, and his inflationary measures put the country going at

high gear during the World War. Such resourcefulness is needed now. Waiting for international conferences to determine measures for inflation shows lack of sincerity or lack of knowledge.

Every stockholder, every depositor of banks should join in urging Congress to make mandatory the inflationary measures left to the discretion of the President. Notwithstanding misleading reports to the contrary, the Ship of State is drifting on the Niagara and will soon be in the current of the rapids. The reverse movement must come at once.

D. F. GUINAN, *President.*

FLAG DAY

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD the Flag Day address of Watson B. Miller, chairman national rehabilitation committee, American Legion, made in Washington, D.C.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

My comrades and fellow Americans, more than a century and a half ago our forefathers ordained for us the emblem of all that we are, all that we ever hope to be—the Stars and Stripes, radiant symbol of our indissoluble Union. Down through the years generation after generation has looked to that Star-Spangled Banner, in disaster and in peace, and found there the inspiration to carry them resolutely forward to the building of a nation of free men and women that has no equal in all history.

Today that flag waves as gallantly as it did 156 years ago, unstained, undefeated—unfailing beacon of hope and confidence for all civilization in this night of depression which has engulfed all the world. And as the harbingers of dawn now begin to put the shadows of night to flight, giving promise of a new and better day, with what portent these immortal words of Francis Scott Key come back to us:

"What is that which the breeze, o'er the towering steep,
As it fitfully blows, now conceals, now discloses?
Now it catches the gleam of the morning's first beam,
In full glory reflected now shines on the stream;
'Tis the Star-Spangled Banner; O long may it wave
O'er the land of the free, and the home of the brave!"

It was on June 14, 1777, that Congress formally proclaimed the Stars and Stripes our national emblem. No man in that troubled little group could place what was said and done that day into the frame of the world today. Our forefathers then were fighting for political freedom. Today that liberty has become the accepted and least-disputed possession of the men and women of this country. That battle is won. Today we are struggling instead to untangle hindrances to economic opportunity, the freedom to earn and live and work.

The high hours of the world are those in which its leaders convert the world's dreams into action and, doing so, risk disaster. It is easy to preach things when there is no risk involved. And mere daring without a principle at stake is soon forgotten. The union of the two—a great ideal and a great risk—set the bugles echoing for centuries. Such was the Declaration of Independence, the emancipation proclamation, and the hour we entered the World War. The issues were different, but in each case the world was formulating a dream, crystallizing into deeds a sentiment hereto unfaced.

But this is merely looking backward. From the past we may take our inspiration; but our flag, the emblem of our country, commands us to lift our eyes and look forward. It carries now and for all time a meaning which the changes of time, the dimming of remembrance cannot alter.

The world is hungry now as it was in the days of the Reformation, of the American Revolution, of the World War for leadership. It is now, as it was then, clouded with problems and distress. It is ready to reward now, as it rewarded then, leaders who can convert ideals to action and face the consequences of such courage. The world does not forget courage that can shoulder failure and criticism in order to advance a little further the common dreams and purposes of all mankind.

My comrades and fellow Americans, I believe the world is beginning to find that leadership. I believe all of us can see the first soft glow of a new and better dawn rising over the horizon. Let us, on this one hundred and fifty-sixth anniversary of the birth of our flag, raise our eyes to its starry field and consecrate ourselves anew to perpetuate the principles and ideals of our country, to give our every ounce of energy to bring a new era of peace and plenty to our own land and all the world.

As I lift my eyes to the Stars and Stripes I seem to hear a murmur of voices. Whether it is the hum of the crowd outside the door or the dry lips of our distinguished forefathers speaking to us from the sacred pages of colonial parchments, the meaning is always the same.

Learn then that America may not persist only in virtue of the fact that it is the greatest national entity on earth, no matter how virtuous that genesis may be. Know that it may not exist upon its own vitals. Know that we must gain and maintain the respect of the world. Know that we must promote peace without sacrificing those safeguards which a fair knowledge of human frailties demands. Discourage the efforts of those misguided ones who would break down those laws by which we have thriven and who would lead us through somnolence to disorder and chaos. Again, the generation to which we here belong have seen sights in the glory of pristine morning and in the flame of sunset which we would to God will be spared your eyes. Out of the fullness of experience we choose to tell you that every orphan succored, every lonely mother comforted, every good inspiration handed to your comrade, every physical pain alleviated, every mental discomfort made serene, every unfortunate soul helped toward rationality and independence, every flagging spirit revived, every unpretentious gesture of decency, every act of civic righteousness—these, several and all and more, are the influences which will give coherent utterance to the tenderness and goodness which lie in the hearts of every one of you. These modest manifestoes will be your contributions to the growing greatness of this Republic. It will be your acts as individuals and groups which will keep that flag aloft, not as a spectacular banner but as a solemn symbol of a people great in the love of man and magnificent in the fear and love of God.

LETTER OF APPRECIATION FROM THE PRESIDENT OF THE UNITED STATES

Mr. ROBINSON of Arkansas. Mr. President, when the end of the session approaches, it is customary to appoint a special committee to communicate with the President and ascertain whether he has any further message to send to the Congress. In view of the lateness of the hour, the President waives that communication and authorizes me to state that he has no further message save that which is upon the Vice President's desk.

The VICE PRESIDENT laid before the Senate the following communication from the President of the United States, which was read and ordered to lie on the table:

THE WHITE HOUSE,
Washington, June 15, 1933.

Hon. JOHN N. GARNER,
United States Senate, Washington, D.C.

MY DEAR MR. PRESIDENT: Before the adjournment of the special session I want to convey to you and to the Members of the Senate an expression of my thanks for making possible, on the broad average, a more sincere and more wholehearted cooperation between the legislative and the executive branches of the United States Government than has been witnessed by the American people in many a long year.

This spirit of teamwork has in most cases transcended party lines. It has taken cognizance of a crisis in the affairs of our Nation and of the world. It has grasped the need for a new approach to problems both new and old. It has proved that our form of government can rise to an emergency and can carry through a broad program in record time.

I am certain that the American people are appreciative of the work of this special session of the Seventy-third Congress.

Please let me add that the past few months have given to me very special pleasure in the renewal of old friendships and the forming of new friendships among the Members of the Senate. To each and every one of you I send my best wishes for a well-deserved and happy holiday during the coming months.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

FINAL ADJOURNMENT

Mr. ROBINSON of Arkansas. I ask the Chair to lay before the Senate the concurrent resolution coming over from the House of Representatives.

The VICE PRESIDENT. The Chair lays before the Senate a concurrent resolution, which will be read.

The concurrent resolution (H.Con.Res. 24) was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress shall adjourn on Friday, the 16th day of June 1933, and that when they adjourn on said day they stand adjourned sine die.

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of the resolution.

The motion was agreed to.

The VICE PRESIDENT. Without objection, the concurrent resolution is agreed to.

Mr. ROBINSON of Arkansas. I move, in accordance with the terms of Concurrent Resolution 24, that the Senate do now adjourn sine die.

The motion was agreed to; and (at 1 o'clock and 12 minutes a.m., Friday, June 16, 1933) the Senate adjourned sine die.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 15, 1933

(Legislative day of Wednesday, June 14, 1933)

The House met at 10 o'clock a.m., on the expiration of the recess.

Mr. BYRNS. Mr. Speaker, I move that the House stand in recess, subject to the call of the Chair. I want to make this statement to the membership: It is expected that the House will be called back not before 1 o'clock and not later than 1:30. I also want to say this: The Democrats will have a conference on this floor within 15 minutes, and I hope that all Democratic Members will stay here.

The SPEAKER. The question is on the motion of the gentleman from Tennessee.

Mr. SNELL. Mr. Speaker, I beg the pardon of the House for being a half minute late, but I should like to ask the gentleman from Tennessee what is the program?

Mr. BYRNS. The program is that some of the Democrats wish to have a conference relative to this measure that is pending before the House. The idea is to have a conference within 15 minutes on the floor of the House, so that Democrats who wish to may discuss it. I have moved that the House take a recess at the call of the Chair, not to be reconvened before 1 o'clock, and not later than 1:30. The Chair will give 15 minutes' notice by the ringing of the bells.

The motion of Mr. BYRNS was agreed to.

Accordingly (at 10 o'clock and 5 minutes a.m.) the House stood in recess at the call of the Chair.

AFTER THE RECESS

The recess having expired, at 2 o'clock the House was called to order by the Speaker.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 3344. An act to amend section 14, subdivision 3, of the Federal Farm Loan Act; and

H.R. 5909. An act to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H.R. 6034, entitled "An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes;" and that the Senate agrees to House amendment to Senate amendment no. 2 to said bill.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J.Res. 63. Joint resolution temporarily suspending section 18 and portions of section 2 of the Executive order of June 10, 1933, relating to the organization of executive agencies.

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. WOODRUM. Mr. Speaker, I call up the conference report on the bill H.R. 5389, the independent offices appropriation bill, and I ask unanimous consent that the statement be read in lieu of the report.

Mr. GOSS. Mr. Speaker, I reserve all points of order on the conference report.

PERSONAL PRIVILEGE

Mr. FISH. Mr. Speaker, I rise to a question of personal privilege. I have in my hand a letter from the Public Printer declining to print in the CONGRESSIONAL RECORD some of my remarks. The Speaker pro tempore yesterday ruled as follows:

> The SPEAKER pro tempore. The Chair will rule that the gentleman from New York under a previous order of the House has that permission.

I asked for extra permission, if it be necessary, in order to include two speeches. I still have that permission, according to the ruling of the Chair, and I should like the Speaker to rule, so that this can go into the RECORD.

Mr. BANKHEAD. A point of order, Mr. Speaker. I understood the gentleman to rise to a question of personal privilege. Is that correct?

Mr. FISH. It is.

Mr. BANKHEAD. I make the point of order that the matter stated is not a question of personal privilege.

The SPEAKER. The Chair sustains the point of order.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent excutive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 9, 25, 26, and 32.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 12, 22, 23, 24, 27, 28, 29, 31, 35, 37, 38, 39, 40, 41, 42, and 48, and agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: Restore the matter stricken out by said statement, amended to read as follows: "and notwithstanding any provisions of law to the contrary, the Administrator is authorized to expend during the fiscal year 1934 not to exceed $2,000 for actuarial services by contract, without obtaining competition, at such rates of compensation as he may determine to be reasonable"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In line 8 of the matter inserted by said amendment strike out "$13,950" and insert in lieu thereof "$13,110"; and in the same line strike out "$1,800" and insert in lieu thereof "$1,530"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: Omit the matter striken out and inserted by said amendment; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: Omit the matter inserted by said amendment and restore the matter stricken out amended to read as follows:

"SEC. 10. The President is authorized, in his discretion, to suspend the extra pay or reduce the rate of extra pay allowed to commissioned officers, warrant officers, and enlisted men of the Army, Navy, Marine Corps, and Coast Guard while on flying duty, and to distinguish between de-

grees of hazard in various types of flying duty and make different rates of extra pay applicable thereto."

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 7, 10, 11, 13, 14, 15, 16, 17, 18, 19, 21, 30, 34, 43, 44, 45, 46, and 47.

C. A. WOODRUM,
JOHN J. BOYLAN,
W. W. HASTINGS,
J. P. BUCHANAN,
Managers on the part of the House.

CARTER GLASS,
JAMES F. BYRNES,
RICHARD B. RUSSELL,
FREDERICK HALE,
FREDERICK STEIWER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1933, and for other purposes, submit the following statement of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

The following amendments are in adjustment of totals, correction of section numbers, and of citations: Nos. 4, 23, 24, 27, 28, 31, 37, 38, 40, 41, 42, and 48.

On no. 1: Appropriates $129,000, as provided by the Senate, instead of $112,000, as provided by the House, for the American Battle Monuments Commission.

On nos. 2 and 3: Appropriates $150,000, as proposed by the Senate, for holding field hearings in rate cases by the Interstate Commerce Commission.

On no. 5: Makes the appropriation for construction of the Supreme Court Building available for the "completing" of same, as proposed by the Senate, instead of "continuing" thereof as proposed by the House.

On no. 6: Strikes out the House provision, as proposed by the Senate, fixing the maximum of salaries which may be paid to any officer or employee of the United States Shipping Board or Merchant Fleet Corporation. The maximum in such cases is now fixed by the provisions of the Economy Act as continued for the fiscal year 1934.

On no. 8: Restores the provision, stricken out by the Senate, which authorizes the Administrator of Veterans' Affairs to procure actuarial services by contract, without obtaining competition, at rates of compensation to be determined by him, amended so as to limit expenditure for such purpose for the fiscal year 1934 to $2,000.

On no. 9: Provides $5,000, as proposed by the House, instead of $15,000, as proposed by the Senate, for experimental purposes to determine the value of certain types of treatment, by the Veterans' Administration.

On no. 12: Strikes out the House provision that the amount to be paid for Navy pensions from the Navy pension fund shall be accounted for separately.

On no. 20: Appropriates $13,110, instead of $13,950 as proposed by the Senate, for enforcement of the black bass law, and authorizes $1,530 thereof for personal services in the District of Columbia, instead of $1,800 as proposed by the Senate.

On no. 22: Strikes out the House provision limiting purchases under the appropriations in this act to articles of the growth, production, or manufacture of the United States. This subject is covered by permanent statute.

On nos. 25 and 26: Strikes out the Senate provision which includes the District of Columbia Appropriation Act and the employees of the government of the District of Columbia in the general prohibition against salary increases resulting from reallocations of positions. This prohibition has been specifically included in the District of Columbia appropriation bill as passed by Congress.

On no. 29: Retains the Senate provision requiring 60 days' notice and opportunity for public hearing to parties to contracts proposed to be modified or canceled.

On no. 32: Strikes out the Senate provision that any employee to whom the Civil Service Retirement Act applies, who has an aggregate period of service of at least 30 years, shall, upon voluntary retirement from the service, be entitled to full annuity irrespective of the age of such employee.

On no. 33: Strikes out the House provision that, in making reductions of personnel, due regard shall be given to the apportionment of appointments as provided in the Civil Service Act and also strikes out the Senate provision that reductions of personnel shall be made with regard both to efficiency and to apportionment of appointments by States as now provided by law and that when new appointments are made hereafter under Civil Service regulations and there are persons on the eligible list who are residents of States which at the time are below the quota of Civil Service appointments allotted such States by law, preference in selection and appointment shall be given to those eligible persons who are residents of States having less than their Civil Service quota.

On no. 35: Strikes out the House provision authorizing the President to furlough at half pay officers of the Army, Marine Corps, Public Health Service, Coast Guard, or Coast and Geodetic Survey.

On no. 36, pertaining to extra flying pay: Strikes out the Senate language and retains the House language, amended by the elimination of the proviso limiting such extra pay to a maximum of $1,440.

On no. 39: Retains the Senate provision making the officers and employees of the Philippine Islands subject to the reduction in pay of 15 percent which has been provided in the case of employees of the insular possessions of the United States.

IN DISAGREEMENT

The committee of conference have not agreed with respect to the following amendments:

On no. 7: Authorizing not to exceed $1,000,000 in payments to State institutions for care of veterans suffering from neuropsychiatric ailments.

On no. 10: Authorizing domiciliary care to men discharged from the Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty where they are suffering with permanent disabilities, tuberculosis, or neuropsychiatric ailments, and medical and hospital treatment for diseases or injuries.

On no. 11: Appropriating $231,730,000, as proposed by the House, and $401,730,000, as proposed by the Senate, for pensions, gratuities, and allowances to veterans and their dependents.

On no. 13: Authorizing the Attorney General to agree to judgments rendered pursuant to compromise in any suit pending on March 20, 1933, and on the date of the enactment of this act, brought under the provisions of the World War Veterans' Act, 1924, as amended, on a contract of yearly renewable term insurance.

On nos. 14 and 15: Appropriates $1,000,000 for hospital treatment for veterans irrespective of service connection of ailment.

On no. 16: Appropriating the unexpended balance of the appropriation "Fourteenth Annual Convention of French Veterans of the World War, Washington, D.C., 1933", for all expenses (including transportation to bona-fide residents) incurred in connection with indigent veterans in attendance at the convention of the rank and file organization of World War veterans held in Washington, D.C., during the month of May 1933.

On nos. 17 and 18: Being the total for the Veterans' Administration, military services, and the grand total for the Veterans' Administration.

On no. 19: Appropriating $48,500 for expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy.

On no. 21: Being the total of the bill.

On no. 30: Authorizing and directing the Postmaster General to suspend payments upon any air mail or ocean mail contract where the payee pays any salary, or salary combined with bonus, to any officer, agent, or employee, in excess of $17,500.

On no. 34: Provides for payment of full annuity to persons coming under the provisions of the Canal Zone Retirement Act if retired prior to July 1, 1935, voluntarily or involuntarily, after 30 years' service, less 5 percent until such person shall have reached the retirement age.

On no. 43: Abolishing one of the existing positions of Assistant Attorney General and creating a new position of Assistant Solicitor General.

On no. 44, classification of field service: Provides that where a position has been adjusted or allocated to a grade with a maximum salary below that received by the incumbent at the time of the allocation the rate of pay for such position prior to the adjustment may be continued so long as the position is held by the incumbent occupying it at the time of such allocation.

On no. 45: Authorizing modification of contract for the construction of the Long Beach, Calif., post office so as to afford proper relief to the contractor for losses sustained by him on account of the earthquake.

On no. 46: Authorizing the Reconstruction Finance Corporation to make loans aggregating not to exceed $50,000,000 to or for the benefit of drainage districts, irrigation districts, and similar districts organized under the laws of any State.

On no. 47: Limiting to 25 percent reductions in service-connected disability compensation of any World War veteran or the pension of any veteran of a war prior to the World War, or the pension of any widow and/or dependents of such veterans.

C. A. WOODRUM,
JOHN J. BOYLAN,
W. W. HASTINGS,
J. P. BUCHANAN,
Managers on the part of the House.

Mr. FISH. Mr. Speaker, I rise to a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. FISH. I want to know if I have not the right under the general leave to print my own remarks to incorporate in the RECORD a speech made by me entitled "Republican Viewpoint of the Economic Conference"?

The SPEAKER. The Chair thinks that under the leave granted, and he is so advised, any Member can insert his own remarks, but to print anything else he has to have the consent of the House.

Mr. GOSS rose.

Mr. WOODRUM. Mr. Speaker, I do not yield to the gentleman from Connecticut.

Mr. GOSS. But I am ready to make the point of order that I reserved.

The SPEAKER. The gentleman will state his point of order.

Mr. GOSS. I make the point of order against the report of the conferees in respect to the language contained in Senate amendment numbered 36, which in the bill as it passed the House was numbered section 10. As the bill left the House, it contained the following language:

SEC. 10. The President is authorized to place on furlough such officers of the Army, Marine Corps, Public Health Service, Coast Guard, or Coast and Geodetic Survey as he, in his discretion, shall deem desirable. While on furlough, officers shall receive one half the pay to which they would otherwise have been entitled, but shall not be entitled to any allowance except for travel to their homes.

The Senate inserted the following language as an amendment to the House bill:

SEC. 10. That under the provisions of section 20 of the act approved June 10, 1922, as amended (U.S.C., title 37, sec. 29), no additional compensation shall be allowable or paid to any person in the Army, Navy, or Marine Corps, or Army Reserve Corps, or National Guard, or the Naval Reserve, or Marine Corps Reserve, or the Coast Guard in consequence of such statute as amended at a rate per annum in excess of the maximum prescribed for a lieutenant colonel in the Army.

The conferees, according to the report, have agreed to the following language, as found on page 2 of the report:

SEC. 10. The President is authorized, in his discretion, to suspend the extra pay or reduce the rate of extra pay allowed to commissioned officers, warrant officers, and enlisted men of the Army, Navy, Marine Corps, and Coast Guard while on flying duty, and to distinguish between degrees of hazard in various types of flying duty and make different rates of extra pay applicable thereto.

The language has been changed, and I make the point of order that the conferees have exceeded their authority in bringing back the amendment which they have agreed to.

Mr. WOODRUM. Mr. Speaker, I make the point of order that the gentleman's point of order comes too late.

Mr. GOSS. Oh, I reserved the point of order on this when the gentleman asked unanimous consent to read the statement in lieu of the report.

Mr. BLANTON. O Mr. Speaker, the language agreed upon by the conferees is entirely in order.

Mr. GOSS. I prefer to have the Speaker make the ruling instead of the gentleman from Texas.

The SPEAKER. Does the gentleman from Virginia desire to be heard?

Mr. WOODRUM. Mr. Speaker, I submit the matter to the Speaker.

The SPEAKER. The Chair is ready to rule. The point of order is overruled. The Chair thinks the conferees have not exceeded their authority.

Mr. WOODRUM. Mr. Speaker, I do not know of anything controversial in the conference report which has been agreed to, to which the conferees have presented the full agreement. Unless there is some particular question to be asked about it, I am disposed to move the previous question.

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. KVALE. With reference to the voluntary optional retirement.

Mr. WOODRUM. The section relating to retirement is reported in the conference report exactly as it left the House. The Senate added the word "voluntary", which gave the employee the right to retire after 30 years' service. The conferees struck out the word "voluntary."

Mr. KELLER. With what effect?

Mr. WOODRUM. It gives the President the right, in his discretion, to place on retirement any employee who has had 30 years' service in the Government.

Mr. SNELL. As I have looked over the general conference report, there are no controversial matters in it?

Mr. WOODRUM. There is nothing controversial in it.

Mr. DIRKSEN. I should like to be heard on amendment number 7, which seems to be in disagreement.

Mr. WOODRUM. We will come to that later. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment no. 7: Page 44, line 6, strike out "$85,273,000" and insert in lieu thereof "$86,273,000: *Provided*, That not to exceed $1,000,000 of this amount may be used for payments to State institutions caring for and maintaining veterans suffering from neuropsychiatric ailments, when found to be to the best interest of the United States."

Mr. WOODRUM. Mr. Speaker, I move to recede and concur with an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Mr. WOODRUM moves that the House recede from its disagreement to the amendment of the Senate no. 7, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$85,773,000: *Provided*, That when found to be to the best interest of the United States, not to exceed $500,000 of this amount may be used for payments to State institutions caring for and maintaining veterans suffering from neuropsychiatric ailments who are in such institutions on the date of the enactment of this act."

Mr. WOODRUM. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, the congressional district in Illinois that has sent the distinguished Speaker of this House to Congress has a hospital for mentals—all sorts of people who are affected and who are commonly styled as lunatics. Among the thousands who are located there at the present time are 1,050 war veterans, who somehow have had that little slender cord that binds the present to the past and the present to the future torn away as a result of war service. They are the men for whom no armistice will ever be signed. If you could go to that hospital and see them looking vacuously into the distance, and know that until death shall write the final word for them the war will never have ended; when you realize that the whistles which blow and the bells that ring on Armistice Day will never be meant for them, I am sure you would vote to reinstate the amount of money to be spent for those men.

The State institutions have built up a therapeutic treatment for those veterans. There they make dolls and toys and rugs and all that sort of thing. Under existing conditions the Government of the United States pays to those hospitals a certain amount for every veteran who is there incarcerated. If we do not make adequate provision for them, we will ultimately take the 1,050 mentals away to a Veterans' Bureau hospital in northern Illinois, and the only thing they can do there is to sit behind a window that is barred from the outside and look vacuously into the distance, and there rot away in the agony and distress that was occasioned through service to democracy and to the flag and to the country.

I ask you Members of the House, is it not the fair thing to do to leave the $1,000,000 appropriation in that bill instead of cutting it to $500,000, so that the boys who are there now, and as I say, for whom no armistice will ever be signed, will have the right kind of therapeutic treatment? It is discretionary, in a sense, because there is a saving clause that it must be in the interest and welfare of the United States of America. I say to the Membership of this House that $1,000,000 is certainly not too much for the shell-shockers, for the boys who rushed in at Chateau-Thierry, Saint Mihiel, and the Argonne, and who, because of the intense concussion of the 220- and 240-millimeter shells, had that little slender cord torn away that has robbed them of lucidity. I am asking the membership of this House to vote down the conferee's recommendation to cut that appropriation from $1,000,000 to $500,000, because it will be a sorry and a tragic day when you have to go back to your districts and say that after all the millions and billions which this Congress has spent, we have not got a single million dollars left over for the boys who paid the supreme sacrifice by giving up the most precious of all gifts—a sound mind—for the cause of democracy. I hope that this body will retain the $1,000,000 appropriation for the shell-shocked and the mentals in the hospitals of this country. [Applause.]

Mr. KVALE. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. KVALE. Is not the gentleman also concerned about the limitation of time? The patients in these neuropsychiatric hospitals must be there at the date of the enactment of this act. That is something new. If we had realized it in time, I think a point of order could have been lodged against that limitation.

Mr. DIRKSEN. I believe that as far as the money is available, the Veterans' Bureau can pay under existing contracts that are now obtaining with the various States where these hospitals are located.

Mr. KVALE. If the gentleman will permit, I have in mind veterans now being juggled about and transferred and who might not be in State institutions at the time this law is enacted.

Mr. DIRKSEN. Like everything else, we will have to be partially dependent upon the charity and mercy of the Veterans' Bureau.

Mr. DOWELL. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DOWELL. Under the language of this amendment, it is not necessary to spend the $1,000,000 unless it is necessary?

Mr. DIRKSEN. Precisely.

Mr. DOWELL. And if it is not, certainly those men should not be denied the little amount that is appropriated in this amendment.

Mr. DIRKSEN. Right.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Speaker, there is no difference of opinion among any of us as to the obligation of the Government to care for these men who are mentally ill, nor does the reduction or limitation placed in this amendment indicate any such purpose or intention. This amendment was placed in the bill in the Senate by the distinguished Senator from Illinois, our former colleague, Mr. Dieterich, and it was placed there after he called attention to the fact that Illinois, as well as several other States, had incurred quite a great deal of expense in providing and equipping very fine neuropsychiatric institutions.

May I call your attention to the fact that the Federal Government has—the Veterans' Administration has—neuropsychiatric institutions second to none in the world? There is one in Perry Point. There are others in various parts of the country; and under the terms of the Economy Act it was thought wise and economical to treat Veterans' Administration patients, as far as they might be able to treat them, in Veterans' Administration institutions and not go to State institutions or to private institutions and pay them high rates to treat patients when the Government already had facilities provided for such cases.

After it was called to the attention of the conferees that perhaps there were a few places where veterans have already been placed in these State institutions with their cases under treatment by specialists of those particular institutions, that perhaps it would not be for their welfare to move them into new environments and put them under the care of strange physicians, we put in here the amendment that the distinguished Senator who introduced it thinks is sufficient to care for all needed cases in State institutions where they are there at the present time.

Mrs. ROGERS of Massachusetts and Mr. DOWELL rose.

Mr. WOODRUM. I yield first to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I think also there is not a single vacant bed for nervous or mental cases in any of the N.P. veterans' hospitals. Am I not right?

Mr. WOODRUM. I yield to the gentleman from Iowa.

Mr. DOWELL. Is it not true that a great many of these mental cases are not now permitted in the Federal hospitals because there are no beds in those hospitals?

Mr. WOODRUM. I do not think that is true, I may say to the gentleman from Iowa.

Mr. DOWELL. I may say to the gentleman my information is—and I think I have it pretty correctly—that there are not beds sufficient in these hospitals to accommodate those who ought to be hospitalized.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. DIRKSEN. At the time this amendment was inserted on the Senate side there was a committee in a semi-official capacity representing the State of Illinois here in Washington, and while the definite amount that might be necessary is a matter of conjecture, it may run to a considerable amount. The $500,000 that the committee carries may never be fully expended. On the other hand, if the expense exceeds $500,000 and the money is not available, then these men who are receiving good therapeutic treatment will simply be relegated to the regional hospitals, where no such treatment at the present time is available. Mr. Hiller, who is an assistant to General Hines, told me that manifestly veterans in State hospitals would not re-

ceive the same kind of treatment in the regional hospitals at the present time.

Therefore it seems the money should be appropriated. It may never be expended, but I am anxious to see there is a sufficient amount appropriated that none of these veterans will be left in distress. Therefore I do not believe $1,000,000 is too much.

Mr. WOODRUM. Mr. Speaker, I can only repeat to the gentleman from Illinois that after conferring with the Senator who introduced this amendment, and telling him of the action of the conferees, he was satisfied. We will be back here next January, and if it develops that more funds are needed they can be appropriated then. The gentleman knows it is not the policy of Congress to appropriate money that is not presently needed or for which there is not some indication that it will be needed.

It is the view of the Veterans' Administration that this amount of money will be amply sufficient to take care of all cases that may be put in a State institution.

Mr. DIRKSEN. When we appropriated the $150,000,000 necessary for the Glass-Steagall bill the point was made during the discussion that we did not need all the money and that we would be back here in January, yet the entire amount was written into the bill.

Mr. DOWELL. And did we not, also, in the House, appropriate over $3,000,000,000 that everyone knows cannot be used by January 1?

Mr. WOODRUM. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Virginia to concur with an amendment.

The question was taken.

Mr. DIRKSEN. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 10: On page 47, after line 14, insert *"Provided further,* That in addition to the pensions provided in this title the Administrator of Veterans' Affairs is hereby authorized under such limitations as may be prescribed by the President, and within the limits of existing Veterans' Administration facilities, to furnish to men discharged from the Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty and to veterans of any war, including the Boxer rebellion and the Philippine insurrection, domiciliary care where they are suffering with permanent disabilities, tuberculosis, or neuropsychiatric ailments and medical and hospital treatment for diseases or injuries."

Mr. WOODRUM. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 10 and concur in the same with an amendment.

The Clerk read as follows:

Mr. WOODRUM moves that the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter inserted by such amendment insert the following: " *Provided further,* That section 6, title I, of the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, is hereby amended to read as follows:

"'SEC. 6. In addition to the pensions provided in this title the Administrator of Veterans' Affairs is hereby authorized under such limitations as may be prescribed by the President, and within the limits of existing Veterans' Administration facilities, to furnish to men discharged from the Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty and to veterans of any war, including the Boxer rebellion and the Philippine insurrection, domiciliary care where they are suffering with permanent disabilities, tuberculosis, or neuropsychiatric ailments and medical and hospital treatment for diseases or injuries.'"

Mr. WOODRUM. Mr. Speaker, this is the so-called "Tydings amendment" placed on the bill in the Senate with the consent of the administration which permits the hospitalization of peace-time veterans who have injuries or disabilities due to service.

It seems that under the provisions of the Economy Act since it has been carefully studied and is in practical operation it has been found that a veteran of the regular establishment having a service-connected disability could not be hospitalized. The Tydings amendment permits him to be hospitalized.

The motion is to recede and concur with an amendment. The House amendment only affects the first portion of it which recites an amendment to the Economy Act. It is necessary to put that in.

Mr. JAMES. It also includes Spanish-American War veterans?

Mr. WOODRUM. Yes.

Mr. JAMES. It mentions tuberculosis and neuropsychiatric cases. Practically everyone who served either in Cuba or the Philippines are not bothered with either tuberculosis or neuropsychiatric ailments. They are bothered with malaria. Under this it would be impossible for a Spanish-American War veteran to be hospitalized because he was suffering from malaria.

Mr. WOODRUM. The Spanish-American War veterans, if totally and permanently disabled, may be hospitalized.

Mr. JAMES. But if he is 50 percent disabled he cannot get in.

Mr. WOODRUM. He is exactly on the same plane as a World War veteran with respect to hospitalization privileges.

Mr. JAMES. If he is 100 percent disabled.

Mr. WOODRUM. No; if he has tuberculosis or requires neuropsychiatric hospitalization, and, of course, if he has a service-connected disability, he may be hospitalized.

Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The motion to recede and concur with an amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 11: Page 49, line 10, strike out "$231,730,000" and insert "$401,730,000."

Mr. WOODRUM. Mr. Speaker, this amendment affects the amount required for pensions and hospitalization, and the action we take on it will depend on whatever action may be taken hereafter on amendment no. 47. I therefore ask unanimous consent that this amendment may be passed over until we take action on amendment no. 47.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 13: Page 49, after line 16, insert "That the Attorney General of the United States is hereby authorized to agree to a judgment to be rendered by the presiding judge of the United States court having jurisdiction in the case, pursuant to compromise approved by the Attorney General upon the recommendation of the United States attorney charged with the defense, upon such terms and for such sums within the amount claimed to be payable, in any suit pending on March 20, 1933, and on the date of the enactment of this act, brought under the provisions of the World War Veterans' Act, 1924, as amended, on a contract of yearly renewable term insurance, and the Administrator of Veterans' Affairs is hereby authorized and directed to make payments in accordance with any such judgment: *Provided,* That the Comptroller General of the United States is hereby authorized and directed to allow credit in the accounts of disbursing officers of the Veterans' Administration for all payments of insurance made in accordance with any such judgment: *Provided further,* That all such judgment shall constitute final settlement of the claim and no appeal therefrom shall be authorized."

Mr. WOODRUM. Mr. Speaker, I move that the House insist on its disagreement to the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendments nos. 14 and 15: On page 50, in line 19, strike out "$1,000,000" and insert "$2,000,000"; and in line 20 insert: "*Provided,* That not less than one half of $2,000,000 so appropriated shall be used for supplying hospital treatment for veterans, without regard to whether their disability was service-connected or not."

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that amendments nos. 14 and 15 may be considered together.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I move that the House insist on its disagreement to Senate amendments 14 and 15.

The question was taken; and on a division (demanded by Mr. KVALE) there were—ayes 162, noes 23.

So the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 16: Page 51, after line 9, insert: "The unexpended balance of the appropriation 'Fourteenth Annual Convention of French Veterans of the World War, Washington, D.C., 1933' is hereby made available for reimbursement to the Veterans' Administration for all expenses (including transportation to bona fide residence) incurred in connection with indigent veterans in attendance at the convention of the rank and file organization of World War Veterans held in Washington, D.C., during the month of May, 1933, and the decision of the Administrator of Veterans' Affairs in connection with such expenditures shall be final and conclusive."

Mr. WOODRUM. Mr. Speaker, I move to recede and concur with an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. WOODRUM moves that the House recede from its disagreement to the amendment of the Senate no. 16 and agree to the same with an amendment as follows: In lieu of the first three lines of the matter inserted by such amendment insert the following: "such amount as may be necessary of the fund entitled 'Recreation fund, Army', created by the War Department Appropriation Act, approved March 4, 1933, is hereby appropriated and."

Mr. WOODRUM. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. GOSS. Mr. Speaker, I make a point of order on the amendment. The amendment is not germane to this particular section of the bill. It refers to an unexpended balance of appropriation for the annual convention of French veterans, whereas the gentleman's amendment applies to a recreational fund of the Army contained in the War Department appropriation bill.

Mr. WOODRUM. Mr. Speaker, the original text provides a certain fund from which the expense of this veterans' camp should be paid. The amendment selects a different fund and I submit it is germane to the section, and otherwise proper.

The SPEAKER. The Chair thinks that this is merely a reappropriation of an unexpended balance which this amendment proposes to use for another purpose than that for which originally appropriated. The Chair thinks that that is certainly germane, for, after all, all appropriations of money, whether it be a reappropriation or a direct appropriation, must come out of the Treasury. The Chair overrules the point of order.

Mr. GOSS. I do not understand, Mr. Speaker, that this fund comes out of the Treasury.

The SPEAKER. The Chair does not know where else it could come from.

Mr. GOSS. I call the attention of the Speaker to the fact that they have special funds in that bill that do not belong to the Government.

The SPEAKER. The amendment simply makes it available for that purpose.

Mr. GOSS. This has to do with something that is not Government funds.

The SPEAKER. Well, the fund is in the Treasury.

Mr. WOODRUM. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I am opposed to this proposition on two grounds. In the first place, I have in my hand, and I ask unanimous consent to insert in the RECORD certain portions of a letter—I will not ask for the whole letter because it is five pages long—from the Chief of the Veterans' Bureau stating that he does have legal authority to spend this money.

In the second place, this was an illegal expenditure for expenses of a convention gotten together by men who were not members of the Army during the war, but who organized this group to bring them here to promote their own ends.

Why should the Government pay the expenses of any organization coming here to run a convention? If we are going to start in by paying expenses of any group we have got to go the full length by paying the expenses of every hay dealers' convention.

Mr. BUCHANAN. The gentleman realizes that the Woodrum amendment does not take the taxpayers' money, but takes the money out of the organization not connected with the Government. It is not Government money at all.

Mr. TABER. That makes the situation still worse, because we are taking money that does not belong to the Government and we have no jurisdiction over it whatever.

Mr. BYRNS. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BYRNS. How much of this fund has been spent?

Mr. TABER. They have spent about $40,000.

Mr. BYRNS. The previous administration appropriated out of the Public Treasury $100,000, of which $70,000 was spent, and I never heard the gentleman opposing that.

Mr. TABER. That was a different situation. That was a loan on bonus certificates. This is an outright donation of money. I have heard the gentleman from Tennessee time after time oppose the payment of funds out of the Treasury in an illegal manner.

Mr. BULWINKLE. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BULWINKLE. Is not this money raised by this organization, and after they had dispersed then it had nowhere to go?

Mr. TABER. Yes; this money was left in the custody of the War Department, but the Government is not entitled to it. We have no right to muscle in on it. It is entirely an illegal performance.

Mr. BULWINKLE. Does the gentleman think this will cost the Government any more than it did under the Republican administration to call out the Army to drive them out of the city of Washington?

Mr. TABER. The gentleman knows that during the Republican administration they treated them fairly and squarely, and the Army was not called out until it was absolutely necessary, because of the performance of the man who was chief of police at that time.

Mr. GOSS. Is not this fund earmarked as a special fund in the last appropriation bill?

Mr. TABER. The money does not belong to the Government of the United States.

Mr. GOSS. That is just what I said when I made the point of order.

Mr. RICH. Will the gentleman yield?

Mr. TABER. Yes.

Mr. RICH. If the House is going to pay the expenses of all organizations who come here seeking their own ends, is it not taking steps to pay the expenses of all bonus seekers?

Mr. TABER. We might as well pay the return expenses of the canners who are now in convention here.

Mr. CONNERY. Will the gentleman yield?

Mr. TABER. Yes.

Mr. CONNERY. I understood the gentleman to say something about my friend and buddy, General Glassford. What did he do?

Mr. TABER. He mussed up the whole situation by creating disturbances and distress here in Washington.

Mr. WOODRUM. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, this is not the first visit of certain veterans and perhaps others who have come to Washington for the purpose of insisting on the payment of the bonus. About a year ago we had a similar march on Washington under the previous administration. At that time there was appropriated for transportation alone $100,000, of which $71,000, according to my recollection, was used, and in addition to that I personally know that the Secretary of War provided for a part of the sustenance and maintenance of those marchers here out of the fund ap-

propriated for the subsistence of the Army. I do not know how much was so provided. In addition to that, there was the extra cost entailed in bringing the tanks and soldiers from Fort Myer, and in the use of gas, illuminating and otherwise [laughter], in order to quell the disturbance alleged to have occurred down here upon the Avenue. Only $37,000 was spent by this administration, for which Mr. Louis Howe, the executive secretary of the President, is entitled to credit, and the soldiers left here by agreement without the slightest trouble or necessity for either calling out the police or the Army. I say it is to the credit of this administration, and particularly Mr. Howe, that these marchers came here and then went home quietly and peacefully, after expending only $37,000, as compared to the amount spent under the former administration. [Applause.]

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. CONNERY. Floyd Gibbons was taken off the radio by General Harbord, who did not get his pay cut in the Economy League, because he told the truth about driving the soldiers out of Washington. When told that he was mistaken, he showed General Harbord the moving pictures and said that the camera cannot lie.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I am sorry; my time has expired.

Mr. WOODRUM. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. COLLINS].

Mr. COLLINS of Mississippi. Mr. Speaker, I have a very high regard for the gentleman from New York [Mr. TABER]. I have a high regard for his opinions on all questions. However, I think there is a complete misunderstanding on the part of the House as to the fund from which it is proposed that this expenditure shall be made. Otherwise, I dare say there would be no objection to the amendment offered by the gentleman from Virginia [Mr. WOODRUM].

Mr. TABER. I am opposed to it on general principles, because in my opinion it was illegally made.

Mr. COLLINS of Mississippi. Strictly and technically the gentleman is right; but, legal or illegal, the expense was of a nature that hardly could have been avoided. Following the war certain funds which had accrued during the course of the conflict became available and subject to administration by certain officials of the Department. For instance, a weekly paper known as the Stars and Stripes was published by the American Expeditionary Forces. From that publication several hundred thousand dollars were realized. After the war was over the accumulated receipts came under the control of certain officials of the War Department and were expended for various purposes, some of which most of us would not have approved if we ourselves had had the responsibility. There was another sizeable fund that became available upon the disbandment of certain World War organizations. In the last War Department appropriation bill it was provided that those two funds should be deposited in the Treasury and there held subject to appropriation by Congress for the welfare of enlisted men in the event of another war. The thought was that the money had been raised by enlisted men and that it should not be used except in directions that would directly benefit enlisted men. The money was being spent for every object under the sun. I submit, Mr. Speaker, that since the very soldiers who created the funds in question have been the beneficiaries of the expenditures, we are now considering, there could not be a more appropriate use of the money than this one, to wit, to pay their expenses for coming to Washington for the purpose of submitting to the President and to the American Congress the cause that was uppermost in the minds of many of them. I feel this is an entirely proper use of the money and should be approved by this Congress.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. COLLINS of Mississippi. Yes.

Mr. CONNERY. Does not the gentleman consider it quite a contrast from the proceedings of last year. Last year President Hoover would not even meet those veterans, while this year we had the first lady of the land, Mrs. Roosevelt, going out to their camp and talking to them, right in their own mess.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 156, noes 59.

So the motion to recede and concur was agreed to.

Mr. WOODRUM. Mr. Speaker, amendments numbered 17, 18, and 21 affect totals. I ask unanimous consent that these three amendments be passed over until we vote on the others.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 19: Page 53, beginning in line 1, insert:

"INTERNATIONAL INSTITUTE OF AGRICULTURE

"The sum of $48,500, or so much thereof as may be necessary, is hereby appropriated for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under the direction of the Secretary of State in the following manner:

"(1) Not to exceed the equivalent in United States currency of 192,000 gold francs for the payment of the quota of the United States for the support of the Institute, including the shares of the Territory of Hawaii, and of the dependencies of the Philippine Islands, Puerto Rico, and the Virgin Islands.

"(2) Not to exceed $5,000 for the salary of a United States member of the permanent committee of the International Institute of Agriculture.

"(3) Not to exceed $5,500 for rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (46 Stat. 818); compensation of subordinate employees without regard to the Classification Act of 1923, as amended; actual and necessary traveling expenses; and other contingent expenses incident to the maintenance of an office at Rome, Italy, for a United States member of the permanent committee of the International Institute of Agriculture."

Mr. WOODRUM. Mr. Speaker, that is the amendment affecting the International Institute of Agriculture, which we have considered several times in the House.

Mr. GOSS. Is this the so-called "Blanton amendment"?

Mr. WOODRUM. I do not know which particular Blanton amendment the gentleman is talking about.

Mr. GOSS. I mean about the $48,500 to be contributed to this Agricultural Institute in Rome.

Mr. WOODRUM. This is the amendment put in providing for a contribution to the International Institute of Agriculture at Rome.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. FISH. Is this a permanent appropriation or is it one that is provided for for just 1 year?

Mr. BUCHANAN. Just for 1 year.

Mr. BRITTEN. I wanted to get a couple of minutes to talk rather than ask a question. I was in hopes the House conferees would insist on their disagreement with the Senate conferees in this matter, because surely this is no time to throw $50,000 into the wastebasket over in Rome. I hope the gentleman will not insist on his motion, and let us get a vote on this thing after a couple of minutes. Will the gentleman yield me 2 minutes?

Mr. WOODRUM. I will take it under consideration; but right now I move the previous question, Mr. Speaker.

The question was taken; and on a division (demanded by Mr. BRITTEN) there were ayes 132 and noes 48.

So the previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Virginia [Mr. WOODRUM] to recede and concur.

The question was taken; and on a division (demanded by Mr. BRITTEN) there were ayes 136 and noes 64.

So the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 30: On page 57, after line 14, insert:
"SEC. 6. After the enactment of this act the Postmaster General is directed to suspend payments upon any air mail or ocean mail contract to any individuals, companies, or corporations which, singly or in combination with other individuals, companies, or corporations receiving a subsidy, pay any salary or salary combined with bonus to any officer, agent, or employee in excess of a salary of $17,500. If such individuals, companies, or corporations employ any officer, agent, or employee on a part-time basis, such salary, or salary combined with bonus, shall be reduced in proportion to such part-time employment."

Mr. WOODRUM. Mr. Speaker, I move to recede and concur with an amendment, which I send to the desk.

The Clerk read as follows:

Mr. WOODRUM moves that the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:
"SEC. 6. Hereafter the Postmaster General shall not award any air mail contract or any ocean mail contract under the Merchant Marine Act of 1928 to any individuals, companies, or corporations which, singly or in combination with other individuals, companies, or corporations pay any salary, or salary combined with bonus, to any officer, agent, or employee in excess of $17,500. If such individuals, companies, or corporations employ any officer, agent, or employee on a part-time basis, such salary, or salary combined with bonus, shall be reduced in proportion to such part-time employment."

Mr. GOSS. Mr. Speaker, a point of order.

The amendment as I heard it read contains the word "hereafter", making this permanent law, forever. I have no particular objection to the language contained, that makes it for the duration of the life of this appropriation bill, but it might not be wise, under certain circumstances, to make it permanent, forever. The word "hereafter" makes it legislation on an appropriation bill, which makes it permanent legislation.

Mr. WOODRUM. The original text makes it permanent legislation.

Mr. GOSS. But it reads "after the enactment of this act."

The SPEAKER. We are considering the Senate amendment. The entire amendment of the Senate is legislation which the House may now perfect by any germane amendment.

Mr. GOSS. I will reserve it for the moment, to hear further explanation. I do not want to see it made permanent law.

Mr. WOODRUM. The only change which the House makes in it is the very proper change not to undertake to make this retroactive to apply to contracts. They have post-office contracts that have already been made in good faith, but it does provide——

Mr. GOSS. For all time.

Mr. WOODRUM. Yes; until Congress changes it, because the original language was for all time.

Mr. GOSS. But when that language goes in an appropriation bill, it is difficult to get it out again. If you make it applicable to the year for which the appropriation is written, it would not make it permanent law.

The SPEAKER. The Chair overrules the point of order made by the gentleman from Connecticut.

Mr. McCLINTIC. Will the gentleman yield for a question?

Mr. WOODRUM. I yield.

Mr. McCLINTIC. If I understood the gentleman's substitute amendment, it provides that you cannot investigate contracts that are already in effect with respect to air mail. Am I correct?

Mr. WOODRUM. Not exactly. The preceding section in the bill confers the power on the President to investigate and revise all air mail and ocean mail contracts. This simply applies to such contracts as are made in the future.

Mr. McCLINTIC. In other words, you do not cut out the preceding section?

Mr. WOODRUM. Not at all.

Mr. BLANTON. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BLANTON. Respecting the objection made by the gentleman from Connecticut [Mr. Goss], if this is a wise provision for this year, why is it not a wise provision for next year? I submit that inference to the intelligent judgment of the gentleman from Connecticut [Mr. Goss].

Mr. WOODRUM. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Virginia to concur in the Senate amendment with an amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 34: On page 60, after line 2, insert:
"(c) Whenever at any time hereafter prior to July 1, 1935, any person to whom the Canal Zone Retirement Act, approved March 2, 1931 (Public, No. 781, 71st Cong.), applies, who has an aggregate period of service of at least 30 years computed as prescribed in section 7 of such act, is voluntarily or involuntarily separated from the service for reasons other than his misconduct, such employee shall be entitled to an annuity computed as provided in section 6 of such act payable from the Canal Zone retirement and disability fund less a sum equal to 5 percent of such annuity: *Provided*, That when an annuitant hereunder attains the age at which he would have been entitled to retirement with annuity computed as provided in section 6 of such act, such deduction from the annuity shall cease. If and when any such annuitant shall be reemployed in the service of the District of Columbia or the United States (including any corporation the majority of the stock of which is owned by the United States), the right to the annuity provided by this section shall cease and the subsequent annuity rights of such person shall be determined in accordance with the applicable provisions of retirement law existing at the time of the subsequent separation of such person from the service."

Mr. WOODRUM. Mr. Speaker, I move to recede and concur with an amendment which is at the Clerk's desk.

The Clerk read as follows:

Mr. WOODRUM moves that the House recede from its disagreement to the amendment of the Senate no. 34, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment strike out the letter "c" and insert in lieu thereof the letter "b", and in line 6 strike out the words "voluntarily or."

Mr. WOODRUM. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman to concur with an amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 43: On page 65, after line 9, insert:
"SEC. 16. (a) There shall be in the Department of Justice an Assistant Solicitor General to assist the Solicitor General in the performance of his duties, who shall be appointed by the President, by and with the advice and consent of the Senate. Said Assistant Solicitor General shall be allocated to the same classification grade and be paid the same rate of compensation as apply to Assistant Attorneys General and shall perform such additional duties as may be required of him by the Attorney General. (b) One of the existing positions of Assistant Attorney General is hereby abolished."

Mr. WOODRUM. Mr. Speaker, I move to recede and concur in the Senate amendment.

Mr. CROWTHER. Were the duties of this new solicitor outlined to the committee? I have in mind whether or not this new solicitor is to prosecute the hoarders of gold which we heard so much about a while ago. Have there been any prosecutions under this law by the Attorney General?

Mr. WOODRUM. The committee has that under consideration right now, and will report later.

Mr. CROWTHER. I thank the gentleman.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Virginia.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 44: On page 65 beginning in line 21, insert section 17:

"SEC. 17. That section 3 of the act of Congress approved May 28, 1928, entitled 'An act to amend the salary rates contained in the compensation schedules of the act of March 4, 1923, entitled "An act to provide for the classification of civilian positions within the District of Columbia and in the field services" ', as amended by the act of July 3, 1930, be further amended by adding thereto the following: '*Provided*, That in all cases where, since December 6, 1924, in such adjustment the position occupied by an employee has been or shall be allocated to a grade with a maximum salary below the salary received by the incumbent, the rate of pay fixed for such position prior to such allocation may be continued so long as the position is held by the incumbent occupying it at the time of such allocation.' "

Mr. WOODRUM. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 44 and concur in the same with an amendment.

The Clerk read as follows:

Mr. WOODRUM moves that the House recede from its disagreement to the amendment of the Senate no. 44, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"SEC. 17. That section 3 of the act of Congress approved May 28, 1928, entitled 'An act to amend the salary rates contained in the compensation schedules of the act of March 4, 1923, entitled "An act to provide for the classification of civilian positions within the District of Columbia and in the field services" ', as amended by the act of July 3, 1930, be further amended by adding thereto the following: '*Provided*, That in all cases where, since December 6, 1924, in such adjustment the position occupied by an employee has been or shall be allocated to a grade with a maximum salary below the salary received by the incumbent, the rate of pay fixed for such position prior to such allocation may be paid after the date of the enactment of this act so long as the position is held by the incumbent occupying it at the time of such allocation and the Comptroller General of the United States is authorized and directed to allow credit in disbursing officers' accounts for all payments heretofore made at such higher rates.' "

Mr. WOODRUM. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Virginia.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 45. On page 66, beginning with line 11, insert:

"SEC. 18. The Secretary of the Treasury is hereby authorized to effect a modification of the contract for the construction of the Long Beach (Calif.) post office so as to afford such relief as he deems to be proper for losses caused the contractor for restoration of damages to the building occasioned by the earthquake of March 10, 1933, and to make such structural and other changes in the building as may be necessary to minimize a recurrence of earthquake damage to the building: *Provided*, That the present appropriation for the Long Beach project shall be available for the purposes named, and that any additional cost incurred by reason of the above shall not exceed the present limit of cost."

Mr. WOODRUM. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 45 and concur in the same with an amendment.

The Clerk read as follows:

Mr. WOODRUM moves that the House recede from its disagreement to the amendment of the Senate no. 45, and agree to the same with an amendment as follows: At the end of the matter inserted by said amendment before the period insert the following: ": *Provided further*, That the contractor shall not be allowed any profit in connection with the restoration of such earthquake damages."

Mr. DOWELL. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. DOWELL. Will the gentleman tell the House what cost is involved?

Mr. WOODRUM. I yield for that purpose to the gentleman from New York [Mr. BOYLAN], a member of the committee.

Mr. BOYLAN. The amount involved is about $40,000.

Mr. DOWELL. As I understand the amendment submitted by the gentleman from Virginia there is to be no profit in the amount appropriated in this bill?

Mr. WOODRUM. That is correct.

Mr. DOWELL. Merely the actual loss?

Mr. BOYLAN. The actual loss only.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Virginia.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 46: On page 66, beginning in line 24, insert:

"SEC. 19. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding $50,000,000 to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts duly organized under the laws of any State, and to or for the benefit of political subdivisions of States, which prior to the date of enactment of this act have completed projects devoted chiefly to the improvement of lands for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the "borrower") to reduce and refinance its outstanding indebtedness incurred in connection with any such projects, and shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by bonds, notes, or other obligations which are a lien on the real property within the project or on the assessments, taxes, or other charges imposed by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any other bonds so secured except with the consent of the Corporation; (4) the borrower shall agree, insofar as it lawfully may, to pay to the Corporation, until all bonds or other obligations of the borrower acquired by the Corporation are retired, an amount equal to the amount by which the assessments, taxes, and other charges collected by the borrower exceed the cost of operation and maintenance of the project and maturities of interest and principal on its outstanding obligations, and (5) the borrower shall agree, to the satisfaction of the Corporation, to reduce, insofar as it lawfully may, the annual taxes, assessments, and other charges imposed by it for or on account of the project by an amount proportional to the reduction in the corresponding annual requirements for principal and interest of its outstanding indebtedness by reason of the operation of this section. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and holders of its outstanding bonds or other obligations under which the applicant will be able to purchase or refund all or a major portion of such bonds or other obligations at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6 months' period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant."

Mr. WOODRUM. Mr. Speaker, amendment no. 46 merely clarifies existing law with reference to loans to drainage districts. It makes no change in the law at all.

Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 46 and concur in the same with an amendment.

The Clerk read as follows:

Mr. WOODRUM moves that the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: In lieu of line 1 of the matter inserted by such amendment insert the following:

"SEC. 19. Section 36 of the 'Emergency Farm Mortgage Act of 1933', approved May 12, 1933, is hereby amended to read as follows:

"'SEC. 36. The Reconstruction Finance Corporation is.' "

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. SNELL. What is the need of this amendment if it does not change the law?

Mr. WOODRUM. It is clarifying language the Reconstruction Finance Corporation submitted to the Senate and was unanimously approved.

Mr. SNELL. I thank the gentleman for the information.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Virginia.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 47, page 69, after line 2, insert:

Mr. WOODRUM. Mr. Speaker, the matter the Clerk is about to read is the Steiwer-Cutting amendment.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOSS. Mr. Speaker, I thought we were taking up the amendment as it came from the Senate and reading that first.

The SPEAKER. The gentleman is correct.

The Clerk read as follows:

Amendment no. 47: Page 69, after line 2, insert:

"SEC. 20. Notwithstanding any of the provisions of the act approved March 20, 1933, entitled 'An act to maintain the credit of the United States Government', in no event shall World War service-connected disability compensation of any veteran or the pension of any veteran of a war prior to the World War"—

Mr. WOODRUM. Mr. Speaker, I thought I was right. Evidently this is the Steiwer-Cutting amendment that the Senate has inserted.

Mr. GOSS. No, Mr. Speaker; this is the Connally amendment that came over in the Senate bill.

Mr. WOODRUM. Well, the Clerk ought to read the Steiwer-Cutting amendment.

The SPEAKER. The Clerk will read the Steiwer-Cutting amendment, as that is the matter properly before the House.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOSS. I have the bill in front of me, H.R. 5389, which we have been following all afternoon. Now, amendment no. 47 of the Senate is not the Steiwer-Cutting amendment at all, and the Clerk had not finished reading that.

The SPEAKER. The copy that the gentleman has probably was printed before the Senate adopted the Steiwer amendment.

Mr. BULWINKLE. But, Mr. Speaker, the House acted the other day on this Connally amendment and substituted for it the House amendment.

The SPEAKER. That is correct.

Mr. GOSS. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. GOSS. In view of the parliamentary situation I would like to get a ruling, if the Chair will permit, on the point that any amendment offered to the Steiwer amendment would be an amendment in the third degree and, therefore, subject to a point of order?

The SPEAKER. The gentleman is correct.

Mr. WOODRUM. I was simply going to ask unanimous consent to dispense with the reading of the Steiwer-Cutting amendment.

Mr. BECK. I object, Mr. Speaker.

Mr. GOSS. The gentleman proposed to have it printed in the RECORD?

Mr. WOODRUM. Yes.

Mr. BECK. I object. I want to hear the amendment.

The Clerk read as follows:

The President is hereby authorized under the provisions of Public Law No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act), as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are heretofore or hereafter held not service connected under the regulations issued pursuant to Public Law No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations, and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, whether service connection shall be found in such cases, and shall in their decisions resolve all reasonable doubts in favor of the veteran. For the purposes of this section the granting of service connection in such cases shall not be based upon the requirements of regulation no. 1, part I, subparagraph (a), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, Seventy-third Congress, it being the intent of this section to preserve service connections as granted by section 200, World War Veterans' Act of 1924, as amended, title 38 of the Code (other than disability resulting from the claimant's own misconduct), unless affirmative evidence clearly discloses that the disease or disability had its inception before or after the period of military or naval service, and was not aggravated thereby.

Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except in those cases where the special boards shall find that the award was based upon fraud, misrepresentation of a material fact, or unmistakable error not less than 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration. In all cases where service connection shall be preserved under the review herein provided, not less than 75 percent of the payments being made on March 20, 1933, shall continue, and the determination of service connection in such review shall be final in all cases: *Provided, however*, That in the event of a change in the degree of disability of any such veteran the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced by more than 25 percent.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error, in receipt of compensation on March 20, 1933, be reduced more than 25 percent: *Provided, however*, That in the event of a change in the degree of disability of any such veteran the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced by more than 25 percent; and in no event shall death compensation, except by fraud, misrepresentation of a material fact, or unmistakable error, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service; except that the provisions of this paragraph shall not apply with respect to veterans residing outside the limits of the continental United States and its Territories and possessions, or with respect to any veteran who is being furnished hospital treatment, institutional, or domiciliary care by the United States, or any political subdivision thereof, if such veteran has neither wife, child, nor dependent mother or father.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, the pension paid to veterans of any war prior to the World War, or to any widow and/or dependent of such veterans shall not be reduced more than 25 percent of the amount being paid prior to March 20, 1933.

Notwithstanding the provisions of section 17, title I, Public Law No. 2, Seventy-third Congress, any claim for yearly renewable term insurance on which premiums were paid to the date of death of the insured and any claim for pension, compensation allowance, or emergency officers' retired pay under the provisions of law repealed by said section 17 wherein claims were duly filed prior to March 20, 1933, may be adjudicated by the Veterans' Administration on the proof and evidence received by the Veterans' Administration prior to March 20, 1933, and any person found entitled to the benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior law: *Provided*, That the payments hereby authorized to be made shall continue only to include June 30, 1933, and only one original adjudicatory action and one appeal may be made in such cases. Where a veteran died prior to March 20, 1933, under conditions which warrant payment of or reimbursement for burial expenses, such payments or reimbursements may be made in accordance with the laws in effect prior to March 20, 1933: *Provided*, That such claim for payment or reimbursement must be filed within 3 months from the date of the passage of this act.

Mr. BECK (interrupting the reading of the amendment). Mr. Speaker, a parliamentary inquiry. Am I privileged to withdraw my objection to the unanimous-consent request to dispense with the reading of the amendment? If so, I withdraw my objection.

Mr. KVALE. Mr. Speaker, I renew the objection.

The Clerk concluded the reading of the amendment.

Mr. WOODRUM. Mr. Speaker, I move that the House disagree to the amendment of the Senate to the amendment of the House to the amendment of the Senate no. 47.

Mr. Speaker, I yield to the gentleman from Massachusetts.

Mr. CONNERY. Mr. Speaker, I offer a preferential motion.

Mr. Speaker, I move to concur in the Steiwer-Cutting amendment.

Mr. WOODRUM. Mr. Speaker, on that, I move the previous question.

The previous question was ordered.

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. This is a direct vote now on the Steiwer-Cutting amendment?

The SPEAKER. The gentleman is correct.

Mr. CONNERY. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 177, nays 209, not voting 44, as follows:

[Roll No. 73]

YEAS—177

Allen	Durgan, Ind.	Kinzer	Richards
Andrews, N.Y.	Eaton	Kniffin	Rogers, Mass.
Arens	Edmonds	Knutson	Rogers, Okla.
Ayers, Mont.	Eicher	Kurtz	Sadowski
Bacharach	Eltse, Calif.	Kvale	Scrugham
Bakewell	Englebright	Lambertson	Seger
Beck	Faddis	Lee, Mo.	Shannon
Beedy	Fish	Lehlbach	Shoemaker
Beiter	Fitzgibbons	Lemke	Simpson
Black	Fletcher	Ludlow	Sinclair
Blanchard	Focht	Lundeen	Smith, Wash.
Boileau	Foss	McCormack	Snell
Bolton	Frear	McFadden	Stalker
Britten	Gasque	McFarlane	Stokes
Brumm	Gibson	McGugin	Strong, Pa.
Burnham	Gilchrist	McLean	Studley
Busby	Gillespie	McLeod	Swank
Cannon, Mo.	Goodwin	Maloney, Conn.	Sweeney
Carpenter, Kans.	Goss	Maloney, La.	Swick
Carpenter, Nebr.	Granfield	Mapes	Taylor, Tenn.
Carter, Calif.	Gray	Marshall	Thomason, Tex.
Carter, Wyo.	Griswold	Martin, Colo.	Thurston
Chapman	Guyer	Martin, Mass.	Traeger
Chavez	Hamilton	Martin, Oreg.	Truax
Christianson	Hancock, N.Y.	May	Turpin
Cochran, Pa.	Hartley	Mead	Vinson, Ky.
Collins, Calif.	Healey	Millard	Waldron
Collins, Miss.	Hess	Miller	Wallgren
Condon	Higgins	Monaghan	Watson
Connery	Hildebrandt	Montet	Wearin
Connolly	Hill, Knute	Morehead	Weideman
Cooper, Ohio	Hill, Samuel B.	Mott	Welch
Cravens	Hoeppel	Muldowney	Werner
Crowther	Holmes	Murdock	Whitley
Cummings	Hooper	Musselwhite	Wigglesworth
Darrow	Hope	Nesbit	Withrow
De Priest	Howard	Pettengill	Wolcott
DeRouen	Huddleston	Polk	Wolfenden
Dingell	Jacobsen	Powers	Wolverton
Dirksen	James	Ramsay	Wood, Mo.
Ditter	Jeffers	Randolph	Woodruff
Dondero	Jenkins	Rankin	Zioncheck
Dowell	Johnson, Minn.	Ransley	
Duffey	Kahn	Reece	
Dunn	Kelly, Pa.	Rich	

NAYS—209

Adair	Buchanan	Corning	Ellzey, Miss.
Adams	Buck	Cox	Farley
Allgood	Bulwinkle	Crosby	Fiesinger
Arnold	Burch	Cross	Fitzpatrick
Auf der Heide	Burke, Nebr.	Crowe	Flannagan
Ayres, Kans.	Byrns	Culkin	Ford
Bailey	Cady	Cullen	Fuller
Bankhead	Caldwell	Darden	Fulmer
Beam	Carden	Dear	Gambrill
Berlin	Carley	Deen	Gavagan
Biermann	Cartwright	Delaney	Gillette
Bland	Cary	Dickinson	Glover
Blanton	Castellow	Dickstein	Goldsborough
Bloom	Cavicchia	Dies	Green
Boehne	Celler	Disney	Greenwood
Boland	Church	Dobbins	Gregory
Boylan	Clark, N.C.	Dockweiler	Griffin
Brennan	Cochran, Mo.	Doughton	Haines
Brooks	Coffin	Doxey	Hancock, N.C.
Brown, Ky.	Colden	Drewry	Harlan
Brown, Mich.	Cole	Driver	Hart
Browning	Colmer	Duncan, Mo.	Harter
Brunner	Cooper, Tenn.	Eagle	Hastings
Henney	Lewis, Md.	Pierce	Sullivan
Hill, Ala.	Lindsay	Pou	Sumners, Tex.
Hoidale	Lozier	Prall	Sutphin
Hughes	Luce	Ragon	Taber
Imhoff	McCarthy	Ramspeck	Tarver
Jenckes	McClintic	Rayburn	Taylor, Colo.
Johnson, Okla.	McDuffie	Reilly	Taylor, S.C.
Johnson, Tex.	McGrath	Richardson	Thom
Johnson, W.Va.	McKeown	Robertson	Thompson, Ill.
Jones	McMillan	Rogers, N.H.	Tinkham
Kee	McSwain	Romjue	Tobey
Keller	Major	Rudd	Turner
Kelly, Ill.	Marland	Ruffin	Umstead
Kennedy, Md.	Meeks	Sabath	Underwood
Kennedy, N.Y.	Merritt	Sanders	Vinson, Ga.
Kenney	Milligan	Sandlin	Walter
Kerr	Mitchell	Schaefer	Warren
Kloeb	Moran	Schuetz	Weaver
Kocialkowski	O'Connell	Schulte	West, Ohio
Kopplemann	O'Connor	Sears	West, Tex.
Kramer	Oliver, Ala.	Secrest	Whittington
Lambeth	Oliver, N.Y.	Shallenberger	Wilcox
Lamneck	Owen	Sirovich	Williford
Lanham	Palmisano	Sisson	Williams
Lanzetta	Parker, Ga.	Smith, Va.	Wilson
Larrabee	Parker, N.Y.	Snyder	Wood, Ga.
Lea, Calif.	Parks	Somers, N.Y.	Woodrum
Lehr	Parsons	Spence	
Lesinski	Patman	Steagall	
Lewis, Colo.	Peyser	Strong, Tex.	

NOT VOTING—44

Abernethy	Crump	Lloyd	Reed, N.Y.
Almon	Douglass	McReynolds	Reid, Ill.
Andrew, Mass.	Doutrich	Mansfield	Robinson
Bacon	Evans	Montague	Smith, W.Va.
Buckbee	Fernandez	Moynihan	Stubbs
Burke, Calif.	Foulkes	Norton	Terrell
Cannon, Wis.	Gifford	O'Brien	Treadway
Chase	Hollister	O'Malley	Utterback
Claiborne	Hornor	Peavey	Wadsworth
Clarke, N.Y.	Kemp	Perkins	White
Crosser	Kleberg	Peterson	Young

So the motion of Mr. CONNERY to concur was rejected.

The following pairs were announced:

On this vote:

Mr. Doutrich (for) with Mrs. Norton (against).
Mr. Evans (for) with Mr. Montague (against).
Mr. Buckbee (for) with Mr. Abernethy (against).
Mr. Peavey (for) with Mr. O'Malley (against).
Mr. Burke of California (for) with Mr. O'Brien (against).
Mr. Chase (for) with Mr. Almon (against).
Mr. Douglass (for) with Mr. McReynolds (against).

Until further notice:

Mr. Mansfield with Mr. Treadway.
Mr. Crosser with Mr. Hollister.
Mr. Kleberg with Mr. Wadsworth.
Mr. Crump with Mr. Andrew of Massachusetts.
Mr. Kemp with Mr. Bacon.
Mr. Smith of West Virginia with Mr. Gifford.
Mr. Hornor with Mr. Clarke of New York.
Mr. Fernandez with Mr. Moynihan.
Mr. Claiborne with Mr. Reed of New York.
Mr. Terrell with Mr. Perkins.
Mr. Utterback with Mr. Reid of Illinois.
Mr. Young with Mr. Foulkes.
Mr. Cannon of Wisconsin with Mr. Robinson.
Mr. White with Mr. Peterson.
Mr. Stubbs with Mr. Lloyd.

Mr. CONNERY. Mr. Speaker, my colleague, Mr. DOUGLASS, is unavoidably absent on account of sickness in his family. If here, he would vote "aye."

Mr. BOYLAN. Mr. Speaker, the lady from New Jersey, Mrs. NORTON, is unavoidably absent on account of illness. If present, she would vote "no."

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleague, Mr. ANDREW of Massachusetts, is unavoidably absent on account of illness.

Mr. DARROW. Mr. Speaker, my colleague, Mr. DOUTRICH, is absent on account of the death of his wife. If here, he would vote "aye."

The result of the vote was announced as above recorded.

Mr. WOODRUM. Mr. Speaker, there are four other amendments in disagreement, amendments nos. 11, 17, 18, and 21. They have to do with the totals that are dependent on what action is taken by the conferees. I ask unanimous consent that they be considered en bloc and that the House insist on its disagreement to these amendments in order that they may go to conference.

Mr. TABER. Does the gentleman intend to move to further insist on its disagreement to the other amendment?

Mr. WOODRUM. The one we have just considered? The vote we have just taken is equivalent to a disagreement.

Mr. GOSS. What would happen if the conferees got together on another plan?

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that the House ask for a further conference on the disagreeing votes on the independent offices appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The SPEAKER appointed as conferees on the part of the House Mr. WOODRUM, Mr. BOYLAN, Mr. HASTINGS, Mr. BUCHANAN, Mr. TABER, and Mr. THURSTON.

Mr. WOODRUM. Mr. Speaker, there is still amendment no. 13 in disagreement, aside from the veterans' items, having to do with giving the Attorney General power to compromise cases. The conferees when they considered that amendment came to the conclusion that they would recommend the adoption to the House, and when it came to the floor of the House some question was raised about it, and in order that the conferees may consider it I ask unanimous consent that the conferees have authority to deal with that amendment. If the conferees are able to carry out the instructions, we will be able to bring back a complete report.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

On motion of Mr. WOODRUM, a motion to reconsider the vote was laid on the table.

RUSSIAN PRIMER

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, yesterday during a discussion on the floor relative to communistic propaganda I stated that a teacher in a Washington public high school had read a Russian primer to the class and stated I proposed to secure the name of the teacher. My remarks could be accepted as condemning the action of the teacher. My purpose in rising today is to say I have secured from a friend a copy of the primer. Of course it is propaganda, but not offensive propaganda. It does not teach revolution; it does not advocate the destruction of governments. It is a statement of facts in relation to the 5-year plan written so Russian children would understand the plan translated in English, printed, and sold in this country.

It is rather socialistic, but I must confess we are in no position to throw stones in that direction in view of the glass houses we have constructed for ourselves. I find the book an interesting statement as to what the Soviet Government is trying to accomplish. It goes into detail as to what machinery can accomplish. Outlining a 5-year plan for children, the 10 suggestions it contains along this line cannot be assailed; in fact, the suggestions might be commended.

Mr. Speaker, I was correct when I said a teacher had read this primer to a class in a Washington high school. Had I read the primer prior to making the public statement, I would not have referred to it. I have made no attempt to learn the teacher's name, nor do I intend to, as I am convinced no harm has been done.

I will go as far as any Member of the House to oppose communism and communistic propaganda; but, finding my criticism in this instance was not warranted, I feel I owe it to the House, the people of Washington, and to the country to make this statement, which I do solely of my own accord.

CAN THE REPUBLIC LIVE?

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein an address delivered by our colleague, Mr. MCGUGIN, over the radio the other evening.

The SPEAKER. Is there objection?

There was no objection.

Mr. KNUTSON. Mr. Speaker, as the extension of my remarks, I wish to insert in the RECORD a radio speech broadcast by the National Broadcasting Co. of our colleague, Hon. HAROLD MCGUGIN, Representative from the Third District of Kansas, Saturday, June 3, 1933. It seems to me that this speech contains some thoughts which are deserving of the consideration of the Congress and the country.

The speech delivered by Mr. MCGUGIN is as follows:

Friends of the radio audience, the foremost public question before the American people today is whether or not the Republic is to be preserved. He who thinks in the spirit of childish fatalism that somehow the Government will wiggle through and that all that is of importance now is our personal financial affairs is living in a false security.

No government is a stable government which is not a solvent government. The Government of the United States is getting perilously near the point of insolvency. The American people as a whole are not as able to pay taxes today as they were in 1913, yet their tax burden today is far greater than it was in 1913, and their public debt is over eight times what it was in 1913.

In 1913 the total public debt, which included the debt of the Federal Government, the States, cities, counties, and school districts, was $4,800,000,000. By the time this special session of Congress adjourns the total public debt will be approximately $42,400,000,000.

Not only is this $42,400,000,000 debt a terrific burden for the people to bear but it is a great part of our wealth, which is tax exempt and bearing no part of the cost of government. In addition to these direct obligations of the Government which are tax exempt we have started the policy of setting up outside organization, such as the Federal land banks and the Reconstruction Finance Corporation, which we call instrumentalities of the Government. These organizations are authorized to sell their bonds, which are also tax exempt. No one knows how many billions of dollars of tax-exempt securities these special corporations now have outstanding, or will have in the near future. It is probably safe to say that there is either now in existence or authorized at least $50,000,000,000 worth of the tax-exempt securities in the United States. This means that a tremendous part of our property under present values is exempt from any taxation.

Every thoughtful person recognizes the menace of tax-exempt securities in such great proportions. It may be good politics to abuse the men and women who own these tax-exempt securities, yet, the facts are that the people who buy tax-exempt securities are not the ones to be blamed. The ones to be blamed are the officials who issue them and the people who demand money from the Public Treasury, which can only be obtained by the Government borrowing money. So long as the Government spends more money than it takes in it must borrow money. So long as it borrows money it must issue tax-exempt securities, otherwise the rate of interest paid by the Government would be increased. When that would happen, not only the tax burden to meet the interest would increase, but the interest rate on private debts would increase accordingly. No one is going to lend money to individuals and take the chance of loss and receive the same rate of interest which he can receive from the Government.

This special session of Congress has authorized the issuing of about $10,000,000,000 of tax-exempt securities, five billion of which are the direct obligation of the Government and between four and five billion of which are to be issued by these outside organizations, called instrumentalities of the Government. Every dollar of these $10,000,000,000 of new tax-exempt securities is to be issued as the direct result of the universal demand that the Government bear our financial responsibilities.

With the present public debt at approximately $42,400,000,000 this means $353 for each man, woman, and child as compared to $43.50 for each man, woman, and child in 1913. With our millions of unemployed, it is safe to say that in actual practice this debt is weighing more heavily upon them than any other class of our citizens. It is true that they may not directly pay through the window of the public tax collector. However, millions of these unemployed are today out of work because productive industry cannot bear this tax burden. As a result, productive industry is not operating and millions of these people are out of work. In brief, there are millions of people out of work today, hungry, and in destitution, as a direct result of the staggering public debt.

Let us view the financial condition of the Government at Washington in the matter of its permanent debt. At the end of the war the Government owed approximately $27,000,000,000. In 1930 it owed $16,200,000,000. In the middle of March of this year it owed $22,000,000,000. To this $22,000,000,000 there is being incurred an additional debt of $5,000,000,000 by this special session of Congress. This will mean that the debt of the Government of the United States has increased from $16,200,000,000 in the year 1930 to approximately $27,000,000,000 by June 30, 1933, as compared with a national debt of $1,000,000,000 in 1913.

Now, this staggering debt challenges the thought and apprehension of every thoughtful and patriotic citizen. The preservation of the Government given to us by our forefathers inescapably demands that we immediately start on the program of reducing the public debt rather than increasing the public debt. If we are to preserve the Republic, we must now consider what must be done in order to reduce the public debt. A year ago it was imperative that the current expenses of the Government be reduced. That meant that there had to be a reduction in the amount of money paid from the Public Treasury to every beneficiary of the Public Treasury.

For my part I have stood foursquare for adequate and proper reductions in money paid from the Public Treasury. I am firmly convinced that after President Roosevelt has carried out his program of reorganization of the Government, we cannot expect many more substantial reductions from the public pay roll. I am firmly convinced that we cannot expect as many reductions in the veteran expenditures as are now being attempted. Therefore we must now look to other sources to effect sufficient savings in the governmental expenses in order to balance the revenue and expenses of the Government and to reduce the debt.

When we do this we must make our reductions in the things for which we are spending money. What are the things for which we are spending money at this time? They are advancements from the Public Treasury for the purpose of taking care of the private obligations and responsibilities of the people of the country. Carrying on such a program leads first to the complete destruction of the Government and then leaving the people individually in a worse position than they were when they set forth to heap their personal burdens upon the Government.

Now, in the case of a government which coins money and prints currency, what does it do when it cannot meet its obligations? Does it just refuse to pay them, as does an individual or a governmental unit which does not coin money? No. It merely prints currency and wipes out its debts. The more currency which is printed, the less value is the currency when exchanged for commodities. When that program is carried far enough, the people are unable to obtain enough money to buy the necessities of life. When that occasion arises, human suffering exists in the congested centers beyond human endurance. It is then that the social order breaks down. That is the background of the French adage, "The printing press and then the guillotine."

The Federal Government at Washington has already started out on this program. Under existing conditions I think the program which the Government has started upon is necessary and all right providing it is held in bounds. By the first of the year 1933 the American dollar, measured in the usual value of commodities, had reached a point where it was worth $1.62. The United States is now off the gold standard. The dollar is going down in value. It seems to me that it is all right for the dollar to descend in value until it reaches the point where it is worth 100 cents, when exchanged for commodities, but if it goes beyond that point, our peril is only to be measured by the extent that the dollar goes below a value of 100 cents when exchanged for commodities. In other words, if the inflation gets away from us, we will experience what Germany experienced after the war, and what the Thirteen Colonies experienced during and following the Revolutionary War. Inflation can reach a point where a $10 bill will not buy a breakfast. If ever inflation runs wild in this country, the distress and the despair of the American people will be manyfold that which they have as yet experienced.

No government ever went into wild inflation except that it had a debt which it could not meet in any other manner. We have undertaken to guard against this evil event by placing full control of our money in the hands of President Roosevelt. In my judgment, this is our only hope to save us from an excessive inflation. However, if the public debt continues to mount, President Roosevelt will be as helpless as a child in trying to hold the inflation in bounds. After all this is a democracy. In the end, the people are going to do what they want to do. There is no way to place sufficient power in the hands of the President so that he can prevent the people from destroying themselves if they are determined to do so.

This last emergency bill of $3,300,000,000 must be the end of our efforts to bring ourselves out of our present despair through the aid of government. It seems to me that it is our last desperate struggle. If, after this money is expended, the people are not able to care for themselves and in turn support the Government, we may as well resign ourselves to whatever may be our fate with the passing of the Republic.

If this $3,300,000,000 proves to be a stop-gap and is the means of tiding us over until the usual order is reestablished, it will have been worth the effort. With our monetary reform to date we are getting an increase in our price level. It is hoped that this increase in the price level will place the producers of farm and mineral products upon their feet. It is to be hoped that $3,300,000,000 of public works will tide over the unemployed pending the time when the producers of the raw products of the farm and the mine sufficiently recover financially to be able to buy the products of industry and thereby restore employment for many of the unemployed.

The most menacing thing in American life today is the utter dependence which seems to exist in the minds of our people. Unless this public thought can be changed there is no hope to save the Republic we have known. On May 2 and 3 of this year an association of college graduates met in Washington. This association passed a resolution demanding that it was the obligation of government to provide a subsistence for college graduates specifically mentioning school teachers, doctors, dentists, nurses, lawyers, architects, chemists, and engineers. Now, when in a country college graduates cannot some way take care of themselves, then that country is about at the end of its road.

We also see captains of finance and industry coming before the Congress under the white flag of surrender and asking the Government to give to their institutions financial support and governmental management. It looks as if all the officers in the once proud economic army of America are surrendering. When any government takes over the responsibility of operating industry, financing industry and furnishing employment to the people, that government ceases to be a republic and becomes a communistic government. All that there is to communism is that it is a government wherein all the people work for the government; therefore, the government must own and operate all productive industry. The price which any people must pay for such a government is a surrender of their personal and human liberty. Strange as it may seem, those who advocate the socialistic principle, profess to be the greatest liberals, yet they are advocating a principle which leads to the most tyrannical society and the greatest destruction of human liberty yet to be found in recorded history. In proportion to the extent the people turn to the government for support and subsistence they give up their liberty.

Since the 4th of March the people of the United States have demanded and received more relief from their Government and more governmental control over their business and lives than they have ever heretofore demanded from the Government. Likewise, since the 4th of March we have seen the people surrender more of their liberties to the President of the United States than have ever been surrendered before in the history of the country. So today, in our own country, in proportion to our increased dependence upon the Government, we have surrendered our liberties.

It is the hope of every patriotic citizen that President Roosevelt is going to be able to exercise these powers as a means of restoring the liberties of the people. We all know that that is his ambition. We all know that he has no dream of dynasty. If he fails, we are bound to awaken one day to find that our liberties are not being temporarily held in trust by a President but held in fee by someone not chosen by the people. Unless we can quickly get this Government on a solvent basis he will fail. The Government will be on a solvent basis whenever the people in all walks of life support themselves and in addition thereto contribute enough to the Government to meet the current expenses of government and in an orderly manner retire the debt already incurred.

HITLER'S AMERICAN ALLY, ST. JOHN GAFFNEY

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in reference to the persecution of the Jews, and to include therein excerpts from articles appearing in the New York Journal, the New York Sun, and the New York Times, and certain correspondence from Mr. MCGRATH.

The SPEAKER. Is there objection?

There was no objection.

Mr. KRAMER. Mr. Speaker, I represent the Thirteenth District of California, in which reside approximately 50,000 citizens of the Jewish faith of German extraction. These people are law-abiding, honorable citizens, and they are a credit to the community in which they live. They contribute largely to the making of the city of Los Angeles, which is the largest metropolitan city on the Pacific coast. These citizens resent the persecution of the Jews in Germany, as do all Americans who are opposed to intolerance. They are greatly exercised over the tragic situation which is today confronting the Jewish race in Germany. They have tried to remain silent, thinking possibly the reports from the German Republic were exaggerated, but since positive proof has been forthcoming they have become all the more resentful of this terrible persecution of an innocent people.

An organization was formed in Los Angeles by the Jewish people to oppose this horrible treatment of the Jews. Rabbi Edgar F. Magnin was elected chairman, and they did me the honor of electing me honorary vice chairman. I have been informed from time to time by this organization that mass meetings were being held, and so many people of all creeds—Jews, Protestants, and Catholics—turned out for these meetings that thousands had to be turned away.

A pamphlet was sent to me by a Mr. T. St. John Gaffney, who was an American consul in Germany some years ago, and who I understand was removed from office during the administration of President Wilson. The object in sending out this pamphlet apparently was to minimize and make excuses for the Hitler atrocities. It would seem quite clear to the average person reading over this pamphlet that it is not worthy of any consideration, as I feel that the statements contained therein have been greatly exaggerated.

I wish to include as part of my remarks the following excerpts from various newspapers in New York, published in 1915, which will give my listeners an idea of the caliber of this man, Mr. T. St. John Gaffney:

[New York Times, Sept. 29, 1915]

The newspapers toward the end of September 1915 carried dispatches from Washington stating that the State Department had decided to ask for the resignation of T. St. John Gaffney, United

States consul general at Munich. It was charged that Gaffney showed partisanship in the manner in which he handled the business of his office, which was also in charge of British consular affairs in Munich. It was charged that he wrote anti-British articles for publication, also a commendatory letter for publication in Germany, which had been running a series of articles attacking the American Government, specifically Secretary of State Bryan, for the attitude of neutrality in the war. It was said that these statements also reflected upon President Wilson's policies. Another charge was that a letter from an officer of an Irish-American society had been sent to Germany in the consular pouch of the Austro-Hungarian consulate instead of through the regular State Department pouch. Another charge against G. was that he had entertained Sir Roger Casement at a dinner in Munich after Casement had left the British consular service and initiated a movement for the liberation of Ireland with the help of Germany.

[New York Sun, Sept. 26, 1915]

Americans caught in Germany at the outbreak of the war had complained to the State Department of G.'s partisan attitude. It was said that he showed such intense sympathy with the German cause as to make him offensive to many British subjects in Germany whom he was officially required to aid, the United States having taken over the consular and diplomatic interests of Great Britain.

[The Herald, Sept. 28, 1915]

At the outset of the war G. made an official visit to England for the inspection of prison camps there, and his criticism of the British brought forth a complaint from the British Government. The representatives of other allied governments had also complained about G. to the Washington administration. It was recalled that G.'s career had been a stormy one almost from the time of his appointment by President Roosevelt in 1905. The question of his removal had come up in 1913, but he was then transferred from Dresden to Munich.

[New York World, June 19, 1915]

G. wrote an open letter which was published in the New York World denying that Americans were ill treated in Germany and criticizing conditions in England, Russia, and Italy. In the course of this letter G. declared: "In England strikes and riots and the tax on unfortunate civilians are a daily occurrence." He accused the American press of publishing and accepting at their face value dispatches which he alleged were "fabricated" in London, Paris, or Petrograd, and he warned that such publicity endangered German-American friendship.

[New York World, Sept. 29, 1915]

The letter which it was charged was sent to Germany in the Austro-Hungarian pouch was written by Dennis A. Spellissy, an officer of the Irish National Volunteers. At the same time the German and Austro-Hungarian Ambassadors were complaining of their inability to communicate with their capitals.

[New York Times, Nov. 29, 1915]

Upon his return to the United States, toward the end of November 1915, G. vociferously complained to fellow passengers on the ship that he was not being justly treated by the State Department. He flatly denied all the charges which had been published in the newspapers. In answer to the charge of rudeness to American and British citizens, he alleged that the facilities of his office were so overtaxed that it was not possible for him in the early days after the outbreak of the war to give the proper attention to all applicants; volunteer workers lacking in training had to be engaged, and some of these may not have been courteous to those who called at the consulate. As for the letter sent by the officer of an Irish-American organization, G. protested absolute ignorance and said he had never received the letter in question, nor was it true that he had entertained Sir Roger Casement; he had given a dinner in honor of former Mayor MacLellan, of New York, at whose request he had invited Casement. Mr. G., however, did not deny his anti-British and pro-German sympathies.

[New York Times, Aug. 30, 1916]

It appears that G. went back to Munich after spending some time in the United States and returned to the country in August 1916, when he gained a great deal of notoriety by attacking the United States Government's policies on shipboard. To the disgust of a number of passengers he openly approved the Zeppelin raids and the sinking of the *Lusitania*.

[New York Times, Feb. 7, 1917]

In a wireless dispatch from Berlin the foundation of a German-Irish association in that city is reported. The association is presided over by Herr Mathias Erzberger (then head of the Conservative Party), Count Von Westart (then head of the Pan Geman Party); the board of directors included Herr Ernst Wesserman (then head of the National Liberal Party), Prince Bluecher (who was supposed to represent the Kaiser), and T. St. John Gaffney.

[New York Tribune, Feb. 19, 1918]

A year later G. was dropped from membership in a Republican club in New York City, ostensibly for nonpayment of dues. A member of the war committee of the club, however, said that the club was satisfied that since April 1917 G. had been traveling between Berlin and Stockholm as a German propagandist.

[New York Times, Jan. 26, 1930]

In the February 1930 Current History G. published an article in which was included the text of a letter he had received from the Kaiser in which the chief point made was a denial that there had ever been such a thing as the Potsdam crown war council. In this article G. ardently defended the Kaiser against the war-guilt charge.

[New York Times]

In the March 1930 Current History G. published another article protesting against article 231 of the treaty of Versailles, in which Germany accepts the blame for the outbreak of the war.

[New York Times, Feb. 19, 1933]

In February 1933 G. gave to the press the text of a letter on technocracy which he had received from the Kaiser.

Mr. Speaker, it is my earnest desire that this country use its good offices to put an end to this intolerable situation. May we all join with these good people in the hope that our Government will express itself to the Government of the German Republic in behalf of the individual rights of the citizens of all faiths.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

Mr. BYRNS. Mr. Speaker, the gentleman has that permission already. I object.

Mr. FISH. I simply ask the same right that other Members are asking.

Mr. BYRNS. I object. The gentleman has the same opportunity that other Members have.

POSTAL LEGISLATION—SEVENTY-THIRD CONGRESS

Mr. WITHROW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an address delivered over the radio at noon today by the Chairman of the Committee on the Post Office and Post Roads, the gentleman from New York [Mr. MEAD], relative to postal legislation in the Seventy-third Congress.

The SPEAKER. Is there objection?

There was no objection.

Mr. WITHROW. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered over the radio at noon today by the Chairman of the Committee on the Post Office and Post Roads, the gentleman from New York [Mr. MEAD], relative to postal legislation in the Seventy-third Congress:

In opening I congratulate the postal workers upon their efficiency and loyalty and assure them of the continued consideration and appreciation of the Committee on the Post Office and Post Roads of the House of Representatives.

The history of our Postal Service is the history of the postal workers. It is their unfaltering adherence to the traditions of dependability, courage, and loyalty which has made possible the expansion of the service. The postal employees are gamely making sacrifices today to save that big industry in its present-day perfection for the country, and it is only right that the public should realize and understand their hardships so that they may extend cooperation.

Judging from the number of letters which I receive each day from post-office employees inquiring as to how the bills before Congress will affect them, I thought you might be interested in a résumé of this session's postal legislation, although the measures we have been forced to consider in order to balance the country's Budget are not the kind we have enjoyed passing. And while it is true that our salaries are being reduced, it is also a source of satisfaction that the Postal Service is successfully holding its big family together during the present widespread economic crisis.

I believe the Department will weather the storm without dismissing any of its efficient, faithful, regular employees. This will be permissible because of the number of retirements effective July 1 next and also because of the desire of the Postmaster General to share the work by use of the rotative furlough.

In its program to reduce the postal deficit, the Department has pledged itself not to discharge employees nor to impair the service. Speaking at a recent meeting, the Postmaster General's executive assistant stated, "Whatever reduction of force may be necessary in the Postal Service will be accomplished in the main by voluntary retirement, by cutting down the hours of labor or the hours of duty of clerks, city carriers, and supervisory employees, and by lowering the allowances of rural carriers, not by dismissing them."

The single exception mentioned referred to the clerks at those second-class post offices which will be relegated to the third class on July 1 as a result of the decreased postal receipts during the past calendar year; and even in those cases the Department is making a strong appeal to the postmasters to retain the present personnel whenever possible.

THE ECONOMY ACT

I shall dwell but briefly upon the provisions of the Economy Act which became effective April 1 of this year and will continue in force during the fiscal year 1934. It provides, as you know, for pay cuts based upon the cost of living, such reductions not to

exceed 15 percent. It continues the provisions of the previous Economy Act of a year ago suspending automatic promotions and the filling of vacancies, reducing travel allowances, and permitting the temporary interchange of assignments among postal employees without change of pay-roll status.

It does away with the 24-day legislative furlough which created so many difficulties, restores annual leave with pay, restores the full night-work differential, and removes the restriction against the payment of a higher rate of compensation for overtime work.

With a restoration of the 1926 price levels and an increase of postal business wages and working conditions in the Post Office will return to normal again.

In keeping with the economic trend of our time I predict a 5-day week for postal workers, and to correct the abuses of this machine age in which we live a shorter workday and a shorter workweek will soon be enjoyed by the workers generally throughout America.

RETIREMENT

Probably no subject is of greater interest right now than retirement.

The independent offices appropriation bill, which is still under consideration, contains legislation on this subject. It provides that until July 1, 1935, any civil service employee who has an aggregate period of service of at least 30 years to his credit may be separated from the service with full annuity. From this amount 3½ percent will be deducted until he reaches the age prescribed in the Retirement Act for automatic separation.

Should the annuitant be reemployed in the service of the Government before reaching retirement ago, the pension provided by this bill shall cease, and his subsequent annuity rights shall be determined in accordance with the provisions of the retirement law applicable at the time of his later separation from the service.

In the words of the Director of the Budget, "The provision authorizing the retirement, with retirement privileges, of Federal employees who have been in the service 30 years is for the purpose of meeting the situation which will develop under the retrenchment program. It is not contemplated, under the provision of the act, that those who have been in the service more than 30 years will be of necessity discharged. The President is given broad power to except those who have been in the service 30 years or more."

Annuities of 30-year employees who are involuntarily separated from the service are protected by the bill, and it is understood that this authority will be used to reduce the personnel only where necessary in order to avoid dismissals.

ROTATIVE FURLOUGH

The independent offices appropriation bill repeals the former administrative furlough and provides a new furlough plan to avoid the necessity of making discharges when there are more employees than the needs of the service require.

This plan is to divide the work among all the officers and employees in rotation, placing workers on furlough where necessary to carry out this idea, but not furloughing anyone for more than 90 days during the fiscal year.

The President is directed to issue rules and regulations in this respect so that the action taken by all departments and establishments will be uniform in applying the furlough.

Because of the difficulties which would arise were the furlough applied in the Rural Delivery Service, the bill does not apply in this connection to rural carriers, but, instead, authorizes the President to reduce or suspend their equipment allowance during the fiscal year.

I feel confident that this furlough authority will be exercised with discretion and put into operation only when the choice lies between furloughing or dismissing employees.

POSTAL RATES

The changes in legislation which I have just mentioned were recommended as necessary in view of existing conditions. Personally, I wish there were other ways of paring our Budget so as not to disturb the incomes of the lower salaried employees who need every penny to make ends meet. However, while salaries are being reduced, at the same time we are looking forward to means of restoring these reductions before long. Although it appears necessary to reduce expenses at this time, this retrenchment is also serving as a foundation for going forward and building up business which will justify legislation of the future to increase the opportunities offered by the Postal Service.

One of our chief objectives at this time is building up the volume of mail business. We have the skilled employees, the equipment, the space, and the facilities to handle many times the present volume without increasing expenses.

Raising first-class postal rates from 2 to 3 cents was a mistake. It has cost us millions of dollars. Large mailers are using the third-class instead of the first-class. Many of them have forsaken the Postal Service entirely, using their own employees for the delivery of local matter which formerly went through the mails at the lower rate. To win back this business we must restore the 2-cent rate!

Within the past few days Congress sent a bill to the President reducing the rate from 3 to 2 cents an ounce on first-class mail matter addressed for local delivery. I believe the results of this reduction will warrant reducing all first-class postage to 2 cents before long. This bill will give the President authority to make such a reduction.

In addition to restoring the 2-cent rate on local first-class mail matter the bill also gives the President authority during the next fiscal year to modify other rates of postage—including second-, third-, and fourth-class postage—as seems advisable, and to make corresponding modifications in the percentages of gross postal receipts to be counted in determining the classification of post offices and salaries of postmasters.

With the reduction from 3 to 2 cents on local first-class matter, 90 percent of the gross postal receipts are to be counted in determining the classification of offices having city or village delivery service.

The Post Office Department needs more mail volume. Volume will reduce the unit cost of handling the mail. We can take on $100,000,000 worth of additional mail matter without materially increasing the expenses of the Department. To secure such additional mail volume our postage rates must not be excessive. After July 1, when 2-cent postage on local letters becomes effective, I am convinced that postal volume and postal revenues will increase.

We have some welcome reports in this respect already. For the first time since the depression the reports indicate that postal receipts are increasing all over the country, which means that business is reviving, as postal receipts are a dependable barometer of business. The receipts during the month of May at 50 selected offices showed a gain of 3.68 percent as compared with the same month a year ago. The highest percentage (18.64 percent, or $94,510.57) of increase was at Kansas City, Mo., although New York City showed the largest actual increase in dollars—$390,148.29, or 8.28 percent.

CONCLUSION

And now a word to my other listeners who are not postal employees.

The Postal Service is not a profit-making enterprise; it is here to serve. It has played an important part in every development in our country's history. Daily it brings the news to your door. Daily it delivers your messages across country and even across seas. It functions so efficiently that you probably take its operations as a matter of course and do not stop to realize the enormous scope of the postal activities.

Here is a service unsurpassed in efficiency, maintained for your benefit, and affording employment to hundreds of thousands of American citizens. It requires your cooperation, however, to keep this service operating. Won't you do your part by making use of its facilities?

Mr. BLACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, including therein the program and policies of the Steuben Society of America.

Mr. FISH. Mr. Speaker, I object.

GRASSHOPPERS

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. SHOEMAKER. Mr. Speaker, we are just beginning to be swamped with telegrams from the States of Minnesota, North Dakota, and generally throughout the Northwest, to the effect that grasshoppers are coming out and raising havoc with our crops. We have made absolutely no provision in the way of appropriation to cover that situation. I appeal to the Committee on Appropriations to report favorably a resolution which lies on the desk, introduced by the gentleman from North Dakota [Mr. LEMKE]. I ask unanimous consent for its present consideration.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

Mr. BLANTON. Mr. Speaker, this measure, which is House Joint Resolution No. 203, introduced by our colleague from North Dakota [Mr. LEMKE] on June 9, 1933, proposes to appropriate the large sum of $980,000 "for control of the grasshopper." That is quite a sum of money to spend on grasshoppers. It is practically a million dollars. If we had plenty of money in the Treasury, and did not have to further tax the people to get it, possibly the matter would be worthy of consideration. But this bill has not yet received the favorable consideration of a committee. It has not yet been reported and put on the calendar.

Until we take the 2-cent tax off of bank checks, which in the first place never should have been levied, I am not in favor of appropriating $980,000 on any grasshopper program.

Until we repeal the law that requires 3 cents postage on first-class mail, and again return to the sane practice of sending a letter anywhere in the United States for 2 cents, I am not in favor of wasting $980,000 trying to control grasshoppers.

Until we are able to unburden the people from the many nuisance taxes which now hang heavily upon their shoulders, I am not willing to further tax the people to raise this additional $980,000 for somebody to waste messing around with grasshoppers.

The people in King Pharaoh's time were plagued with grasshoppers. There have been grasshoppers in all of the centuries that have passed since then. We have them now, and we will always have them. We could waste 10 times this $980,000 and we would not control them. I am not in favor of spending this nearly a million dollars on grasshoppers, hence I object.

Mr. SHOEMAKER. If it was for the boll weevil, would the gentleman from Texas object?

Mr. BLANTON. Yes, I would. I am against spending any money that is not absolutely necessary. I object to spending nearly a million dollars for any such purpose at the present time. We who have charge of the business of this Government, before we spend any sum of money, ought to stop and first ask ourselves the question: "Is this necessary; can we do without it?" That is the plan we pursue with respect to our own personal affairs, if we keep our debts paid, and that is the plan we should pursue with respect to all business of the Government. In no other way will we keep this Government out of bankruptcy. I therefore object. The people of the United States do not want $980,000 of their tax money spent for this purpose at this particular crucial time in our history.

I regret having to deny the request of the gentleman from Minnesota, but this bill ought not to pass. This million dollars should be saved for the people. I therefore object to this bill being considered.

ORDER OF BUSINESS

Mr. MAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. The gentleman has that permission already.

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute on the subject of veterans.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, that is a rather large subject and we have just finished a discussion of it.

Mr. LUNDEEN. Then I shall make a parliamentary inquiry. Mr. Speaker, we have two petitions on the Speaker's table, one a petition to discharge the committee from further consideration of the soldiers' adjusted compensation bill (H.R. 1), and the other referring to the repeal of the Economy Act (H.R. 5393). My parliamentary inquiry is this, Will the signatures that are on those petitions remain there until the next regular session, and may they be added to then?

The SPEAKER. They will remain as they are.

Mr. LUNDEEN. I call the attention of Members of the House to those two petitions and ask their signatures.

I filed these two petitions to discharge the committees handling these two bills, and I made a strenuous effort to bring these two bills before the House of Representatives for action in order that something might be done for the veterans of America and for the Federal employees. I want the country to understand that when a bill has remained in a committee for 30 legislative days, slumbering away there without any action being taken, dying away, as it were, any Member of the House may petition to discharge the committee and bring the bill before the House; and if 145 Members attach their signatures to the petition, the committee is automatically discharged and the bill brought before the House.

A short time ago there was a move on foot to raise the number of signatures required from 145 to a majority of the 435 Members of the House, making it almost impossible for any Member to resurrect a bill pigeonholed in some committee. This move was defeated and the 145 rule still stands.

Is it not strange that in this land of democracy the Steiwer-Cutting amendment, which was debated for hours yesterday in the United States Senate, and which was passed by the United States Senate by a vote of 51 to 39, giving something between thirty and seventy million dollars more money to the veterans of America—I say, is it not strange that when this bill comes to the House of Representatives, with its two-thirds Democratic majority, immediately we are all muzzled; that the previous question is immediately ordered and all debate is shut off, so that no one can speak for improved conditions for the soldiers of America who wore the country's uniform in time of war?

The gentleman from Texas, in stating that "we have just finished a discussion of it", is in error. There was no discussion of this question at all in the House. The previous question shut off all discussion of this soldiers' legislation. I say we were muzzled by this Democratic majority. Free discussion was prevented, and we were forced to a roll call without any discussion.

I want the RECORD to show that I am opposed to this kind of procedure, and I am astonished, when a Member of this House asks consent to proceed for the very short period of 1 minute on the subject of the veterans of America, that any Member of this House should object, and make an erroneous statement that there has been a discussion of this subject, when there was no discussion at all. If Members of Congress refuse to debate the subject of veterans' legislation here, I will venture this: That soldier lads will come marching into Congress to replace sitting Members who voted against soldier legislation and who voted against discussion of soldiers' legislation upon this floor.

I want the country to know that I am for complete and absolute repeal of the "Economy League" bill known as "An act to maintain the credit of the United States Government", and which I wish to refer to as "An act to discredit the Government of the United States", for surely the Government can gain no honor or glory by throwing soldiers out of their hospital beds and reducing hundreds of thousands of men to abject poverty and destitution and sending them to the soup line. I want the soldiers of the country to know that I am making a last-ditch fight for every veteran of every war in America, and I want the Federal employees to know that I have stood with them on every question before this House. The faithful service rendered by the Federal employees entitles them to a living American wage while they are serving the country and to a decent, respectable pension when they have retired.

The soldiers of America who were sent forth to war—Civil War, Spanish War, World War, or whatever struggle may be mentioned in which we have engaged—these men are the forgotten men today. It may not have been clear to the country when the future president spoke of the forgotten man during the campaign, but it may well have been that the forgotten man was a soldier and it seems to me that the forgotten man is the soldier of America, the Federal employee, and the man who served the Government. And it seems to me that we are forgetting the veterans and Federal employees and remembering instead foreigners, kings, and emperors across the ocean, and empires. We remembered them in 1926, when we cut more than 50 percent off their debts, incurred during the war and after the war—a total amount of $12,097,667,000 as shown by the speech of Senator Howell, of Nebraska, in 1932—himself a Spanish-American War veteran, a brilliant Senator, and a good American. And now we are remembering Europe by accepting less than 10 percent—because that is what it amounts to when the payment in silver is considered—and that in the face of the fact that the foreign countries tell us they will pay no more than 10 percent, and refer to the Lausanne agreement, and use the same argument that was used in the discussions concerning Germany, so that the balance of the amount due this country, of which more than one half had already been canceled in 1926, is to be cut down to a dime on the dollar, or less.

It cannot be said that we are accepting this on account, and that we are not canceling, and that only Congress can cancel, because the foreign countries state specifically that they are paying this small amount with the definite and specific understanding that it is to be on the terms of the

Lausanne agreement—10 percent, or less than 10 percent, since the payments are being made in silver. And the chief gentleman carrying on the negotiations as unofficial Ambassador to Europe is Norman H. Davis, many times on the J. Pierpont Morgan & Co. preferred list, propagandist, and fugitive from justice, as shown by Congressman TINKHAM'S speech on this floor, and those who were associated with him in Europe are still there, evidently carrying out the wishes of the great banking House of Morgan to the detriment of this country. I sincerely hope that the four distinguished appointed delegates will undo the damage done by Mr. Davis and his associates, and represent America to the end that this money will be paid into our empty Treasury. That might help to balance the Budget.

The Democratic membership may shut off discussion on soldiers' legislation in this House now, but they are not going to be able to shut off discussion in the 1934 campaign and in the 1936 campaign. The soldiers of America and their friends will speak then, and it is my belief they will speak in no uncertain language.

CIRCUIT JUDGE FOR THE NINTH JUDICIAL CIRCUIT

Mr. LEWIS of Colorado. Mr. Speaker, I move to suspend the rules and pass the bill (S. 813) to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circuit, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That the President is authorized, by and with the advice and consent of the Senate, to appoint a circuit judge to fill the vacancy in the United States Circuit Court of Appeals for the Ninth Judicial Circuit occasioned by the death of Hon. William B. Gilbert. A vacancy occurring at any time in the office of circuit judge referred to in this section is authorized to be filled.

The SPEAKER. Is a second demanded?

Mr. BLANTON. Mr. Speaker, I demand a second.

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Colorado is entitled to 20 minutes and the gentleman from Texas to 20 minutes.

Mr. LEWIS of Colorado. Mr. Speaker, this bill is to restore to the ninth circuit a fourth judge, who has been there for several years. Under the act of 1929 creating the fourth judgeship it was provided that upon the death of the senior circuit judge such vacancy should not be filled unless authorized by Congress. The senior circuit judge has died. This bill authorizes the filling of the vacancy. The ninth circuit has a greater amount of business than most of the circuits in this country.

I quote from the report of the Judiciary Committee of the House:

The Committee on the Judiciary, to whom was referred the bill (S. 813) to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circuit, after consideration, reports the same to the House with the recommendation that the bill do pass.

This bill authorizes the appointment of a circuit judge for the ninth circuit to succeed Hon. William B. Gilbert, deceased. Such appointment, under existing law, is prevented by a limitation in section 2, chapter 413, Forty-fifth Statutes 1414. There are now three circuit judges in the circuit. Your committee is of the opinion that four judges are required properly to discharge the business of the circuit court of appeals.

The ninth circuit is composed of the following States: Arizona, California, Idaho, Montana, Nevada, Oregon, and Washington, and the Territories of Hawaii and Alaska. The court also hears appeals from the United States Court for China.

From information furnished the committee by the State Bar of California, the following appears:

"The population of the ninth circuit has increased from 3,204,752 in 1900 to 10,131,325 in 1930.

"In 1900 there were 11 district judges within the circuit, while there are now 28.

"During the fiscal years 1900–29 the Circuit Court of Appeals for the Ninth Circuit has disposed of more cases than any other circuit except the second, where there are now 6 judges, and the eighth, which was recently divided into 2 circuits, the new eighth with 6 judges (1 retired) and the tenth with 4 judges."

The report of the judicial conference, published in the Annual Report of the Attorney General for the fiscal year 1932, page 8, contains this paragraph:

"There is, however, a special exigency in the ninth circuit, where there are at present only two circuit judges. The pressure of the work of the district courts is such that district judges are not available to carry on continuously the work of the circuit court of appeals. As a result, it appears that the court has been compelled at times to sit with only two judges. To provide adequate service in that court there should not only be a successor to fill the vacancy caused by the death of Judge Rudkin but there should be a removal of the existing limitation upon the appointment of a successor to Judge Gilbert (act of Mar. 1, 1929, c. 413, secs. 1 and 2, 45 Stat. 1414; U.S.C., title 28, sec. 213 (b)). The conference renews its recommendation to this effect."

The Attorney General also favors this proposed legislation as indicated by the following excerpt from a communication which he addressed to the Chairman of the Senate Judiciary Committee under date of May 2, 1933:

"For the past 3 years the conference of senior circuit judges has recommended legislation to provide for the appointment of a successor to Judge Gilbert and this Department has several times expressed its approval of such legislation. The Department file on this matter contains resolutions urging enactment of legislation to provide for the appointment of a fourth judge in the ninth circuit from the Bar Association of San Francisco and the Montana State Bar Association. The material at hand convinces me of the necessity for this legislation."

Justice William H. Sawtelle, of the ninth circuit, in citing the fact that the work of the court in 10 years increased 58 percent; that from 192 cases docketed in 1921, there were 327 cases in the fiscal year 1931; that in 1900 the ninth circuit reviewed the decisions of 11 United States district judges, whereas in 1930 it reviewed the decisions of 28 district judges, concluded:

"If we are not given an additional judge one of three things must happen—

"(1) We must continue to work overtime at the risk of impairing our health.

"(2) We must let the work get behind.

"(3) We must turn out opinions without giving them the consideration that their importance warrants."

This bill has been urged by the Attorney General. It is approved and urged by the bar associations of the ninth judicial circuit. It is urged by the Attorney General. It has been passed by the Senate. It has been reported favorably by the Committee on the Judiciary.

Mr. TARVER. Will the gentleman yield?

Mr. LEWIS of Colorado. I yield.

Mr. TARVER. Is it not true that quite a large number of new Federal judges have been urged by the Department of Justice, and in what respect does the judgeship in which the gentleman is interested differ from some score of others which have been recommended by the Department during the last year or two.

Mr. LEWIS of Colorado. I may say to my distinguished friend that it differs in this respect: That the judicial conference and the Attorney General have not urged any additional circuit judges, as far as I am informed, except this one.

Mr. TARVER. Oh, the gentleman is mistaken. They have urged quite a number of circuit judges as well as district judges.

Mr. LEWIS of Colorado. Circuit judges? That is not my information, and such is not the report of the judicial conference, headed by Chief Justice Hughes.

Mr. BLANTON. Will the gentleman yield?

Mr. LEWIS of Colorado. I yield.

Mr. BLANTON. The gentleman was not here when this fourth judge was provided for the California circuit.

Mr. LEWIS of Colorado. May I interpose, this is not merely for California but it is for the entire ninth judicial circuit, comprising 7 States and 2 Territories.

Mr. BLANTON. But if the gentleman had been here he would remember there was a sick judge out there who was not able to transact business, and they came here and asked for an extra judge to fill his place during his lifetime. They assured Congress at that time that when the sick judge died there would not be a successor appointed for him; that that would end it. Why do they not keep faith with the Congress? Why do they come here now and ask for another? I do not think it is fair, either to the Congress or to the people of the United States.

Mrs. KAHN. Will the gentleman yield?

Mr. LEWIS of Colorado. I yield.

Mrs. KAHN. Might I say that when the other judge was appointed, the population of the ninth judicial circuit at that time was 3,204,000? It has increased to 10,131,325

in 10 years. There were 11 district judges then within the circuit. There are now 28. Those men have on an average of nearly 100 cases a year to decide, which is entirely too many for any judge to pass upon.

Mr. BLANTON. Will the gentleman yield further?

Mr. LEWIS of Colorado. Certainly.

Mr. BLANTON. Does the gentleman know anything about what time those three Federal judges are busy each year? Possibly if they worked a few more hours each week there would be no congestion. I am afraid they are idle much of the time.

Mrs. KAHN. They may do that in the Texas circuit, but they do not do it in the ninth circuit. [Laughter and applause.]

Mr. BLANTON. My experience has been that if they would really do a day's work about 5 days a week, about 4 weeks a month, and about 10 or 11 months in the year they could take care of every bit of business out there.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. LEWIS of Colorado. I yield.

Mr. ZIONCHECK. I want to call to the attention of the gentleman from Texas the fact that out in the West we have a great many interstate commerce cases and bus cases, and that the law requires 3 judges to sit upon those cases, 1 judge from the circuit court of appeals and 2 district judges. There are enough of those cases to require that one man, just to keep going around and sitting with the other judges on the bench. In the West when we have work to do we work 25 hours a day—12 hours during the day, 12 hours at night, and during the noon hour. We do not do the way they do down in Texas.

Mr. TARVER. Will the gentleman yield further?

Mr. LEWIS of Colorado. I yield.

Mr. TARVER. How long since this judge died?

Mr. LEWIS of Colorado. I do not recall at this moment.

Mr. TARVER. The gentleman is wanting to create a new judgeship in place of the judgeship which became vacant through the death of the incumbent?

Mr. LEWIS of Colorado. Yes.

Mr. TARVER. When did he die?

Mr. LEWIS of Colorado. I have forgotten the date.

Mr. ZIONCHECK. Judge Rudkin died about 2½ years ago.

Mr. LEWIS of Colorado. Mr. Speaker, I yield the balance of my time to the lady from California [Mrs. KAHN]. [Applause.]

Mrs. KAHN. Mr. Speaker, I certainly appreciate the applause, but I hope you will "say it with votes." [Applause.]

In the ninth circuit district there are included the States of Arizona, California, Idaho, Montana, Nevada, Oregon, and Washington, the Territories of Hawaii and Alaska, and occasionally the court hears appeals from the United States Court for China.

Most of the Members of this House are lawyers and can well appreciate the number of cases that must come from all those States into the court.

As I said before, the population has increased from 3,000,000 to 10,000,000 since this judge was appointed. We have the approval of the Committee on the Judiciary of the House. This bill passed without opposition in the Senate. It has the endorsement of the bar associations of every single one of those States, and it has the unanimous endorsement of every Member of the House from those States. It seems to me under those circumstances, with the enormous rush of business which the ninth circuit district has, we are entitled to the extra judge.

This circuit between 1900 and 1929 disposed of more cases than any other circuit except the second, where there are now 6 judges, and the eighth, which was recently divided into 2 circuits, the new eighth circuit district with 6 judges, 1 retired, and the tenth, with 4 judges. So it seems to me that with the number of cases coming before the ninth circuit district, we certainly are entitled to this extra judge.

Mr. MILLARD. Mr. Speaker, will the gentlewoman yield?

Mrs. KAHN. I yield.

Mr. MILLARD. Does the distinguished gentlewoman from California know how far the calendar is behind?

Mrs. KAHN. No, I do not; but I do know that with the opening of the next session they will have about 300 cases to hear.

Mr. PIERCE. Mr. Speaker, will the gentlewoman yield?

Mrs. KAHN. I yield.

Mr. PIERCE. I wish to say just a word. I am from Oregon. I know there is great pressure in Oregon for the additional judge.

The statement made by the gentlewoman from California is true. There are now pending in the circuit courts there something like 300 cases. There is a great demand from the bar of Oregon for this additional judge.

Mr. LEWIS of Colorado. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Speaker, I believe the Members of the House will appreciate my own record with reference to new judgeships. I have opposed the creation of additional Federal judges wherever the work of the Federal court could be carried on with the present personnel.

In this instance a very strong case was made out for the need of this additional judge in the ninth circuit. As has been stated already, they have a great many cases, apparently, out in that country which require 3 judges. I assume they have 2 district judges and 1 judge from the Circuit Court of Appeals. This leaves only 2 judges to sit in the consideration of matters which come before that court. They are something like 100 cases behind now, I believe.

It was our opinion, after having given the matter consideration, that that court is being driven too hard. There is a point beyond which economy is not economy. I think with my friend the gentleman from Texas [Mr. BLANTON] that many of these Federal judges do not work as they ought to work; but the number of opinions being written by the judges in this circuit is greater than should be if the cases are to be well considered. We cannot afford to have these judges, who have the last word to say in most matters, without sufficient time properly to prepare their decisions.

Just one further statement. I wish to direct the attention of the gentleman from Texas [Mr. BLANTON] to the fact that before the passage of the act of 1925 when the obligatory jurisdiction of the Supreme Court was much greater than it is now, there was not the same urgent necessity that now obtains with reference to the Circuit Courts of Appeals. They now in this country are very largely the courts of last resort. I believe if the gentleman from Texas had opportunity to consider the situation in this circuit, he would not have interposed his objection. He does a great deal of good service in this House.

I hope the House will pass this bill.

Mr. BLANTON. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this is no proper atmosphere in which to pass sane legislation. We are in the closing hours of Congress. We have matters up here of extreme importance. Our friend from Texas as Chairman of the great Judiciary Committee of this House has unusual powers. He comes in here on the floor from time to time and we grant him unanimous consent to do this and unanimous consent to do that.

We have been in session continuously since March 9 in the President's special session, which is now practically 4 months in length. If this bill were such an urgent matter, of such great public necessity, why has not my friend come in here during the past 3 months with this measure when we were not in such a turmoil, when we could think normally? And the fact that he has not done this, because he is an energetic man and a man of splendid attainments and good judgment and has the interests of the country at heart, especially the judiciary, because he is the Chairman of the Judiciary Committee, to my mind is the best argument against the urgent necessity of this bill.

I want to call your attention to something that ought to appeal to all of you. The President down here in the White House is sweating blood trying to get this country back to normalcy, so far as finances are concerned. He has been

trying to save the Government from bankruptcy. He has even been cutting the compensation of soldiers to do it.

In just a few days the Supreme Court is going to adjourn for 3 months; in just a few days every Federal circuit court in the United States is going to adjourn for 3 months; in a few days this particular circuit court out on the west coast is going to adjourn for 3 months. If you pass this bill, just as soon as this judge is confirmed by the Senate, the first thing he will do will be to hold up his hand and take the oath of office which puts him on the pay roll of the Government, drawing the salary of a Federal circuit judge, and for 3 months he will not do a lick of work.

Mr. TARVER. Will the gentleman yield?

Mr. BLANTON. Certainly, to the distinguished gentleman from Georgia.

Mr. TARVER. The statement was made a while ago by one of the speakers that the Judiciary Committee was unanimous in reporting this bill.

Mr. LEWIS of Colorado. No; I did not say unanimous.

Mr. TARVER. No; not the gentleman, but I said one of the speakers. Being a member of the Judiciary Committee I wish to correct that statement.

Mr. BLANTON. And the gentleman from Georgia is an excellent and able and efficient member of the committee.

Mr. TARVER. And I may say in regard to this bill that I did not vote in favor of a favorable report on it, and I may say to the gentleman there are efforts being made in various sections of the United States to create additional judgeships. The gentleman knows that lawyers are always in favor of creating additional judgeships.

Mr. BLANTON. There are always applicants for such positions even in Congress.

Mr. TARVER. One is being sought in my State and in my district in Georgia at this time, and has been for some years.

Mr. BLANTON. I know numerous lawyers right here on the floor now who would like to exchange their present position for a Federal judgeship.

Mr. TARVER. And if this bill is passed it will be the first of a regular barrage of bills to create Federal judgeships throughout the United States where they are now desired and where the Department of Justice has recommended they be established.

Mr. BLANTON. Why, certainly.

Our good colleague, with whom I have served here so long and whom I love dearly, the gentlewoman from California, mentioned the Federal judge down in my district. I want her to know that we have the best Federal judge in the United States in my district.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I yield myself 5 additional minutes.

The gentlewoman from California talked about the necessity for them to try 100 cases. The Federal judge of my district tries several hundred cases a year.

I want to ask the sane legislators here who believe in sane, orderly government, whether we ought to pass such a bill as this in the closing hours of Congress?

Mr. GILCHRIST. Will the gentleman yield?

Mr. BLANTON. In just a moment, if I have time.

I want to put this proposition up to the majority leader and the minority leader whether they think it is right and proper to burden the taxpayers at this particular time with an extra judge, who for 3 months will not do a bit of work, whose court for 3 months will not be in session, and I want them to remember that these Federal judges are the particular class of officials in the United States who do not subject themselves to the law that requires all the rest of us to pay income taxes to the Government. This judge will be one of the few in the United States who is immune from paying income taxes. He will draw all his salary and keep it all. Oh, it is all right for us to give up part of our salary for income taxes, it is all right for the soldiers to give up part of their compensation to help run the Government, but this will be one judge, one superman, who will not have to give up a cent to help carry on the expense of this Government, and for the next 3 months will draw a large salary and not do any work whatever, because it will be summer-vacation time for judges.

Mr. SISSON. Is it the position of the gentleman that since the repeal of the noble experiment is to be written into the statute books, there will be fewer cases in the Federal courts, both in Texas and in California?

Mr. BLANTON. I want you to get some speeches that were made by my distinguished colleague from Texas [Mr. SUMNERS], the Chairman of this great Judiciary Committee, which are in the RECORD, where he said it was almost a scandal when Congress created new judges who did not spend enough time on their benches and did not try enough cases.

He expressed the opinion, which made an impression on my mind, that the judges ought to do more work, and that we ought not to create new ones. If they did more work we would not have so much use for new judges.

Now, I want to put it up to you as a sane business proposition. Do you not think we can wait until we come back here in the regular session? Do you not think that is the proper thing to do?

Mr. TRAEGER. Is the gentleman asking me? If he is, I will answer the question.

Mr. BLANTON. Is the gentleman a lawyer?

Mr. TRAEGER. I am.

Mr. BLANTON. If he is——

Mr. TRAEGER. Will the gentleman yield?

Mr. BLANTON. For a brief question only.

Mr. TRAEGER. Did the gentleman hear the story that was told in the Senate yesterday, where the Negro wanted a part of everything or all of nothing?

Mr. BLANTON. I heard it here today, but I cannot yield for stories. I did not yield for that.

Mr. TRAEGER. I have spent more time in court than the gentleman has.

Mr. BLANTON. When the gentleman gets leave to ask a question and asks a civil question others will yield to him; but when he takes advantage of someone on the floor and asks him to yield and then asks an uncivil question, he will never get others to yield to him again. I want to suggest to him that it pays to be civil.

Mr. KENNEY. Will the gentleman yield for a civil question?

Mr. BLANTON. I will yield gladly to a civil gentleman.

Mr. KENNEY. If the Republican lady wants the appointment of a good Democratic judge, does not the gentleman think that we ought to give it to her?

Mr. BLANTON. I will answer my friend by telling him what the present Chairman of the Committee on the Judiciary said about political appointments for Federal judges when the Republicans were creating 24 new Federal judges just following the Wilson administration. He said in 1922:

> We must not be Democrats and Republicans when we face a question of this sort.
>
> I tell you that in a time like this, when there are grave questionings in the hearts of many of the people of this country with regard to the integrity of their officials, the honesty of governmental administration generally, we cannot afford to have the suspicion rest against the judge or against the position which he holds that his job was created for the sake of politics; because, gentlemen, if the facts justify the suspicion that the job has been created for political considerations, you cannot make the people believe that political consideration stopped short of filling the position. That is why you create the position—to put the man in it. When you go before the tax-burdened people this fall with these unnecesary judgeships, you may be able to help some individual Members of Congress who have gotten these judgeships for their respective districts and for their States, but you must face the people of the country as a whole, who are required to pay the taxes for their maintenance, and you must face the people of the country as a whole, who, I believe, do not favor and have virtue enough to resent "playing politics" with Federal judgeships.

Let me say to the gentleman that I was in the House at one session of Congress when there were 24 new Federal judges created by the Republicans soon after they came into power following the Wilson administration. That is too many new judges. It is easy to get a bill passed for a new judge. It is always easy to get a bill passed for

any new position, because there is always somebody seeking and ready to fill it. We ought to stop this spending of public money. We ought to take a sane view of this matter, and I think we ought to kill this bill.

Mr. Speaker, I reserve the balance of my time. I will yield 5 minutes to my colleague the gentleman from Texas [Mr. McFARLANE], who is always ready to speak against bad bills. [Laughter.]

Mr. McFARLANE. Mr. Speaker, I have listened as earnestly as I could, and I have not heard yet any substantial explanation given why we should create this new position. In line with the general economy program of the administration it seems to me that we ought not to do this unless clear and convincing proof has been shown that there is a real necessity for this additional expense.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. McFARLANE. Yes.

Mr. MOTT. Did the gentleman hear the lady from California state that since the last judge of that district was appointed the population of the district has increased from 3,000,000 to 10,000,000?

Mr. McFARLANE. I heard a statement to that effect.

Mr. MOTT. Does not the gentleman think that that is one good reason for the appointment of an additional judge?

Mr. McFARLANE. The things that I should like to know, and if the lady can give us that information, I think it would be illuminating, is how long these judges in that circuit actually serve on the bench and how many cases they dispose of; in other words, the condition of the docket, how much work has been turned out by them. I should like to have those statistics.

Mr. MOTT. It is my recollection that the gentlewoman from California gave that.

Mrs. KAHN. I have a telegram here which I just received from Judge Sawtelle, one of the judges of the district, that reads as follows:

SAN FRANCISCO, CALIF., *June 15, 1933.*

Hon. LAWRENCE LEWIS,
House of Representatives Office Building,
Washington, D.C.:

Re necessity fourth judge of Circuit Court of Appeals, Ninth Circuit. Number of cases submitted in 1933 to date, 150; number on Seattle and Portland calendars to be submitted in September, 30; number to be submitted in October at San Francisco, 125; number of 3-judge cases in 1933 to date, 6; number of petitions for appeal in bankruptcy matters, approximately 25. Twenty-two cases submitted last October, 23 submitted in February, and 45 submitted at the May term undecided. Opinion in these 90 cases should be prepared between this date and September. A number of them present very difficult problems. Last year we had two involved cases, each of which required 1 month of careful study. Absolutely necessary that we have four judges if work of the court is to be properly considered and disposed of. We had four judges for many years, when the work was only 50 percent of what it is now. When one of the judges is absent on 3-judge cases which involve constitutional questions and rates of public utilities, the work of the court is terribly handicapped.

WILLIAM H. SAWTELLE,
United States Circuit Judge.

That is signed by Judge Sawtelle of the circuit court. I have also a telegram from the three judges—Judge Sawtelle, Judge Wilbur, and Judge Gerracht—and a telegram from the State Bar Association of California.

Mr. McFARLANE. The gentlewoman has stated about the condition of the docket. Does she have any information there showing how many cases the judges have disposed of in this circuit, and how many cases were on the docket 2 years ago and a year ago, and how much work they have actually accomplished in the last year?

Mrs. KAHN. I have not the exact number of cases. I have here a tabulation of the cases disposed of in the ninth district. In 1932 there were 378 docketed and 322 disposed of by the court. In the 10 years ending 1928, 2,512 cases were docketed and 2,474 cases disposed of.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. McFARLANE. Yes.

Mr. WEIDEMAN. Does the lady suppose if she gets this new judgeship that the other three will donate the 15-percent cut in salary back to the Treasury?

Mrs. KAHN. The new Federal judge has to donate it, because he will be appointed after the law is passed.

Mr. WEIDEMAN. How about the old ones?

Mrs. KAHN. I do not control their pocketbooks.

Mr. BLANTON. Mr. Speaker, the lady from California probably does not know that if these judges get shorthanded they can have other judges from other districts where the business is not congested transferred there to help them.

I want to make a suggestion to my friend from Colorado [Mr. LEWIS]. It is admitted here that this court will not meet until September.

Mrs. KAHN. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Certainly; in a moment. It is admitted that the court will not meet until September. If the gentleman from Colorado who made this motion will ask to amend the motion to suspend the rules and provide that the position be not filled until September 1, he would save the salary of this judge for that time, while he is doing no work.

Mrs. KAHN. Then it must go back to the Senate.

Mr. BLANTON. Will the gentleman do that?

Mr. LEWIS of Colorado. The gentleman well knows the bill has already passed the Senate.

Mr. BLANTON. Oh, that does not make any difference. They do not hesitate to hold up our bills over there. They do not hesitate to put amendments on our bills, some amendments 15 or 20 pages long, in the dying hours of Congress. They do with our bills just as they please over there. Why not amend it, when by doing so we will save money?

Mr. ZIONCHECK. Will the gentleman yield for a question?

Mr. BLANTON. Certainly.

Mr. ZIONCHECK. I know as a matter of personal information that Judge Sawtelle and Judge Wilbur worked during the whole summer on cases when they did not sit.

Mr. BLANTON. Could they do that during playtime out there in that fine west-coast climate?

Mr. ZIONCHECK. With refreshing grace.

Mr. BLANTON. I am one who cannot support the bill. I have registered my protest against the bill and I have done my duty. In this atmosphere during the closing hours of Congress you will likely pass this bill, but it should not pass.

Mr. DE PRIEST. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. DE PRIEST. Not being a lawyer, I should like to ask is it customary for judges during vacation time to read up briefs and become acquainted with the cases?

Mr. BLANTON. No. They are taking vacations.

On December 9, 1921, there was a blanket bill before this House to appoint 22 additional Federal judges. At that time their salary was only $7,500. Later their salary was raised to $10,000. The expense of that bill at that time was 22 judges at $7,500 each, aggregating $165,000. Then there were 22 secretaries and stenographers for these judges at $1,500 each, which made the further sum of $33,000. Then there were 22 court criers costing $13,200, making a total cost of $211,200 per annum for that bill.

I remember distinctly that our present Chairman of the Committee on the Judiciary [Mr. SUMNERS] took the floor against that bill. He stated that Chief Justice Taft had been before the committee and testified that "in some places there would be a judge who had but half of his time occupied." And he said that Chief Justice Taft made the further significant statement that "dockets are quite misleading in the number of cases they seem to show, as there was a lot of stuffing in the dockets, because many cases should be dismissed."

That bill was amended by the committee, so that it carried 24 new Federal judges, as follows:

The Clerk read as follows:

"For the district of Massachusetts, 2; for the eastern district of New York, 1; for the southern district of New York, 2; for the eastern district of Pennsylvania, 1; for the western district of Pennsylvania, 1; for the eastern district of Virginia, 1; for the northern district of Texas, 1; for the southern district of Florida, 1; for the eastern district of Michigan, 1; for the northern district of Ohio, 1; for the middle district of Tennessee, 1; for the northern district of Illinois, 1; for the eastern district

of Illinois, 1; for the district of Minnesota, 1; for the eastern district of Missouri, 1; for the western district of Missouri, 1; for the eastern district of Oklahoma, 1; for the district of Montana, 1; for the northern district of California, 1; for the southern district of California, 1; and for the district of Arizona, 1. Said judges shall be residents of the districts for which appointed and shall receive the same salary and allowances and shall possess, exercise, and perform the same jurisdiction, powers, and duties as is now provided by law."

Also the following committee amendment was read:

"Page 2, line 4, after the semicolon, strike out the words 'For the eastern district of Virginia, 1.'"

That was in December 1921, just after the Republicans had come back into power, and they were hungry for political appointments.

Again, on May 5, 1922, I heard my colleague from Texas [Mr. SUMNERS] take this floor and explain just how he and the committee were convinced that new Federal judges should be appointed, and I quote his exact language, for this is what he then said:

The Attorney General told us that we needed them. I am afraid we were just a bit flabbergasted, so we accepted; at least we were much persuaded by his judgment and a very promiscuous and imposing array of figures furnished.

And so today we are furnished with an array of figures. And we are told by various officials that this judge is needed.

And, Mr. Speaker, I remember distinctly the speech of my colleague from Texas [Mr. SUMNERS], now Chairman of the Judiciary Committee, when in this House on September 11, 1922, among other things he said:

I am referring now to the new judge for the State of New Mexico. The record shows that the judge now provided for the State of New Mexico—the judge already there during the fiscal year covered by the last report of the Attorney General—tried only 44 cases, criminal and civil together—44 cases only—and yet this administration is putting in a new judge there. Why? Politics! The rankest sort of politics. I hate to say that, but it is a palpable fact. Forty-four cases tried in one year, and we create a new judge for the district. Think of it, gentlemen. We had already added a new judge to each of the districts of California, a new judge to Arizona, 1 for the eastern district of Oklahoma, 1 for the northern district of Texas, and 1 for the district of Montana, absolutely surrounding the district of New Mexico with new judges and most considerably oversupplying that western territory. And now you are sending an additional judge to New Mexico. What for? Let us be honest about it. Is he needed in that district? No. Nobody can seriously contend that. I assume nobody here will contend that he is needed there. Is he needed in any of the territory from the Pacific Ocean straight through to the Atlantic, in any of the Western or Southern States? Nobody can contend that he will be needed there. He cannot be used anywhere without transporting him across the continent at Federal expense for transportation and $10 per day additional for each day that he is out of his district. Then why is this new judge provided for New Mexico, for a district where he is not needed and in a territory where he cannot be used? Simply, gentlemen, to help out the New Mexico delegation in Congress, or some member of that delegation, you are asked to contribute as a matter of politics this Federal judgeship with its added burden upon a tax-burdened people. I say with all respect, gentlemen, it is a disgrace to the American Congress. You cannot defend it, and you cannot afford to do it.

Thus spake our present distinguished Chairman of the Judiciary Committee in this House on September 11, 1922. But when the matter came to a vote I demanded the yeas and nays, and the bill was passed with 139 yeas and 78 nays.

I realize full well that it is impossible to stop this bill today. In this atmosphere sane legislation is impossible. Our minds are somewhere else. We are thinking of adjourning and going home. But I have done my duty in raising my protest against the passage of this bill. I cannot do more. I would stop this bill, if I had the power. It ought to be stopped. We do not need any more Federal judges. We have enough now. Let the ones we have do the work.

The SPEAKER. The time of the gentleman from Texas [Mr. BLANTON] has expired.

The question is on the motion to suspend the rules and pass the bill.

The question was taken; and on a division (demanded by Mr. BLANTON) there were ayes 113 and noes 8.

So (two thirds having voted in favor thereof) the rules were suspended and the bill was passed.

TRANSPORTATION OF AGRICULTURAL PRODUCTS IN AMERICAN SHIPS

Mr. BLAND. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution (H.J.Res. 207) requiring agricultural products to be shipped in vessels of the United States where the Reconstruction Finance Corporation finances the exporting of such products.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the House joint resolution, as follows:

Resolved, etc., That it is the sense of Congress that in any loans made by the Reconstruction Finance Corporation to foster the exporting of agricultural products, provision shall be made that such products shall be carried exclusively in vessels of the United States, unless, as to any or all of such products, the United States Shipping Board, after investigation, shall certify to the Reconstruction Finance Corporation that vessels of the United States are not available in sufficient numbers, or in sufficient tonnage capacity, or on necessary sailing schedule, or at reasonable rates.

Mr. McFADDEN. Mr. Speaker, I should like to ask the gentleman a question in regard to this bill.

This bill provides for the financing of the shipment of agricultural products in boats under American control. I should like to ask the gentleman, inasmuch as the Reconstruction Finance Corporation has just made a loan of $50,000,000 to ship agricultural products to China, whether or not they are also going to make a loan to Russia, to ship agricultural products in American ships to Russia. Can the gentleman tell me that?

Mr. BLAND. I cannot.

Mr. McFADDEN. Can the gentleman also tell me whether these shipments of cotton and wheat to China are going to be made in American boats?

Mr. BLAND. My understanding of the contract is that it specifically requires that at least 50 percent of the products be shipped in American-flag ships. As to the rest, there is a provision which allows the shipments to be made in vessels of other countries.

That question came before the Committee on Merchant Marine, Radio, and Fisheries, on a resolution introduced by the gentleman from California [Mr. DOCKWEILER]. We gave it consideration, but as the contract was a concluded contract, we felt it was wise not to interfere further than to adopt a committee resolution which we sent to the Reconstruction Finance Corporation expressing the wish of the committee that the Reconstruction Finance Corporation should use its agencies and powers to secure shipment in American bottoms.

Mr. McFADDEN. I am prompted to ask that because of the fact that the press for the last few days has been indicating that we are going to make large loans to Russia through the Reconstruction Finance Corporation. That is important for us to know about, because I am satisfied in my own mind that there is a movement on abroad to involve the United States with Russia and China against Japan. I am interested also for this further reason that at the economic conference in London there is a discussion going on in regard to making further loans to finance European countries.

I am wondering whether, inasmuch as the other evening we took off the limitation on which the Reconstruction Finance Corporation makes these loans, there is in the offing a plan to finance further shipments of goods abroad through loans from the Reconstruction Finance Corporation. That is particularly pertinent because of the fact that the foreigners cannot now pay what they owe us for what they have already purchased, and they are only paying us 10 cents on the dollar, and that in silver, upon which they make 20 or 30 cents per ounce.

Mr. BLAND. This bill does not undertake to finance shipments. All it requires is that if loans are made, the products purchased shall go in American ships.

Mr. McFADDEN. I should like to find out from someone who should know about it whether there is a program on to grant more loans through the Reconstruction Finance Corporation or through the Federal Reserve or some other institution to finance the foreigner, on the theory that it

is going to help the agricultural situation here. I want to know if we are going to use the Reconstruction Finance Corporation to make loans to cover sale and shipment of American goods abroad.

Mr. BLAND. I cannot give the gentleman that information.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. SNELL. By what authority do we make loans to any foreign government?

Mr. BLAND. I am not talking about foreign governments. This is not for the purpose of financing shipments.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. CONNERY. I am very much in favor of the bill. I wish the gentleman from Virginia would explain his own experience in reference to this matter, because I had many protests in Boston in reference to the plan when they were exchanging the wheat and cotton with Brazil for coffee. The Brazilians used Brazilian ships to bring the coffee up to this country and then the Brazilian ships carries the wheat and cotton back to Brazil. The American shippers protested. I hope the gentleman will give us the benefit of his reasons why this should be put into effect.

Mr. BLAND. The reason I think it should be put into effect is that in the contract with China we provided that only 50 percent should be carried in American bottoms. China has no merchant marine. I thought it would be a good time to have such a resolution passed. The resolution was introduced by Mr. MONTET, of Louisiana, and the members of the committee thought it would be an opportune time to express the sense of Congress that these shipments should go in American vessels.

Mr. CONNERY. Mr. Speaker, will the gentleman yield further?

Mr. BLAND. I yield.

Mr. CONNERY. Does the gentleman know of any other instances such as I have cited where foreign ships have carried American produce?

Mr. BLAND. None have come to my mind at the present time.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. BLAND, a motion to reconsider the vote by which the bill was passed was laid on the table.

SURVIVAL OF CERTAIN ACTIONS IN FAVOR OF THE UNITED STATES

Mr. SUMNERS of Texas. Mr. Speaker, I call up the bill (S. 815) to provide for the survival of certain actions in favor of the United States, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. BLANTON. Mr. Speaker, let us have the bill reported first.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That no civil action to recover damages, brought by the United States or in its behalf, or in which the United States shall be directly or indirectly interested, and pending against any defendant prior to the time of his death, in any court of the United States, shall abate by reason of the death of any such defendant; but any such action shall survive and be enforceable against the estate of any such deceased defendant. This act shall not be construed to deprive the plaintiff in any such action of any remedy which he may have against a surviving defendant.

Mr. BLANTON. Mr. Speaker, reserving the right to object, to ask my colleague a question, how many such cases are there within the purview of the gentleman?

Mr. SUMNERS of Texas. Mr. Speaker, in reply to my colleague from Texas, and I think it is due the House, I shall make a very brief statement in reference to this bill.

This bill is intended merely to preserve the right of the United States to pursue under its judgment the estate of the person against whom the judgment is rendered and who since such rendition has died.

I may say to my colleague from Texas I must confess myself subject to criticism with reference to some of these items of legislation that are coming from the Committee on the Judiciary, but this particular matter reached the attention of the Committee on the 9th of this month. It was called to our attention by the Attorney General, and it has also been called to our attention by our representative who has been prosecuting a suit against Doheny.

Mr. BLANTON. Mr. Speaker, I withdraw my objection. If it will help the Government to prosecute Doheny that is a good and sufficient reason for passing the bill.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. SUMNERS of Texas, a motion to reconsider the vote by which the bill was passed was laid on the table.

SENATE JOINT RESOLUTION REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J.Res. 63. Joint resolution temporarily suspending section 18 and portions of section 2 of the executive order of June 10, 1933, relating to the organization of executive agencies; to the Committee on Expenditures in the Executive Departments.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3344. An act to amend section 14, subdivision 3, of the Federal Farm Loan Act;

H.R. 5909. An act to transfer Bedford County from the Nashville division to the Winchester division of the Middle Tennessee Judicial District; and

H.R. 6034. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 5091. An act to amend section 289 of the Criminal Code; and

H.R. 5661. An act to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 7, 10, 16, 30, 44, 45, and 46 to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, that the Senate insists upon its amendments numbered 11, 13, 14, 15, 17, 18, and 21 to the said bill; insists upon its amendment to the amendment of the House to the amendment of the Senate numbered 47 to the said bill, and agrees to the conference asked by the House; and appoints Mr. GLASS, Mr. BYRNES, Mr. RUSSELL, Mr. HALE, and Mr. STEIWER to be the conferees on the part of the Senate.

RECESS

Mr. BYRNS. Mr. Speaker, I move that the House stand in recess subject to the call of the Chair.

The SPEAKER. Thirty minutes' notice will be given by ringing the bells, and the House will not convene before 7 o'clock.

The motion was agreed to; accordingly (at 5 o'clock and 2 minutes p.m.) the House stood in recess at the call of the Speaker.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 12.36 a.m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Crockett, its Chief Clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

CONFERENCE REPORT ON INDEPENDENT OFFICES APPROPRIATION BILL, 1934

Mr. WOODRUM presented the following conference report on the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 14 and 15.

That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$319,230,000"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the sum inserted by such amendment insert "$581,988,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum inserted by such amendment insert "$602,838,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the sum inserted by such amendment insert "$631,802,546"; and the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate to the amendment of the House to Senate amendment numbered 47, and agree to the same with an amendment as follows: In lieu of the matter inserted by the Senate amendment to the amendment of the House to Senate amendment numbered 47, insert the following:

"SEC. 20. The President is hereby authorized under the provisions of Public Law No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act), as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service-connected under the regulations issued pursuant to Public Law No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations, and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, the question whether service-connection shall be granted under the provisions of the regulations issued pursuant to Public Law No. 2, Seventy-third Congress (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical findings within the terms of or period prescribed by regulation 1, part 1, subparagraph (c) or instruction numbered 2, regulation numbered 1, issued under Public Law No. 2, Seventy-third Congress), and shall in their decisions resolve all reasonable doubts in favor of the veteran, the burden of proof in such cases being on the Government.

"Notwithstanding the provisions of section 17, title I, Public No. 2, Seventy-third Congress, any claim for yearly renewable term insurance on which premiums were paid to the date of death of the insured and any claim for pension, compensation allowance, or emergency officers' retirement pay under the provisions of laws repealed by said section 17 wherein claim was duly filed prior to March 20, 1933, may be adjudicated by the Veterans' Administration on the proofs and evidence received by the Veterans' Administration prior to March 20, 1933, and any person found entitled to the benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws, provided that the payments hereby authorized to be made shall continue only to include June 30, 1933, and only one original adjudicatory action and one appeal may be had in such cases. Where a veteran died prior to March 20, 1933, under conditions which warrant the payment of, or reimbursement for, burial expenses, such payment or reimbursement may be made in accordance with the laws in effect prior to March 20, 1933, provided that claim for such payment or reimbursement must be filed within 3 months from the date of passage of this act.

"Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration.

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to Federal employees, hospitalized cases, and cases of beneficiaries residing outside of the continental limits of the United States; and in no event shall death compensation, except by fraud, mistake, or misrepresentation, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service.

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, who served 90 days or more, was honor-

ably discharged from the service, is 55 years of age or over, is 50 percent disabled, and in need as defined by the President, shall be paid a pension of not less than $15 per month."

And the Senate agree to the same.

C. A. WOODRUM,
JOHN J. BOYLAN,
W. W. HASTINGS,
J. P. BUCHANAN,
Managers on the part of the House.

CARTER GLASS,
JAMES F. BYRNES,
RICHARD B. RUSSELL,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, submit the following statement of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

The following amendments are in adjustment of totals: Nos. 17, 18, and 21.

On no. 11: Appropriates $319,230,000, instead of $231,730,000 as proposed by the House, and instead of $401,730,000 as proposed by the Senate, for pensions, gratuities, and allowances.

On no. 13: Retains the Senate provision authorizing the Attorney General to agree to judgments rendered pursuant to compromise in any suit pending on March 20, 1933, and on the date of the enactment of this act, brought under the provisions of the World War Veterans' Act, 1924, as amended, on a contract of yearly renewable term insurance.

On nos. 14 and 15: Strikes out the appropriation of $1,000,000 proposed by the Senate for hospital treatment for veterans, irrespective of service connection or ailment.

On no. 47, pertaining to pensions: Eliminates all previous action and inserts a new provision consisting of: First, the original amendment of the House to the amendment of the Senate numbered 47; and, second, a provision that, notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, who served 90 days or more, was honorably discharged from the service, is 55 years of age or over, is 50 percent disabled, and in need as defined by the President, shall be paid a pension of not less than $15 per month.

C. A. WOODRUM,
JOHN J. BOYLAN,
W. W. HASTINGS,
J. P. BUCHANAN,
Managers on the part of the House.

Mr. WOODRUM. Mr. Speaker, I call up the conference report on the bill H.R. 5389 and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the statement.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the conference report.

The conference report was agreed to.

On motion of Mr. WOODRUM, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

THE INDEPENDENT OFFICES APPROPRIATION BILL—EXTENSION OF REMARKS

Mr. CARPENTER of Kansas. Mr. Speaker, H.R. 5389, known as the "Independent offices appropriation bill" contains a number of appropriations, some of which I approve, and some of which I do not approve.

By reason of the economy bill, known as "Public No. 2", the appropriation for the veterans, in my judgment, is not sufficient, but in the final analysis will be the result of a compromise and the best that can be obtained at this time, and that part of the bill together with certain other necessary appropriations to operate and maintain the Government I do approve. However, there are certain other appropriations that are thrown into this bill that I do not approve, and if I had the opportunity to vote "yes" or "no"—that is, for or against them—my vote would be no—against these appropriations. The appropriations I would be opposed to would be the following appropriations: Appropriations to maintain Executive Mansion greenhouses.

The appropriation of $198,000 for the Arlington Memorial Bridge Commission.

$120,000 for the Board of Mediation.

$8,800 for the Commission of Fine Arts.

$96,650 for the George Rogers Clark Sesquicentennial Commission.

$10,000 for the Mount Rushmore National Memorial Commission.

$310,000 to the United States Shipping Board.

$48,500 to the International Institute of Agriculture at Rome, Italy.

$13,950 for the enforcement of the Black Bass Law.

There are quite a number of other appropriations provided in this bill, concerning which I am in some doubt, as to whether they are necessary and the reasonableness of the same, some of which are for the continuing of buildings that are already under construction, such as the Supreme Court Building, and other appropriations are for departments, the usefulness of which I am not advised.

It might be well to state, however, that this is the same bill that was passed by the last session of Congress and vetoed by President Hoover; the amount appropriated in that bill other than for veterans has been reduced by approximately 25 percent in this bill.

Mr. PATMAN. Mr. Speaker, under the so-called "Economy Act", or Public, No. 2, and the regulations issued pursuant thereto, the following classes of veterans and their dependents will be entirely eliminated from the pension roll July 1, 1933:

World War presumptive cases, including tuberculosis, mental trouble, cancer, etc	154,843
Dependents of World War veterans (the veterans dying of presumptive disabilities)	36,325
Spanish-American War veterans (some of these will receive $6 a month)	105,660
	296,833

HOUSE COMPROMISE PLAN

When the independent offices appropriation bill was before the House of Representatives, last Saturday, June 10, 1933, an amendment was adopted which would continue each of the 154,843 presumptive cases on the pension roll until October 31, 1933, or until a special board has decided that the case is nonservice connected. In order to prevent encouragement for delay of the cases on review, it was decided to discontinue payments on all of them October 31, 1931, with the understanding that all of them not proven to be nonservice connected after that date, when the board has passed on them, will receive retroactive pay to October 31, 1933.

Under this amendment the burden of proof is placed on the Government to show beyond a reasonable doubt that the case is not service connected; otherwise the veteran will continue to draw his compensation. It is not contemplated that the reviewing board will be restricted to the consideration of the evidence that would be required under

Public, No. 2, to service connect a case but will have no restrictions at all; it must find—the Government assuming the burden of proof—beyond a reasonable doubt that the presumptive disability was not incurred in or aggravated by military service. I do not know of stronger language that could be used to protect the presumptive cases.

Under the House compromise plan all the 36,325 widows and orphans of veterans of the World War were restored to the pension roll; they will not receive any reduction at all, but will continue to get what they received under the old law.

Under Public, No. 2, the President is powerless to reinstate the presumptives, veterans and widows, without legislation; Public, No. 2, will cause them to be stricken from the roll July 1, 1933. In order to save them this law must be passed.

The House compromise plan will allow all Spanish-American War veterans who are 55 years of age, substantially disabled and in need, to continue to draw a pension at the minimum rate of $15 a month.

STEIWER-CUTTING AMENDMENT

This amendment is practically the same as the House compromise plan except it provides that all Spanish-American War veterans and their widows shall remain on the pension roll and receive at least 75 percent of what they were receiving prior to March 20, 1933, the date of the enactment of Public, No. 2.

Summed up, the only material difference and practically the only difference between the House and Senate is on the Spanish-American War veterans and widows.

If the Steiwer-Cutting amendment is adopted, the presumptives, veterans and widows, will not be helped any more than they would be under the House compromise plan. We are told that the boards will not be sympathetic and will strike practically all the presumptive veterans from the roll. If the board is arbitrary and unsympathetic under the House plan, it will be no different under the Steiwer-Cutting plan. If these boards do not pass on these cases in the way Congress intends that they shall be passed on or reviewed, there will be another session of Congress in January, and I predict the injustices will be remedied at that time by Congress.

There is no difference between the two plans in regard to service-connected veterans of the World War or Spanish-American War, or the dependents of either; each plan provides that they shall not have their compensation or pensions reduced more than 25 percent.

The more Congress appropriates for non-service-connected veterans the more likely it is that service-connected cases will be required to take a big reduction. Service-connected cases should not be reduced a penny. I opposed reducing the non-service-connected veterans of either the World War or Spanish-American War more than 25 percent, but my opposition was futile.

NEEDS' CLAUSE

Let us see about the needs' clause that is so bitterly opposed. When the country needs man power to fight its wars it is the duty of every young man to offer his life on the field of battle for the cause of his country. When that young man gets older and needs his country—many people insist that the question of need should come in—it is the duty of the country to come to the aid and rescue of its former defender. I realize it is possibly damaging to the cause of all veterans for a few wealthy veterans to draw pensions from the Government for non-service-connected disabilities.

PURGE PENSION ROLLS

It is in the interest of all veterans that the pension rolls be purged of all unmeritorious and undeserving cases. Such corrections will be beneficial to all veterans in the long run. The Government should not require a pauper's oath, but is it unreasonable to require a veteran during this emergency to show need—that is, annual income under a certain amount—in order to get a pension for a non-service-connected disability? I would not willingly require under any circumstances need to be shown for a service-connected disability. If the Government requires a single veteran to state that his annual income is less than $1,000, or a married veteran to state his annual income is less than $2,500, or any other reasonable sum, before granting a pension, is not by any stretch of the imagination requiring a pauper's oath.

BETTER TO GET LITTLE OF SOMETHING THAN A LOT OF NOTHING

Although, under the House plan, the Spanish-American War veterans are not taken care of in the way that we would like for them to be taken care of, shall we jeopardize the chances of 154,843 presumptive cases and the 36,325 widows and orphans to get back on the pension roll July 1, 1934, in order to make a determined effort to get the whole loaf? We will have a chance to increase the pensions of the Spanish-American War veterans at the next session of Congress. I will be in favor of the increase. The Spanish-American War veterans that are affected so materially by the House plan are the ones that have disabilities under 100 percent or partial disabilities that were not caused by their military service. They will continue to draw a pension of $15 a month or more.

The World War veterans who are less than 100 percent disabled will not receive a penny, hereafter, under present laws, for disabilities not caused by their military service. I realize that the question of age should be considered, but a World War veteran that is 99 percent disabled is just as much incapacitated and just as much in need of Government help as the veteran of any other war, regardless of age.

REFERENCE TO INFORMATION

In my speech of June 10, 1933, I fully discussed the different plans pending before Congress; it will be found on pages 5659 to 5663 of the CONGRESSIONAL RECORD.

WHAT IS BEST FOR VETERANS

Considering all circumstances, I believe that the cause of the veterans will be better served and the country helped the most by the adoption of the House compromise plan instead of the Steiwer-Cutting amendment. I make that statement for this reason:

The President has told us that he will veto the bill if it contains the Steiwer-Cutting amendment; we will possibly lose any chance of passing another bill at this session and the presumptive World War veterans and widows will be stricken off July 1 if this bill is not passed before that time. Considering the fact the national industries bill, which is supposed to give millions employment, has just passed, the farmers and home owners are expecting a sigh of relief from home and farm mortgages which are bearing a high rate of interest, the farmers also expecting material assistance from other legislation intended to aid them, which will also help the whole country, all contingent upon the success of the present administration, do you think it is a good time to put the veterans in a position of disrupting the whole recovery program? Do not you think it will be much better to take the substantial assistance for the veterans that we know we can get rather than place the veterans in a position before the country that will possibly set their just cause back at least 10 years?

RECOVERED HALF THE GROUND

The Economy Act deprives the World War and Spanish-American War veterans and their dependents of approximately $300,000,000 in compensation and pensions. There were other savings on hospitalization, administration, and for other purposes but approximately $300,000,000 reduction on the classes mentioned. Do you not think $150,000,000 which we are getting restored is substantial? Do you not think it is a long step back in the direction we were prior to March 20, 1933? We cannot expect to recover all the lost ground in one session of Congress. All legislation is a result of compromise. We must give and take. If each of the 435 Members of the House holds out for what he wants we would never have an agreement. Neither side is thoroughly satisfied with a fair compromise.

I sincerely believe it is in the interest of all veterans and the country that the House compromise plan be accepted.

Mr. TABER. Mr. Speaker, amendment no. 13 in the independent offices appropriation bill provides authority to the

Attorney General to compromise pending suits on war-risk insurance and Government insurance claims. There are at this time pending against the Government 11,837 cases; 1,535 have been disposed of since January 1, in 5 months. Of these, 700 were dismissed; approximately 556 were tried, with verdicts for the Government.

The expense from a salary standpoint of trying these cases was approximately $271 per case. The cases are very largely brought by lawyers in South Carolina, Tennessee, and midwestern lawyers, each lawyer having on hand a large number of cases. Some of them are handling as high as 1,200 insurance cases. Some of the lawyers have been paid out of this proposition as high as $59,000, others close to it.

It does not sound reasonable that all these cases would be turned over to these lawyers without solicitation. It does not sound reasonable that this amendment would have been put into the bill at the sole request of the lawyers who are prosecuting the cases without the consultation and advice of the Veterans' Bureau and the Attorney General's Office.

I have been advised by Mr. Roberts, the counsel of the Veterans' Bureau, that the Bureau did not ask for this provision. I have been informed by Attorney General Cummings personally that he did not favor it, did not want it, and felt that the claimants were entitled to the whole amount or nothing and that the Government was satisfactorily cleaning them up; that the Attorney General's Office was accustomed to recommend to the Veterans' Bureau the payment of a claim if the evidence on hand before the trial indicated that the Government was really liable.

Having all this in mind, I can see no good purpose at the instances of the lawyers for the claimants against the Government to change the law. It savors too much of a racket to me. I hope the House will refuse to put in this amendment.

Mr. LUDLOW. Mr. Speaker, I welcome the opportunity to vote for the Steiwer-Cutting amendment because I believe it is a measure of essential justice both to the taxpayers and the veterans of this country.

I have the highest admiration and regard for President Roosevelt, but that does not mean that he does my thinking for me. I do my own thinking. I have been a consistent follower and supporter of the President in most instances and I expect to continue to be, but that is because I believe he is everlastingly right in most instances. I think his general program has been most courageous and admirable and that it will put the country on its feet, but I cannot agree with him in respect to the Steiwer-Cutting amendment.

The Steiwer-Cutting amendment makes effective the President's excellent intentions in regard to pension reforms, as we understood those intentions when we passed the Economy Act, and at the same time it irons out some of the most grievous wrongs inflicted by the regulations that were adopted by subordinate officials for the administration of that act.

No right-thinking person can doubt that abuses have grown up in the pension system that should be eliminated. I am in favor of wiping out those abuses and have so voted consistently. In securing the passage of the Economy Act, which I supported, the President undertook to eliminate those abuses. His attention has been so engrossed in formulating and promoting his program for economic rehabilitation at home and world peace that he necessarily has had to leave the drafting of the pension regulations to trusted advisers. In my opinion, they turned out to be bad advisers.

Senator CLARK, of Missouri, a staunch supporter of the administration and a World War veteran, and son of the late Speaker Champ Clark, well said in his speech on the Steiwer-Cutting amendment yesterday:

> Under the powers conferred in the Economy Act, the administrative officials of the Veterans Administration and of the Bureau of the Budget have made regulations which contain instance after instance of what is generally recognized on all sides as constituting most execrable cruelty.

And that is the truth. Execrable cruelty! Should we be "execrably cruel" to men who were maimed and disabled in fighting the battles of their country? The President is kind and humane and he does not realize the effect of these regulations.

If the President could read the correspondence that comes to my office revealing the injustices inflicted on battle-maimed veterans by those regulations, I think he, too, would support the Steiwer-Cutting amendment. When a veteran's lungs were pierced by machine-gun bullets or his eyes were torn out by shrapnel or the seeds of insanity or tuberculosis were planted in his system as the result of war, he became at that very moment a ward of this Nation, and any capitalist, any holder of property, who is not willing to share his last dollar with that unfortunate ought to be ashamed of himself. That constructive work could well be done in the direction of revising the pension rolls every honest person will admit. The rolls should be purged of those whose claims have no merit. But those who went through the hell of war and in that conflict received injuries that have permanently maimed and disabled them and have wrecked their whole lives should be treated with kind consideration.

The Steiwer-Cutting amendment is a fair, honest settlement of the pension problem—fair to the taxpayers because it results in enormous savings to the Federal Treasury and fair to the veterans because it protects them from the grave injustices of the economy regulations. I am equally concerned that justice shall be done to the American taxpayer and the American soldier, and I am convinced that this measure is just to both. The Steiwer-Cutting amendment is not a raid on the Treasury. It is just the opposite. According to estimates the Economy Act with the Steiwer-Cutting amendment will save the taxpayers of the United States the enormous sum of $312,000,000 a year by reducing the Nation's pension bill to that extent. Surely no one can call that a Treasury raid.

It adds only $30,000,000 a year to the expenditures carried by the compromise that was approved by the President and adopted by the House recently. We are spending 110 times that amount on a vast public-works program, 33 times that amount in a Muscle Shoals-Tennessee "paradise" development, and goodness knows how many times that amount in a reforestation experiment. My own thought is that we could well afford to divert some of the reforestation funds to do justice to needy disabled veterans who received their disabilities fighting for their country.

Mr. Speaker, I have been both shocked and amazed by the number and extent of the injustices against combat-disabled war veterans that have been inflicted under the regulations adopted for the enforcement of the Economy Act.

No one who would consult the files of my office and read the great volume of mail that comes to me from disabled veterans could reach any other conclusion than that the Economy Act regulations reek with injustices.

Soldiers maimed in battle, pitiful wrecks of humanity, unable because of injuries received in war to earn any kind of living, find themselves cut off with a mere pittance.

"On July 1", says one, "I will go to a soldiers' home and my wife will go to the poorhouse."

I have faith in President Roosevelt and believe he wants to be fair and humane, but whoever wrote those regulations for him is entitled to a medal for heartlessness.

This is not a wild statement based on the mere assertions of disabled veterans who consider themselves aggrieved. In instance after instance my secretary and I have checked the assertions in the letters against the records of the War Department and the Veterans' Administration and against the files in our office, and we find that the charges of injustice are shockingly true.

Therefore I am going to do what I believe to be the just and right thing to do. I am going to give my vote and my efforts toward wiping out the wrongs that have been imposed on sick and disabled service-connected veterans.

A NEW ECONOMY PROGRAM

The cry has been raised that this would cause an increase of taxes. It would not raise taxes one cent. I have a new economy program under which disabled veterans would re-

ceive just and humane treatment and at the same time debt and taxes would be enormously reduced. My plan would be:

First. Repeal the law to establish a "paradise" in Tennessee, known as the "Muscle Shoals bill."

Second. Withdraw the bill which proposes to spend $3,300,000,000 on public works and which places upon the taxpayers an annual carrying charge of $220,000,000, or $50,000,000 more per annum than is necessary to give the service-connected soldiers their dues.

These two bills can wait. In my judgment, regardless of any reference to justice for the soldiers, these two bills should never become effective on economic grounds. In my judgment, they are economically unsound and will only make matters worse by involving the country in a welter of debt beyond the imagination of man.

When the Muscle Shoals bill was before the House, it was stated—and no one challenged the statement—that it would cost the taxpayers $1,000,000,000. The public-works bill carries an appropriation of $3,300,000,000. By repealing the Muscle Shoals law, which has not yet gone into effect, and by withdrawing the public works bill, which has passed the House, but is still before the Senate, we can save the taxpayers of this Nation a debt of $4,300,000,000, an annual carrying charge of about $300,000,000, compared with which the relatively small sum per annum required to do justice to the defenders of the Union who suffer from disabilities due to war service pales into utter insignificance.

As the first step in this program, which I believe to be right and just and in the interest of economy, I introduced a bill to repeal the Muscle Shoals Tennessee Development Act. Before we go into an enterprise that seems like an Elysian dream let us keep our feet on the ground and let us see that justice is done to the soldiers who are suffering incurable injuries received on the battle fronts.

We can and should effect great economies in the administration of veterans' relief, but in all conscience we should do this without taking it out of the backs of the combat-disabled soldiers.

BEYOND FINITE UNDERSTANDING

If the man who wrote the regulations for the enforcement of the Economy Act had been hostile to the veterans; if he had been moved by a spirit of animosity instead of by the love we ought to bear toward the defenders of our country, their widows, and dependents, we might have expected something like the regulations that have been promulgated, but coming from a source that is supposed to recognize the Nation's debt to the soldiers who freely offered their lives to save America and to save civilization, and in so doing received broken bodies and contracted incurable disabilities, these regulations are beyond finite understanding.

I voted for the Economy Act, but I did not vote for these regulations. No, indeed.

My vote was cast for the Economy Act after I had received the most positive assurance that it would be administered under just regulations, and although I want to be fair to everybody connected with the administration of the act, I cannot entirely escape a disagreeable feeling that my trust and confidence have been abused.

What happened? After Congress had voted this blanket authority to revise the pension rolls in the interest, as they thought, of justice, someone to whom the task was delegated apparently slashed pensions without rhyme or reason, perpetrating the grossest injustices on a great many veterans who do not deserve such treatment. This slashing process, with its potpourri of injustices, was revealed when the new regulations were made public and the Veterans' Bureau offices began to function in the task of cutting pensions.

Nothing is finally settled until it is settled right, and this question will be settled right before it is settled at all. The Economy Act was conceived for the laudable purpose of wiping out wrongs against the taxpayers arising from the presence of undeserving persons on the pension rolls, but these regulations merely shift the scenery and relocate the wrong by placing it on veterans whose bodies are racked with service-connected disabilities. One wrong cannot be cured by the commission of another. These regulations are crying to heaven for revision, and they will be revised. Make no mistake about that. They are shot all through with unfairness and injustice, and the American people, who want liberal and humane consideration to rule in dealing with veterans with service-connected disabilities, will never permit these regulations to stand unamended.

I do not know who wrote these regulations, and I hope I never shall know. If I knew him, I would be tempted to repeat to him a remark made to me recently with a touch of humor by a veteran, who said: "I do not know who wrote the regulations, but I do know that he has a heart as big as a chigger." If he is the man I think he is, that castigation does him a serious injustice. I think some superior officer probably said to him: "We ought to save $400,000,000 a year by revising the allowances to veterans"; and, being very efficient, he undertook to make a good job of it and without due thought and consideration cut too deeply.

WHAT IS THE RIGHTEOUS SOLUTION?

Now, what is the righteousness of this problem of soldiers' compensation? What is the justice of it? Let us as Members of Congress get down to brass tacks and seek to analyze the evils that have grown up under the veterans' laws and to apply the remedy, without doing injustice to anyone.

That evils have developed which are an unjustifiable burden on the taxpayers no one will deny. Many comparatively young men with questionable disabilities, and with no disabilities at all of service origin, have managed to get their names engrafted on the pension rolls. They ought not to be there. Many officers of the World War, drawing officers' retired pay, are on the Government's salary rolls and are receiving large salaries in addition to their retired pay. That ought not to be. It was to wipe out these injustices and to save the Nation from financial chaos and ruin by correcting such conditions as this that most of us voted for the Economy Act. We did not dream that regulations would be adopted ripping into service-connected cases and reducing to the very depths of penury and want soldiers of the Republic who certainly earned the right to better treatment when they received permanent combat injuries in fighting for their country.

WARDS OF THE NATION

That constructive work could well be done in the direction of revising the pension rolls every honest person will admit. The rolls should be purged of those whose claims have no merit. But those who went through the horrors of war and in that conflict received injuries that have permanently maimed and disabled them and have wrecked their whole lives should be treated with kind consideration.

SAFE AND SANE LEADERSHIP

I represent a district in which there is a very large population of veterans of all wars. The national headquarters of the American Legion is located in my district and at this point I should like to digress to pay a compliment to the men who represent the Legion in its matters before Congress, outstanding among whom are National Commander Louis A. Johnson, Capt. Watson B. Miller, John Thomas Taylor, and Edward Lewis. While they ably represent their group, they are sanely constructive and, recognizing the extreme need of economy in the public-welfare equation, they are always ready to yield to any reasonable compromise. Their attitude, in short, is very fine. We have there in the heart of the city of Indianapolis a most imposing memorial to the 4,000,000 Americans who in one vast uprising of patriotism went forth a decade and a half ago to give up their lives, if necessary, that civilization might not perish from the earth.

Many of them returned with shattered minds and broken bodies, never again to know what it means to be free from distress and pain, and many of these service-disabled men now find that the financial relief around which they have ordered their lives and on which they depend and to which they have looked forward expectantly for some measure of freedom from suffering, has been cut to almost nothing by the harsh regulations promulgated under the Economy Act.

ENORMOUS MAIL FURNISHES EVIDENCE

Any person who would read the enormous mail that comes to my office day by day would need no more graphic evidence to convince him of the injustice of those regulations than the letters that are constantly pouring in. Day after day the mails bring to me specific instances of glaring wrongs that would be inflicted by these regulations on soldiers with combat disabilities. I shall not burden the record with a large number of citations from this voluminous correspondence but shall set forth a few examples showing how the regulations are operating. An Indianapolis veteran writes:

I received from the Veterans' Administration this week a notice informing me that my pension of $90 a month has been reduced to $34 a month. For a man as badly injured as I am, my arm torn off at the socket, all of the ribs on my side crushed, and a piece of my scalp torn off, which injuries were received in the line of duty, to be cut from $90 to $34 is more than I can see.

Can anyone else, looking at this man's case through the spectacles of justice, see it, either? He adds:

I have not only myself to keep but also have an old mother to support. How that is to be done I don't know.

Nor does anyone else know, unless it be the good God above us.

Another Indianapolis veteran finds his compensation of $20 a month cut off by the regulations. He writes:

Mr. LUDLOW, I could see why that Disability Allowance Act should have been killed, but why a man who is a plain service-connected case, and all records of his case proven, should be cut off I cannot see. If other service-connected cases have been treated like I have been, God pity them.

Another veteran, also of Indianapolis, writes:

Knowing you to be a friend of the ex-service man I am appealing to you in regard to my compensation. I have received a letter notifying me my compensation was cut off. I was wounded twice while in service and my arm is crippled. Every examination shows my wound to be permanent partial disability. I have not had any work for the past 2 years, and taking my compensation away from me means to throw me on charity.

One veteran of my district who has been drawing $50 a month for service-connected pulmonary tuberculosis finds himself reduced to $8 a month, and in a note of despair he writes:

I believe that a cut of 87 percent is not fair to me, and that any amount the Government has paid has not been too much for what I have suffered and no doubt will continue to suffer the rest of my life.

Says another Indianapolis veteran:

Letter under date of May 23 from the Veterans' Administration cuts off my compensation in its entirety. I have been drawing $62.70 per month since September 8, 1930, and compensation in various amounts since date of discharge, and all the records show service-connected disability and hospitalization.

Arthur G. Gresham, a prominent and highly respected Indianapolis veteran, former State commander of the Veterans of Foreign Wars, writes:

Each day I receive a large number of letters from service men all over the State demanding restoration of compensation of all service-connected cases. These veterans interpret service-connected as any case that has been established under the old law which provides that if a veteran can connect his disability with the service by furnishing substantial medical evidence his case is service-connected. The provision in the regulations issued by the President which states that disability must have been incurred before November 11, 1918, is an injustice and most unfair.

Again I ask for the restoration of all established service-connected cases and for action at once. I ask that you do your part to prevent Congress from adjourning until justice has been done.

Ollie A. Davis, Adjutant of the American Legion, Department of Indiana, sends me some striking examples of the operation of the regulations in Indiana. He says:

We believe that our Representatives should know exactly what is being done toward World War veterans by this new economy bill, and for your information and records I am submitting herewith the results of this new economy program.

On 1,131 claims that have been reviewed in Indianapolis Veterans' Administration office, 362 awards have been discontinued; 303 will receive $8 per month; 181 will receive $20 per month; 82 will receive $40 per month; 42 will receive $60 per month; 21 will receive $80 per month; and the most drastic cut is 76 who were drawing permanent and total of $100 per month have been reduced to $20 per month, which makes a total of over $22,500 that has been cut from 1,131 awards or 65 percent.

I made a personal investigation of four different cases that were rerated under the new schedule which I think that you, as Representatives, should know, and I want to take the time to explain these four different cases, which I am sure you will agree is too much of a cut on these cases.

1. A veteran was drawing $51 per month for gunshot wounds, left shoulder, left side, and left thigh; and as result of operation on his left shoulder to remove shrapnel, the nerve was affected so that he lost his grip in the left hand, and the new law only allows $8 per month for loss of grip on this award, and no other benefits are obtainable.

2. A veteran suffered complete loss of creative organs, muscle involvements in thigh, and limitations left ankle, all results of gunshot wounds in combat. He had been rated permanent total since day of battle and drew $125 per month under the old law. Under the new law he will draw $40 per month.

3. A veteran served on the Mexican border in 1916, was treated for intestinal trouble and constipation, was discharged February 1917. He reenlisted in the World War in 1917, serving in battles in France. He had a severe aggravated condition, formerly rated total, colitis, severe. He was drawing $100 per month under the old law and is now rated disability not due to service and receives no award.

4. A veteran had active pulmonary tuberculosis at time of discharge. After serving overseas, and after returning to the States, for 18 months he was in a tuberculosis hospital or in the far West climate for his condition. The condition became arrested, he was drawing $50 per month and is now rated no percent disabled.

These are only four out of many that are being reduced under the new law and we leave this up to you to decide whether or not the ex-service man of the World War is receiving justice under this Economy Act. We sincerely hope you will support the veteran and not reduce his compensation any more than the cuts taken by yourself or all Government employees, which is 15 percent.

The files of my office are bursting with letters like the above, all telling of the feeling that has been aroused among World War veterans with bona-fide service-connected cases.

SPANISH WAR VETERANS ALSO ILL-TREATED

And now I want to say a word in behalf of Spanish War veterans, who, I think, also are ill-treated by the regulations which cut them off the rolls entirely in event of their inability to establish service connection. It has been more than 30 years since the close of the War with Spain. Many of the participants in that struggle are dead. The records of that time were very imperfect. How in the name of common sense can Spanish War soldiers be expected at this late date to secure evidence to establish the service origin of their disabilities? And if they are deprived of their pensions how can they, at the average age of 60, secure employment when the management of every concern in the country frowns on the acceptance of men over 45 for employment?

A physician of Miami, Fla., himself a Spanish War veteran, writes to me as follows:

In a recent circular sent out by Mr. Bryson, manager of the Veterans' Administration facility, St. Petersburg, Fla., to all medical examiners, he states that we are advised by the central office that only a few Spanish-American War veterans have actual service-connected disabilities. The result is that we are condemned before we are even tried.

This week several men have shown me letters from the Veterans' Bureau reducing their compensation from $60 to $20 per month. I have examined these men several times. I know that their disabilities are service connected, and I am writing to you to ask your assistance in restoring to them what they should have. Several of these men have no income at all except their pensions. They are worried to death because they and their families are going to become a charge on the city of Miami. Several have died recently, caused by the worry of such a condition. I have heard of several committing suicide in other parts of Florida. On account of the climate there is probably a larger percentage of such veterans in Florida than in any other State. Hundreds of thousands of dollars will have to be provided by the communities of Florida to take care of these people. Not only did the United States Government do this before, as they should, but the pension money was all spent here in Florida.

We have many Spanish-American War veterans here from Indiana who have moved here on account of their disabilities as well as their inability to keep warm without the use of coal. I am hoping your sympathy will extend to all the Hoosiers, even if they are compelled to live down here on account of their health.

I consider the conditions here as serious. Any help you may be able to give to relieve this condition will be greatly appreciated by all the veterans of the Spanish-American War and the Philippine insurrection of this State.

From Indianapolis I received many telegrams pointing to the Connally amendment as a measure of justice to the Spanish War soldiers. I shall not quote all of them but

will set forth a message from Frank G. Mathusack, of 410 North Dorman Street, Indianapolis, as a sample of all. Mr. Mathusack, who served his country with great credit in the War with Spain and later in the Philippines, wired as follows:

I hope you will vote for the Connally amendment to the independent offices appropriation bill as it refers to Spanish War veterans who cannot show service disability after 35 years.

I shall quote only one more telegram from the Spanish War group, showing their viewpoint. It is from William J. Otjen, commander in chief of the Spanish War veterans, and is as follows:

As commander in chief of the United Spanish War Veterans, I am urging you to give your support to the Connally amendment to the independent offices appropriation bill which limits the reduction of pensions to Spanish War veterans to not more than 25 percent. While I feel this is a most drastic cut, the fact remains that by the adoption of the amendment thousands of Spanish War veterans will be able to live without the necessity of applying to local charity organizations, which would be the case after July 1, if present regulations are put into effect. As President Roosevelt stated in his regulation no. 12, veterans of the Spanish War are severely handicapped, in fact almost debarred from proving service connection 35 years after their muster out of service, and we feel that the Connally amendment meets the existing problem in an acceptable manner to both the veterans and the taxpayers.

I believe our Indianapolis Spanish War friends and Commander Otjen who wired to me were absolutely right. I indorse the reasonableness of their attitude and I was glad to have the opportunity to show my sympathy for their position by supporting the Connally amendment.

The Connally amendment was not "in the picture", however, and in its place came the Steiwer-Cutting amendment which is now before the House and which gives to Spanish War Veterans the justice that is denied to them by the regulations.

LETTER TO PRESIDENT

I did everything that was humanly possible for a Member of Congress to do to urge the adoption of regulations that would be fair to the soldiers of all wars and at the same time fair to the taxpayers of the United States who have to bear the burden of veterans' legislation. On March 15, in behalf of the Spanish War veterans, I sent the following letter to President Roosevelt:

MARCH 15, 1933.

DEAR MR. PRESIDENT: In a spirit of cooperation and with a desire to be helpful if possible in connection with the administration of the new Economy Act, please permit me to say a few words in reference to the Spanish War veterans and to point out what I believe to be their exceptional status under the new act which by the time this reaches you probably will be a finished piece of legislation.

During the fiscal year 1933 the direct benefits paid to the veterans of all wars in which the United States has engaged will be $799,200,000. Segregating the various items we find that of the above amount the direct benefits paid to Spanish War veterans will be $116,400,000. Of this item of $116,400,000 it is estimated that only about $60,000,000 will be the sum paid to Spanish War veterans with non-service-connected disabilities, a relatively small amount compared with $799,200,000, the total paid in veterans' benefits.

I am writing to express the hope that non-service-connected Spanish War veterans will not be cut off of the rolls for the following reasons:

1. Their average age is now 60 years, and if they lose the support the Government has long given to them and upon which they have learned to order their lives, they will be unable on account of age to obtain employment to sustain themselves and their dependents.

2. There has been such a lapse of time since the war with Spain that it would be manifestly impossible for a great majority of the veterans of that war at this late date to obtain the necessary evidence to establish service-connection.

If it is felt some action must be taken in regard to the pensions of Spanish War veterans, I would respectfully suggest that instead of removing them from the rolls entirely the ends of justice might be served with due regard for the needs of the Treasury by making a cut of, say, 15 percent in the pensions of that particular group to conform with the pay cut of Federal employees.

I understand that under the new Economy Act your powers are very flexible and that you could consider age as a factor in extending special recognition to the Spanish War veterans. I hope you may see your way clear to do this. In these modern times a man at the age of 60 usually finds the doors of opportunity closed and employment beyond his reach.

I am sure, Mr. President, that you will administer the new Economy Act humanely and the thoughts I have herein expressed no doubt already have occurred to you. I know you will pardon me for reminding you of them, and I thank you for the just consideration I am certain you will give to the soldiers of the War with Spain.

Very sincerely yours,

LOUIS LUDLOW.

Two days later, on March 17, I received the following letter from Col. Louis Howe, the President's secretary:

MY DEAR MR. LUDLOW: Your letter of March 15 to the President has been received. He deeply appreciates the spirit of cooperation and helpfulness in which you have written. You may be sure that all of these veterans' matters will have his most sympathetic and careful consideration.

Sincerely yours,

LOUIS MCH. HOWE.

Soon after the Economy Act passed I called twice on Gen. Frank T. Hines, Administrator of Veterans' Affairs, and, accompanied by W. M. Louden, a distinguished Spanish War veteran of Indianapolis, I went to see Mr. J. O'Connor Roberts, Solicitor of the Veterans' Administration, the purpose of these visits being to impress upon the authorities the need of exercising great care in framing the regulations to see that reductions were made justly and equitably.

FAITH IN ROOSEVELT

I wish to repeat—and this expression of confidence comes from the heart—that I have the utmost faith in President Roosevelt, whom I believe to be both just and humane, and I think that when he finds that the hardships and injustices inflicted by the Economy Act regulations are so numerous, so real, and so cruel, he himself will move to bring about further amendments that will take away the sting. My own thought is that an amendment to the regulations that would limit the reduction of Spanish War pensions and service-connected World War cases to a 15-percent cut, which is the same cut that has been applied to the salaries of all Government employees, would just about meet the situation and serve the ends of justice. Modified in that way the regulations would still result in a large saving of the taxpayers' money without any real cause for complaint from any quarter.

There is one rule, and only one, by which this question of pensions should be decided, and that is the rule of right. We should strike off the rolls the names of all who do not deserve to be there, but we should be equally solicitous to do the right thing on the other side of the equation and should keep on the rolls all the veterans who deserve to be there, and pay them fair and liberal rates. A just nation can do no less than that. There must be a revision of the pension administration in the interest of a more equitable distribution of benefits and also in the interest of the taxpayers, who have to foot the bills. Some veterans are receiving large allowances for small disabilities, others are receiving no allowances for large disabilities. The whole pension system at present is a hodge-podge of inconsistencies and is excessively costly to the taxpayers. President Roosevelt is right in taking the lead for a reformation of the system. The fault is with his subordinates who prepared the regulations. The fairest proposition before Congress in the interest of the veterans of all the wars and the public that wants to see the veterans treated with fairness is the Steiwer-Cutting amendment, which will save the taxpayers $312,000,000 a year, and I am glad to keep my pledge of fair treatment to the veterans by voting for the Steiwer-Cutting amendment.

Mr. LOZIER. Mr. Speaker, Public, No. 2, known as the "Economy Act", was passed in a period of national peril, and seemingly at a time agriculture, transportation, industry, business, and all other vocations were drifting rapidly to disaster. Conditions were more serious than at any time in our national history—in fact, much more grave than those which confronted us during the World War period. The National Treasury was bankrupt, States were bankrupt, cities were bankrupt, and practically every occupation was in financial distress and about to be broken on the rock of insolvency. We were facing economic chaos and on the verge of a bottomless abyss.

Under these conditions the President called on the American people to meet the emergency and save the Nation from bankruptcy by granting him plenary powers to regulate and reduce expenditures of the Government of every kind and character. In his historic message of March 10, 1933, which struck fire from flint and awakened all Americans to a frenzy of patriotism and self-sacrifice, the President said:

When a great danger threatens our basic security it is my duty to advise the Congress of the way to preserve it. In so doing I must be fair not only to the few but to the many. It is in this spirit that I appeal to you. If the Congress chooses to vest me with this responsibility it will be exercised in a spirit of justice to all, of sympathy to those who are in need, and of maintaining inviolate the basic welfare of the United States.

Believing that the perpetuity of our institutions was menaced, and that the emergency required a full measure of sacrifice all along the line, Congress granted the President the extraordinary powers believed to be necessary to avert economic chaos and national disaster. The President was authorized to cut Government expenses so as to balance our National Budget, restore Government credit, establish confidence, and bring our people out of the wilderness into a normal national life.

Under the powers granted, the President was authorized to reduce pensions and compensation benefits to veterans of all wars and their dependents. When this power was conferred, I think I speak the truth in saying that every Member of the House and Senate believed that it would be reasonably, wisely, and humanely exercised. I am quite sure that if it had been known or suspected at the time that such drastic cuts would be made as were subsequently made in the pensions and compensation of veterans, especially those suffering from service-incurred disabilities, the economy bill in its present form would not have been enacted.

Members of Congress knew that President Roosevelt was not only a wise and patriotic statesman, but a man of ripe experience, sound judgment, tremendously sympathetic, and actuated by lofty ideals and humane motives, and believing that the President would accurately appraise the claims and needs of veterans and their dependents, and in every instance grant a full measure of justice, and that the cause of the veterans would be safe in his hands, the Economy Act was passed.

I have not lost faith or confidence in the wisdom, patriotism, fairness, and high sense of justice of Franklin D. Roosevelt. For him I have an ever-increasing admiration. In his veins flows the milk of human kindness. He is the same big-hearted, generous, kindly, compassionate character that he has always been. He is unspoiled by power, unawed by the economic dangers that threaten our national existence; courageous, yet confident, as he fights with his back to the wall against the evil influences that have poisoned the fountains of social justice and unbalanced our national life for the last 12 years.

Nor has Congress lost its faith or confidence in the President. I believe, and I think every Member of Congress believes, that President Roosevelt was too busy trying to lift a troubled Nation out of the quagmire of an unprecedented depression to realize just what the Veterans' Administration was doing when it promulgated the unreasonably severe and entirely too drastic regulations relating to pensions and compensation of veterans and their dependents. Buffeted by cross currents and rip tides of unparalleled proportions, it was humanly impossible for the President to supervise every governmental agency; and, being compelled to depend on departmental heads and bureau chiefs, it was but natural that he should look to the Veterans' Administration to formulate the regulations which would bring about an equitable readjustment of pensions and veterans' allowances.

In preparing these regulations and in determining what reduction should be made, the Veterans' Administration seems to have been functioning under some evil influence, and as a result the regulations were in many respects unreasonably harsh, unquestionably unfair, exceedingly unsympathetic, contrary to the intent of Congress, and not in harmony with the humane attitude of the American people toward our disabled veterans and their helpless dependents. The reduction in pensions and compensation, especially for service-incurred disabilities, was entirely too drastic and in many instances was so harsh and inhuman as to shock, methinks, the conscience of even many hard-boiled members of the Economy League.

I am sure the veterans understand the tremendous load President Roosevelt has been carrying. Obviously he could not give very much personal attention to each and every perplexing question that dogged his footsteps and plagued his administration. With all of his great powers and remarkable comprehension of national problems, he is only a man and has his finite limitations, and there is, of course, a limit to what any one man can do. Our Government is so complicated and our national ills have become so chronic and acute that the world wonders how the President has been able to give so much personal attention to so many different matters, and seemingly in every instance get unlooked-for results and bring order out of confusion. Therefore the unwise and unjust action of the Veterans' Administration escaped the President's attention until the Nation awakened to a realization of the full measure of injustice that had been done thousands of disabled and deserving veterans and their dependents.

It is a rule of my life to be charitable and temperate in my judgment and appraisal of the motives and conduct of men, and I do not believe that the officers of the Veterans' Bureau at the time they promulgated these regulations fully realized the injustice and in a multitude of cases the cruelty and inhumanity that would inevitably flow from their enforcement. The President, General Hines, and Mr. Douglas all admit that the regulations were too harsh and the pension and compensation cuts entirely too drastic.

When the American people realized the extent of the injustice with which a great army of disabled veterans were threatened, a wave of protest and indignation swept from coast to coast. The belief was almost universal that the Veterans' Administration had gone entirely too far, particularly with reference to veterans who are suffering from service-incurred disabilities.

I am a member of the Democratic steering committee of the House, which was created to formulate and direct the policies and procedure of the Democratic majority. On this committee I represent the States of Missouri, Iowa, and Minnesota. The Democrats in Congress took the lead to moderate and humanize the regulations of the Veterans' Administration, and to restore pensions and veterans' allowances to a fair and equitable basis. And in so doing we did not violate the letter or the spirit of the Economy Act. In passing that measure Congress never intended that the veterans should be unduly penalized, or compelled to bear more than their just proportion of the contribution necessary to balance our Budget and restore national credit. The Economy Act was right in theory and principle, but the Veterans' Bureau did not administer it sympathetically but by harsh, and in some respects inhuman, regulations reduced the pensions and compensation of deserving and disabled veterans to a point where the future held nothing in store for them except public charity or the poorhouse.

About the middle of May the Democratic steering committee appointed a special veterans' committee to confer with the President, with a view of securing a liberalization of the regulations promulgated by the Veterans' Administration in relation to pensions and veterans' allowances. A Democratic caucus ratified this action. This special veterans' committee consisted of seven Democrats—CROSSER, of Ohio; POU, of North Carolina; GOLDSBOROUGH, of Maryland; HASTINGS, of Oklahoma; LEA of California; PATMAN, of Texas; and LOZIER, of Missouri. This committee called to its assistance Mr. BROWNING, of Tennessee, and Mr. JEFFERS, of Alabama. PATMAN, BROWNING, and JEFFERS are World War veterans with honorable service records, and are recognized in and out of Congress as probably the best informed men in the United States in reference to veterans' legislation and veterans' affairs. Their devotion to their country and to the cause of veterans and their dependents will not be questioned. They are men of integrity, ability, and sound

judgment. Two have service-connected disabilities. Our committee desired their help and expert knowledge in our conferences with the President. In assisting in bringing about an acceptable compromise the value of their services to the veterans and the country cannot be overappraised.

Our committee held numerous conferences with the President. He welcomed us, listened to our plea, discussed the veterans' problems from every standpoint, reviewed the past and present pension policies, discussed in detail the regulations previously promulgated by the Veterans' Administration, frankly and earnestly stated his position, at all times was patient, courteous, sympathetic, seemingly anxious to correctly understand the situation, do full justice to the veterans, and at the same time protect the taxpayers of the Nation from unreasonable burdens.

Our first interview lasted nearly 2 hours, the second 3 hours, the third 3 hours, and at no time did the President become impatient, listless, or show a disposition to end the interview. We sat around the table and talked face to face in an earnest endeavor to reach a just and proper decision. I understand that in our several interviews with the President our little veterans' committee was probably given more time than the President had given to the representatives of the powerful groups of financiers, industrial lords, and transportation kings who conferred with him in reference to the epoch-marking legislation relating to banks, railroads, industry, and big business. And during these interviews Mr. Roosevelt was so human, cordial, and considerate that we almost forgot that we were talking to and matching wits with the President of the United States, the most powerful and most beloved man in the world.

These were epoch-marking, history-making conferences. We were seriously discussing the relative rights of the veterans and the taxpayers, and endeavoring to find a formula or plan that would be just and fair to the veterans, and yet not unjust or unfair to the Government. General Hines and Director of the Budget, Mr. Douglas, participated in these conferences. While I have long recognized the outstanding ability, exalted character, and far-seeing statesmanship of Franklin D. Roosevelt, until I saw his superb intellect in action for hours, I had not comprehended the full measure of the man or accurately appraised his striking and admirable qualities of mind and heart. Whether in attack or on the defensive, he is always intellectually alert. He is robust, sturdy, and intensely human, yet unyielding where principle is involved. He frankly said that he would liberalize the regulations promulgated by the Veterans' Administration, because he thought they were unreasonably rigid, and that as to veterans with service-incurred disabilities the reductions were too drastic. As a result of our conferences with the President a compromise was reached which was accepted by the House, plus the Byrnes amendment, and finally approved by the Senate.

Now compromises are seldom satisfactory to either side, but I am convinced that for the time being we have secured the best possible settlement of this perplexing veterans' problem. I was not satisfied with some of the features of this compromise. The regulations of the Veterans' Administration cut too deep and took away from veterans and their dependents more than was just and reasonable. By this compromise settlement the veterans recover a substantial part of what wrongfully was taken from them. The regulations cut their allowances $410,000,000. By this compromise $100,000,000 of this loss is recovered.

While the veterans, by this compromise, are not getting all they demand nor all to which I think they are entitled, they have certainly made progress, because under present economic conditions $100,000,000 is a dignified sum which will be tremendously helpful until a final and fair solution of the veterans' problem can be reached. In this Congress no legislation could have been passed over a Presidential veto. If Congress had refused this adjustment, we would have faced a veto, and ultimately the veterans would have received much less than they get under the compromise that our committee negotiated with the President.

Our committee worked diligently to effect a settlement that would restore every benefit of which the veterans had been unjustly deprived. While conceding that the rolls should be purged of unmeritorious and fraudulent cases we insisted that every presumptive case should remain on the rolls until the Government, by clear and convincing evidence, affirmatively showed that the disability in question was not incurred in or aggravated by service. We vigorously contended that the Spanish-American War veterans and their widows should remain on the rolls and draw not less than 75 percent of the pensions that they had previously been receiving.

Now, let us see what we are getting for the veterans by this compromise: We restored the widows and dependents of 36,325 World War veterans to the pension rolls, and they will continue to draw the same pensions they formerly received without any deduction whatsoever. We restored to the rolls for the time being 154,848 World War veterans who had presumptive service-connected disabilities, and made it possible for many of them to remain on the rolls permanently, because the compromise provides that the burden of proof is on the Government to show by affirmative evidence that the disability was not incurred in or aggravated by the service, and in determining the question of service connection all reasonable doubts must be resolved in favor of the veterans.

I helped frame this language, and it is so plain and clear-cut anyone who reads it will readily understand that a veteran who has a direct or presumptive service-connected disability will remain on the rolls until the Government, by clear and convincing evidence, affirmatively and conclusively shows that the disability was not incurred in or aggravated by the service. Then again the compromise puts back on the pension rolls 105,660 Spanish-American War veterans who would have been removed under the original regulations issued by the Veterans' Administration.

Except, as to Spanish-American War veterans, the compromise that was finally adopted—that is, the House proposal plus the Byrnes Senate amendment—was more favorable to the veterans than the Connally amendment, and even now the President has authority under Public, No. 2, to restore to Spanish-American War veterans all the benefits they previously enjoyed.

The Connally amendment did nothing for the widows and other dependents of 36,325 deceased World War veterans whose pensions would have been discontinued July 1 under the regulations of the Veterans' Administration.

Our committee worked hard to get a more liberal allowance for Spanish-American War veterans, and I regret that we were unable to write into the bill a satisfactory and definite provision granting adequate pensions to this group of deserving veterans, most of whom are needy, disabled, or suffering from the infirmities of age. Our committee was deadlocked with the President for 2 days on Spanish-American War pensions, and much of the time consumed by our committee in conference with the President was used in discussing Spanish-American War pensions.

We could see no reason for the discrimination against veterans of the Spanish-American War, and we urged that they be allowed to remain on the pension rolls at not less than 75 percent of their previous pension allowances. They served in a tropical climate, lived in unsanitary camps, were compelled to eat unwholesome food, and had no hospitals and little or no medical attention, and practically no records were kept of their illness, activities, and service.

The President agreed to reduce the pensionable age of Spanish-American veterans in non-service-connected cases to 55 years, and only a few are now under that age. While this group will draw not less than $15 per month, we succeeded in placing them on the rolls, which will help tremendously when an effort is made in subsequent Congresses to give the Spanish-American War veterans a fair and adequate pension, which they are not getting at the present time. Now, practically every Member of Congress with whom I talked admitted that the Spanish-American War

veterans are subject to an unjust and undeserved discrimination, whether considered on the basis of their age and infirmities or in comparison with pensions paid to veterans of other wars.

But your committee did the best it could. Congress did the best it could. We got everything we could get for the Spanish-American War veterans. We only yielded when we saw that we could get nothing more. But they have a just cause, and as sure as night follows day Congress will correct this mistake and place the Spanish-American War veterans on an equality with the veterans of other wars.

The Steiwer Senate amendment did not differ materially from the House proposal, except it restored Spanish-American War veterans to the rolls with three fourths of their original pensions. I gladly would have accepted the Steiwer amendment if there had been any chance for it to become a law, but the President authorized Senator ROBINSON, the Democratic Senate leader, to state that if Congress adopted the Steiwer amendment the bill would be vetoed. So nothing could be gained by sending the Steiwer amendment to the White House, where an inevitable veto awaited it.

If Congress had refused to approve this compromise, adopted the Steiwer amendment, and forced a Presidential veto, it would have done irreparable injury to the veterans and their dependents, and such ill-advised action would have set back the veterans' cause for at least 10 years. As Senator CLARK stated in the Senate, "a part of something is much more than all of nothing." Our committee secured the maximum concessions it was possible to obtain, and Congress rendered a very valuable service to the cause of the disabled veterans by averting an open breach and schism with our popular and beloved President, behind whom the Nation stands almost as a unit.

With more time and opportunity to study the question, I am confident the President and Congress will be able to agree on a policy that will do full justice to the veterans of all wars, and at the same time strike from the rolls the names of all those who have no just claim on the Nation's bounty and whose retention on the rolls is unfair to the deserving veteran and imposes an unjust burden on the taxpaying public.

May I enumerate some of the advantages accruing to veterans and their dependents as a result of the action of Congress?

(a) Under the regulations issued by the Veterans' Administration, the presumptives were all to be removed from the rolls July 1. Under the compromise all remain on the rolls and receive not less than three fourths of their present allowances until an independent board set up by the President determines their rights to service connection. These boards are not bound by medical opinion or clinical findings, but will consider all evidence offered, with all reasonable doubts resolved in favor of the veteran, and with the burden of proof on the Government to show affirmatively that the veterans' disabilities are not service connected. This provision will retain many thousand veterans on the rolls who would have lost their compensation July 1.

(b) Veterans who have disabilities which are directly service connected are saved from the drastically low cuts made under the Economy Act and their compensation restored to within an average of 18 percent of what they have been receiving, with a provision that the reduction shall not exceed 25 percent in any directly service-connected case.

(c) The widows, orphans, and other dependents of 36,325 World War veterans are restored to the rolls and will continue to draw the pensions they formerly received, without any reduction whatsoever.

(d) Under the regulations authorized by the Economy Act, veterans suffering from total and permanent non-service-connected disabilities had their pensions reduced to $20 per month. Under this compromise they will receive $30 per month.

(e) All Spanish-American War veterans who are suffering from service-connected disabilities are given an increase and allowed the same pensions as veterans of the World War, in the same class.

(f) All Spanish-American War veterans over 62 years of age will receive not less than $15 per month. Under the regulations issued by the Veterans' Administration they would have received only $6 per month.

(g) All Spanish-American War veterans between 55 and 62 years of age who are in need and 50 percent disabled from any cause will receive not less than $15 per month.

Now, a word in reference to disability-allowance cases—those where the disabilities have not so far been shown to be service connected. Where this disability is total and permanent, the veteran will receive $30 per month, $10 per month more than he would have received under the regulations issued by the Veterans' Administration. Aside from this increase, the compromise does nothing for those drawing disability allowance, and nothing could be done for this group of veterans because as to cases where the disability is less than total and permanent, and is not shown to be service connected, the President was adamant and determined not to budge an inch. He told us kindly but firmly, that while this group would be given hospitalization, he was opposed in principle to granting them pensions unless they have a total and permanent disability. In other words, the President is opposed in principle to granting a pension to any veteran unless such veteran's disabilities are shown to be service connected.

I am convinced that many of these disability-allowance cases are meritorious and the veterans justly entitled to Government aid. In many of these cases, the veteran claims and honestly believes his disabilities are due to his service, and has submitted much proof to substantiate his claim, but because of imperfect and hastily prepared hospital and military records, the veteran is unable to furnish the proof demanded by the Government to establish such service-connection. In many other cases the veteran had hospital records, and was shown to have suffered from severe illness while in the service, but the Bureau physicians held that the proof was not sufficient to show that the veteran's present disabilities were the outgrowth of his illness while serving his country.

Many veterans who are drawing disability allowances are in equity and good conscience entitled to disability compensation, but perhaps through some technicality or omission in the records, service connection has been denied. When the disability-allowance statute was enacted, thousands of soldiers who had applied for disability compensation and were endeavoring to establish service connection of their disabilities concluded to accept the disability allowance rather than to be put to the trouble and expense of establishing their right to disability compensation.

Now, after our committee had its first conference with the President, he promulgated regulations liberalizing the regulations previously issued under the Economy Act. Under these new regulations approximately $40,000,000 annually was added to the amount payable to veterans and their dependents, as pensions and compensation allowances. But our committee was not satisfied with this increase, and insisted on additional concessions, which we believed in fairness and all good conscience were due the veterans. We continued our conferences with the President and, as I have stated, obtained additional concessions bringing the increases to approximately $100,000,000. We feel that we were partially responsible for the first liberalization made by the President on June 6 which restored directly service-connected cases to within 18 percent of their former rating; but be that as it may, the fact remains that since the Democratic House caucus sent our committee to the President the law and regulations have been liberalized so as to add $100,000,000 to the annual payment to veterans and their dependents.

I am convinced that in thousands of cases the disabilities of veterans are due to their military service, even where there is no record to affirmatively and conclusively establish such fact. Many veterans came out of the war without having been seriously ill during their military service, but they were debilitated, "run down and worn out," their vitality reduced, their constitutions and vigor impaired, and perhaps slumbering in their systems were the insidious germs of dis-

ease that remained dormant and latent for months and years after their discharge, but finally became active and virulent, and ultimately produced a state of invalidism.

If the Government adopts the policy of not granting pensions to any veteran unless it is shown that his disabilities were service-connected, then by every principle of justice these disability-allowance cases should be reopened and the veterans given a chance to have their cases reviewed, so they may, if possible, establish service connection. But future Congresses will determine how far we shall go in extending aid to veterans whose disabilities are not shown to have been incurred in or aggravated by their military service.

While opposing the policy of granting pensions in cases where disabilities are not service connected, the President stated that he was willing to make an exception to this rule as to veterans of the Spanish-American War, because in that war very few, if any, medical records were kept and that there were practically no hospitals or hospitalization of soldiers, which made it practically impossible for a Spanish-American War veteran to show that his disabilities originated in or were aggravated by his military service; and as 35 years have elapsed since that war and many of the participants are dead or widely scattered, it is exceedingly difficult and in most cases impossible for a Spanish-American War veteran to establish by the testimony of his comrades that he was ill or injured in the service and in the line of duty.

While as a whole the compromise is a substantial victory for the disabled veterans, it does not do full justice to certain groups, but I am convinced that this condition will be corrected at an early session of Congress. Neither the President, the Congress, nor the American people want to deal unjustly with deserving and disabled veterans of any war who are suffering from disabilities that may fairly be traced to their military service.

Mr. LUNDEEN. Mr. Speaker, on April 6, 1917, we entered a war, they said, "to make the world safe for democracy." We won the war, and the world is now safe for international bankers, dictators, and J. Pierpont Morgan & Co. The men who fought for democracy, whose bodies and minds are scarred with the ravages of war, now see their small pittances taken from them by dictatorial powers. The Economy Act has torn down the whole structure of more than a century of pension legislation. The same international bankers who demanded that these men be sent to the trenches of Europe are now intent on robbing them of their compensation. These international bankers and captains of international industry have no flag and know no patriotism, and their only god is gold. They now declare another war, a war on the veterans of America; again they have enlisted the press of the Nation to distribute their propaganda and poison the minds of the American people against the defenders of the Nation.

They are raiders of the Treasury, and we must thrust them from their seats of power before it is too late, before they have plunged this Nation into another colossal disaster. We point them out as racketeers and we brand them as such. Write the name "Treasury raider" across every international banking house, every private munition plant, every huge corporation which controls the natural resources of this country and exploits them for enormous private profits at the expense of the people. Write the name "racketeer" across every corporation or individual who profits from war. These profiteers and racketeers have joined forces against the veterans of America. Evict them from their seats of selfish profit as they evict the workers from their homes and the farmers from their land. Let them protect their own investments abroad. Let them live and die on foreign shores where they invest and where they risk war for profit and gold.

ECONOMY LEAGUE PROPAGANDA

The Economy League spent huge sums of money propagandizing the people of this country into support of the Economy Act. The sums of money to be saved the taxpayers were advertised. The effect this so-called "saving" would have upon the veterans was not mentioned. And when the plans of the administration for carrying out the proposed saving of $460,000,000 were actually formulated, the burden to be thrown upon the backs of the veterans was so heavy that the facts were kept secret for a time by the Veterans' Administration.

Congress finally revolted against administrative control. A Democratic caucus of the House was held on May 25. A Democratic committee was appointed and called on the President on May 29. Estimates of veterans' cuts were demanded and received, and in submitting the estimates General Hines stated:

> We have been extremely loath to give out information concerning the breakdown of these items, as it is felt that only through the review now being made may we arrive at a reasonably accurate distribution of pension expense, especially in view of the fact that but one appropriation covers pensions of all types and there probably will be variations as to the groups within this total.
>
> I fear that any new publicity given to preliminary estimates as quoted above will create unnecessary apprehension on the part of many. For this reason the subcommittee of the Appropriations Committee of the House handling this particular appropriation bill saw fit to withhold this information from the House as a whole and confine it to the above subcommittee.

The reason why "unnecessary" apprehension was feared can be clearly seen by an examination of the estimated slashes to be made under the Economy Act. It was after these figures were published in the CONGRESSIONAL RECORD under date of May 29, 1933, by Congressman CROSSER, of Ohio, that a general but mild uprising in House and Senate occurred. The President issued new orders on June 6, 1933, slightly increasing certain classes of pensions; and various amendments liberalizing the Economy Act were tacked onto the independent offices appropriation bill and voted on by both House and Senate.

RECORD OF MINNESOTA DELEGATION ON VETERANS' LEGISLATION

I present the record of the Seventy-third Congress, and especially the record of the Minnesota delegation on these various pieces of veterans' legislation: The Economy Act, the independent offices appropriation bill as first introduced, the Connally amendment, the Steiwer-Cutting amendment, the original so-called "House compromise plan", which the House substituted for the Connally amendment, and the final plan which was adopted as a part of the Independent Offices Appropriation Act.

THE ECONOMY ACT

Here are the figures which the Veterans' Administration thought best to keep secret. These figures were published by Congressman CROSSER, of Ohio, on May 29, 1933, in the CONGRESSIONAL RECORD.

WORLD WAR

Service-connected cases

Service-connected cases will lose $156,826,010 annually.

At present 380,648 cases would draw, under the old law, $221,728,010.

Under the new act 225,800 cases will receive $64,902,000.

Emergency officers' retirement

These officers will lose $6,729,827.

Under the old law 6,314 retired officers would receive $10,029,827.

Under the new act the number is reduced to 2,000 retired officers, and the amount reduced to $3,300,000.

Death compensation

(World War, including widows, orphans, and dependent parents, all service-connected)

These beneficiaries will lose $13,689,837 annually.

Under the old law 107,325 would receive $39,389,837.

The number of beneficiaries under the new act will be reduced to 77,000, and the cost to $25,700,000.

Disability allowance

(Presumed to be for disabilities not connected with the service)

These veterans will lose $91,768,326 annually.

Under the present law 501,724 would receive $101,652,326.

The number has been reduced to 48,500 under the new act, and the amount to $9,884,000.

SPANISH-AMERICAN WAR, INCLUDING BOXER REBELLION, PHILIPPINE INSURRECTION

Service-connected

The number of cases has been increased from 600 under the old law to 19,400 under the new act.

The amount has been increased from $291,600 to $11,800,000.

The widows have been increased from 1,175, at a cost of $330,175, to 2,300 at a cost of $700,000.

Non-service-connected

These veterans will lose $85,566,633.

Under the old law 197,260 would receive $107,026,277.

Under the present law 98,600 of these veterans will receive $21,459,644.

The number of non-service-connected widows, under the old law, was 42,161, who would have received $17,124,658.

Under the new act 41,036 will receive $7,700,000, or a loss of $9,424,658.

CIVIL WAR

Service-connected and non-service-connected

Under the old law 22,525 veterans would have drawn $24,000,000.

Under the new act 22,525 veterans will receive $21,460,700, or a loss of 10 percent.

Widows

Widows will lose 10 percent for 1 year only, the same as the veterans will lose 10 percent for 1 year only.

Under the old law 122,492 would have received $58,534,100 the coming year.

Under the new act they will receive $52,680,690, or a loss of $5,853,410.

OTHER WARS—INDIAN, MEXICAN, 1812

The veterans will lose $559,747.

Under the old law 4,676 would receive $2,808,188; they will receive $2,248,441 under the new act instead.

The widows, 5,135, would have received $2,025,028. They also take a 10-percent reduction and will receive $1,822,525.

PEACE TIME

Service-connected

The number under the old law would have been 21,082 and the amount $6,400,000.

Under the new act the number of veterans will be 30,389 and the amount $5,672,000, or a loss to the veterans of $728,000.

The widows will be increased from 5,736 under the old law to 10,736 under the new act, and the amount increased from $1,389,974 to $2,400,000.

Under the new act there will also be an estimated saving of $34,000,000 in administration, medical, hospital, and domiciliary services from $110,538,514 under the old law to $76,538,514 under the new act.

MILITARY AND NAVAL INSURANCE

There will be a reduction of from $134,000,000 under the old law to $123,000,000 under the new act.

HOSPITAL AND DOMICILIARY FACILITIES AND SERVICES

There will be a reduction of from $5,000,000 under the old law to $1,000,000 under the new act.

ADJUSTED-SERVICE-CERTIFICATE FUND

There will be a reduction of from $100,000,000 under the 1934 estimate to $50,000,000.

PRESUMPTIVE CASES

World War veterans

One of the most cruel blows struck by the regulations issued under the Economy Act was aimed at those veterans who are receiving compensation for disabilities presumed to be service connected under the World War Veterans' Act, as amended. Under section 200 of this act if a veteran developed active tuberculosis or nervous or mental diseases at any time prior to January 1, 1925, the condition was presumed to be due to service. The Veterans' Administration states:

On April 30, 1933, compensation payments were being made to 338,138 World War veterans whose disabilities were directly or presumptively connected with service. It is estimated that approximately 150,000 of these veterans will be dropped from the rolls under Public, No. 2 (the Economy Act), because of presumptive service connection.

These figures were given to me by the Veterans' Administration on June 8, 1933.

These 150,000 World War veterans are affected by Executive Regulation No. 1, part 1, in which there is a paragraph stating:

That for the purposes of paragraph I (a) hereof (stating that certain veterans shall be entitled to a pension) a chronic disease becoming manifest to a degree of 10 percent or more within 1 year from the date of separation from active service as set forth therein shall be considered to have been incurred in or aggravated by service, as specified therein * * * provided the person suffering from such disease served 90 days or more in active service.

IMPOSSIBILITY OF PROVING SERVICE CONNECTION

These 150,000 veterans once secured affidavits and other evidence to prove that they were afflicted with active tuberculosis or a mental or nervous disease prior to January 1, 1925. When the Economy Act was passed, they began to search frantically for more affidavits, more evidence, to prove that their sad condition was in existence 1 year after discharge.

But they have no affidavits; they have no evidence. They did not stop after their discharge to collect evidence of their disabilities; they were heroes; they relied on the promise of Uncle Sam to take care of them. Many of the doctors who treated these men are dead; they cannot give affidavits. Thousands of veterans took no notice of their disabilities after the war. They never thought of seeing to it that a systematic record was kept of their physical condition. Their first concern was to get away from the Army and go home. Many of them found jobs in the boom years and never thought of applying for compensation until the Money Trust staged the stock-market crash of 1929.

$20 A MONTH FOR PERMANENT AND TOTAL DISABILITY

To these permanently and totally disabled World War veterans, who formerly received $100 a month, the first Executive regulations under the Economy Act allotted $20 a month. By the regulations of June 6 this amount was changed to $30. And remember that this $20 and this $30 were to go to veterans who suffered all the horrors of war in the trenches of France. Many of these men carried home in their bodies the dread germ of tuberculosis or in their heads the echoes of crashing shells which frequently led to mental disease. These are the men who are constantly in need of medical attention and care.

How did the gentlemen who voted for the economy bill answer the letters they received from totally disabled veterans who were notified that their compensations had been cut to $20 a month? Did they say "It was necessary to cut your compensation to $20 a month in order to maintain the credit of the United States Government"? These veterans know that this Government was in the red 16 years ago. Then Congress found billions of dollars to send them to the battlefield where many of them incurred these disabilities.

PRESUMPTIVE CASES

Spanish War

Under the Economy Act, all World War and Spanish War veterans whose disabilities were not shown to be incurred in actual service were to be dropped from the pension rolls with the exception of Spanish War veterans over the age of 62 and of veterans who are permanently and totally disabled. (That provision of the Economy Act was slightly modified by the independent offices bill as it finally passed both Houses. I will take up that modification later. It does not materially affect what I wish to say here about the effect of the original Economy Act on the Spanish War veterans.)

The so-called "presumptive clause", regulation 12 of the Executive orders, recognized that Spanish War veterans would be at a decided disadvantage in proving their disabilities to be service-connected. This clause states that these men shall continue to receive a pension under the act at the rate being paid them on the date of the enactment of the Economy Act—

It being presumed that the injury or disease causing the disability was incurred in the line of duty in the active military or naval service during * * * the Spanish-American War, including the Boxer rebellion and the Philippine insurrection.

This presumption was to be rebuttable, but the burden of proof was to be on the Veterans' Administration to show that the disability was not service-connected, and this evidence was to be based on "medical judgment or affirmative evidence."

87 PERCENT TO 90 PERCENT OF SPANISH WAR VETERANS CUT OFF

It appears that no consideration was given to this presumption clause. The burden of proof was thrown back on the veterans, who are now of the average age of 59, and many of whom are 62 and over. The United Spanish War Veterans headquarters and the National Tribune variously estimated the number of Spanish War veterans to be taken off the rolls under the regulations of the President from 87 percent to 90 percent of the total. Thousands of Spanish War veterans were apparently to be taken from the rolls because they could not qualify for total disability under the amended rating schedules authorized by the Economy Act.

These veterans have reached their declining years. I doubt if there is a Member of this House who has not received letters from bewildered Spanish War men who have received notice that their pensions are to be cut to $6 a month or who have been dropped from the rolls. How did the gentlemen who voted for the Economy Act answer these letters? Did they reply "It was necessary to cut your pension to $6 a month in order to maintain the credit of the United States Government. I am sorry you have no other means of support, but we will give you a flag for your grave"?

One case has come to my attention, of a Spanish War veteran who received three medals from the Navy Department in recognition for service in the War with Spain, the Philippine insurrection, and the Boxer uprising, and in the same mail received a notification that his pension had been cut from $60 to $20 a month. This case was reported in the Minneapolis Tribune on Thursday, June 8, 1933.

EXPLANATION OF INCREASE IN SERVICE-CONNECTED SPANISH WAR VETERANS

The increase shown here in the number of service-connected Spanish War veterans, and the increase in pensions granted them under the Economy Act, is explained in this way:

Until 1920 all Spanish War veterans who were drawing pensions had established service connection in accordance with the requirements of the old so-called "general law." On June 5, 1920, the Spanish War service pension law was passed. Under this law there was no distinction between service-connected and non-service-connected disabilities. Any Spanish War veteran who applied could receive a pension for varying rates of disability. The same applies for the laws of May 1, 1926, and June 2, 1930, which increased the rates of pension until the maximum of $60 was reached for permanent and total disability cases.

Thousands of Spanish War veterans dropped their claims of service connection under the general law and applied for the more liberal pension granted under the later laws without regard to service connection. For that reason prior to the Economy Act, out of about 195,000 Spanish War veterans on the pension rolls, only 600 were recorded as service connected. These 600 merely had neglected to apply for pensions under the new and more liberal law.

EFFECT OF ECONOMY ACT ON HOSPITALS

With a few exceptions, under the Economy Act, no hospitalization or domiciliary care is to be given to veterans whose disabilities are not shown to be service connected under the new regulations. These are the instructions of the Veterans' Administration. About a month ago Stephen Early, Assistant Secretary to the President, issued a statement which was published in the press, in which he stated:

> Regional offices of the Veterans' Administration will not be closed as has been reported, except where it has been clearly demonstrated that regional facilities are not necessary.

Apparently, under the Economy Act, it is unnecessary to treat thousands of veterans who are in need of treatment. We can dismiss several hundred doctors and nurses and throw them in the breadline. We can close up these institutions and throw the veterans in the streets. And that is exactly what is being done under the Economy Act. The Veterans' Administration reports the following figures showing the number of vacant beds in Government hospitals:

Vacant beds, Feb. 28, 1933	3,611
Vacant beds, June 15, 1933	14,638

These are not domiciliary beds, but actual hospital beds. The vacant domiciliary beds, in soldiers' homes and institutions, increased from 1,424 on February 28, 1933, to 11,706 on June 15, 1933.

In other words, there are 11,027 more vacant hospital beds today than there were before the passage of the Economy Act, and there are 10,282 more vacant domiciliary beds.

I say these men are being thrown into the streets. I said at the time this act was passed that men would be thrown out of their hospital beds into the streets, and the figures of the Veterans' Administration bear me out now. There were assurances at the time this act was passed that it would be administered humanely, but I warned at the time against granting such broad, sweeping power on the faith that it would be wisely used. Even as early as May 1, 1933, the Naval Hospital at Philadelphia was forced to reduce the number of its patients from 578 to 270, and that fact was published in the daily press.

Every veterans' hospital in America is on the verge of disruption, and there is no assurance in any legislation passed since the Economy Act that these hospitals will be saved and the veterans of America cared for. These things are coming to pass. The warnings such as I gave at the time this act was passed cannot be silenced now with the assurance that the act will be humanely administered. It has not been humanely administered, and there is every indication that it will not be humanely administered in the future.

HOUSE ROLL CALL ON ECONOMY BILL, MARCH 11, 1933

On this act, which threatens to disrupt our Government hospitals, and which tore down the structure of veterans' legislation built up through a period of over a century, the Minnesota delegation voted as follows:

Yeas: Theodore Christianson (Republican), Harold Knutson (Republican), Einar Hoidale (Democrat).

Nays: Henry Arens (Farmer-Labor), Magnus Johnson (Farmer-Labor), Paul J. Kvale (Farmer-Labor), Ernest Lundeen (Farmer-Labor), Francis H. Shoemaker (Farmer-Labor), Ray P. Chase (Republican).

The bill passed by a vote of 266 to 138.

TO ACCEPT SENATE AMENDMENTS WAS TO MAKE ECONOMY BILL LAW

No Farmer-Labor Member of the House of Representatives voted for the economy bill, either as first introduced or as amended by the Senate and again passed by the House March 16, 1933. Farmer-Labor Members of Congress knew that a vote for the Senate amendments to the bill was a vote to send that bill to the President for signature. It was not just a vote to improve the bill; it was a vote to pass the bill. Separate votes were not taken on the amendments and then on the bill in the House. Members of the House voted for the amended bill as it came from the Senate or they voted against it.

If a majority of the Members of the House had voted against the amended bill, it could not have become a law, and the structure of veterans' legislation built up through 150 years could not have been struck down with one blow. If a sufficient number of Representatives had voted against the amended bill, it would have gone back to conference instead of to the White House for the signature of the President. Instead of voting to accept a bad piece of legislation because it had been slightly improved, Farmer-Labor Members rejected it altogether. If a sufficient number of Representatives had done likewise, a large number of totally disabled veterans would never have received notice that their compensations were to be cut to $20 a month on July 1, 1933. Thousands of veterans would never have been told that they were to be removed from the pension lists and thrown on State and local charity. Thousands of bewildered old men who once volunteered their services in the Spanish-American War when they were mere boys would never have had to stare into a dark future of poverty and destitution for the remaining few years of their lives.

The effect of an affirmative vote on the amended economy bill was stated on the floor of the House just before the vote was taken, when Congressman McCORMACK, of Massachusetts, inquired:

> Mr. Speaker, a parliamentary inquiry.
> The SPEAKER. The gentleman will state it.
> Mr. McCORMACK. As I understand it, the question before the House is not the passage of the bill but the acceptance or rejection of the amendments of the Senate to the bill.
> The SPEAKER. The gentleman is correct.

Then Congressman CONNERY, of Massachusetts, made a parliamentary inquiry which brought out the real effect of a vote for the amended economy bill:

> Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.
> The SPEAKER. The gentleman will state it.
> Mr. CONNERY. But the effect of accepting the Senate amendments is that the bill becomes law.
> The SPEAKER. The bill becomes law; yes, of course.

That was the effect of a vote for the economy bill as it came back amended from the Senate. The bill became a law. No Farmer-Labor Congressman voted for that amended bill. The Minnesota delegation voted as follows:

Yeas: Ray P. Chase (Republican), Theodore Christianson (Republican), Harold Knutson (Republican), Einar Hoidale (Democrat).

Nays: Henry Arens (Farmer-Labor), Magnus Johnson (Farmer-Labor), Ernest Lundeen (Farmer-Labor), Francis H. Shoemaker (Farmer-Labor).

Not voting: Paul John Kvale (Farmer-Labor), absent.

Congressman KVALE was absent because of a serious hospital operation and illness in his family.

The bill passed by a vote of 373 to 19.

SENATE ROLL CALL ON ECONOMY BILL AMENDMENTS

Several amendments were proposed in the Senate to the economy bill on March 13, 14, and 15, 1933, as it was received from the House. Each amendment was voted on separately in the Senate. On some of these amendments the yeas and nays were demanded. On those amendments which affected the veterans, and on which the yeas and nays were demanded, I present the votes of the Minnesota Senators.

On March 14 Senator HARRISON, of Mississippi, offered an amendment to liberalize title 1, section 17, dealing with yearly renewable term insurance, and providing that nothing in the Economy Act should interfere—

With payments hereafter to be made under contracts of yearly renewable term insurance where suit on such insurance has been instituted and trial had prior to the enactment of this act and judgment has heretofore been or hereafter is entered and has become or becomes a final judgment; * * *.

The amendment also provided—

That no costs shall be taxed against any plaintiff whose right to continue his suit on yearly renewable term insurance is abrogated by this section.

This amendment provided that judgments already rendered should be paid and that those suits pending in court should be dismissed at the cost of the Government rather than the veteran.

On this amendment the Minnesota Senators voted as follows:

Schall, not voting (absent); Shipstead, not voting (absent).

Senator HARRISON'S amendment was rejected by a vote of 56 to 18.

On March 15 Senator LA FOLLETTE, of Wisconsin, offered the following amendment:

The rate of pension or compensation of each person receiving pension or compensation after the date of enactment of this act is hereby reduced by 15 percent. When used in this section the term "compensation" shall include military and naval compensation for death or disability payable under the War Risk Insurance Act, as amended, the World War Veterans' Act, 1924, as amended, or any special act of Congress authorizing payment of such compensation, and the annuities authorized by the acts approved May 23, 1908, February 28, 1929, as amended, and January 31, 1931. When used in this section the term "pension" shall include any amount payable to any person by virtue of being placed on the pension rolls of the Veterans' Administration pursuant to any act of Congress.

Mr. LA FOLLETTE explained his amendment in these words:

It seeks to preserve the present structure of veterans' legislation, but, at the same time, to provide a substantial saving in the amount of money being paid to those veterans. * * * It is a sincere and logical attempt during such an emergency period to save the legislative structure which has been built up during and since the war.

On this amendment the Minnesota Senators voted as follows:

Schall, not voting (absent); Shipstead not voting (absent).

Senator LA FOLLETTE'S amendment was rejected by a vote of 16 to 62.

Senator CONNALLY, of Texas, offered an amendment on March 15:

Notwithstanding any of the provisions contained in this title, in no event shall World War service-connected disability compensation of any veteran or the pension of any veteran of a war prior to the World War be reduced more than 25 percent of the amount thereof according to existing rates and subject to any rerating of disability under this act.

This amendment left the power in the hands of the President to rerate veterans' cases; but, as Mr. CONNALLY stated, the amendment was—

Simply a limitation, providing that when the President has once determined that a case is service-connected and the soldier's claim has been rerated and the proof is that he has a watertight case, then he shall not be reduced over 25 percent.

On this amendment the Minnesota Senators voted as follows:

Schall, not voting (absent); Shipstead, not voting (absent).

The amendment was rejected by a vote of 28 to 45.

SENATE ROLL CALL ON FINAL PASSAGE OF AMENDED BILL

On the final vote—for or against the economy bill, which finally was signed by the President—the Minnesota Senators voted as follows:

Schall, not voting (absent); Shipstead, not voting (absent).

The bill was passed by a vote of 62 to 13.

PRESIDENTIAL ORDERS OF JUNE 6, 1933

The Veterans' Bureau estimates that under the President's regulations of June 6, 1933, $32,972,000 more would be paid to veterans of the World War than provided for under the Economy Act, and $17,028,000 more would be paid to veterans of all other wars. This would make the total increase $50,000,000.

A new rating schedule was set up which provided for $90 for total service-connected disability for veterans of the World War or Spanish War, including the Boxer rebellion and the Philippine insurrection. There are 10 different ratings, instead of 5, as set up in the first regulations, and these schedules range from $9 to $90, instead of from $8 to $80, as under the first regulations. The pension for non-service-connected permanently and totally disabled veterans of either war is increased from $20 per month to $30 per month. No change is made in the regulations affecting Civil War veterans. These veterans took a straight 10-percent cut under the Economy Act, and further legislation passed did not change that provision.

INDEPENDENT OFFICES APPROPRIATION BILL

The House roll call on the original independent offices appropriation bill was taken on May 12, 1933. This is the bill which proposed to cut the appropriations of the Veterans' Administration approximately in half, taking approximately $460,000,000 away from the veterans.

On this roll call the vote of the Minnesota delegation was as follows:

Yeas: Theodore Christianson (Republican).

Nays: Henry Arens (Farmer-Labor), Magnus Johnson (Farmer-Labor), Paul J. Kvale (Farmer-Labor), Ernest Lundeen (Farmer-Labor), Ray P. Chase (Republican), Harold Knutson (Republican).

Not voting: Einar Hoidale (Democrat) (paired for the bill), Francis H. Shoemaker.

The bill was passed by a vote of 250 to 117.

When the bill went to the Senate, the Connally amendment was attached, providing:

Notwithstanding any of the provisions of the act approved March 20, 1933, entitled "An act to maintain the credit of the United States Government", in no event shall World War service-connected disability compensation of any veteran, or the pension of any veteran of a war prior to the World War, or the pension of any widow and/or dependents of such veterans, be reduced more than 25 percent of the rate being received prior to March 15, 1933.

The Veterans' Administration estimates that under this amendment approximately $153,000,000 would have been turned back to the veterans from the $460,000,000 cut contemplated by the original Economy Act. Many of the veterans' friends in the Senate voted against this amendment, because they wanted to substitute in its place an amendment which would have called for a 15-percent cut instead of 25 percent.

On the Connally amendment the Minnesota Senators voted on June 2 as follows:

Schall, nay; Shipstead, nay.

The amendment passed by a vote of 43 to 42, the Vice President casting the deciding vote.

CONNALLY AMENDMENT IN THE HOUSE

In place of the Connally amendment the House substituted a "compromise amendment", by which the Connally amendment was stricken out and in its place inserted a provision whereby the President was authorized to establish special boards for the purpose of reviewing the presumptive cases of World War veterans to determine whether or not such cases might be considered to be service connected.

The amendment stated that, except for "fraud, mistake, or misrepresentation", 75 percent of the payments being made before the Economy Act was passed were to continue until October 31, 1933, or the date of a special decision on the case, whichever is the earlier date. The rates of compensation for directly service-connected cases were not to be reduced more than 25 percent. But no provision of this kind was made for the Spanish War men. Instead, Congressman CROSSER, chairman of the special Democratic House committee which called on the President on May 29, received a letter from the President, which Mr. CROSSER presented to the House on June 10:

MY DEAR MR. CHAIRMAN: I am enclosing herewith the language which I suggest be substituted for the language of the so-called "Connally amendment."

It is not necessary that there be included in this amendment language dealing with the Spanish-American War veterans who are 55 years of age or more. I have the authority under the provisions of the "act to maintain the credit of the United States Government" to issue regulations for their benefit.

I give you the assurance that if the Congress sees fit to substitute the language attached hereto in lieu of the Connally amendment I will issue a regulation which will give some assistance to the Spanish-American War veterans who are 55 years of age or more.

Because of the peculiar conditions surrounding the Spanish-American War and Spanish-American War veterans, I want to emphasize that the assurance given in this letter and the action which I shall take pursuant thereto must not be considered as a precedent of other wars.

P. S.—It will be necessary to add to the language herewith enclosed provisions exempting the members of the board from the provisions of the Civil Service and Classification Acts.

The Veterans' Bureau estimated that the House compromise amendment would have paid $51,404,000 more to the veterans of the World War than would be paid under the original Economy Act and that $21,596,000 more would be paid to veterans of all other wars. The original House compromise plan would also have added $17,000,000 to the appropriations for administration and hospitalization. The total additional cost over the Economy Act would have been $90,000,000, according to the figures of the Veterans' Administration.

On this compromise amendment the votes of the Minnesota Representatives were as follows:

Yeas: Einar Hoidale (Democrat).

Nays: Henry Arens (Farmer-Labor), Magnus Johnson (Farmer-Labor), Paul J. Kvale (Farmer-Labor), Ernest Lundeen (Farmer-Labor), Francis H. Shoemaker (Farmer-Labor), Ray P. Chase (Republican), Theodore Christianson (Republican), Harold Knutson (Republican).

The bill with this compromise amendment passed the House by a vote of 243 to 154.

STEIWER-CUTTING AMENDMENT

When the conference report on the independent offices appropriation bill was taken up in the Senate on June 14, the Senate adopted the Steiwer-Cutting amendment, which was substituted for the House compromise amendment. Rather than stating that the "rates of compensation" for directly service-connected cases shall not be reduced more than 25 percent, as did the House compromise amendment, the Steiwer-Cutting amendment stated:

In no event shall the compensation being paid * * * be reduced more than 25 percent.

The Steiwer-Cutting amendment also protected the presumptive cases by making it more binding upon the Administration to resolve all benefits of doubt in favor of the veterans. It also protected Spanish-American War veterans by providing that in no case were the pensions being paid to the veterans of any war prior to the World War to be reduced more than 25 percent.

The Veterans' Administration estimated that the Steiwer-Cutting amendment would have given $148,000,000 to the veterans over the amount originally estimated by the Administration under the provisions of the Economy Act. This Steiwer-Cutting amendment would give to the veterans $58,000,000 more than they would have received under the original House compromise plan, according to the estimates of the Veterans' Administration.

SENATE ROLL CALL

On this amendment the Minnesota Senators voted as follows:

Shipstead, yea; Schall, yea.

The amendment passed by a vote of 51 to 39.

The next day, June 15, the Steiwer-Cutting amendment was to be taken up in the House. The House met at 10 a.m. Immediately the House recessed for the purpose of holding a Democratic caucus. At 2 p.m. the House was called back and the Steiwer-Cutting amendment was voted upon with no opportunity for debate. The vote of the Minnesota Congressmen on this amendment was:

Yeas: Henry Arens (Farmer-Labor), Magnus Johnson (Farmer-Labor), Paul J. Kvale (Farmer-Labor), Ernest Lundeen (Farmer-Labor), Francis H. Shoemaker (Farmer-Labor), Theodore Christianson (Republican), Harold Knutson (Republican).

Nay: Einar Hoidale.

Not voting: Ray P. Chase (Republican). (Mr. Chase was paired for the amendment.)

The amendment was defeated by a vote of 209 to 177.

THE FINAL VOTE

After the defeat of the Steiwer-Cutting amendment by the House the bill went to conference, and the conference committee reported back a measure approximately the same as the so-called "compromise amendment" adopted by the House when the House voted down the Connally amendment. The only important difference was that in the final compromise plan was included a provision which stated:

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, who served 90 days or more, was honorably discharged from the service, is 55 years of age or over, is 50 percent disabled, and in need as defined by the President, shall be paid a pension of not less than $15 a month.

PRESENT STATUS OF CIVIL WAR VETERANS

The pensions of Civil War veterans were reduced 10 percent by the Economy Act, and no change in that cut has been made.

PRESENT STATUS OF SPANISH WAR VETERANS

Spanish War veterans who are over 55 and are 50-percent disabled can be sure of receiving a pension of $15 a month—if they qualify under a pauper clause. That is the protection offered the Spanish War veterans by the independent offices appropriation bill. They may still be dropped from the rolls on July 1 if the Veterans' Administration, after reviewing their cases, decides that their disabilities are not service connected, and those who are kept on the rolls under the provision just quoted must comply with the "pauper clause"—be 50-percent disabled and over 55 years of age.

PRESENT STATUS OF WORLD WAR VETERANS

Presumptive cases

The President is authorized to establish special boards to review the cases of World War veterans who entered the service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, in which presumptive service connection had been granted and payments were being made on March 20, 1933, under the World War Veterans' Act as amended, but in which service connection was not granted by the regulations issued under the Economy Act. Service connection is to be granted if on all available evidence the board determines that a chronic disease became manifest to a degree of 10 percent or more within 1 year after discharge from active service.

Veterans whose cases are to be reviewed in accordance with this provision will be kept on the rolls at a 25-percent

reduction from the amount of compensation they were receiving prior to the passage of the Economy Act, except in cases of "fraud, mistake, or misrepresentation", until the case is reviewed or until October 31, 1933, whichever is the earlier date.

In interpreting the word "mistake", Senator CUTTING, speaking before the Senate Saturday night, June 15, stated:

> Anyone who read that section casually would think that those cases would be kept on the rolls unless the board decided that they ought to be removed, and that if the board decided they should stay on they would continue to receive 75 percent of what they are receiving at the present time, but anyone who studies the language and notes the word "mistake" will realize that the Veterans' Administration would be authorized, by virtue of that word, to call up for review any case whatever, on the plea that the doctors who had originally passed on the case had made a mistake * * * It would allow the veterans to be called in by the Veterans' Bureau time and time again; it would allow any board to pass on the medical judgment of men who had made the review at first hand; it would allow them to turn those cases off the rolls altogether.

Directly service-connected cases

The Independent Offices Act provides that "the rates of compensation" payable for directly service-connected disabilities to those veterans who entered the active service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct shall not be reduced more than 25 percent. Senator CUTTING explained this provision in his speech of June 15 by saying that although the rates of compensation could not be reduced more than 25 percent, the cases could be rerated and given lower ratings and the compensation cut in that way.

Therefore—

Said Senator CUTTING—

> there is nothing in the House language that places any substantial restriction upon the Veterans' Administration in making drastic cuts in compensation. If we agree to the House language, the Veterans' Administration can proceed in the next 3 months, as they have in the last 3 months, to make such cuts as they wish.

SENATE ROLL CALL

On this final compromise plan, the votes of the Minnesota Senators were as follows:

> Schall, nay; Shipstead, nay.

The bill passed by a vote of 45 to 36.

Immediately the measure was brought before the House. The previous question was ordered by the Democratic floor leader, and the vote taken without roll call. The Speaker announced, "The ayes seem to have it", and the bill was passed, appropriating $602,838,000 for the Veterans' Administration, an increase of $96,000,000 over the original estimates under the Economy Act, according to the estimates of the Veterans' Administration, but still over $345,000,000 less than the appropriations made for the Veterans' Administration last year.

Here we have the maximum measure of justice which the first session of the Seventy-third Congress saw fit to give the veterans of America. It is my firm conviction that repeal of the Economy Act should be the aim of every Congressman and Senator who believes himself to be the friend of the veterans—repeal, nothing short of that and nothing less than that. My bill for repeal of the Economy Act was introduced May 2, 1933. I filed a petition to call that bill before the House. It was placed on the Speaker's desk June 13, 1933. It will be on the Speaker's desk the opening day of the next session of Congress. Senator SCHALL introduced a companion bill to this repeal bill on May 29, 1933.

The rumors that we are paying too much money to our veterans are nothing but the results of effective propaganda on the part of the Economy League, which, according to Senator LONG's speech made on the floor of the Senate on June 14, 1933, raised $35,100 for propaganda.

RATES OF COMPENSATION PAID UNDER UNITED STATES EMPLOYEES' COMPENSATION ACT

In many cases we are paying less to the war-scarred veterans of this country than we pay to the civil employees of the United States Government who have been disabled in the employment of the United States. This is shown by some very interesting figures set forth in a speech of Hon. EDITH NOURSE ROGERS in the House of Representatives on Wednesday, May 10, 1933. These figures bring out the following facts:

We recognize that this Government is responsible for the care of its disabled employees who serve their Government at their own free will and receive wages for their work.

At the time of injury, Mrs. ROGERS of Massachusetts pointed out, if a Government employee is totally disabled, 66⅔ percent of his monthly pay is turned over to him as compensation, subject to a maximum compensation rate of $116.66 per month and a minimum rate of $58.33, in which case the injured person is entitled to compensation at the same rate as the regular monthly pay received when working. For partial disability 66⅔ percent of the loss in wage-earning capacity due to the disability is paid, providing the amount paid is not more than $116.66 per month.

Burial expenses not exceeding $200 are allowed. Compare this with the $75 allowed to veterans. And compare the rates of disability compensation allowed to Government employees with the $9 to $90 ratings established under the most recent Executive order for direct service-connected disabled veterans, the men who were sent to Europe to fight a war on foreign ground—under a law of conscription which violated the Constitution of this Government. (See speech of Daniel Webster, War of 1812–14.)

THE SHAME OF JULY 28, 1932

It is time that we make this country safe for the defenders of the flag. In recent years it has not even been safe for veterans to come to Washington and petition those in power for justice. The graves of Hushka and Carlson have become symbols to the veterans of their growing resentment against the Government which drafted them into war. The veterans who came to Washington in May of this year to present their grievances to the Government paused at the graves of Hushka and Carlson, their comrades who were killed in the battle between veterans and District police when the veterans were driven from their camp at Anacostia with fire and gas.

VETERANS' CONVENTION OF 1933

This year these men were advised not to bring their grievances to Washington. When this warning went out advising the veterans to stay away I welcomed them to Washington, and I will do so again. When men have grievances against those in power where shall they turn if not to Uncle Sam? These men came to Washington not with hostility in their hearts but with genuine grievances. They came to assemble together with their comrades from every State in the Union and from Alaska and the Philippines to petition their Congress and their President for redress of wrongs. They came to exercise the constitutional right of peaceful assemblage, and they were advised to stay away. I said then, and I say again, that the officials in Washington can learn more about conditions throughout the country today by listening to the men who are on the verge of destitution every day than they can from private caucuses behind closed doors.

On April 27, 1933, I filed a petition calling the adjustment service certificate bill, H.R. 1, before the House and discharging the Committee on Ways and Means from further consideration of this bill. During this session of Congress 50 Congressmen have signed that petition. It will remain here and be placed on the Speaker's desk again when the next session of the Seventy-third Congress opens, and all Congressmen who want this Government to keep its pledge with the veterans and pay them their bonus in cash will have an opportunity to sign that petition.

CAMP "CINDER LOT"

Before the present administration decided to reverse the policy of the Hoover administration toward the veterans who came to Washington hundreds of men pitched camp across the street from the old House Office Building, on "cinder lot." I had the pleasure of visiting the men there at 1 o'clock one morning. It was the night before they broke camp. There was no noisy demonstration. In fact, if I had not known the men were there I would never have noticed them. But as I walked onto the lot I stumbled against one of them, sleeping. I was amazed at the spectacle they

presented—hundreds of soldiers, not so many years ago the glory and pride of the Nation, sleeping there on an empty cinder lot, unwelcome guests at the Nation's Capital.

Protection from the damp air and ground was necessary. The well-to-do veteran had two newspapers for blankets; one he placed on the ground and the other he used for a cover. The "commoner" had only one newspaper and used it to protect himself from the wet grass. Small campfires were burning and meager rations were being served to some of the men.

ONE ADMINISTRATION LEARNS FROM THE MISTAKES OF ANOTHER

The veterans had decided to come to Washington and exercise their right to assemble and present their grievances, whether they were advised to stay away or not. The fate of the Hoover administration was fresh in everyone's mind, and the present administration decided to reverse the policy of its predecessor. A camp was set up at Fort Hunt, Va. Free transportation was provided by Government busses running from Fort Hunt to Washington. Clean, comfortable quarters were provided to accommodate 10,000 men. There were 3,300 in all registered at the camp. There were orderly rows of tents, equipped with cots and blankets. A huge camp kitchen was set up, with a tennis court for a floor. Good, clean food was served, cooked on 40 field ranges in double rows. A large tent was provided in which the men held their meetings.

The right of peaceful assemblage and petition was recognized. The men were given temporary food, clothing, and shelter, but no adjusted compensation and no satisfactory answer of any kind to their petitions. Instead the majority of them were induced to enlist in the Emergency Conservation Corps at a dollar a day. This offer they accepted because they had no other means of obtaining the necessities of life.

THE GRIEVANCES OF THE VETERANS

The veterans who assembled in Washington in 1933 did more than clamor for bonus checks. These men feel that this Government has no right to place upon them the burden of maintaining the credit of the United States Government. They were willing to sacrifice their lives in time of need, but they are not willing to pay twice for a war which they know now was brought on by the very selfish interests who now seek to cut their pensions and compensations down to nothing. They know now that it was a commercial war. They know there is plenty of money in this country, and they want at least a portion of their share. Their loyalty has been proved. The policy of this Government, in refusing to pay the bonus and in ruthlessly slashing pensions and compensations, has made these millions of veterans restless. There is a growing feeling of resentment and suspicion arising among them. Militant groups of veterans have declared that they would never again vote for a Republican, and now they declare the Democrats are worse. The previous administration refused to give them their bonus, but it took nothing from them which they already had. The resentment expressed by the veterans in Washington this year is growing. It cannot be suppressed by new administrative regulations easing somewhat the hardships imposed by the Economy Act. It is growing and it will continue to grow.

THE FINAL PLEA

The veterans of America are making their final plea to this administration and to the Members of this Congress. If that plea is not heard, these veterans will not sit back and wait for the liberalization of Executive regulations. They have fought before, and they will fight again—not to make the world safe for democracy this time but to make America safe for the veterans, the farmers, the workers. These men know that the time has arrived for them to organize in powerful groups throughout the country. Gentlemen of this House do not realize that powerful organizations are springing up in this country to take the reins of Government from the two major parties. I have communicated with strong organizations of veterans, workers, and farmers throughout the country who are uniting and organizing, who realize that their battle is against a common foe—the mighty Money Trust—and who are going to demand economic and political justice before many more months have passed.

DEMANDS OF THE VETERANS

The veterans assembled here are presenting three demands. They are organizing to put those demands into effect.

First. Immediate cash payment of the adjusted compensation, or bonus.

Second. Repeal of the Economy Act.

Third. Immediate and real relief for the farmers and workers of America.

When these men returned from France they were left to shift for themselves. They could no longer be used for the protection of American capital abroad. Now the selfish interests who are responsible for this panic want to escape the day of reckoning which they have brought upon themselves. But they cannot escape it. These same interests who plunged us into the World War are now shouting economy. Taxes must be lowered! The Budget must be balanced! There was a time when they forgot about balancing the Budget. When they passed a law of conscription and sent these men abroad into a futile war to end war there was no thought then of balancing the Budget. We had to make the world safe for democracy. This is a war on want. This is no time to balance the Budget. It cannot be done with millions upon millions hungry—they and their families out of work. These millions have a Divine right to live. It is time to conscript the wealth of this Nation and make America safe for all her people, by no means forgetting our service men of all wars.

TOMMY

Rudyard Kipling

I went into a public-'ouse to get a pint o' beer,
The publican 'e up an' sez, "We serve no red-coats here."
The girls be'ind the bar they laughed an' giggled fit to die,
I outs into the street again an' to myself sez I:

O it's Tommy this, an' Tommy that, an' "Tommy, go away";
But it's "Thank you, Mister Atkins", when the band begins to play—
The band begins to play, my boys, the band begins to play,
O it's "Thank you, Mister Atkins", when the band begins to play.

I went into a theater as sober as could be,
They gave a drunk civilian room, but 'adn't none for me;
They sent me to the gallery or round the music-'alls,
But when it comes to fightin', Lord! they'll shove me in the stalls!

For it's Tommy this, an' Tommy that, an' "Tommy, wait outside";
But it's "Special train for Atkins" when the trooper's on the tide—
The troopship's on the tide, my boys, the troopship's on the tide,
O it's "Special train for Atkins" when the trooper's on the tide.

Yes, makin' mock o' uniforms that guard you while you sleep
Is cheaper than them uniforms, an' they're starvation cheap;
An' hustlin' drunken sodgers when they're goin' large a bit
Is five times better business than paradin' in full kit.

Then it's Tommy this, an' Tommy that, an' "Tommy, 'ow's yer soul?"
But it's "Thin red line of 'eroes" when the drums begin to roll—
The drums begin to roll, my boys, the drums begin to roll,
O it's "Thin red line of 'eroes" when the drums begin to roll.

We aren't no thin red 'eroes, nor we aren't no blackguards too,
But single men in barricks, most remarkable like you;
An' if sometimes our conduck isn't all your fancy paints,
Why, single men in barricks don't grow into plaster saints.

While it's Tommy this, an' Tommy that, an' "Tommy, fall be'ind",
But it's "Please to walk in front, sir", when there's trouble in the wind—
There's trouble in the wind, my boys, there's trouble in the wind,
O it's "Please to walk in front, sir", when there's trouble in the wind.

You talk o' better food for us, an' schools, an' fires, an' all:
We'll wait for extry rations if you treat us rational.
Don't mess about the cook-room slops, but prove it to our face
The widow's uniform is not the soldier-man's disgrace.

For it's Tommy this, an' Tommy that, an' "Chuck him out, the brute!"
But it's "Saviour of 'is country" when the guns begin to shoot;
An' it's Tommy this, an' Tommy that, an' anything you please;
An' Tommy ain't a bloomin' fool—you bet that Tommy sees!

Mr. JENKINS. Mr. Speaker, ladies and gentlemen of the House, under leave to extend my remarks I wish to discuss the latest legislative developments with reference to the veterans' legislation. I have already on divers occasions discussed orally from the floor this very important question. On May 10 I made what I think was the first speech made in the House calling the attention of the country to the failure of the President and his assistants to administer properly the economy law. Again on June 10, from the floor of the House, while supporting the Connally amendment, I spoke with all the earnestness of my nature against the arbitrary invasion of the rights of Spanish-American War and World War veterans by the President and his assistants.

The day after I made my first speech the President gave out a statement that he would liberalize the regulations under which he was threatening financial ruin to most of the veterans. I do not wish to give the impression that the President issued this statement because of my speech, but rather to show that while I was sensing the feeling of the veterans and the country on this subject the President and his advisers were not far behind me; and in order to anticipate these complaints he, pretended to grant them a favor which was in fact a mere gesture. The passage of the Economy Act was secured under most unusual times. I do not think that our country was ever in such a crisis as it was at that time except possibly when Abraham Lincoln took over the reins of government. The President requested economy and promised justice. He desired that all recipients of Government money reduce the amount they were receiving. This included Congressmen as well as veterans. The bill including these reductions was passed in accordance with his wishes. The President was given power to reduce the veterans' compensation, but the salary of the Government officials and employees was reduced by the law to a certain percentage. The President urged that he be granted this authority. Most Congressmen felt that at that time it might be best to give the President the power that he requested. No one felt that he would abuse this power. No one felt that he would immediately issue regulations that would affront the sense of justice and incite the indignation of any reasonable person. The President's forces crowded the bill through the House without even permitting time for the Membership to read it. Mr. BROWNING, seeking harmony, sought permission to amend it so that all veterans on the rolls would be reduced by 25 percent. I, with others, signified a willingness to assist in the passage of this amendment, but we were denied even a consideration. Our only remedy, then, lay in a motion to recommit the bill back to the committee. Ninety of us stood up in support of this motion, which was lost before the strong phalanx of Democratic votes, the House having a Democratic majority of nearly 3 to 1. If this motion to recommit had passed, this vexatious condition would not now be upon so many of these veterans. The bill was messaged over to the Senate immediately and was considered with some deliberation there, and an amendment suggested by Senator DILL was permitted. The amendment provided as follows:

Provided, That nothing contained in this title shall deny a pension to a Spanish-American War veteran past the age of 62 years entitled to a pension under existing law, but the President may reduce the rate of pension as he may deem proper.

The bill further provided a minimum pension of $6. No reasonable person with a desire to do justice would maintain that Congress meant that the pension to be allowed these elderly veterans should be the lowest rate that could possibly be allowed. Yet this was the amount allowed by the President in his regulations. When the President and his advisers were urging the enactment of this law and were promising to deal justly, subsequent events raised a doubt as to whether they were sincere in their motives. Their plan was not disclosed then, but it has been unmasked many times since then, and I propose to prove that they were not sincere. While I doubted the necessity of all this hurry, still I thought the President and his advisers were sincere. But when the President held that under the Dill amendment it was doing justice to the veterans over 62 years of age to cut them from $60 and $72 down to $6, then I knew we had been imposed upon. Then when the President, under the most severe pressure from veterans' organizations, agreed to regulation 12, which by fair interpretation carried much relief to the Spanish War veterans, and then permitted it to be nullified completely in administration, I knew that the President had a deep-seated purpose to cut the veterans' allowances far beyond his declared intention to "deal justly." Wrong and injustice will not prevail. They will not bring real economy. Any program that brings anguish and tears is not as economical as one that brings justice and contentment. Sensing the revulsion of sentiment that was bound to come from this unwarranted injustice to this great group of our citizens, I made bold to sound the alarm in my speech of May 10. The whip of the President cracking over the backs of the Democratic Members of the House and the Senate may drown the clamor of these veterans crying out for the justice they have a right to expect, but this will not be for long. The worm will turn. Justice will prevail. Right will be enthroned.

Truth forever on the scaffold, wrong forever on the throne,—
Yet that scaffold sways the future, and, behind the dim unknown,
Standeth God within the shadows, keeping watch above His own.

The President apparently had regard only to the amount that would be slashed and not to the distress occasioned by the slashes. He did not yield one material point until many Congressmen followed my lead in attacking his unmerciful course. Then he yielded begrudgingly, claiming that before he would yield the Congress would have to find some additional taxes to keep the Budget in balance. He and his advisers were hardly sincere when they made these statements, for under pressure they retreated and made material concessions amounting to about $100,000,000 and did not secure any additional tax legislation. They were determined to heed the behest of the Economy League, which wished to cut the veterans $460,000,000 and thereby save the Economy League and others of this class from paying income taxes in that amount.

I have no patience with the "claptrap" statements put out by those who seek to apologize for the President by saying that he surely did not know of the cruelties enacted by Lewis Douglas, the Director of the Budget, and General Hines, the Director of Veterans' Affairs. I have no argument in defense of those gentlemen, but I know that it is not in line with the truth to heap the blame upon them and relieve the President of all responsibility. No doubt the President was advised privately by practically every leading Democrat in the House and the Senate of these injustices and fought back any suggestion of change of the unjust regulations. A Senator in an address before the Senate represented that he had consulted with the President about this matter fully and that the President had authorized him to carry a message to the Senate setting out his position. This message was pitiful in its childishness and showed that the President did not know much about the subject, but showed further that he was abundantly satisfied with his knowledge and if there were any injustices in his regulations he was not admitting them and was not open to advice on the subject. He took the attitude of one capable of giving advice and not of one who was ready to receive advice.

When the contest grew hot and when the pressure got strong the President—not Douglas and Hines—issued a regulation raising the total amount to be paid totally disabled non-service-connected veterans from $20 to $30 per month. This was done after the famous promise not to raise pensions without raising taxes and that he "would fight it out all summer" before doing so. He did so and did so without securing any additional taxes and before the summer was over. As the fight grew hotter and hotter he gradually retreated. When the Senate passed the Connally amendment carrying a 25-percent reduction in all pensions it did so in order to keep the Senate from passing an amendment carrying a 15-percent cut. The vote was a tie and the tie was broken by Vice President Garner voting with those who were willing to vote for a 25-percent cut in order to pre-

vent an equal number of Senators from passing a bill providing for only a 15-percent cut. Had the Connally amendment been voted upon promptly by the House it would have carried overwhelmingly, but the Democratic caucus appointed a committee which made many pilgrimages to the White House to persuade this "kind-hearted" gentleman to withdraw his regulations and permit more just regulations to be promulgated. No one who has heard the reports by those who attended these numerous conferences can conclude but that the President is the one who issued the regulations and that it was the duty of Douglas and Hines to put into printed regulation what the President ordered. The President ordered and Douglas and Hines carried out the orders. It must have been most humiliating for the members of this committee to pedal back and forth between the President and the Democratic Membership of the House in an effort to get the President to permit them to do what their consciences told them was right. Douglas and Hines did not crack the whip. The whip was wielded by the whipmaster himself, with the result that the Connally amendment was defeated by a few votes and another amendment substituted.

If that committee had been wise enough to have changed the Connally amendment so that nobody could have had any credit for its passage but the President himself, it would have passed easily. When the plan passed by the House was returned to the Senate, it was rejected and the substance of the Connally amendment with other favorable amendments were included in what is now known as the "Steiwer amendment." This amendment passed the Senate by a vote of 51 to 39 after one of the most brilliant debates in the history of the Senate. It was returned to the House amidst great excitement, and would have passed the House by an overwhelming vote, but the President's friends maneuvered an adjournment. The next day a caucus of Democrats was held and the lash was applied unmercifully. Many walked out rather than be humiliated, but many permitted their minds to be supplanted by the mind and will of the President. Many were the exhortations to stand by the Democratic Party and to save the President. Many stultified themselves in order to retain the graces of their leader. Justice and right went out of the window and expediency and patronage came in. The rights of the veterans were pawned for the smiles of the leader. The exchange permitted the "kind-hearted man" to continue to demand that before a Spanish War veteran 55 years of age could get a pension of $10 per month he must swear to a pauper's oath. Mr. Speaker, the price of the exchange was entirely too high! But the worst is yet to come. After the House with its 200 new Members had been whipped into line by the President and its leaders, the bill was then sent to a conference made up of Republicans and Democrats from the Senate and House, a majority of which conferees were Democrats. This conference recommended that the House plan be accepted in preference to the Senate plan, although all of the veterans' organizations in the Nation were demanding the contrary. They were willing to take this 25-percent cut and even more. But the Democratic conferees willfully threw away a chance to benefit the veterans and preferred to accede to the dictates of the President.

After another long and brilliant debate in the Senate there is witnessed a sorry spectacle of personal perfidy. Senators who on Wednesday night, while listening only to the still small voice of conscience, voted for the Steiwer amendment, on Thursday night at almost the same hour, in the same place and before the same audience, voted against identically the same thing that they had voted for only 24 hours previously. What caused the change? Was it the influence of Douglas and Hines? No! No! it was the influence of "the kind-hearted gentleman" who was demanding that in order for a Spanish War veteran with 50-percent disability to get a $10 pension he must swear to a pauper's oath. My friends, let not yourselves be deceived; the President is demanding that the veterans accept a reduction far out of proportion to their dues. Hundreds of thousands of veterans are put off the pension roll and onto the charity roll. Hundreds are put out of their hospital beds in order that boys from the reforestation camps may be put into them.

A great injustice has been done in the name of justice and under the direction of the President. Right will ultimately prevail over wrong. Justice will ultimately supplant injustice. But what will the wronged victim do while right is battling with wrong and justice is contending with injustice? What will the veteran do when his pension or compensation is cut off? I am afraid that none has accurately anticipated this. I did what I could to prevent this untoward situation. The Democratic Party and its leader brought this condition on, and the responsibility is theirs. Responsibility brought on by willfulness is heavier than responsibility that frequently comes in spite of one's best intentions. Let the veterans find hope in the fact that those who by pressure have restored to the pension appropriations many millions of dollars are yet anxious to continue the fight until adequate pensions are restored and until the bitterness and disappointments are again drawn from the veterans' hearts and until they again feel that our great Government will not turn its back on him who bore the brunt of the battle in the heat of the day.

Mr. HASTINGS. Mr. Speaker, the independent offices appropriation bill carries appropriations for the Executive offices and all independent bureaus, boards, commissions, and offices, including the Veterans' Administration, not under the supervision of a Cabinet officer, for the fiscal year ending June 30, 1934. The bill recommends an appropriation of $631,802,546.

It is not my purpose to discuss any of the items of the bill other than those for the Veterans' Administration.

The report submitted shows in detail the amount recommended for each governmental activity, and the hearings explain in detail the purpose for which the amounts are to be expended by the several independent boards, offices, or commissions.

I want to discuss not only the appropriation recommended for the Veterans' Administration, which, as finally reported in the bill, aggregates $631,802,546, including the amount of $8,000,000 added for the expense of retaining regional offices in the field.

The committee allowed all the revised estimates of the Bureau of the Budget for the Veterans' Administration, and in addition added $8,000,000 referred to above for the regional offices.

There has been so much discussion throughout the country with reference to appropriations in behalf of the ex-service men that I want to explain briefly the reduction in the appropriation, how and why it was made, and my attitude toward legislation affecting the ex-service men of the country.

When the new administration assumed control on March 4, 1933, financial chaos was impending. Every financial institution was threatened. Business was paralyzed. Approximately 15,000,000 men and women were out of employment. Many thousands, if not millions, were being fed through private and public charity. A moratorium was proclaimed, and every bank in the country, both large and small, was temporarily closed. No one could safely predict what a day would bring forth. Strong men and women talked in whispers. Every business structure was insecure. Conditions were so extremely critical that Congress was immediately convened in extra session March 9, 1933. The eyes of the Nation were directed to the President. He had been elected by a tremendous majority. He received 472 electoral votes as against 59 for Mr. Hoover, and carried 42 of the 48 States. He received a total popular vote of 22,821,857 to 15,761,841 for Mr. Hoover. In Oklahoma he received 516,468 votes to 188,165 for Mr. Hoover.

President Roosevelt, in his first message to Congress dated March 10, 1933, emphasized the necessity of reducing Government expenditures and the balancing of the Budget as the

first step toward economic recovery, and called attention to the fact that—

For 3 long years the Federal Government has been on the road toward bankruptcy.

For the fiscal year 1931 the deficit was $462,000,000.

For the fiscal year 1932 it was $2,472,000,000.

For the fiscal year 1933 it will probably exceed $1,200,000,000.

For the fiscal year 1934, based on the appropriation bills passed by the last Congress and the estimated revenues, the deficit will probably exceed $1,000,000,000 unless immediate action is taken.

Thus we shall have piled up an accumulated deficit of $5,000,000,000.

The President urged the very greatest necessity for economy. He stated:

We must move with a direct and resolute purpose now. The Members of the Congress and I are pledged to immediate economy.

The President further stated:

Provision for additional saving is essential, and therefore I am asking the Congress today for new legislation laying down broad principles for the granting of pensions and other veteran benefits, and giving to the Executive the authority to prescribe the administrative details.

Concluding the message, the President stated:

When a great danger threatens our basic security it is my duty to advise the Congress of the way to preserve it. In so doing I must be fair not only to the few but to the many. It is in this spirit that I appeal to you. If the Congress chooses to vest me with this responsibility, it will be exercised in a spirit of justice to all, of sympathy to those who are in need, and of maintaining inviolate the basic welfare of the United States.

As a result of this appeal through the special message of March 10, 1933, the so-called "Economy Act" was enacted by Congress.

In discussing the proposed legislation Mr. McDUFFIE, of Alabama, chairman of the committee reporting the bill, said:

This bill, if enacted, will not be an act on your part to take a dime from a single worthy ex-service man. You are simply placing the responsibility on a great man who is willing to assume it. Your vote for this bill simply shows your willingness and your desire to cooperate with him, believing, as I know you believe, that he meant what he said in his message when he said:

"If the Congress chooses to vest me with this responsibility, it will be exercised in a spirit of justice to all, of sympathy to those who are in need, and of maintaining inviolate the basic welfare of the United States."

* * * * * * *

It is true this bill grants a great deal of power, but this country is in a state of war—not against a foreign enemy but war against economic evils that demand some sacrifice on your part and mine. The time has come when each of us must sacrifice personal opinions and our own ideas for the common good.

In closing the argument for the bill Majority Leader BYRNS, of Tennessee, made the following statement:

Mr. Speaker, ladies and gentlemen of the House, I have complete confidence in the absolute fairness of the President of the United States and am certain that he will not do any injustice to any class of citizens in this country.

The people by an overwhelming vote have vested the power of leadership in him. I want to appeal to my Democratic friends upon this side of the Chamber particularly and ask them: Are you going to deny to him today the power to discharge the solemn responsibilities which he has assumed and which he holds direct from the people? Are you going to tie his hands in the services he is attempting to perform for the people of this country?

We are facing a serious situation, as the gentleman from New York and others have said, a situation more serious, more critical than even existed in war times.

The people are looking to the President to restore confidence and to bring about a return of normal conditions. It would be unfair to him, it would be unfair to the people whom he is attempting to serve, if we today should deny to him the power that he asks to discharge this great responsibility.

Do not mistake it. This is his bill. It has come from his hand. It is an administration measure. When you vote against it you are voting to handicap the President of the United States in his effort to give the people relief. [Applause.]

We are told that the deficit which will occur in June will amount to over $1,200,000,000, and next year, in 1934, it will be over a billion dollars, making over $5,000,000,000 indebtedness that will occur during the period of 4 years.

My friends, something must be done to relieve your Treasury and to preserve the credit of the Nation. You can only do it by reducing the expenditures of this Government—something that President Roosevelt is seeking to do in this bill.

I hope that my Democratic friends upon this side of the aisle who were elected upon the same ticket with him, and who hold allegiance to the same party to which he belongs and of which he is leader, will not be less loyal to the President today than these gentlemen on the left side of the Chamber who have spoken in behalf of this bill. [Applause.]

I appeal to you in this great emergency to forget any differences you may have, any small or serious objection that you may have to this bill, and subordinate all in your effort to give the President this authority which he asks.

There are features of the bill to which I do not give my whole accord; but, my friends, in this great national emergency I am willing to surrender any differences that I may have, and will do so as quickly as I would if we were actually in a state of warfare. [Applause.]

This is not a time to look for defects. It is a time to get behind our great leader and to follow him and be guided by his judgment, rather than our own, in this critical period. The people are looking to him as their hope for relief, and they are not going to look with favor upon any action which will not uphold his hands. What will the country say if it shall go out to the country that the Congress of the United States is not standing behind the President in his effort? What will they say if it be said that this Congress has failed to give him the support that he has asked? Let us pass this bill by an overwhelming vote. [Applause.]

During the World War I voted for all legislation, much of it drastic, recommended as necessary to win the war, to care for the soldiers, and to bring back our flag in triumph. In this critical emergency when we have an economic war and are fighting a depression world-wide, I feel constrained to give President Roosevelt powers equal to those given President Wilson during the World War.

The bill, as had been requested by the President and prepared under his direction, gave him the authority to prescribe rules and regulations covering pensions and benefits to soldiers and their dependents, to reduce salaries of all Government officials and employees, and to abolish, transfer, or consolidate by Executive order bureaus, commissions, or other Government agencies. Congress gave the President the authority requested to meet the emergency.

The bill is divided into three titles. I shall first briefly examine titles II and III, because I want to discuss title I more at length.

Title II relates to all Government officials and employees, and provides that the President, under certain limitations, may fix their compensation. The salaries of Members of Congress and the allowance for their clerical assistance are reduced by 15 percent. In other words, the salaries of Members of Congress are reduced by $1,500 per year. The several States, counties, and municipalities, in the interest of economy, have in turn reduced the salaries of all employees, including teachers, and have reduced other expenses. Everyone, without exception, is required to make some financial sacrifice. Wages in every line of private employment have been greatly reduced. Millions cannot find employment at any wage.

Title III amends the 1933 Legislative Appropriation Act and authorizes the President, within 2 years, to make Executive orders in the interest of economy and efficiency, as provided in the act, abolishing, consolidating, or transferring bureaus, commissions, or other governmental agencies, provided that such Executive orders shall be submitted to the Congress while in session, and shall not become effective until after the expiration of 60 calendar days after such transmission, unless Congress shall by law provide for an earlier effective date of such Executive order or orders. Such orders are in course of preparation and when made will have the effect to further greatly reduce governmental expenditures. Some have been made and were transmitted to Congress.

Title I is entitled "Veterans" and provides the classes under regulations issued by the President and subject to limitations prescribed therein who may be paid pensions and receive domiciliary care where they are suffering from permanent disabilities, tuberculosis, and mental diseases, and for medical hospital treatment for diseases and injuries.

The rules and regulations prescribed for the President and promulgated by him were too drastic, and many cases were brought to the attention of Members of Congress, which showed that there were injustices and inequalities. The President subsequently amended his rules and regulations and to some extent liberalized them.

Congress sought to further correct the abuses in the law and the regulations. The Senate first adopted what is

known as the "Connally amendment", which was the subject of conference between the House and the Senate conferees. The President seriously objected to certain provisions of the Connally amendment which limited the reduction in soldier benefits to a horizontal cut of 25 percent of the amount soldiers, including Spanish-American War and World War soldiers, were receiving on March 20, 1933, when the Economy Act was passed. He earnestly protested the retention on the rolls of the presumptive cases which without proof were presumed to be of service origin under the act of 1924, where the disability occurred prior to January 1, 1925, and insisted that these presumptive cases, of which there were 154,843, should be reviewed by disinterested boards set up for that purpose, with the burden of proof on the Government and giving the ex-service men the benefit of every reasonable doubt and charging the boards with the responsibility of fairly examining not only their files but any additional proof that may be submitted on behalf of ex-service men tending to show their disabilities were of service origin, and until October 31, 1933, all receiving disability compensation under the presumptive provision should continue to draw the same as theretofore, less 25 percent, or until their cases may have been adversely determined by one of these boards.

Second, he objected to payment of disability allowances to non-service-connected cases under the act of July 3, 1930, where the existing disability was not shown to be total and permanent.

Third, he insisted upon a reduction of Spanish American War pensions under the age of 62 years where the disability was not shown to be of service origin.

Fourth, he objected to hospital treatment for non-service-connected cases in excess of the use of the capacity of hospitals owned and operated by the Government and where it would necessitate additional expenses to hospitalize ex-soldiers for treatment of injuries received since their military service and where their disabilities were not of service origin.

The Steiwer-Cutting amendment was offered and adopted as a Senate substitute for the Connally amendment, which was intended to further liberalize and amend the regulations issued by the President with particular reference to Spanish-American War veterans who had not reached the age of 62 years.

The President insisted that his objections were so fundamental he made it known to leaders both of the House and the Senate and to the conferees that if the Steiwer-Cutting or the Connally amendment were added that he would veto the bill.

Anxious to secure legislation amending the Economy Act and liberalizing the rules and regulations promulgated by the President, the House conferees, after conferring with the President, insisted upon the House amendment which retained on the rolls on and after July 1, 1933, approximately 36,325 widows and dependents of ex-service men, provided boards to be set up to hear and pass upon all presumptive cases with the burden of proof on the Government to show that the disability was not of service origin, and to provide for a pension of Spanish-American War veterans over the age of 55 years who are in need and as much as 50 percent disabled without the necessity of showing that their disability is of service origin.

The purpose of the amended legislation except in those cases of ex-service men of the World War who are totally and permanently disabled and Spanish-American War veterans under 62 years of age is to grant a pension to the soldiers of these wars where their disability is of service origin.

The House amendment was strongly supported by many of the leading ex-service men who are Members of Congress, including Hon. WRIGHT PATMAN, of Texas, and Hon. GORDON BROWNING, of Tennessee, who were members of the special committee conferring with the President to secure the most liberal legislation possible for the benefit of soldiers of all wars. They, realizing that additional and further legislation could not be secured, strongly urged the adoption of the House amendment, which, together with the amended regulations issued by the President during the controversy, would increase the benefits to the soldiers in an estimated sum of from $100,000,000 to $150,000,000, which the soldiers would not have received without the House amendment, and if the Senate amendment were added and vetoed would leave the benefits to be received the same as those received under the regulations originally issued and amended under the act of March 20, 1933. The benefits will depend upon sympathetic administration and decisions of the boards.

The pensions of Civil War veterans were reduced 10 percent by the act of March 20, 1933, and they were not disturbed by the amended legislation. The grand total of disbursements for pensions on account of this war to June 30, 1932, was $7,600,321,525.34.

The objection of the Spanish-American War veterans was principally directed to those on the pension rolls under 62 years of age, whose pensions would be either cut off entirely or greatly reduced.

As to the Spanish-American War veterans, the discussion in the Senate was to the effect that on June 30, 1932, pensions were being paid to 196,541 at a cost of approximately $124,000,000 per annum. The number enlisted was given at 280,564, and that of these there were killed in action 498, died of wounds 202, died of disease 5,423, died by accident and other causes 349; total deaths, 6,472; wounded, but not mortally, 2,961.

At the close of the fiscal year 1932 compensation was being paid to 328,658 veterans of the World War for disabilities either directly or presumptively of service origin, and of these 154,843 were presumptive cases. The disbursements for this purpose were $181,900,493.14.

The disability-allowance cases, being those not of service origin under the act of July 3, 1930, on June 30, 1932, numbered 407,584, and for that fiscal year received $75,458,233. Of this class, those permanently and totally disabled will remain on the roll.

The total paid to the World War ex-service men for the fiscal year ending June 30, 1932, both service-presumptive and non-service-connected, was $264,998,613.76.

The total amount appropriated for and disbursed through the Veterans' Administration for all purposes for the fiscal year ending June 30, 1932, including pensions, administrative purposes, hospitalization, and all other expenditures, aggregated $948,799,000.

No one has greater confidence in the wisdom or the patriotism of the President. I am sure of his deep sympathy for the soldiers of all wars; and if in the administration of the bill and the regulations promulgated under it he finds injustices have been done, he will continue to have the courage to correct them. Veterans of all wars may rest assured that he will give earnest consideration to representations made in their behalf by their several organizations. His leadership has challenged the admiration of the entire country and the world. He is a man with lofty purposes and high ideals.

No President has shown a more humane spirit or evidenced a keener interest in relieving the distressed people of our country.

Briefly reviewing the history of this legislation and my attitude toward it, permit me to say an effort was made during the last session of Congress to drastically reduce the compensation and benefits received by the ex-service men of the World War. These drastic reductions were not made for the reason that the hearings then being held but not completed disclosed that the Veterans' Administration was actively reviewing every case on its merits, whether for disability compensation or pension, which was pending before it, with a view of determining whether mistakes had been made in any case in allowing the claim, and whether the amount should be increased or decreased, or the claim disallowed. I insisted that each claim be reviewed on its merits.

Appreciating that the duties devolving upon the President were so great that he must of necessity charge other officials

with the responsibility of preparing the rules and regulations which the bill provided, and knowing the attitude of those who may be charged with this responsibility, in caucus, I supported the Browning amendment to limit the reduction of benefits to ex-service men not to exceed 25 percent. The parliamentary procedure under which the bill was considered in the House would not permit the offering of such an amendment to the bill.

The Veterans' Administration claimed the authority under existing law to review all claims, but the work was not completed. A joint committee appointed to study the question had postponed its report beyond the adjournment of Congress March 4, 1933.

It had been urged in the press, on the stump, in private conversation, and in Congress, that some claims had been allowed which were without merit. I had no objection to permitting the Veterans' Administration in making an investigation of each claim pending before it with a view of correcting any mistake that had been made. I did not then and do not now favor striking the names of ex-service men from the rolls in groups, but think each case should be judged on its own merits. Where the name of an ex-service man is on the roll and disability compensation or pension has been allowed, the burden of proof should be on the Government to show that the claim is excessive or without merit at all.

The ex-service men joined the colors when the war resolution was passed on April 6, 1917. They upheld the fine traditions of our country. They are entitled to sympathetic consideration at the hands of a grateful nation. Every ex-service man who suffered a disability in line of duty and not the result of his own misconduct should receive compensation in proportion to the disability incurred, and in case of death his widow and dependents should be generously cared for by a grateful nation.

Now, as to that large class of claimants under the act of July 3, 1930, and who were granted pensions and generally referred to as non-service-connected, the fact is too frequently overlooked that many thousands of the ex-service men are now disabled and are unable to trace their disabilities to service origin. Upon discharge they were hastily examined and returned home. Soon after entering civil life many felt the strain, became disabled, and were treated by local physicians, without complete records being made, and later many of them broke under the strain.

In my judgment, the disabilities of literally thousands of these splendid men were of service origin, yet they were unable to present medical proof to the satisfaction of and as required by the Veterans' Administration.

Each of these cases should be sympathetically reexamined with the burden of proof on the Government. Lay testimony should be accepted, and if fairly reviewed, there should be no complaint upon the final decision.

As heretofore referred to, there are 154,843 presumptive cases on the rolls. Many of them are suffering from tuberculosis and mental diseases, and I do not believe as to them that Congress intended to repeal these presumptions.

Before any members of a group of this character are stricken from the rolls each individual case should be reexamined, with the burden of proof upon the Government to show that the ex-service man was not entitled to the compensation or pension received and the disability in fact was not of service origin.

Now as to hospitalization, two things should be taken into consideration. First, the splendid services which these ex-service men rendered the Nation, and, second, the depression that has impoverished a very large percentage of the population of our country, including, of course, the ex-service men.

I have always felt, first, that we owed a duty to the veterans to hospitalize the men who had suffered a disability in line of duty, and that to the extent of the capacity of our hospitals we should care for all ex-service men in need of hospitalization, with particular reference to those who are unable, because of financial difficulties, to secure proper hospitalization and treatment. If these men were willing to offer their lives upon the altar of their country and defend our flag, they should be cared for when ill and in financial distress and unable to care for themselves.

In this connection permit me to say that I favored the payment of the balance due on the adjusted-service certificates, first, because I did not feel that the ex-service men had been adequately compensated and the Government would have been only remitting the interest, and, second, the payment of the balance due would have been so widely distributed it would have greatly aided in relieving the depression.

With reference to regional offices: Until every case is reviewed and finally adjusted, regional offices should be maintained in each State accessible to the ex-service men where they can go and contact the officials of the Government, present their claims, be reexamined, and be personally advised as to what additional testimony, if any, is necessary to substantiate their claims.

In most cases the regional offices can and should be combined with the Government hospitals, and in this way they could be maintained with little additional expense. The ex-service men cannot complete their cases through correspondence with the Washington office, which would be necessary if the work of all the regional offices is concentrated here. It should be as much the duty of a Government official to assist the ex-service men in perfecting their claims as it is to protect the Government by reducing or disallowing claims which are not meritorious.

Mr. LOZIER. Mr. Speaker, under a computation made by the Veterans' Administration, it appears that as a result of the compromise veterans' legislation recently enacted by Congress and approved by the President $96,000,000 will be added to allowances for veterans and their dependents in the fiscal year ending June 30, 1934.

Following is a tabulation of the increases in veteran payments required under the compromise, as shown by the latest official schedules for 1934:

Classification:	*Increase*
Disability compensation	$49,662,000
Death compensation	11,130,000
Disability allowances	3,967,000
Spanish (connected)	4,985,000
Spanish (nonservice)	15,157,000
Peace veterans	2,609,000
Hospitalization	8,500,000
Total increases	96,010,000

These are annual increases over what would have been paid under the original economy regulation. I desire to make a brief analysis of these increases, so the public may know what additional compensation each group of veterans will receive as a result of the recent legislative compromise.

First. Veterans of the Civil War and all prior wars received no increase under the compromise, as their pensions were not materially reduced by the Economy Act. Their total payments for 1934 are unchanged and will approximate $76,000,000.

Second. The allowance to so-called "peace veterans", those who were disabled in service rendered after the armistice, was increased from $5,600,000 to $8,281,000, an annual increase of $2,681,000. In addition the widows and other dependents of this group will draw $2,400,000.

Third. Under the compromise the hospitalization budget was raised from $77,273,000 to $85,773,000, an increase of $8,500,000. This increase in the amount allowed for hospitalization was due to relaxing and liberalizing the regulations under which ex-soldiers and sailors may qualify for domiciliary care.

Fourth. Spanish-American War veterans get an additional $20,000,000 as a result of the legislative compromise. This increase to Spanish-American War veterans is distributed as follows:

(a) Those who are pensioned for service-connected disabilities will get $5,000,000 more than they would have received under the economy regulations.

(b) Spanish-American War veterans who are drawing or will draw pensions for disabilities not contracted in the serv-

ice will receive $15,147,000 more than they would have received under the economy regulations. In the aggregate, under the legislative compromise, the payments to Spanish-American War veterans and their dependents were increased from $40,000,000 to $60,000,000 annually.

Fifth. Under the compromise the payment to World War veterans who have disabilities incurred in the service and in line of duty will be increased from $68,610,000 to $118,275,000, an annual increase of $49,664,000. This increase will go to World War veterans whose disabilities have been found to be directly or presumptively incurred in the service.

Sixth. Under the compromise there will be an increase of $11,000,000 in payments for death compensation in cases where the death of the veteran is directly or presumptively due to battle injuries.

Seventh. In disability-allowance cases; that is, cases where payments are made to a veteran on account of disabilities in no way resulting from or connected with his military service, the total under the legislative compromise is increased from $6,173,000 to $10,145,000, an annual increase of $4,028,000 over what would have been paid under the economy regulations.

Now, while the compromise negotiated by the committee of which I am a member did not give the veterans all they demanded, nor all to which I think they are entitled, it does add $96,000,000 annually to their payments, and it seems to me that this is a worth-while sum, much of which would have been lost to the veterans if Congress had rejected this compromise. It would have been an act of supreme folly to reject this $96,000,000 because, forsooth, the veterans believed they were entitled to a much more liberal adjustment.

I am frank to say that we obtained for the veterans $96,000,000 more than I thought would ever be granted when our committee first conferred with the President. But, as we continued our conferences with him, he came to a realization that the cuts made in pensions and compensation allowances were entirely too drastic, and he manifested a liberal and sympathetic attitude toward the veterans at all times during our negotiations.

And may I say that we were dealing with an exceedingly controversial subject on which good and great men and women differ radically; and, like all other controversial and highly explosive questions, a settlement was only possible by a compromise and mutual concession. But this compromise does not foreclose either the veterans or the Government from having this perplexing question reopened and reconsidered at any subsequent session of Congress.

ADJOURNMENT SINE DIE

Mr. BYRNS. Mr. Speaker, I offer the following concurrent resolution and move its adoption.

The Clerk read as follows:

House Concurrent Resolution 24

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress shall adjourn on Friday, the 16th day of June, 1933, and that when they adjourn on said day they stand adjourned sine die.

The concurrent resolution was agreed to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DOUGLASS, indefinitely, on account of illness in family;

To Mr. GAMBRILL, for the day, on account of important business;

To Mrs. NORTON, on account of illness; and

To Mr. ALLEN (at the request of Mr. Goss), indefinitely, on account of death in family.

THE STRUCTURE AND PLANS OF THE FARM CREDIT ADMINISTRATION

Mr. JONES. Mr. Speaker, I ask unanimous consent to have printed in the RECORD an address delivered by Henry Morgenthau, Jr., on the structure and plans of the Farm Credit Administration delivered over the National Broadcasting Co.'s system on June 14, 1933.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following radio address of Henry Morgenthau, Jr., Governor of the Farm Credit Administration, broadcast from Station WMAL, Washington, D.C., over the National Broadcasting Co.'s network of stations, Wednesday evening, June 14, 1933:

The ANNOUNCER. An Executive order of President Roosevelt recently brought into existence an important new agency of the National Government known as the Farm Credit Administration, which takes over the duties and responsibilities of the Federal Farm Board, the Federal Farm Loan Board, and other agencies of the Government dealing with farm credits. The head of this new agency, Mr. Henry Morgenthau, Jr., has, on several other occasions, addressed the radio audience from this station as Chairman of the Federal Farm Board, and as Governor-designate of the Farm Credit Administration. Tonight, as Governor of the Farm Credit Administration, he is to speak on the Structure and Plans of the Farm Credit Administration. Governor Morgenthau.

Mr. MORGENTHAU. Your announcer has referred to other occasions on which I have made use of opportunities granted to me by the National Broadcasting Co. to explain the work committed to me by President Roosevelt. Immediately after the President had signed the Executive order bringing together the various farm-credit agencies of the Government, I used the radio to outline briefly the reasons for the Executive order and what it was planned to accomplish. Then after the passage of the Emergency Farm Mortgage Act a few weeks ago, I undertook to explain how this act was to be administered and the opportunities for credit relief which it offered to farm debtors. Tonight I am able to tell you something a little more definite about how the whole problem of farm credits will be approached by the Farm Credit Administration in carrying out the plans advanced by the President when he issued his first consolidation order on March 27, 3 weeks after he had assumed office.

I am able to be thus definite since Congress has just passed a new act, the Farm Credit Act of 1933, which supplements the Executive order and sets up the machinery under which we are to operate.

Let me tell you first what the Farm Credit Administration is and what it is not. It is an agency for supervising loans made or to be made to farmers and farm organizations through instrumentalities set up for that purpose by Federal law. Its field is exclusively farm credit. It has nothing to do with loans on city and town homes and it has nothing to do with measures for the control of farm prices and farm surpluses. While as an organization it is new and it operates under a new name, it is not administering any new function of the Government. It has instead taken over and consolidated several agencies heretofore working in the same field. It is the successor to the Federal Farm Board, the Federal Farm Loan Board, the Crop Production Loan Office, and the feed- and seed-loan offices of the Department of Agriculture and to the Agricultural Credit Division of the Reconstruction Finance Corporation, which supervised the work of the Regional Agricultural Credit Corporations.

The Federal Government has been making or supervising loans to farmers of three different kinds. These are:

First, long-time loans on the security of land mortgages.

Second, loans designed to be of comparatively short duration for operating purposes, to be repaid from the proceeds of current production.

Third, loans to cooperative-marketing organizations of farmers to permit them to market the crops of their members in an orderly and efficient way.

The Farm Credit Administration will continue to supervise loans in all three of these classes, but through somewhat different methods and machinery, and it is of these changes that I wish particularly to speak.

The first class of loans I have mentioned have heretofore been made through the Federal land banks, to whose stock the United States Government is now the largest subscriber. Similar loans have been made by joint-stock land banks, which are private institutions under Federal supervision, but by the terms of the new Farm Mortgage Act these banks are expressly forbidden to make any new loans and must therefore continue merely to liquidate their present holdings. The Federal land banks, however, of which there are 12, will continue to do business as they have heretofore except that the supervision of their affairs that has been exercised by the Federal Farm Loan Board is now exercised by the Farm Credit Administration.

The new Farm Mortgage Act very greatly enlarged the resources of the land banks for making new loans. They now hold more than a billion dollars' worth of farm mortgages and they were authorized to issue two billions in new farm-loan bonds, the interest on which is guaranteed by the United States Treasury. These bonds can be exchanged for farm mortgages or they may be sold and the proceeds used either to buy existing mortgages or to make new loans. Where they purchase mortgages for less than the amount due on them, the farmer-borrower has his debt reduced in that amount. For 5 years those whose mortgages are held by the Federal land banks need pay not more than 4½ percent interest and need not make any payments on the principal in

that time. An additional fund of $200,000,000 has been provided for direct loans by which farmers may repurchase farms lost by foreclosure and refund present indebtedness.

The first-mortgage loans of the Federal land banks are made through a cooperative system of farm-loan associations, of which there are nearly 5,000. Each borrower subscribes 5 percent of his loan in stock of such an association. The new Farm Credit Act just passed further strengthens these organizations by removing, as to future loans, the liability for an additional 5 percent assessment in case of heavy defaults and authorizes the land banks themselves to share these losses. It also broadens the definition of a "farmer" so that many not now eligible who operate their farms through tenants may become borrowers.

It is in the two other classes of loans, however, that the act just passed by Congress makes its chief changes. First of these is in the field of production credit. This shorter-term credit heretofore has been supplied or supervised through three different agencies. All will continue to function, but an effort will be made to broaden and strengthen one of the three means of supplying this form of credit, with the hope that it will supplant eventually the other two.

The Regional Agricultural Credit Corporations and the Crop Production Loan Office now lend directly to farmers. The Intermediate Credit Banks rediscount loans made by other lending institutions, including cooperative credit associations of farmers. In the belief that the direct loan is a hazardous and demoralizing form of credit and that the control of credit conditions ought to be, so far as possible, in the farmer's own hands special provision has been made in the Farm Credit Act for giving encouragement to the cooperative method of borrowing.

Heretofore, credit associations of farmers could rediscount through the intermediate credit banks up to about five times their capital, but generally they had to supply all the initial capital themselves. The Farm Credit Act creates a division in the Farm Credit Administration for supplying capital to these associations and supervising their operations, and it makes available a fund of $120,000,000 for this purpose. The fund is to be administered by production credit corporations in each Federal land bank district. The governing authority over these corporations is to be the board of directors of the Federal land bank, which also governs the intermediate credit bank in each district. Provision is made for representation of the credit associations on the board of directors of the land bank.

The credit associations will be samilar to farm-loan associations. Each borrower will subscribe in capital stock 5 percent of his loan and this will be the limit of his liability for loans to his neighbors. The association and its loan committee will have power to pass on any new loans and will indorse the loans for rediscount by the intermediate credit bank. The intermediate credit banks, through the sale to investors of their debentures secured by the collateral pledged with them, have an ample source of capital for indefinite expansion of loans made under this system. The capital supplied by the Government through the production credit corporations will thus be multiplied.

The object of this plan is not merely to open larger sources of production credit to the farmer, but to decrease the cost to him and to give him greater control over it. The same principle is to be applied under the terms of the Farm Credit Act in decentralizing the activities heretofore carried on by the Federal Farm Board. A similar district corporation is to be set up for loans to cooperatives. It will be known in each district as the "Bank for Cooperatives", and it also will be governed by a board of directors identical with the board of the land bank. The cooperative borrowers also will be represented on this board of directors. A portion of the revolving fund of the Federal Farm Board will be made available to each district Bank for Cooperatives. These banks will make loans to cooperatives, either purchasing or selling cooperatives, whose field of operations is local and confined to the land-bank region.

Loans will continue to be made to cooperative farm organizations of national scope. These will be made by an organization to be known as the Central Bank for Cooperatives, which will be set up as a part of the Farm Credit Administration in Washington, D.C. Here again it is planned, instead of making further grants of Government funds, to permit the Central Bank for Cooperatives to rediscount the loans of the regional banks for cooperatives and to sell to investors debentures secured by collateral pledged by the cooperatives.

Substantial changes have been made by the Farm Credit Act in the Agricultural Marketing Act, which created the Federal Farm Board. The President's order abolished stabilization operations, which consisted of buying staple commodities and holding them off the market. These operations cost the Government more than $200,000,000. They have now come to an end. Provisions for crop insurance and loans for purely promotion purposes have been eliminated by the new act and loans to cooperatives have been put on a business basis by the requirement that the interest rate to be charged shall not be less than 3 percent nor more than 6 percent. Under the former wording of the Agricultural Marketing Act, it has been possible to make loans of Government money at a rate as low as one eighth of 1 percent, far less than the Government itself was paying for the money.

Carrying out the terms of the President's order and of the Farm Credit Act, which Congress has just passed, the Farm Credit Administration is being set up in five divisions. As Governor of the Farm Credit Administration I am responsible directly to the President. Under my authority will be five commissioners, each heading a division of the work. These are the Land Bank Division, supervising the land banks and the agents of the land bank commissioner making mortgage loans on farm land; the Intermediate Credit Division, supervising the 12 intermediate credit banks; the Cooperative Bank Division, supervising the central and regional banks for cooperatives, 1 in each of the 12 land-bank districts; the Production Credit Division, having supervision over the 12 production credit corporations, which will supervise and subscribe to the capital stock of production credit associations of farmers; and, finally, the Emergency Credit Division, which will continue, as long as may be found necessary, supervision over the two classes of emergency loans and their collection.

In each of the 12 districts all of these activities will eventually be housed in one location. In each district there will be a general agent of the Farm Credit Administration through whom contact will be made with all branches of the work. There will be an officer in charge of each activity, subject, in the case of the four permanent branches of the work, to the authority of the board of directors in the district.

The records of each of the activities in each district will be available to each one of the others. All applications, for all classes of loans, can be handled without delay by being passed to the proper division. All field agents will have information on all classes of loans and applications. The purpose will be to render prompt and effective service and to eliminate duplication and confusion.

There is one central motive behind the farm-credit legislation that has been enacted in these past 2 months and behind the operations of the Farm Credit Administration. It is to give the farmer a fair chance to meet his obligations and to get out of debt.

PROGRAM OF PRESIDENTIAL ELECTORS

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my remarks by including the remarks of Claude Bowers and the proceedings incident to the first meeting in the history of the country of Presidential electors in Washington on March 3, 1933, to participate in the inauguration of the President of the United States, and also to include the remarks of James A. Farley and others at this meeting.

The SPEAKER. Is there objection?

There was no objection.

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my remarks by including the remarks of Claude Bowers and the proceedings incident to the first meeting in the history of the country of Presidential electors in Washington on March 3, 1933, to participate in the inauguration of the President of the United States, and also to include the remarks of James A. Farley and others at this meeting.

The matter referred to is as follows:

PROGRAM—PRESIDENTIAL ELECTORS

March 3: 6:30 p.m., meeting and dinner, Hotel Willard; 10 p.m., reception to the Governors, Pan American Building.

March 4: 11 a.m., meeting, main Appropriations Committee room, House of Representatives, Capitol; inaugural ceremonies at Capitol; 12:45, inaugural parade from Capitol (cars provided); 4–6 p.m., reception at White House.

March 5: Reception Vice President and Mrs. Garner; 4 p.m., religious exercises, tomb of Woodrow Wilson; address by Josephus Daniels.

PRESIDENTIAL ELECTORS' DINNER, WILLARD HOTEL, MARCH 3, 1933

Program

Invocation—Right Reverend James E. Freeman, D.D.
Bishop of Washington
Introduction of the chairman—Michael Francis Doyle
Executive chairman, Electoral Colleges Committee
Opening address—James A. Farley
Honorary chairman Electoral Colleges Committee
Chairman Democratic National Committee
Announcement of the votes of the Electoral College
Edwin A. Halsey, secretary to the minority,
United States Senate
Patrick J. Haltigan, Reading Clerk,
United States House of Representatives
Address—Claude G. Bowers
Solo, "America"—John Charles Thomas
Presentation of newly appointed members of the Cabinet
Closing prayer—Rev. Charles E. Coughlin
Rector, Shrine of the Little Flower, Royal Oak, Mich.

MEETING AND BANQUET OF THE ELECTORAL COLLEGES OF THE UNITED STATES, THIRTY-SEVENTH PRESIDENTIAL ELECTION, HOTEL WILLARD, WASHINGTON, D.C., MARCH 3, 1933, AT 6:30 O'CLOCK

REMARKS OF MICHAEL FRANCIS DOYLE, OF PENNSYLVANIA, CHAIRMAN OF ELECTORAL COLLEGES COMMITTEE

Mr. DOYLE. The first meeting of the Electoral Colleges of the United States, being the Presidential and Vice Presidential electors chosen at the national election on November 8, 1932, will please come to order. We will ask the Right Reverend James A. Freeman to pronounce the invocation.

PRAYER BY THE RIGHT REVEREND JAMES E. FREEMAN, D.D., LL.D., BISHOP OF WASHINGTON

Almighty and most merciful Father, we praise Thy holy name that, through all the changed and changing circumstances of life, Thou hast made and preserved us a nation. In days of shadow, as in days of sunlight, Thy hand has led us. Under Thy directing care we have grown in strength and power. We pray Thee to continue to bless our land with honorable industry, sound learning, and pure manners; to save us from violence, discord, and confusion; from pride, arrogancy, and from every evil way. Deepen our sense of loyalty and devotion to Thee that, through obedience to Thy law, we may show forth Thy praise among the nations of the earth.

We remember before Thee those who in these troublous days have experienced privation and misfortune. Do Thou in Thy mercy ease their burdens and restore to them the blessings of health and happiness. To him who presently shall assume the weighty responsibilities of leadership in the Republic, do Thou vouchsafe wisdom, strength, and courage that he may so guide and direct the large concerns of the Nation that it may continue to fulfill those high and holy designs for which Thou hast created it. In the time of prosperity fill our hearts with thankfulness, and in the day of trouble suffer not our trust in Thee to fail. All of which we ask in the name of Him who for our sakes became poor that we, through His poverty, might be made rich, Thy Son, our Savior, Jesus Christ. Amen.

REMARKS OF MICHAEL FRANCIS DOYLE, EXECUTIVE CHAIRMAN ELECTORAL COLLEGES COMMITTEE

This occasion is indeed a historic one. For the first time since the adoption of the National Constitution by the convention in Philadelphia in 1787 the Presidential electors have met as a body. It is true that this meeting cannot be regarded as an official gathering. It is also true that the Presidential electors chosen by the people of the various States have never met together. This meeting, therefore, is unique in American history. The last national election was the thirty-seventh Presidential election. The old Constitution under which it was held still stands. Our country, however, has grown from the small stretch along the Atlantic coast, crossing a continent with its adjacent islands and with over 125,000,000 inhabitants. In power, in strength, in majesty, it is now the foremost of all nations which comprise the world today. The head of our Nation is chosen by the electoral colleges of the 48 States of the Union. The electors of these colleges are chosen by the people. You are the electors. You have met in the various capitals of your States, you have cast your ballots, and you have selected as the choice of the people as President of the United States to be inaugurated tomorrow Franklin D. Roosevelt, of New York, and as Vice President John N. Garner, of Texas. Your ballots have been forwarded to the Congress of the United States and proclamation has been made of your choice by the Congress to the world. The man of your choice for the great office of President has enunciated his platform for a new deal for the American people. Tomorrow he will announce in his inaugural address the principles of his new administration. It is proper and fitting that you should meet here to participate in his inauguration. You, as the representatives of the people, chosen to select the President and Vice President, will find that Franklin D. Roosevelt will measure up to the high standards which the American people demand and that he will lead our Nation from its present period of distress once more to happiness and prosperity.

It is my pleasure to introduce as presiding officer of this occasion the pilot who guided our party through the campaign and who has achieved the greatest victory ever obtained by the Democratic Party in any national contest, the chairman of the Democratic National Committee, the new Postmaster General of the United States, and who is also an elector from the State of New York, the Honorable James A. Farley.

REMARKS OF CHAIRMAN JAMES A. FARLEY, MADE AT THE DINNER OF THE ELECTORAL COLLEGES OF THE UNITED STATES AT THE WILLARD HOTEL ON THE NIGHT OF MARCH 3, 1933

Members of the electoral colleges, officially you have already performed the high function delegated to you by the majority of the voters in your respective States in the Presidential election of 1932. In conformity with the method provided by the Constitution of the United States and in execution of the will of the Democratic Party expressed in its last national convention, you have cast your electoral ballots for Franklin D. Roosevent for President of the United States and for John N. Garner for Vice President; your action has been canvassed and your choice for these highest offices in our country has been officially promulgated by the Congress of the United States. Tomorrow you will witness the fruition of your action in the inauguration of President Roosevelt and Vice President Garner. Officially you represent the most harmonious political sentiment of the country in more than a century.

Unofficially you now constitute a unique historic gathering, unprecedented in our political history. Although your official existence ended in January last when you cast your electoral ballots, you are now setting a happy and inspiring precedent by assembling in the National Capital to receive the honors and acclaim of your fellow citizens of the Democratic Party and those others who cooperated with it in the last election—the first general meeting of Presidential electors since the adoption of our Constitution.

The usual experience has been in both parties that when the Presidential electors have performed their official function they are soon forgotten by the general electorate. Your presence here as honored guests is additional testimony and assurance that under the incoming administration there are to be no forgotten men. I trust that the precedent established by this large gathering of Democratic Presidential electors, meeting as a body, may be repeated quadrennially for many years to come. I also express the hope and belief that at the next general assemblage of Democratic Presidential electors the sun of a real prosperity will be shining upon our country and that the great principles of our historic party will have taken such a firm hold upon the intelligence and sentiments of the American people that our party, which is most truly representative of all the people, will be indefinitely continued in power to guide the destinies of our country along the lines laid down by the founder of the Democratic Party: "Equal and exact justice to all; special privilege to none."

I greet you and felicitate you upon this history-making gathering.

Ladies and gentlemen, it is with special pleasure that we present to you as the main speaker of this evening one of the most famous orators, authors, and publicists, who is known and admired in every part of our country, Hon. Claude G. Bowers, of New York.

ADDRESS OF HON. CLAUDE G. BOWERS

The breach of promise suit against the outgoing regime has been tried in the court of public opinion, and you gentlemen of the electoral colleges have rendered a verdict in favor of the plaintiff. It more nearly approaches a unanimous verdict than any since the days of James Monroe that ushered in the era of good feeling.

I understand that only the members of the electoral colleges who voted for the victor are here tonight, and that explains the congestion in the room. I once heard a man of ineffable wisdom and spotless virtue say that while he was a friend of untrammeled education he never would stand for anyone on the faculty of the electoral colleges but a Democrat. Well, there are scarcely enough of the other variety this year to create an academic breeze.

I doubt if ever there has been a faculty so united and harmonious as that of the electoral colleges of 1932; and this reflects accurately the determination of vast numbers of Americans of all political affiliations that, in government, there shall be a new deal, and equally, a square deal for every element within the State.

This is an historic occasion.

This is the first time since the formation of the electoral colleges almost a hundred and fifty years ago that their members have been summoned to a national conclave.

This is the first time that they who, under the Constitution, determine the victory have been invited to participate in the festival of the triumph.

This is the first time that they who bestow the scepter of authority have been permitted to follow the favored to his coronation by the people.

When the consummate statesmen of the Constitutional Convention were engaged in the framing of the fundamental law they pondered long upon the method for the choosing of a President.

They decided once to leave the choosing of the President to the Congress, and then they reversed themselves. It was proposed that the election be left to the governors of the various States, but this was rejected. It was suggested that the President be selected by the popular vote of the people, but this ran counter to the deep undercurrent of distrust of democracy which cropped out time and again during the deliberations of the convention.

Finally the electoral system was devised upon the theory that it is best to leave the choice to a comparatively small body of men chosen with a view to their special fitness.

It is interesting to observe that in every instance where the electoral colleges have failed in their function a Democratic idol has been the victim; but we can forgive you this in view of the rare unanimity with which this year you have raised to the seat of power the Democratic idol of the hour.

In the beginning it was provided that each elector should vote for two men, with the understanding that the one having the largest number of votes should be the President and his closest competitor should have the second place. Then in 1800 came the failure, which threatened for a time to destroy the Republic in its infancy.

Because of the consummate political leadership of Thomas Jefferson the Democrats that year not only were mobilized and organized but sternly disciplined to party regularity. A Democratic congressional caucus had nominated Jefferson for President and Aaron Burr for second place. But it turned out that the drillmasters and disciplinarians of the Jeffersonians had builded better—or worse—than they knew. For contrary to expectations and all precedents each Democratic elector voted the straight ticket of the party caucus, resulting in a tie, which threw the contest into the House.

Now, everyone understood that it was the purpose of the people to make Jefferson President; but, inspired by spite and hate, the Federalists entered into a conspiracy to elect Burr instead. Had that conspiracy succeeded, it would have meant the instant disruption of the Union. But it failed, because Alexander Hamilton rose above party spite and subordinating partisanship to patriotism made vehement protest against one of the most infamous conspiracies to set aside the will of the people in American history.

It was that incident which led to the adoption of the twelfth amendment, providing that thereafter each elector should specifically designate both his choice for the first and second place.

A quarter of a century came and went, and in 1824 another Democratic idol, Andrew Jackson, was a candidate for the Presidency. He had a magnificent plurality of the popular vote and of the electoral colleges. But with three statesmen of outstanding merit in the field against him he failed to receive the necessary majority. Again the contest was thrown into the House, again

there was a combination against the choice of the people, and through this combination the will of the people was set aside.

But the effect was to put the fire of battle into the blood of the Jacksonians and set them on the march, regimented and munitioned, and they entered the next campaign with the most compact and powerful organization the Nation yet had known and swept on to victory; and the army that won the fight remained intact and constantly on guard through 8 years of magnificent achievement.

Another 50 years came and went before the election of 1876. We entered the campaign in that centennial year under the leadership of one of the noblest and purest patriots in all our history, Samuel J. Tilden.

He had a clear majority of the popular vote. He had a clear majority of the electoral colleges; but the rule of brutality and bayonets had been so thoroughly established during the period of reconstruction when the South was crucified upon the cross of hate by carpetbaggers and corruptionists that, under the thin disguise of legality, Tilden was robbed of enough electoral votes to deprive him of the Presidency.

But the shock and shame of that treason, together with the realization that a repetition would mean the end of the Republic, had a good effect; for under the pricking of the conscience and the bludgeoning of an outraged public sentiment the bayonets were removed from the throats of the southern people, who resumed their sovereignty as self-governing communities under the protection of a Constitution which for 12 long years had been used as a veritable doormat of the ignorant and the vile.

But, on the whole, Americans may well be proud of the functioning of their institutions through which, peaceably, we may pass from one governing regime to another. Thus a short time ago the issues were drawn, the debate was held, the verdict peaceably was rendered, the result is accepted by the defeated with dignity and good humor, and tomorrow a new regime goes into power with the best wishes of every patriot of every party in the land.

That is a tribute to the functioning of our institutions.

But there is another tribute that may well be paid tonight. For many months we have been in the valley of the shadows of the deepest depression we have ever known. Millions of industrious and self-respecting men have been subjected to humiliations that ought never be imposed on any man who asks for nothing more than the opportunity to earn his bread. There has been suffering and that torture of the spirit which often drives men to desperation and despair.

But through these many months, these millions have been patient and true to their faith in the capacity of our institutions to meet the economic issues upon the solution of which depends the restoration of prosperity. Not once has the spirit of the mob arisen to accentuate the difficulties of the times. All this we knew.

What we did not know was what the reaction of these suffering millions would be in the secrecy of the ballot box. The soil of human misery all through history has been receptive to the seed of subversive and revolutionary doctrines, and we have had men sowing the seed. Our cynics and scoffers have been garrulous in deriding the idea that our political and social systems can meet the needs of humanity.

And yet, despite the suffering and the propaganda, no political party hostile to our institutions made any gains, and the Communists polled a vote so insignificant that it scarcely figured in the reports of the election. Now all that means this—that Americans have determined to hold fast to the institutions that were built with the labor and cemented with the blood of the patriots of a century and a half. They turned, not to the red flag of upheaval, nor to the black flag of tyranny, but to the old flag, in the firm faith that just as it has fluttered over the victories of a hundred battlefields, so, in time, it shall lead us out of the depression.

All honor to the man without a job—he has been the premier patriot of these dark days.

But the attitude of these men calls for something more than praise, it calls for action to justify their faith. And that calls for the unification of men and women of all party affiliations in a determined effort to find the formula on which a renewed prosperity may be built.

In his first inaugural Jefferson thrilled the Nation with the exclamation:

"We are all Federalists; we are all republicans."

And by that he merely meant that we were all Americans.

And, as Americans, we all equally are interested in the revival of business, in the rehabilitation of industry, in the restitution to these jobless men of the jobs of which they have been deprived.

This is a time when men of all parties must stand shoulder to shoulder and march all one way—and that out of the valley and up the hill to the sunshine.

And at the head of the procession, and in command, beginning with tomorrow, will march the leader of the Nation's overwhelming choice.

I may, perhaps, be permitted to suggest some reasons for that choice:

No man in American history ever has waged a cleaner or a braver battle. He met the issues fearlessly; he diagnosed the Nation's diseases accurately; he prescribed remedies courageously where he had found them and promised to continue the search for remedies he had not yet found. Never once did demagogy stain his lips. Not once did he promise the performance of a miracle. He met his political opponents on the high ground of gentlemanly combat and never once did he strike below the belt. You may search his campaign pronouncements from the beginning to the end and you will look in vain for one solitary blunder. It means much to a nation in times like these to have a leader on whose taste and judgment we may rely.

But he did something more—he gave expression to a concept of government that rings true to the political philosophy of Jefferson, Jackson, and Woodrow Wilson. Here, clearly, was a progressive with his feet planted firmly on the bedrock of the Nation's fundamental faith.

And he did something more—he made it clear to all of us that under the intricate and complicated mechanism of our organized society all industries and elements are interdependent and no one can prosper if the others are in ruins.

It was he who reminded us that industry and finance cannot always wear silk if agriculture is reduced to rags.

Thus did he make a profound impression on the Nation by his vision and grasp of the situation and win the confidence of the people in the wisdom and integrity of his purpose.

And now, beginning with tomorrow, he is the Nation's leader—and you gentlemen of the electoral colleges have proclaimed him such.

When little more than 2 weeks ago a madman aimed a shot, not at him but at the organized society he now personifies, along with the horror among all decent men, was a deep feeling of thanksgiving that he had been spared, please God, for some noble purpose.

The courage and composure with which he faced a deadly danger, the instinct for the orderly processes of justice which even in the midst of the excitement bade him order the protection of the assailant from the fury of outraged men, the tenderness and sympathy with which he turned at once to the succor and the comforting of a friend have made a profound impression on the minds and hearts of the people. Courage, composure, fidelity to duty, loyalty to friendship—these are the qualities that already have endeared him to the people and brought home to political friend and foe alike the realization that now he is the Nation's leader and for 4 years at least the Nation's hope.

Now we cannot instantly restore prosperity by the waving of a magic wand. We were some years descending into the valley; we cannot hope to ascend the hill in a day. But under the leadership of a man who is steeped in the noblest traditions of the Republic, endowed with courage and capacity, with vision and penetration, and throughout his life has been inspired with a passionate desire to serve his country and mankind, we can, through our united efforts, not only lift ourselves from the depression but lay the foundation for a sounder, saner, and more permanent prosperity than we have ever known before.

May I not presume therefore to voice not only your prayer but that of all Americans: God save and strengthen Franklin D. Roosevelt in his battles for humanity and country.

Mr. FARLEY. We will now call upon the secretary of the minority of the United States Senate, Edwin A Halsey, and the Reading Clerk of the United States House of Representatives, Patrick J. Haltigan, to announce the returns of the electoral colleges of the States of the Union.

Mr. Halsey and Mr. Haltigan announced the following vote:

States	Electoral votes of each State	For President		For Vice President	
		Franklin D. Roosevelt, of New York	Herbert Hoover, of California	John N. Garner, of Texas	Charles Curtis, of Kansas
Alabama	11	11		11	
Arizona	3	3		3	
Arkansas	9	9		9	
California	22	22		22	
Colorado	6	6		6	
Connecticut	8		8		8
Delaware	3		3		3
Florida	7	7		7	
Georgia	12	12		12	
Idaho	4	4		4	
Illinois	29	29		29	
Indiana	14	14		14	
Iowa	11	11		11	
Kansas	9	9		9	
Kentucky	11	11		11	
Louisiana	10	10		10	
Maine	5		5		5
Maryland	8	8		8	
Massachusetts	17	17		17	
Michigan	19	19		19	
Minnesota	11	11		11	
Mississippi	9	9		9	
Missouri	15	15		15	
Montana	4	4		4	
Nebraska	7	7		7	
Nevada	3	3		3	
New Hampshire	4		4		4
New Jersey	16	16		16	
New Mexico	3	3		3	
New York	47	47		47	
North Carolina	13	13		13	
North Dakota	4	4		4	

States	Electoral votes of each State	For President		For Vice President	
		Franklin D. Roosevelt, of New York	Herbert Hoover, of California	John N. Garner, of Texas	Charles Curtis, of Kansas
Ohio	26	26		26	
Oklahoma	11	11		11	
Oregon	5	5		5	
Pennsylvania	36		36		36
Rhode Island	4	4		4	
South Carolina	8	8		8	
South Dakota	4	4		4	
Tennessee	11	11		11	
Texas	23	23		23	
Utah	4	4		4	
Vermont	3		3		3
Virginia	11	11		11	
Washington	8	8		8	
West Virginia	8	8		8	
Wisconsin	12	12		12	
Wyoming	3	3		3	
Total	531	472	59	472	59

Mr. FARLEY. The closing prayer will be said by the Reverend Charles E. Coughlin, rector of the Shrine of the Little Flower, Royal Oak, Mich.

PRAYER BY REV. CHARLES E. COUGHLIN

Almighty God, we humbly thank You for the many blessings which You have bestowed upon us.

Once more we beseech You to fill the minds of our Nation's officers with wisdom, their hearts with courage, and their souls with the desire, first to serve You and then the people of this Nation.

ELECTORAL COLLEGES OF THE UNITED STATES, THIRTY-SEVENTH PRESIDENTIAL ELECTION

(James A. Farley, honorary chairman; South Trimble, honorary vice chairman; Michael Francis Doyle, executive chairman; and H. Newlin Megill, executive secretary)

PRESIDENTIAL ELECTORS, 1933

Alabama

W. C. Davis, Jasper.
James B. Stanley, Greenville.
H. D. Agnew, Lafayette.
T. E. Bunting, Dothan.
B. H. Cooper, Birmingham.
H. B. Fuller, Montgomery.
Bernard Harwood, Tuscaloosa.
R. E. Jones, Anniston.
W. F. Miller, Tuscumbia.
Y. M. Quinn, Russellville.
L. R. Tucker, Grove Hill.

Arizona

Roy Wayland, Phoenix.
William R. Matthews, Tucson.
John G. Flynn, Bisbee.

Arkansas

John I. Moore, Helena.
C. P. Newton, Little Rock.
Steve Carrigan, Hope.
Claude A. Rankin, Little Rock.
D. L. King, Hardy.
W. S. McGaugh, Siloam Springs.
June P. Wooten, Little Rock.
Charles A. Wall, Lonoke.
Basil Baker, Jonesboro.

California

Mrs. Anne Banning, South Pasadena.
Edward J. Cahill, San Francisco.
John P. Carter, Los Angeles.
P. J. Conklin, Los Angeles.
Charles L. Culbert, Jackson.
R. F. Del Valle, Los Angeles.
Charles O. Dunbar, Santa Rosa.
John T. Gaffey, San Pedro.
Nicola Giulii, Los Angeles.
Peter Haggerty, San Francisco.
Henry E. Harwood, Oakland.
Mrs. Clara L. Heller, San Francisco.
J. Ed. Hughes, Fresno.
W. R. Jacobs, Stockton.
Mattison B. Jones, Los Angeles.
John E. King, Hemet.
John Stevens McGroarty, Los Angeles.
Patrick Francis O'Rourke, San Diego.
Jackson H. Ralston, San Francisco.
Calvin L. Russell, Tulare.
Mrs. Mary Marshall Wiley, Los Angeles.

Colorado

Thomas Annear, Denver.
George E. Cranmer, Denver.
L. C. Paddock, Boulder.
Earl Sabin, La Junta.
M. O. Shivers, Colorado Springs.
Mrs. Robert W. Speer, Denver.

Connecticut

Rollin U. Tyler, Haddam.
Joseph H. Lawler, West Hartford.
Edward T. Buckingham, Bridgeport.
Thomas J. Smith, New Britain.
Thomas H. Beck, Wilton.
C. J. Satti, New London.
Elisabeth W. Morris, Newtown.
Louise Duffy, West Hartford.

Delaware

Hugh M. Morris, Wilmington.
John B. Hutton, Dover.
Willard F. Deputy, Laurel.

Florida

Willard W. Ayers, Gainesville.
George M. Dorman, Jacksonville.
William Fairbanks, Gainesville.
Herbert William Fishler, Fernandina.
W. B. Lanier, Tampa.
G. T. McClellan, Frink.
Hugh C. Sparkman, Daytona Beach.

Georgia

H. P. Smith, Reidsville.
W. J. Crowe, Sylvester.
Mrs. Nora L. Smith, Ashburn.
N. F. Culpepper, Greenville.
John W. Weeks, Decatur.
Charles J. Bloch, Macon.
Newt Morris, Marietta.
DeWitt Roberts, Valdosta.
Mrs. Mary Jarrett White, Toccoa.
Hugh J. Roe, Athens.
Mrs. Edgar Alexander, Atlanta.

Idaho

H. G. Harris, St. Anthony.
L. L. Burtenshaw, Council.
Frank Martin, Boise.
G. P. Mix, Moscow.

Illinois

Martin Durkin, Chicago.
C. N. Hollerich, Spring Valley.
Mrs. W. S. Hefferan, Chicago.
Alexander Wilson, Cairo.
George O'Connell, Chicago.
William Powers, Chicago.
Judge John J. Sullivan, Chicago.
Patrick McGuire, Chicago.
Moe Rosenberg, Chicago.
John A. Cervenka, Chicago.
Harry Kohl, Chicago.
James Ryan, Chicago.
Joseph L. Gill, Chicago.
Clarence Goodwin, Lake Forest.
John A. Logan, Elgin.
Walter K. Scherer, Ottawa.
William Steel, Dixon.
Marx M. Harder, Rock Island.
Robert F. Rennie, Canton.
Michael Fahy, Toluca.
C. S. Schneider, Paxton.
J. H. Elliott, Danville.
A. L. Yantis, Shelbyville.
Edward F. Cullinane, Havana.
S. P. Preston, Gillespie.
Judge W. A. Trares, Edwardsville.
David L. Wright, Effingham.
Ben F. Wineland, Flora.
W. B. Johnson, Benton.

Indiana

Albert P. Lesniak, East Chicago.
Charles W. Anglin, Warsaw.
Edward D. Logan, Goshen.
Sol Henoch, Ligonier.
Ned Phelps, Kokomo.
Ernest R. Stewart, Lebanon.
Frank Finney, Martinsville.
Herbert Leffel, Mount Vernon.
Mrs. Ethel Cummings, Brownstown.
John Gubbins, Muncie.
Albert Gisler, Indianapolis.
Evans Wollen, Sr., Indianapolis.
John W. Spenser, Evansville.
LeRoy R. Keach, Indianapolis.

Iowa

Thomas J. Walsh, Davenport, Scott County.
G. W. McFarland, O'Brien County.

F. E. Smith, Washington County.
A. L. Schuyler, Clinton County.
Mrs. W. T. Dooley, Marshall County.
R. G. Mitchell, Worth County.
W. B. Perkins, Wayne County.
Earnest Marshall, Warren County.
G. K. Swift, Shelby County.
Douglas Rogers, Carroll County.
J. A. Gartland, Sioux County.

Kansas

Aline K. Algie, Clay Center.
Ancil F. Hatten, Westphalia.
Harry D. Hover, Eureka.
E. B. Nelson, Longton.
S. E. Notestine, Burdett.
Charles Riseley, Stockton.
John I. Saunders, Cheney.
Gene Sullivan, Atchison.
Thomas J. Sweeney, Lawrence.

Kentucky

W. R. Hazelwood, Bardwell.
Wilbur K. Miller, Owensboro.
B. M. Vincent, Brownsville.
J. R. Layman, Elizabethtown.
Shackelford Miller, Jr., Louisville.
R. L. Westover, Williamstown.
W. O. Dawson (W.L.), La Grange.
D. M. M. Phillips, Crab Orchard.
Ervine Turner, Jackson.
W. R. Smith, Hindman.
Gregory Bruce, Middlesboro.

Louisiana

Clarence Pierson, Alexandria.
J. C. Heard, Mansfield.
Joseph P. Skelly, New Orleans.
Thomas A. McConnell, New Orleans.
Wade O. Martin, St. Martinsville.
Harold DeGeneres, Shreveport.
L. U. Babin, Baton Rouge.
John W. Summerlin, Rayville.
Parrish Fuller, Oakdale.
R. W. Oglesby, Winnfield.

Maine

John Clark Scates, Westbrook.
Alton Bartlett, Hanover.
Ralph Cooper, Belfast.
J. Edward Sullivan, Bangor.
Elisha W. Pike, Rockland.

Maryland

Frank A. Furst, Baltimore.
Emerson C. Harrington, Cambridge.
James F. Evans, Elkton.
Stuart S. Janney, Baltimore.
John C. Mencke, Baltimore.
Charles T. Williams, Baltimore.
John W. Leitch, Huntingtontown.
Oliver H. Bruce, Jr., Cumberland.

Massachusetts

John F. Fitzgerald, Dorchester.
Mare E. Lucey, Holyoke.
Justus G. Hanson, Northampton.
J. Henry Goguen, Leominster.
Harold D. Donohue, Worcester.
Cornelius F. Cornin, Lowell.
Mary A. Doyle, Salem.
Charles F. Cotter, Lynn.
Joseph J. Borgatti, Somerville.
Patrick J. Duane, Waltham.
Leopold M. Goulston, Boston.
Stanley W. Wisnioski, Chelsea.
Mildred C. Keane, Dorchester.
Arthur A. Hendrick, Brockton.
Grace H. Howe, Fall River.
Mary E. Egan, New Bedford.

Michigan

George W. Weadock, Saginaw.
Charles H. Kimmerle, Cassopolis.
Leonard Jurkiewiez, Detroit.
Justin Whiting, Jackson.
Guy B. Stone, Hillsdale.
Cassius M. Dewey, Sturgis.
William J. Pulte, Grand Rapids.
H. W. Rikerd, Lansing.
Thomas E. Roberts, Sandusky.
Harvey E. Kidder, Ionia.
Henry W. Miltner, Cadillac.
H. A. Chamberlain, Standish.
William L. McManus, Jr., Petoskey.
J. C. Wiskstrom, Norway.
Thomas A. E. Weadock, Detroit.
John W. Anderson, Detroit.
Louis W. McClear, Detroit.
Miss Elizabeth Stellwagen, Wayne.
William Miller, Ferndale.

Minnesota

George P. Jones, Bemidji.
Henry McConnon, Winona.
August Saggau, Ceylon.
Dr. E. E. Novak, New Prague.
T. B. Wilson, Minneapolis.
Martin J. McGowan, Appleton.
Patrick E. McCormack, Duluth.
R. N. Nelson, Breckenridge.
Albert Westrup, Maple Lake.
P. D. Scannell, St. Paul.
J. C. Lenihan, St. Paul.

Mississippi

W. H. Powell, Canton.
M. Ney Williams, Raymond.
E. S. Candler, Corinth.
Mrs. Hermain Dinkins Walker, Senatobia.
William M. Maynard, Clarksdale.
A. T. Patterson, Calhoun City.
C. E. Johnson, Union.
Mrs. A. B. Schauber, Laurel.
Dr. D. T. Brock, McComb.

Missouri

Samuel J. Ross, Lancaster.
Bart M. Lockwood, St. Joseph.
Henry Chiles, Lexington.
Floyd E. Jacobs, Kansas City.
Homer J. Clark, Harrisonville.
Franc L. McCluer, Fulton.
F. P. Berglar, Clayton.
Oliver F. Ash, St. Louis.
Michael Cullinane, St. Louis.
Ray R. Dolan, St. Louis.
N. W. Brickey, Festus.
James A. Boone, Charleston.
A. J. Hawkins, Eminence.
John S. Farrington, Springfield.
Wiley W. Scholes, Granby.

Montana

Guy C. Derry, Billings.
Thomas Dignan, Glasgow.
Mrs. Otto Simonson, Butte.
B. C. White, Buffalo.

Nebraska

Mrs. Effie M. Byers, Hastings.
J. E. Lawrence, Lincoln.
H. E. Newbranch, Omaha.
Judge James C. Quigley, Valentine.
Judge William C. Cowan, Stanton.
Frank M. Colfer, McCook.
Mrs. Mary B. Farrell, Schuyler.

Nevada

Ed. W. Clark, Las Vegas.
Frances Friedhoff, Yerington.
A. W. Hesson, Elko.

New Hampshire

Iva H. Drew, Colebrook.
George D. Lord, Hanover.
George W. Nutter, Rollinsford.
John T. O'Dowd, Manchester.

New Jersey

John Milton (at large), Jersey City.
John F. Monahan (at large), Newark.
Harry L. Maloney, Mount Ephraim.
Louis A. Repetto (deceased Mar. 8, 1933), Atlantic City.
Amos E. Kraybille, Asbury Park.
George B. LaBarre, Trenton.
Frank Dorsey, Perth Amboy.
Robert H. McAdams, Elizabeth.
Charles S. Gardner, Washington.
Andrew F. McBride, Paterson.
Peter F. Daley, North Bergen.
George A. Ohl, Jr., Newark.
William M. Untermann, Newark.
Charles Ippolito, Orange.
James F. Norton, Jersey City.
Mary E. Burns, Jersey City.

New Mexico

Carl A. Hatch, Clovis.
Mrs. J. L. LaDriere, Las Vegas.
Enrique Trujillo, Chico.

New York

John F. Curry, New York City.
John H. McCooey, Brooklyn.
James A. Farley, New York City.
Herman B. Baruch, New York City.
Charles J. Hardy, Hampton Bays.
Nathan Jonas, Great Neck.

Edward J. Kerwin, Brooklyn.
Clifton Bogardus, Brooklyn.
Joseph J. O'Brien, Brooklyn.
Bernard Turecaino, Brooklyn.
Rudolph Reimer, Brooklyn.
Howard E. Jones, Brooklyn.
Allice Campbell Good, Brooklyn.
Hyman Schorenstein, Brooklyn.
Albert C. Fach, Staten Island.
Harriet May Mills, Syracuse.
Nathan Hirsch, New York City.
George E. Olvany, New York City.
Morgan J. O'Brien, Sr., New York City.
Robert E. Dowling, New York City.
Martha Battle, New York City.
Godfrey Nurse, New York City.
Nathan Burkan, New York City.
Mary A. Paladino, New York City.
Thomas J. McMahon, New York City.
Edward J. Flynn, New York City.
John J. Duffy, New York City.
Walter G. C. Otto, New Rochelle.
Aloysius J. Bryant, Nyack.
Henry L. A. Forestal, Beacon.
M. Edward Silberstein, Catskill.
Seymour Van Stantvoord, Troy.
Arthur J. Leonard, Saratoga Springs.
George B. Smith, Schenectady.
Daniel S. Foster, Saranac Lake.
Delos M. Cosgrove, Watertown.
Albert R. Kessinger, Rome.
Jesse Jacobs, Oxford.
William J. Gannon, Syracuse.
William O. Dapping, Auburn.
John Reamer, Ithaca.
Thomas N. Nagle, Webster.
John B. Abbott, Geneseo.
Frederick H. Drull, Niagara Falls.
Harriet T. Mack, Buffalo.
Harry Yates, Orchard Park.
Michael C. O'Laughlin, Fredonia.

North Carolina

J. Crawford Biggs, Raleigh.
A. Hall Johnston, Asheville.
Thad Eure, Winton.
E. R. Tyler, Roxobel.
W. W. Pearsall, Rocky Point.
Harold D. Cooley, Nashville.
Fred S. Hutchins, Winston-Salem.
Cooper A. Hall, Burlington.
D. M. Stringfield, Fayetteville.
Rowland S. Pruett, Wadesboro.
B. F. Williams, Lenoir.
John A. McRae, Charlotte.
Phillip C. Cocke, Asheville.

North Dakota

Pierce Blewett, Jamestown.
P. H. Costello, Cooperstown.
W. D. Lynch, LaMoure.
W. H. Porter, Calvin.

Ohio

Josephine McGowan, Canton.
Blanche W. Johnson, Cambridge.
Fred J. Heer, Columbus.
T. E. Dye, Urbana.
Alfred M. Cohen, Cincinnati.
I. N. Price, Cincinnati.
William E. Murphy, Eaton.
Lafe W. Kunning, Wapakoneta.
George Geer, Wauseon.
George E. Hentz, Peebles.
Bruce B. Gaumer, Marysville.
Allen Patterson, Findlay.
Edward J. Barry, Toledo.
D. A. Rardin, Athens.
Clayton A. McCleary, Columbus.
T. D. Krinn, Circleville.
Judge Arthur E. Rowler, Norwalk.
Don L. Bing, Columbus.
Richard Jones, Eagleport.
John T. Blake, Canton.
Columbus Ewalt, Mount Vernon.
George J. Duswald, Scio.
Manus W. McCaffery, Cleveland.
Rose L. Tenesy, Cleveland.
Lockwood Thompson, Cleveland.

Oklahoma

Bess Stubblefield, Vinita.
R. M. Mountcastle, Muskogee.
Robert L. Kidd, Poteau.
T. G. Ramsey, Coalgate.
Jess L. Pullen, Sulphur.
Amil H. Japp, Lawton.
Frances J. Hawks, Clinton.
Blanche Lucas, Ponca City.
W. S. Livingston, Seminole.
J. B. A. Robertson, Oklahoma City.
Mary M. Allen, Leedey.

Oregon

Amanda J. Hart, Clackamas County.
E. T. Hedlund, Multnomah County.
Robert A. Miller, Multnomah County.
Will M. Peterson, Umatilla County.
R. R. Turner, Polk County.

Pennsylvania

M. L. Benedum, Pittsburgh.
Ella L. Browning, Boxwood, Rosemont.
Charles E. Menger, Philadelphia.
Michael Francis Doyle, Philadelphia.
Charles S. Hill, Philadelphia.
William J. O'Rourke, Philadelphia.
Charles A. Hild, Philadelphia.
John J. McQuaid, Philadelphia.
Harry E. Connelly, Philadelphia.
Frank B. Rhodes, Media.
Joseph F. Yheulon, Allentown.
J. Hale Steinman, Lancaster.
Frank P. Kelly, Carbondale.
William H. Gillespie, Pittston.
Edward C. Kantner, Pine Grove.
John B. Stevens, Reading.
Simon K. Hoffman, Danville.
George B. M. Metzger, Williamsport.
James J. Kane, Norristown.
Oscar D. Deckard, Richfield.
Charles S. Donough, Lebanon.
S. E. Walker, Warren.
Horace DeY. Lentz, Mauch Chunk.
Robert E. Glenn, Red Lion.
Robert F. Hunter, Bellefonte.
Joseph F. Reich, Meyersdale.
Samuel A. Barnum, California.
Charles E. Ketterer, Ellwood City.
A. H. Swope, Johnstown.
Eleanor Head Lynch Ballyduff, Greensburg.
Henry E. Fish, Erie.
Joseph F. Guffey, Pittsburgh.
Henry Hornbostel, Pittsburgh.
Herman Obernauer, Pittsburgh.
George H. Selzer, Coraopolis.
John J. Haughey, McKeesport.

Rhode Island

Walter F. Fitzpatrick, Providence.
Frank E. Fitzsimmons, Lonsdale.
Luigi Maiello, Providence.
Edouard S. Lafayette, Woonsocket.

South Carolina

Willie Jones, Columbia.
Claud N. Sapp, Columbia.
H. K. Townes, Greenville.
Joseph Maybank, Charleston.
G. A. Neuffer, Abbeville.
J. D. Poag, Greenville.
Paul Hemphill, Chester.
J. W. Perrin, Florence.

South Dakota

L. E. Corey, Wagner.
Mrs. Arthur Watwood, Aberdeen.
Will A. Wells, Webster.
Henry Brown, Scotland.

Tennessee

H. C. Anderson, Jackson.
Charles M. Bryan, Memphis.
R. E. L. Gallimore, Dresden.
William T. Jones, Nashville.
W. T. Kennerly, Knoxville.
James N. McCord, Lewisburg.
Edward T. Nance, Shelbyville.
Joe F. Odle, Camden.
Claude B. Stephenson, Centerville.
Frank Stokely, Del Rio.
John S. Wrinkle, Chattanooga.

Texas

Albert Sidney Johnson, Dallas.
Charles I. Francis, Wichita Falls.
Dan Gentry, Tyler.
Mrs. John E. Shelton, Sr., Austin.
Mrs. John Davis, Dallas.
R. T. Wilkinson, Jr., Mount Vernon.
E. J. Mantooth, Lufkin.
Carl L. Estes, Tyler.
J. W. Purcell, McKinney.
Charles McCombs, Dallas.
Scott Reed, Groesbeck.
Mrs. Charles J. Stubbs, Galveston.
John T. Dickson, Paris.
J. V. Frnka, Columbus.
Ralph Goeth, Austin.

E. C. Street, Waco.
Frank Rawlings, Fort Worth.
R. J. Edwards, Denton.
Arthur Seeligson, San Antonio.
H. P. Hornby, Uvalde.
Milburn McCarty, Eastland.
N. C. Outlaw.

Utah

Mrs. Clarence C. Neslen, Salt Lake City.
Mrs. Frank A. Drury, Helper.
Mrs. W. S. Greenwood, Richfield.
John F. Welsh, Park City.

Vermont

Stephen M. Driscoll, St. Albans City.
Grace B. Witters, St. Johnsbury.
James E. Burke, Burlington.

Virginia

Ashton Dovell, Williamsburg.
Wilbur C. Hall, Leesburg.
Robert O. Norris, Lively.
Daniel Coleman, Norfolk.
Frederick W. Scott, Richmond.
F. C. Bedinger, Boydton.
Maitland Bustard, Danville.
Robert A. Russell, Rustburg.
Frank M. Wray, Berryville.
Charles C. Carlin, Jr., Alexandria.
William H. Rouse, Bristol.

Washington

William J. Lindeberg, Spokane.
Paul A. Newman, Tacoma.
Henry S. Volkmar, Seattle.
Eldrige Wheeler, Montesano.
H. C. Davis, Yakima.
Nella W. Hurd, Seattle.
Ben Spear, Spokane.
D. N. Judson, Oak Harbor.

West Virginia

William L. Brice, Wheeling.
J. Alfred Taylor, Fayetteville.
H. H. Rose, Fairmont.
Minter L. Wilson, Morgantown.
W. Guy Tetrick, Clarksburg.
Clyde A. Wellman, Huntington.
George W. Crawford, Williamson.
J. L. Bumgardner, Beckley.

Wisconsin

William P. Rubin, Milwaukee.
Leo P. Fox, Chilton.
Peter Pirsch, Kenosha.
B. J. Husting, Mayville.
A. H. Schubert, La Crosse.
Anton P. Gawronski, West Allis.
William J. McCauley, Milwaukee.
Frank W. Bucklin, West Bend.
L. M. Nash, Wisconsin Rapids.
Lewis Nelson Kaukauna.
Ferris White, River Falls.
Fred W. Kellar, Mellon.

Wyoming

Mrs. Susan J. Quealy, Kemmerer.
John L. Jordan, Cheyenne.
Thomas J. Cassidy, Gillette.

COPY OF RESOLUTION ADOPTED AT MEETING OF PRESIDENTIAL ELECTORS, IN THE RECEPTION ROOM OF THE VICE PRESIDENT OF THE UNITED STATES, CAPITOL, WASHINGTON, ON MARCH 5, 1933, FOLLOWING THE RECEPTION BY VICE PRESIDENT AND MRS. GARNER

No. 1

Resolved, By the Presidential electors of the United States of the thirty-seventh Presidential election:

Whereas it will be necessary to pass an act of Congress for the purpose of amending the existing laws to be in accord with the twentieth amendment to the Constitution; and

Whereas it is the belief that the votes of the several electoral colleges of the States should be delivered by electors chosen from each State in addition to the present means under the law; and

Whereas we believe that the Presidential electors should hereafter have an official part in the inaugural of the President and Vice President of the United States, and should assist in preparing the program for said inauguration: Therefore be it

Resolved, That a committee of nine be appointed by the chairman of this meeting, which committee may be increased at the discretion of the chairman, for the purpose of assisting in the preparation of legislation to carry out the purpose and intent of this meeting as herein expressed, and appear before the proper committees of Congress to advocate the same.

Resolved further, That the said committee shall maintain its continuity and remain in existence until the organization of the Presidential electors of the next general election, and assist, if desired, in the organization of that body.

Resolved, That Michael Francis Doyle, of Pennsylvania, be made chairman of this committee.

The resolution was unanimously adopted.

No. 2

Whereas the first meeting of the Presidential electors in Washington to participate in the inauguration of a President in the history of the country is about to be concluded; and

Whereas the loyal and earnest cooperation of the following committee has made this event one of the most outstanding of the inauguration: Therefore be it

Resolved, That the 331 electors assembled hereby express our sincerest thanks and appreciation to: Michael Francis Doyle, of Pennsylvania, who suggested the meeting and headed the committee which carried out the plans; H. Newlin Megill, of Maryland; John J. Doyle, Jr., Philadelphia, Pennsylvania; Miss Mary E. Lile, Tennessee; Miss Besse D. Howard, of Philadelphia; and Miss K. C. Blackburne, of New York, for our splendid welcome during the inauguration of President Franklin D. Roosevelt and Vice President John Nance Garner.

WILSON'S IDEALS NEEDED TODAY

(Address by Josephus Daniels at the exercises held under the auspices of the Presidential electors at the tomb of Woodrow Wilson, Washington Cathedral, Washington, D.C., on Sunday afternoon, Mar. 5, 1933)

Under this stone lies all that is mortal of Woodrow Wilson. It is dust. But there is more than dust here. There is the eternal life of an ideal. Not the man but the spirit that the man was has brought us here. We have come up to this hilltop and to this quiet chamber to capture again if we can something of his teaching, something of his courage and faith to guide us in a period of uncertain drifting and certain doubt. We come here hungry for some portion of the high vision of Woodrow Wilson.

Here in this room of shadow and quietness we may stand for a little while apart from the crisis that faces the world at the foot of this hill, and at the same time take new strength from the spirit of the man who in every crisis—and he met the greatest which shook the world—never hesitated to propose the way of solution nor in every period of distress to offer the remedy essential to restoration.

Does America stand today looking for the safe path to follow to regain the heights of the days of Woodrow Wilson? Do its people grope in darkness for a light for their feet? Do they yearn for confidence and a return to security? Do they look through a glass darkly for light? Do they come distracted from distracted councils? If so, here at the tomb of the greatest prophet of our times and the supreme optimist of our history, they can find the way by following in the footsteps of the noble war President, himself the greatest casualty of that conflict.

First of all we must rid ourselves of the notion that all the calamities that have befallen us have grown from the war in which he led us. Certainly it was a struggle, entered with consideration of its consequences, which took its toll of our best manhood and levied money burdens grievous to bear. But war had little to do with the debacle that has since broken our hopes and destroyed our prosperity. It was not America's consecrated use of the sword that brought us to the ills we bear today. It was the failure after the war to keep faith with the "indomitable spirit and ungrudging sacrifice of our incomparable soldiers" which lies at the bottom of our troubles.

When Mr. Wilson returned from Paris with the covenant of peace the Nation was weary of war and ready not only to put down the sword but also to be lulled into laying aside the high conscience with which the sword had been lifted. It was more pleasant to listen to the promises that if this country would refrain from alliance or association with other nations we could stand apart and reap unheard of material gain. This Midas touch to the American heart made us for a time oblivious "to the proud recollection that it was our precept and example which had in those early days of the never-to-be-forgotten November lifted the nations of the world to the lofty levels of vision and achievement upon which the great war for democracy and right was fought and won."

In the growth of this material spirit, he saw not only the immediate defeat of his own ideals. He looked forward like a prophet to the catastrophe it must certainly bring even upon the material-minded world. Ten years ago he wrote and pointed "The Road Away From Revolution", the road away from the economic collapse which now engulfs us. The world he said had been made safe from the assault upon democracy of an insolent and ignorant Hohenzollern, but democracy remained to be made safe from the insolent and ignorant capitalists who "seemed to regard the men whom they used as mere instruments of profit."

"The nature of men and of organized society", he said 10 years ago, "dictates the maintenance in every field of action of justice and of right dealing; and it is essential to efficacious thinking in this critical matter that we should not entertain a narrow or technical conception of justice. By justice the lawyer generally means the prompt, fair, and open application of impartial rules; but we call ours a Christian civilization, and a Christian conception of justice must be much higher. It must include sympathy and helpfulness and a willingness to forego self-interest in order to promote the welfare, happiness, and contentment of others and

of the community as a whole. This is what our age is blindly feeling in its reaction against what it deems the too great selfishness of the capitalistic system."

We can look back today and see that here was prophecy and we can look back and see, too, that it was received by a world bent upon material gain with no more consideration than is usually accorded to prophets. The blind, the insolent, and ignorant selfishness which had succeeded the idealism of the war rushed on without hesitation to its own ruin.

Is it surprising that the great man who lies here should have cried on the eve of Armistice Day 1923, when he saw this dark future, that "the stimulating memories of that happy time of triumph are marred and embittered for us by the shameful fact that when the victory was won we turned our backs on our associates, refused to bear any responsible part in the administration of peace on the firm and permanent establishment of the results of war won at so fearful a cost of life and treasure, and withdrew into a sullen and selfish isolation which is deeply ignoble because manifestly dishonorable"?

He would not have been the Woodrow Wilson we honor if he had not cried out his indignation at this betrayal of the world. But his was not a spirit long to be fettered by bitterness and hopelessness. From them he came to a serene faith in the victory of his ideals. To the crowd of friends gathered on the same Armistice Day before his residence he said, "I am not one of those that have the least anxiety about the triumph of the principles I have stood for. That we shall prevail is as sure as that God reigns." That assurance gave him joy in his last days.

On the occasion of my last visit to my beloved chief I spoke my own bitterness that the American people had forgotten the sacred promises of 1917 and 1918. Mr. Wilson laid his good hand on my arm and said, "Do not trouble about the things we have fought for. They are sure to prevail. They are only delayed." Then, with the quaintness of expression which gave charm to all he said, he added, "And I will make this concession to Providence—it may come in a better way than we proposed."

He who saw so very clearly never lost his faith. He beheld as few men are ever forced to see his ideals torn down. He looked ahead along the dark road to revolution. Yet he never lost his faith. If we who gather here today to do him honor may find a little of his noble confidence, we can go back from the quietness of this tomb more able to serve our country and our countrymen. We who followed him when he led us into war can fight today for peace and security under the standards of justice and unselfishness which he never let fall. Today for all America and for all the world hope lies in the ideals of Woodrow Wilson, which were never more alive nor more needed than today.

OFFICE EQUIPMENT IN THE OLD HOUSE OFFICE BUILDING

Mr. BYRNS. Mr. Speaker, I offer a resolution, which I have sent to the desk.

House Resolution 196

Resolved, That the Clerk of the House of Representatives is hereby authorized to deliver to the General Supply Committee such office equipment now in the old House Office Building as may be unnecessary, for the use of the Members remaining therein.

The resolution was agreed to.

WILLIAM A. HAWKINS

Mr. COCHRAN of Missouri. Mr. Speaker, I send to the Clerk's desk a privileged resolution from the Committee on Accounts, and ask for its consideration.

The Clerk read as follows:

House Resolution 195

Resolved, That there shall be paid out of the contingent fund of the House to Mrs. William A. Hawkins, widow of William A. Hawkins, late an employee of the House, an amount equal to 6 months' compensation, and an additional amount not exceeding $250 to defray funeral expenses of the said William A. Hawkins.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that all Members may have permission to extend their own remarks in the RECORD upon the independent offices appropriation bill.

The SPEAKER. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COX. Mr. Speaker, there is a great deal that the most of us could and would like to say by way of appreciation and applause of many men and their work as we have known them during this extraordinary session of the Congress.

Of course, there comes first in our minds the President. His extraordinary performances have made him the first man of the world. There is no living man who holds such a large share of world confidence and esteem as does the President at this hour. [Applause.]

Mr. Speaker, speaking, I am sure, for the entire Membership of this body, I want to mention him who has presided over this body during this session of the Congress, the Honorable HENRY T. RAINEY. His uniform courtesy and fairness to all has made him very much of a favorite with the House. [Applause.]

Mr. Speaker, I desire to pay tribute to the minority of this House. They have, in the main, cooperated to the fullest with the majority in carrying out the President's recovery program. In this connection I should like to pay my compliments to the minority leader, Hon. BERTRAM SNELL. [Applause.] He has distinguished himself not only as one of the first men of the Congress but as one of the first men of the entire country.

I should like also, Mr. Speaker, to pay my respects to the leader of the majority, Hon. JOSEPH W. BYRNS. [Applause.] He has led by persuasion, by kindness; and as a result of the confidence that his colleagues have had in him, it has been easy for him to lead.

I should like, Mr. Speaker, to mention the entire Membership of this body; particularly, Mr. Speaker, do I wish to make mention of this new Membership of this House. They have performed nobly and they have displayed a fine understanding of the meaning and purpose of their being here.

Then, Mr. Speaker, personally, I should like to mention the dean of this body, the sweetest, the gentlest, the finest man I know, the Honorable EDWARD POU, of the State of North Carolina. [Applause.]

I am sure, Mr. Speaker, it is the hope of all that when the individual Members of the House return to their homes they will find an appreciative constituency willing and ready to reward them for the arduous labor they have rendered in this extra session of the Congress. [Applause.]

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Without objection, it is so ordered.

Mr. SNELL. Mr. Speaker, even at this early hour I do not want this session of Congress to adjourn without paying my respects to the majority for the kind and considerate attention they have given us during this session. I appreciate the fact that this has been a strenuous session of Congress. There have been some rather sharp tilts across the aisle, but the best part of it all is that it is simply a part of the day's work, and any feeling always dies with the setting sun. [Applause.]

We have tried to do our part in a manly, straightforward fashion. I think as a whole we have got along pretty well.

I especially want at this time to pay my personal respects to the beloved Speaker of the House [applause], and I especially want to compliment him for his presence tonight, because I know he wants to go to the college of his alma mater, Amherst, for the fiftieth reunion of his class. Whether the House knows it or not, I want to tell you that the college is honoring itself by honoring our Speaker, in giving him the degree of doctor of laws at this time. [Applause.]

I also want to pay my respects to the majority leader and the courtesy he has always shown me, and to you, my colleagues, who are about to depart for your homes for the vacation. I wish you a pleasant and successful summer and hope we shall all return in the fall refreshed and ready to attend to the people's business. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, we are closing the most momentous session of Congress that has ever been held in

the history of our Government. It is unnecessary for me to pay tribute to that great Chief Executive who presides at the White House. Most of us have contributed by supporting him at this special session of Congress, by upholding his hands on every occasion. This Congress has stood by our President, Franklin D. Roosevelt.

This House should not adjourn until we pay our respects to our presiding officer, that distinguished gentleman from Illinois who has so impartially presided over the deliberations of our session and so fearlessly ruled in all our parliamentary procedure, the Honorable HENRY T. RAINEY, of Illinois. [Applause.] While his duties have been onerous as a presiding officer, one man on the floor of this House who has worked indefatigably, who has had the burden of this special session, is our beloved friend, whom everybody on both sides of the aisle loves, the gentleman from Tennessee [Mr. JOSEPH W. BYRNS]. [Applause.]

While the Republicans have rarely cooperated with us, yet there is one thing which I propose to state before the last CONGRESSIONAL RECORD is printed, and that is that I know the gentleman from New York [Mr. SNELL] has not at all times been in sympathy with the obstructive tactics of some of his followers on that side of the aisle, and I am glad to pay my personal tribute to the courtesy of the distinguished minority leader, who was my Chairman of the Committee on Rules for 8 years, the Honorable BERTRAND H. SNELL, of New York. [Applause.] His successor as chairman of that committee is the distinguished gentleman from North Carolina, EDWARD W. POU, who in this session and during the last Congress has presided over the Rules Committee, of which I have been a member for 11 years. If any man here outside of our Speaker and outside of our distinguished majority leader has contributed more in this special session of the Seventy-third Congress to the accomplishment of the program of the President than any other, it is that distinguished dean of this House from North Carolina, Mr. EDWARD W. POU. [Applause.]

Mr. Speaker, one of the most unfortunate events that happened in this special session was that for a month or so one of the most brilliant men and great leaders of this House, one of the men on whom we depended, was unfortunately taken ill. We lost his services for about a month. Some of us had to attempt to pinch hit for him. We were without him for a time, but he came back to us, thank God, and he is now here with us—the gentleman from Alabama [Mr. WILLIAM B. BANKHEAD]. [Applause.]

Something has been said about the new Members of this House. We all love our new Members. We are glad that they are with us. Our session today would not be complete without paying our respects to those new Members of this House who have come into this session. They have already become acclimated to the atmosphere of this legislative body.

Mr. Speaker, in this session of Congress we have made greater progress than was ever made by any party or any administration in any other Congress. We are proud of that record. We have stood loyally behind our great President, and when we finish tonight we shall have no apologies to make. We have accomplished our party program—every promise has been fulfilled, every pledge has been kept. [Applause.]

The SPEAKER. The time of the gentleman from New York has expired.

CHILD LABOR AMENDMENT

The Speaker laid before the House a communication from the Secretary of State of the State of New Jersey, announcing that the legislature of that State had ratified the proposed amendment to the Constitution of the United States empowering the Congress to limit, regulate, and prohibit the labor of persons under 18 years of age.

EIGHTEENTH AMENDMENT

The Speaker laid before the House a communication from C. J. Rogers, Deputy Secretary of State of the State of Wyoming, submitting a correct copy of the minutes of the constitutional convention held at Casper, Wyo., on the 25th of May 1933, ratifying the proposed amendment to the Constitution of the United States repealing the eighteenth amendment to the Constitution.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes. [Applause, the Members rising.]

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

Mr. BYRNS. Mr. Speaker and Members of the House, I cannot permit this session to adjourn sine die without expressing my heartfelt thanks and my very deep appreciation to every Member of the House on both sides of the aisle for the courtesy and kindness and consideration they have shown to me during this session. [Applause.] I appreciate the patience which the Members have shown toward me, and I want you to know that when we adjourn and each of you return to your home, you will carry with you not only my gratitude, but also my admiration and affection.

I wish to join in the tribute which has been paid to our distinguished Speaker. I never served under a more impartial or fairer presiding officer. I feel that I but express the sentiments of every Member of the House when I say that we wish for him a pleasant recess and that he may return to us in January with that full vigor of health that he now possesses. [Applause.]

I want also to express my appreciation to the minority leader, the gentleman from New York [Mr. SNELL], for the kindness and courtesy which he has shown me. [Applause.] We have worked together during this session with a splendid cooperation and interest in the great legislation which has been passed during these 3½ months during which we have been in session.

May I say I think we are all fortunate in being Members of this the Seventy-third Congress, for in the special session now closing I do not believe there has been in all the history of our country a Congress which has in such a short space of time enacted so many important constructive measures as have been passed by this Congress. We have passed 12 great major constructive measures, all planned and passed with the object of relieving our country from its present economic distress and restoring prosperity, which now, I verily believe, is on the way.

We have the satisfaction of knowing that the tide has turned and that, largely as the result of the legislation we have passed, the individual citizens may look forward with confidence in the future, so necessary to restore our country to that prosperity which it has heretofore enjoyed. Wheat now bringing nearly twice as much as it brought only a short while ago, cotton bringing to the growers nearly twice as much per pound as it was selling for a short while ago, and other products, gives promise to agriculture, which has so long been suffering from depression. It has been a remarkable Congress, a Congress which has followed with unfaltering and ungrudging confidence and loyalty the great leader in the White House, Franklin D. Roosevelt [applause], who enjoys the confidence of the people today in every section of our country to a greater extent, I believe, than any other man in many years. [Applause.]

Washington, when President, was known as the Father of his Country. Seventy-two years afterward Lincoln was its savior, and 72 years thereafter Franklin D. Roosevelt is its preserver from the economic ills which have beset us.

I again express to all of you my best wishes. When you return to your homes I trust you will be received as you should be received, with open arms, by your constituents, and that every one of you will be sent back to the next Congress as a result of the patriotic, loyal service you have rendered to your country during these trying months. [Applause.]

Mr. ROGERS of Oklahoma. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ROGERS of Oklahoma. Since the new Members have been mentioned, I thought it would be in order that one of them say a word in regard to our leaders before this session of Congress closes. I spoke to the Speaker about it a day or two ago and explained to him what I wanted to say. He said he would give me all the time I wanted. I saw the floor leader and got permission from him. The last few days he has refused to allow Members to speak unless he knew what they were going to talk about.

I want especially to pay my respects to our President, Franklin D. Roosevelt, and to the Speaker of the House, Hon. Henry T. Rainey, and to our floor leader, the gentleman from Tennessee, Hon. Joseph Byrns.

I have not always agreed with these gentlemen, but it has not made much difference in most cases whether I agreed with them or not.

At least three things, I think, have contributed to the success of this Congress. The first of these has been the efforts our leaders have put forward. [Applause.] Do you remember the lines?—

The heights men reached and kept
Were not attained by sudden flight,
But they, while their companions slept,
Were toiling upward in the night.

[Applause.]

The second thing that has contributed to the success of this Congress has been the fact that our leaders have been prepared for their work.

For all thy days prepare, and meet them all alike;
When thou art the anvil, bear; when thou art the hammer, strike.

The third element of success is their desire to serve, their sincerity of purpose.

Review the lives of all the truly great and successful men that ever lived, and you will find that the pronounced, outstanding characteristics of their efforts were sincerity of purpose, an unselfish giving of their best services to the world. They gave generously of their best, and greatness and immortality were their reward. When the call of civilization comes for great men of this kind, the Divine law always provides them.

In closing I quote this short poem, taking this opportunity to show my appreciation of our leaders:

They would rather have a rosebud
As a tribute of today
Than to have the most cherished laurels
When they have passed away.
Then give to them a rosebud,
A rosebud, pink or red;
They would rather have just one today
Than ten thousand when they're dead.

[Applause.]

RESIGNATION OF A MEMBER

The SPEAKER. The Chair lays before the House the following resignation:

JUNE 15, 1933.

Hon. HENRY T. RAINEY,
Speaker of the House, Washington, D.C.

MY DEAR MR. RAINEY: I hereby tender my resignation as a Member of Congress from the Fifth Congressional District of Arkansas, to be effective at midnight June 16, 1933.

Very respectfully yours,

HEARTSILL RAGON.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, I am quite sure I speak what is in the heart and mind of every Member of this House when I express our regret that our colleague the gentleman from Arkansas [Mr. RAGON] is to cease to be a Member of this House.

I congratulate him upon the fact that he is to become a part of the great judiciary of the country. We know he is abundantly qualified for any position he may hold and that he will make a great and just judge, as he has made a splendid, faithful, able, and patriotic Representative.

We wish for him a long life and great prosperity. [Applause.]

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H.Con.Res. 24. Concurrent resolution providing that when the two Houses of Congress adjourn on Friday, June 16, 1933, they stand adjourned sine die.

LETTER FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following communication from the President of the United States:

THE WHITE HOUSE,
Washington, June 15, 1933.

Hon. HENRY T. RAINEY,
House of Representatives, Washington, D.C.

MY DEAR MR. SPEAKER: Before the adjournment of the special session I want to convey to you and to the Members of the House of Representatives an expression of my thanks for making possible, on the broad average, a more sincere and whole-hearted cooperation between the legislative and the executive branches of the United States Government than has been witnessed by the American people in many a long year.

This spirit of teamwork has in most cases transcended party lines. It has taken cognizance of a crisis in the affairs of our Nation and of the world. It has grasped the need for a new approach to problems both new and old. It has proved that our form of government can rise to an emergency and can carry through a broad program in record time.

I am certain that the American people are appreciative of the work of this special session of the Seventy-third Congress.

Please let me add that the past few months have given to me very special pleasure in the renewal of old friendships and the forming of new friendships among the Members of the House of Representatives. To each and every one of you I send my best wishes for a well-deserved and happy holiday during the coming months.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, announced that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 5389. An act making appropriations for the Executive office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 813. An act to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circuit; and

S. 815. An act to provide for the survival of certain actions in favor of the United States.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 3344. An act to amend section 14, subdivision 3, of the Federal Farm Loan Act;

H.R. 5909. An act to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district; and

H.R. 6034. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending

June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes.

H.R. 5091. An act to amend section 289 of the Criminal Code; and

H.R. 5661. An act to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

MESSAGE FROM THE PRESIDENT—APPROVALS

A message from the President of the United States announced that on the following dates the President approved and signed bills of the House of the following titles:

On June 9, 1933:

H.R. 1767. An act to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States, and the transfer by the Secretary of the Navy of certain other lands to said city of San Diego.

On June 10, 1933:

H.R. 4220. An act for the protection of Government records;

H.R. 4812. An act to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes; and

H.R. 5012. An act to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy.

On June 12, 1933:

H.J.Res. 183. Joint resolution extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.

On June 13, 1933:

H.R. 3511. An act to authorize the creation of a game refuge in the Ouachita National Forest in the State of Arkansas;

H.R. 3659. An act to extend the mining laws of the United States to the Death Valley National Monument in California;

H.R. 5240. An act to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes; and

H.R. 5495. An act to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge.

On June 14, 1933:

H.R. 5329. An act creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.

On June 15, 1933:

H.R. 4872. An act authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.;

H.R. 5091. An act to amend section 289 of the Criminal Code;

H.R. 5589. An act granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.;

H.R. 5645. An act to amend the National Defense Act of June 3, 1916, as amended; and

H.R. 5793. An act to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929.

On June 16, 1933:

H.R. 4589. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes;

H.R. 5040. An act to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes;

H.R. 5208. An act to amend the probation law;

H.R. 5239. An act to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes;

H.R. 5389. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes;

H.R. 5661. An act to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes;

H.R. 5755. An act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes;

H.R. 5790. An act to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes;

H.R. 5909. An act to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district;

H.R. 6034. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; and

H.R. 5690. An act to legalize the manufacture, sale, or possession of 3.2 percent beer in the State of Oklahoma when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma.

EXTENSION OF REMARKS

SHORT SELLING OF SECURITIES

PORTION OF A STATEMENT OF HON. ADOLPH J. SABATH, OF ILLINOIS, BEFORE THE COMMITTEE ON THE JUDICIARY, HOUSE OF REPRESENTATIVES, MARCH 5, 1933

Mr. SABATH. Mr. Speaker, ladies, and gentlemen, in view of what has come to light in the Senate investigation of J. P. Morgan & Co. and in the case of Charles A. Mitchell, former president of the National City Bank of New York, before the New York courts, I feel it is opportune to call the attention of the country to the fact that, notwithstanding the attacks and criticisms directed against me by certain financial writers because of my persistent efforts to put an end to the activities of unscrupulous investment bankers, which activities are condoned by and actually engaged in by officials of the New York Stock Exchange, my fight against stock-exchange irregularities and abuses, which I began in October 1929, was justified. I feel certain that if President Hoover, the officials of the stock exchanges, and the investment bankers, including J. P. Morgan & Co., had listened to my urgent appeals and requests the country would not have suffered as it suffered in the last 3 years.

I also wish at this time to issue a warning, in view of what is transpiring today, that, notwithstanding the facts that

have been brought to light, the same ruthless, avaricious, and greedy forces are again at work pushing up the prices of stocks and bonds all out of proportion to the improvement in conditions. It appears to me that they are endeavoring to bring about another orgy of speculation and inflation for the expressed purpose of causing another debacle, in order to undo the work of this Congress and cast discredit upon the administration.

Though I am in a measure satisfied with what I have been able to accomplish, it does not even begin to approach the objective which I set out to attain. But I am confident, and once more I serve notice on all those guilty of manipulation, that I shall not be shackled in the next session of Congress and that I shall obtain approval for such a wide-sweeping investigation as will make it possible for us to secure legislation forever prohibiting the destructive and dishonorable practices prevalent on the exchanges.

I regret that neither time nor space permits me to insert in the RECORD all the telegrams and letters that I sent to President Hoover, J. P. Morgan & Co., and the New York Stock Exchange. I shall, however, insert a portion of my statement made before the Judiciary Committee of the House during the course of its investigation of stock-exchange practices, which I feel best sets forth my unceasing fight on the avaricious racketeers of Wall Street:

Mr. SABATH. Mr. Chairman and gentlemen, I fully realize and appreciate the conditions which confront the members of this committee, as well as those of other committees, at this time. We are all going at full speed, trying to enact legislation to relieve the unfavorable and unbearable conditions that exist in the country today.

Therefore, I am going to try to be extremely brief, realizing, as I do, that the House meets at 11 o'clock today, and that the Rules Committee, of which I am a member, and which meets at 10:30 o'clock, has important matters to consider.

In view of my desire to familiarize the members of this committee with the facts concerning the transactions and practices on the stock exchanges, and in the hope that in the near future the members may be able to glance over some of the evidence, I am going to ask leave of this committee to permit me to embody in my statement a few extracts from editorials written by outstanding and uncontrolled financial writers——

Mr. MCKEOWN (interposing). Are those very long extracts that you wish to insert in the record, Judge Sabath?

Mr. SABATH. Well, many of them are long; but I will endeavor only to put in short extracts, because I myself have not time to arrange them as I should like to.

Mr. MCKEOWN. All right.

Mr. SABATH. I was hopeful that I would have about a day in which to present my facts to the committee and that I could have read some of these extracts and statements; but unfortunately, time will not permit it.

Mr. CONDON. Do these editorials refer specifically to your position in introducing these bills?

Mr. SABATH. I have many that do; but those that I wish to insert into the record are confined to a discussion of the practice of short selling and the abuses on the stock exchanges; some also show that the existing conditions at this time are not all due to short selling—which I concede—but that they are in great measure due to the manipulation by the "bulls" of 1928 and 1929 who created and caused the terrific, criminal inflation of stock-market prices during those years—the same individuals who are the "bears" of 1930, 1931, and 1932.

Mr. CONDON. Do these articles name some of these men or do they just refer to them as a class?

Mr. SABATH. Yes; several name some of these men. But I have up until now refrained from giving the names of men who have been charged with being outstanding "bears."

I have no direct evidence, because I have not examined their books; but I have received many communications charging some of our largest financial institutions and many of our outstanding men with the practice of short selling. But I never wish to attack anyone——

Mr. MCKEOWN (interposing). That material will be admitted. Let the record show that that is to be admitted.

Mr. Max Bruell, former stock-exchange member, has this to say in the November 8, 1931, issue of the New York American:

SAYS SHORT SALES NOT JUSTIFIED IN TIME OF DEPRESSION

"Short sales, perhaps economically justified in normal times, become a menace in periods of depression. The attempts of the New York Stock Exchange to restrict short selling are half-hearted. The only effective method, as practiced by foreign bourses, is to insist upon actual presentation of securities prior to their sale. This can be amplified by prohibiting the lending of securities. To facilitate selling of securities held abroad, a foreign central agency could be appointed. Upon receipt of cable advices confirming that the respective securities were duly delivered to the agency, selling orders could be executed.

"Due to public criticism, and in an endeavor of self-preservation, the New York Stock Exchange had adopted a number of necessitous reforms. The ultimate goal, to reduce the exchange to its normal functions, is as yet far from accomplishment. The governors of the exchange are attempting to popularize their institution. Speeches of the president, carefully prepared, are widely circulated. The machinery of the exchange has even been filmed. The film shows the course of an order from its inception to its settlement. The film, however, does not reveal that quite often customers' orders serve as protection for the private speculations of floor brokers and specialists. To do so with more or less impunity has been their time-worn privilege. The system is detrimental to the client and indefensible.

"As long as the exchange permits its members to act as brokers and as dealers, the assertion on the membership certificates:

MEANINGLESS PROMISE

"That the exchange has been formulated for the purpose of maintaining high standards of honor among its members and for promoting and inculcating just and equitable principles of trade is rather meaningless. It is a lame excuse that without the specialists no market in certain securities would be obtainable.

"The specialists make markets if they feel like it; they play safe.

"The controversy about specialists has cropped up very often, but no action has been taken. Should future Federal or State supervision remove the trading privileges of the specialists exchange seats would decidedly become less attractive. Specialists in active markets have rolled up fabulous incomes. Their profits were derived from the undue advantages held over the general public. The methods of practically victimizing clients in stop-loss orders, subscription rights, part-paid stocks, etc., are plentiful.

"The public lives in a delusion that listing a security on the exchange is an endorsement of its merit. This is utterly unwarranted. The listing committee of the exchange is primarily concerned about the assurance of an open and free market and does not verify the correctness of balance sheets as practiced on continental exchanges. The grossest overcapitalization of companies has not been checked by our exchanges.

PUBLIC EXPLOITATION

"Shall we permit such exploitation of the public to go on forever or shall we move for supervision to bring security issues in line with physical value? Must we continue to permit houses of issue to escape responsibility through the time-worn clause on prospectuses.

"This information, while obtained from reliable sources, is not guaranteed by us.

"Nation-wide extension of ticker facilities and brokerage branches was a mistake. Customers' men have only one function—to rake in commissions. According to recent regulations, they are required to have some experience but many of them would not pass an intelligence test. No charge is being made for market letters. One of our great economists states that they are supplied gratis because they are not worth more. The exchange firms ordinarily do not affix their signatures to opinions furnished; they prefer to let the economist assume responsibility.

"We should be less concerned about the investment value of 1,375 New York Stock Exchange seats than about the wisdom to engage in gambling with all odds against the public.

"If Congress and State will deal with some of the points outlined above, the return of confidence will be speeded."

Mr. B. C. Forbes, editor and publisher of Forbes, who was one of the first to see the disastrous effects of short selling, writes as follows in the November 1, 1931, issue of Forbes:

SHORT SELLING IS NOT TIMELY

"Those who try to send stock prices to perdition by selling them short should be honored as supreme patriots, as saviors of their country. That is the conclusion one almost reaches on listening to President Richard Whitney, of the New York Stock Exchange. Why such benefactors should have been forbidden to exercise their laudable operations for even 48 hours is hard to understand—but not quite so hard to understand as why they were again told to resume depressing quotations.

"It was, we are officially told, 'an emergency' which induced bridling the bears. Apparently 'emergency' conditions lasted only 2 days. You and I and a good many others have been under the painful—very painful—notion that emergency conditions have prevailed considerably longer than 48 hours. Ask the hundreds of thousands of depositors in banks which closed their doors if normal conditions have been restored. Ask millions of unemployed the same question. Ask, also, investors whose income has been stopped. Ask other investors who, on the recommendation of reputable bankers and others, purchased securities at 1929 prices and who have lately found themselves bankrupt.

"Mr. Whitney protested too much about the blessings conferred on the world by bears. A security market without short selling was pictured one moment as unthinkable, impossible. The next moment came the statement that the bond market has existed for generations without short selling. Yet which market has experienced the wildest inflation—the stock market, enjoying the wonderful 'stabilizing' miracles wrought by short sellers, or the bond market not enjoying short selling?

"I, for one, would have had more confidence in buying stocks during the depths of the debacle if aware that quotations could not be slaughtered at any moment by short sellers. What this country has mainly suffered from lately has been fear. Investors would have felt less apprehensive had they known bear-selling was banned. Mr. Whitney's own figures were meant to convey

that the amount of short selling was a mere bagatelle. Yet he argued and argues that this mere bagatelle is of such infinite importance that the New York Stock Exchange authorities will court legislative action rather than comply with overwhelming public opinion.

"Admittedly, a wide-open market is ideal. But to permit short selling during a period of hysteria such as has shaken the financial foundations of this Nation is not ideal in face of mounting public hostility. Even the powerful New York Stock Exchange must, if it is to be allowed to function with a maximum of freedom, take cognizance of the public will."

And in the November 30, 1931, issue of the Chicago Herald and Examiner:

FORBES WAXES WROTH OVER BEAR MANEUVERS

"Good morning! Have you had your daily cry?

"That greeting is addressed mainly to those identified with Wall Street.

"The rest of the country is preserving its sanity and attending to business in a rational sort of way.

"But the Wall Street world daily conjures up new hob-goblins and runs frantically to cover. The bears never found it so easy to make money, never found it so easy to cause fright, never found it so easy to spread the idea that the bottom is about to fall out of everything.

"Thanks to the secrecy with which short selling is hedged about by the New York Stock Exchange governors, we are kept totally in the dark as to how much bear raiding is going on. The market has every appearance that the bears have been having a perfectly lovely time, with the sky the limit—or, perhaps one should say, hades the limit.

"Of course, did an 'emergency' exist, the stock exchange governors would halt the bears' picnic—perhaps for as long as 48 hours. You may remember that they did that once before. That was when stock quotations first reached the depths they again reached at the end of last week.

"But apparently there is no need whatsoever to ban short selling at this time—in the eyes of the exchange governors. In the eyes of a very large section of the public there is need for stopping short selling until stocks and bonds have reasonably recovered from their ultrapanic prices.

"Incidentally, bonds are distinctly lower than they were when the bears were last prohibited—for 48 hours—from carrying on what President Whitney, of the stock exchange, asks the public to believe are laudable, Nation-saving operations.

"Would it interest the stock exchange authorities were they to learn that not a few investors, although they recognize current quotations as extraordinarily low, refuse to make purchases of stocks under existing conditions, so long as bears are at liberty to knock down any stock they choose to bankruptcy prices?

"Of course, it may be that the so-called 'restrictions on short selling' have been enforced so rigidly that the public is all wrong in imagining that any short selling whatsoever has been going on. The stock exchange governors know the facts. The customers of the exchange are denied the facts.

"Maybe a few months or a few years from now the exchange authorities will graciously conclude to reveal the truth—after such information is totally worthless.

"The prospect is, however, that the public will call upon their legislative representatives to uncover the facts, not a few years from now but a few months from now. My conviction, based on rather intimate association with financial leaders, is that Wall Street hasn't the slightest conception of the ill-will borne it throughout the continent.

"If the stock exchange governors were more fully informed on this point, I rather think they would do more than they have yet done to stave off political action."

In the Chicago Evening American of February 9, 1932, Mr. R. P. Vanderpoel, financial editor and sincere proponent of the policy of laissez faire on the exchanges, makes this interesting and forceful statement in regard to short selling:

BEAR RAIDS—EXCHANGE MUST ACT—SNEERING TRAITORS—TRAMPLE ON THEM

"Repeatedly of late there have been evidences of deliberate efforts upon the part of organized bear cliques to depress security prices.

"As one of those who have steadfastly argued for the maintenance of a free and open market, and consequently against the elimination of short selling, I feel it a duty to express my opinion, and in the most forceful terms, against permitting any individual or any group to hammer stock prices down at this time.

"I believe in free speech, just as I do in a free market. Yet in war time there are certain restrictions on free speech. A man may not be a traitor to his country.

AIDING THE ENEMY

"We are passing through a period now just as critical as though we were engaged in a great war. It is just as essential that the devastating downward crash of prices—security and commodity—be arrested as it would be to halt the forward march of an alien enemy.

"Yet we are permitting men to spread propaganda just as seditious as anything that might be put out by an enemy. Not only that, but through the stock exchange we have allowed these traitors to train their guns on what appeared to be our vulnerable spots.

"If this condition continues much longer there can be but one end—closing of the stock exchange for self-protection by an outraged nation.

IT WILL NOT

"The United States Government has set up the Reconstruction Finance Corporation as a stupendous effort to check the great tide of deflation that has already resulted in so much suffering and which threatens economic collapse on a world-wide scale. The Government is putting $2,000,000,000 behind this movement.

"Every fresh onslaught on the stock market makes the work of this corporation just that much more difficult.

"Does anyone believe that the Government will stand idly by and permit a group of sneering, traitorous men 'play' with the stock market for their own personal aggrandizement, disregarding the general welfare of a nation?

"It cannot and it will not.

"This column has consistently defended honest short selling. Bear raids have always been condemned in the strongest language. Market manipulation of any kind has never been countenanced.

"What do we find at the moment?

"Unless our interpretation is totally wrong, we find a well-organized group of bears, men whose names have been bandied about from coast to coast, very carefully, very cleverly, putting out an increasing line of short stocks. We find the most bearish sort of propaganda emanating from these same bears and their paid agents.

"We find these men planning to profit through their short lines by uncovering specific weak situations and hammering at them in the hope of breaking them and thereby causing such a smash that they may cover their short commitments at a handsome profit.

MUST ACT QUICKLY

"Is this a fanciful picture?

"We do not believe that is it. Bankers, business men, members of the stock exchange themselves, tell us that it is not.

"If it is a true picture—even approximately true—the New York Stock Exchange must take drastic action quickly or an impatient citizenry will speak through its Congress in no uncertain terms.

* * *

CALL OF THE HOUR

"This is no time for trifling.

"The call of the hour is for men of strength, courage, and faith—men who will carry us forward, trampling as they go on the traitors and the cowards."

The following editorial appeared in the Chicago Daily Times on February 24, 1932:

"MEDICINE FOR 'SHORT SELLING' ISN'T STRONG ENOUGH

"The New York Stock Exchange has revised its rules on short selling of stocks, to be effective April 1. The action comes about 18 months too late. What's more, the new rules do not go far enough. Short selling may be restricted a little. In times like these it ought to be abolished. The President and Congress have set in motion many governmental activities, designed not only to stop the depression of values but actually to inflate them. Billions of dollars of public money are involved in the various schemes. The entire population of the country is expected to put its shoulder to the wheel and push for higher values, more business, more employment, and better times.

"But the short seller gambles that these objectives will not be accomplished. He is not an inflationist. He is a deflationist and a depressionist. He bets that things will go lower, not higher. He makes money out of destruction, not construction. He 'sells' a stock at a lower price than the current quotation with the purpose in mind that his 'sale' will depress the market even under the value at which he 'sells.' Then, if his hunch works, as it usually does, he buys it at the bottom price and delivers it to the buyer in his original sale, making a profit.

"But he sells something he does not own. To accommodate him in his gambling, his broker lends to the short seller stock that belongs to another customer which the broker is holding on a margin arrangement. The other customer doesn't even know that his stock is being used this way; often the other customer is the loser in value through the very transaction for which his stock has been put up as dummy merchandise.

"Under the new rules, as announced by President Richard Whitney of the New York Stock Exchange, the broker must secure the other customer's specific written consent to have his stock lent to a short seller. Even under this plan, the short seller is selling what he does not possess, another man's goods. The plan leaves room for manipulation and does not guarantee what the country needs * * * a ban on gambling against prosperity.

"The argument for short selling has been that it provides a 'cushion' for a sagging market, since whenever the bears sell they must later buy back. But the public feels that the need of the day is for prices which reflect, not the results of manipulation, but something close to the actual value of the securities bought. In a period like the present, when millions of families are destitute, due to lack of business and unemployment, short selling of securities means short selling of the United States and its people. It is gambling against their climb up the economic ladder. It is making money out of human misery.

"The stock-gambling fever was largely responsible for the depression in the United States. The 1928 and 1929 stock boom was due to stock gambling that was made possible by credit. The Federal Reserve System could have choked that credit in time to stop the gambling and prevent, or at least minimize the panic.

The Government's banking system did not take the necessary bold step then and stock prices took balloon ascensions. They are now deflated below actual values. Credit should be denied to those who gamble to keep them lower than they should be. All short selling should be stopped in the national emergency."

* * * * * * *

Now, in my desire to bring as many facts as I could to the attention of the committee, I dictated the following statement last night, which, with your permission, I herewith insert in the hearings:

"Mr. Chairman and gentlemen of the committee, for over 2½ years I have pleaded for an opportunity to appear before the committee in behalf of my bills on short selling and show the destructiveness of this practice and its effect upon the social and economic conditions of the country. And now it is somewhat of a mixed pleasure to appear before you after the destruction which I prophesied has taken place because the President and the administration refused to act on my appeals.

"I shall not waste the time of the committee in dwelling at length on the abuses of 'bull' manipulation and practices in 1927, 1928, and 1929, though I wish to state here that I am fully cognizant of the part they played in paving the way for the greatest economic debacle in the history of our country. Our task at present, and it is a task incumbent upon us, is to deal immediately with the situation now before us—the practice of 'bear raiding' and short selling.

"Today I know that I am speaking for every legitimate agricultural, manufacturing, and business enterprise, as well as for the 20,000,000 men and women who have lost their life savings; for the hundreds of thousands of small business men and small manufacturers who have been wiped out; and for the millions of depositors and the thousands of widows and dependents who have been made penniless today by the greatest crime ever committed in our country: a crime that is responsible for throwing 8,000,000 people out of employment and, therefore, the cause of want and misery to millions of American homes. And lest I forget, a crime that is directly responsible for the death of 20,000 men of the Nation.

"Mr. Chairman and gentlemen, in requesting favorable action on my bills, or any bill that the committee may see fit to report favorably to prohibit or restrict short selling, I wish to emphasize that I am not opposed to any legitimate transactions or to any orderly or free market of stocks and bonds. But I do disagree with the assertion that without short selling we would not and could not have a free and orderly market to sell. I am confident that the elimination of professional manipulation would aid the legitimate transactions and the orderliness of the market. Furthermore, I deny that by prohibiting short selling the stock exchange would be forced to close, as Mr. Whitney stated before this committee. I do believe that the volume of business on the stock exchanges would be reduced and that the profits of the brokers and gamblers would be minimized, but on the other hand, I believe that business in general would be stabilized and confidence restored.

"When I appealed in 1929 to the President, the Governor of the Federal Reserve Board, the leaders of the administration, and the governors of the various exchanges to stop the practice of short selling, because the coming events were already casting their shadows and it appeared as though an economic crisis was fast approaching, I was assailed and ridiculed by the writers and economists controlled by Wall Street and by the majority of the brokers. Today, after 2 years and 4 months of patient but persistent effort, I am pleased to say that I have won over a great number of these people to the proposition that short selling is an unmitigated evil and should be prohibited.

"Within the last year Mr. Whitney, president of the New York Stock Exchange, has made three stirring speeches in defense of short selling, which have been broadcast throughout the entire Nation, and has had a half million copies of the same printed and distributed throughout the country. Even a superficial examination of these speeches, as well as those delivered before your committee by Profs. S. S. Huebner and Joseph Stagg Lawrence, will show that they have been carefully prepared; and in addition it is quite evident, from the speeches themselves and from the testimony presented by Mr. Whitney's counsel, that no expense has been spared to secure the best legal talent available to conduct this defense of short selling. But notwithstanding the ability of these men and their adroitness in handling an obviously unfavorable situation, they have failed, in my opinion, to convince any informed person, except stock-exchange officials, short sellers, and brokers that short selling is expedient or beneficial.

"On page 8 of the written statement which Mr. Whitney read before this committee, he states that 'if there had been no short selling of securities, I am confident that the stock exchange would have been forced to close many months ago.' Mr. Chairman and gentlemen, I doubt very much whether the exchange would have closed if short selling had been prohibited, and I question Mr. Whitney's sincerity in making this statement; but oh, what a blessing it would have been for the Nation if the stock exchange had actually closed in 1928. Lives would have been saved; banks, factories, and shops would still be open; and above all, the people of the United States would not have been fleeced out of hundreds of millions of dollars during the years of 1928 and 1929, for there would have been no ballyhooed 'Hoover bull market' with its artificial rigging of stock prices, and there would not have been hundreds of new stock-market millionaires born at the expense of the working people. But please remember that the men who engineered this orgy of inflation, the 'bulls' of 1928 and 1929, have become the 'bears' of 1929, 1930, 1931, and 1932, and that only a small number of many have been directly responsible for these manipulations, first, on the 'bull' side, and, in the last few years, on the 'bear' side.

"Mr. Whitney and his scholarly aides have endeavored to show that the stock-exchange manipulations have little or no effect upon the trend of business and that stock-exchange prices are an effect rather than a cause. And in regard to the effect of short selling upon the trend of the market, Mr. Whitney reached the heights of eloquence by saying, 'that it does much to smooth the waves, but does not affect the tide.' And Professor Lawrence stated Wednesday, March 2, that the stock exchange does not influence business and that there is no definite correlation between stock-market prices and the trend of business, and showed that in 1927, 1928, and 1929, while business was on the down grade, the prices of stocks were going up to unprecedented heights. Now, if the stock prices on the exchanges at any time represented true value, and if they were the result solely of the law of supply and demand, I am certain that they would have followed the trend of business. The lack of correlation between stock prices and the trend of business during these years, as shown on the charts prepared by Professor Lawrence, was the result of criminal manipulation on the part of the professional gamblers interfering with the natural law of supply and demand. In this connection permit me to read an extract from a speech I delivered on the subject in 1929:

"'In keeping with this policy, ex-President Coolidge during his administration began an advertising campaign of prosperity, which Mr. Hoover followed, proclaiming that the resources of the United States were still untapped, that business conditions were showing improvement each year, and that savings were increasing. As stated in a New York World editorial:

"'"* * * After a sharp decline following a report of a huge increase in brokers' loans, Mr. Coolidge amazed even Wall Street itself by announcing that neither he nor Mr. Mellon saw any danger in the expansion of brokers' loans * * *."

"'This kind of propaganda continued even after it was pointed out that depression had set in in many lines and that stocks were selling at levels ridiculously out of proportion with their earnings. But notwithstanding this warning, many other similar statements were issued from time to time to imbue the public with the confidence that stocks would never react but would keep on climbing to greater heights in this so-called "Hoover era of higher prices."

"'The beautiful enticing picture painted by the administration forces, who would not listen to the warning voice of economists or the threat of rapidly rising brokers' loans, furnished a rife field for corporate promoters. New corporations were organized for exploiting purposes, old corporations split up their stocks, gave so-called "rights to purchase additional stock", and all the old tricks and many new ones were used. No trouble was encountered in listing these issues on the various old and hastily organized new exchanges. Interest rates increased. Country banks were lured into sending their cash to New York for use as "call loans." Corporations sent to the "call-loan market" not only their huge surpluses, which should have been distributed among stockholders, but also the moneys received by increases in capitalization, which had been obtained for development and expansion.

"'The people, impressed with the assurances of the administration, were easily taken in, and buying of all kinds of stocks reached new levels daily. Large corporate interests, with their capital stock increased by millions of shares, easily induced even their own employees, by means of alluring reports, to become "partners" in these great industries, and every conceivable scheme was resorted to in order to unload these stocks at artificially created prices on employees, their families, and the public. Then came the pyramid of pyramids—the investment trust—a new medium for obtaining millions upon millions of dollars from a misled and inflamed public.

"'Nearly everyone was in. Now, for the first time, the Federal Reserve Board served notice that brokers' loans were excessive and must be decreased. Rediscount rates were increased; interest rates soared; credits were curtailed and moneys gradually withdrawn.

"'Conditions were ripe, and the Wall Street pirates, the "shorts", were ready. They were not going to mold or construct but to hammer and pound to destruction. The first drastic decline was not enough. The conspirators continued unmercifully to throw upon the market thousands upon thousands of shares of stocks which they never owned with the sole purpose of destroying the market value of securities in order that they could repurchase them at their own prices and reap the richest harvest in the history of the Nation.'

"Yes; business started on the down grade in 1927, as Mr. Whitney and Professor Lawrence stated, because the people started to invest in stocks and bonds. The business men, the manufacturers, the professional men, in fact all classes of people, withdrew their savings from the banks and in many instances from the building-and-loan associations to buy securities, being encouraged in this by the leaders and financial prophets of the Nation. And what was the result? Just this. By the fall of 1929 most of the available cash had disappeared, because it had been ruthlessly and brazenly taken away from the people and out of circulation. The country, in fact, was drained dry of liquid money, and with this draining went the purchasing power of the country. Business and industry were left stranded, because the banks and the brokers demanded additional collateral and payments.

"I believe it is clear to any thinking person that the stock exchange has had a potent effect upon the existing conditions and that to a great degree it has been responsible for the crash and the panic from which the country is now suffering. But, lest it may appear to any person that this statement is entirely too subjective or unfair, I quote from a leading French periodical which surely expresses an objective point of view toward this matter:

"'The main theme of conversation these days in all civilized countries is: What happened in Wall Street? How is it possible that the richest country in the world should threaten the stability and integrity of the commercial and industrial life of two hemispheres? Who is responsible for this unheard of cataclysm?

"'For weeks already most disconsolate messages are coming from New York and each message is more disheartening than the previous one.

"'On October 20 it was stated that the spectacular crash of the stock market had ruined tens of thousands of small speculators and involved a depreciation of security values variously estimated at from ten to fifteen billion dollars. It was added that groups of leading financiers met to consider the situation, which affected every part of the United States.

"'On October 24 it was reported from New York that Wall Street experienced the greatest of all stock-market crashes, that 12,800,000 shares were sold within a few hours, that the supreme crash came with a vengeance and surpassed anything that the most gloomy had predicted. The estimated loss of values was given between five and ten billion dollars.

"'On October 28 a second and still greater break in the foremost American stock market took place; it was intimated that sales during the day totaled 9,200,000 shares and that billions of dollars were again dropped in quick time in spite of reports that heavy support by bankers was forthcoming.

"'On October 29 it was reported that the crash of the day before, characterized as the greatest in history, was no more the greatest, that 16,400,000 shares were sold involving losses of $60,000,000,000. It was stated that the stock-market crash wiped out more fortunes and made more paupers than the terrible slumps of 1907 and 1920.

"'All the great New York banks could do, however, was to mobilize their professional bankers. Mr. Charles Mitchell, of the National City Bank of New York, Mr. Francis H. Sisson, vice president of the Guaranty Trust Co., Mr. Alfred P. Sloan, president of the General Motors Corporation, have made bullish statements in which they reassured the world that they were "bigger bulls than ever" and that "recessions resulting from the action of the market will not be violent or of long duration."

"'The United States Government also thought it opportune to reassure the public. Its spokesman, Dr. Julius Klein, Assistant Secretary of Commerce, and an authority on economics, was directed by the President to assure the millions of anxious American listeners through wireless transmission regarding the crash on the stock market that "regardless of regrettable speculative uncertainties, the industrial and commercial structure of the Nation is sound."

"'But, up to the middle of November, there was no "comeback" in Wall Street. It is generally admitted that about 5,000,000 people have been speculating and that approximately $200,000,000,000 were lost; that is at an average of $40,000 each.

"'Now, how was it possible? Well, for the benefit of those who have not read the first issue of Paris-New York, we shall reprint in part what Grau-Wandmayer said in May last, in his article The Orgies in Wall Street:

"'"It is impossible to let pass in silence the gigantic rascalities of a gang of men, mostly international pirates, who are the dominating figures in that pandemonium called 'Wall Street' and who are on the best way not only to loot 120,000,000 Americans, but to defraud a whole world, to undermine the very foundations of the whole economic structure of all countries; who are debauching millions of honest men and women to the detriment of struggling nations and whose only object is to plunder and to steal.

"'"Aided and abetted by scurrilous politicians, Wall Street sharpers have coined a slogan that 'America is enjoying unusual prosperity', and under these false pretenses they have succeeded in causing an inflation of values, which is surpassing the most optimistic dreams of windbags and financial tipsters and the hopes of charlatans offering their shoddy financial wares.

"'"From 8,000,000 to 12,000,000 shares are being turned over daily on New York exchanges and over counters and the money required day by day for gambling purposes amounts to $10,000,000,000.

"'"Never in the history of any country has such a horde of men and women with little capital and financial experience been lured to the center of speculation, and never in the history of any country was gambling so boldly and officially encouraged as in the United States during the last few years."

"'The author of the above-mentioned article further cited serious authorities who claimed that the pretention of those who indirectly influenced the great public to gamble by constantly telling that the country is prospering as never before was untrue and misleading.

"'Said Grau-Wandmayer:

"'"A short time ago, no less an authority than the National Industrial Conference published the results of the investigation of 30 trained statisticians operating under the guidance of said National Industrial Conference, which shows that the 'prosperity' of the United States during last year was spotty in character and that there was a decidedly marked contrast between the extraordinary high level of financial activities in Wall Street and the lower volume of general business. It was stated in the report that available statistical data for December in January last do not indicate any marked change for better or worse in the general business situation which characterized the past year as a whole. Furthermore, complete statistical information made it clear that, so far as prevailing measurements of business go, 1928 was a year of less than normal growth in general business activities in the United States.

"'"The year was notable only for a few months of high activity in iron and steel, in automobiles and related industries, and in building construction.

"'"It is now being conceded that the 'prosperity' in the United States is only a paper prosperity with stock gamblers taking all the profits. The people as a whole are not only no better off than they were years before, but the middle classes are being pauperized through well-known process of inflation."

"'There cannot be the slightest doubt about it that the Wall Street disaster will ruin business in all parts of the world and that we may face prolonged hard times. The collapse was so titanic and far-reaching that its catastrophic results cannot yet be grasped.

"'In former market panics only relatively few persons were affected. Stock speculation in former times was confined to a small portion of population. At the time of the great deroute 17,000,000 people were registered as stockholders.

"'Now, what is the United States Congress going to do about it? * * * The trouble is that the majority of American legislators speculate at various times on various exchanges, and that the so-called "financial leaders" are fundamentally dishonest. All those bankers who tried to oppose or actually defied the action of the Federal Reserve bank which tried to discourage speculation have acted in bad faith. We wish to mention only the nefarious role played by the president of the National City Bank of New York, Mr. Charles Mitchell, who boldly denounced the restrictive action of the Federal Reserve bank tending to curb speculation.

"'The National City Bank of New York, that greatest bank in the country, is particularly unlucky in its selection of men to whose supposed integrity people are intrusting their money. It must be remembered that one of its former presidents was responsible for the fact that the American people have lost nearly a hundred million dollars in Russian securities; that his successor, Mr. Stillman, was involved in a tremendous personal scandal before the courts in New York; that the National City Bank's sugar speculations in Cuba resulted in almost ruining that country, so dependable on Wall Street. Now, it is its present first executive, formerly its first bond salesman, who tried to prevail on professional gamblers to defy all warning, to hold on, because his bank profited so enormously by lending money on exorbitant rates and also by inviting the banks of the world to divert the funds intrusted to them for legitimate purposes and to send those funds to the City Bank for speculative broker loans. The National City Bank had to close in 1923–24 about 40 branches in all parts of the world, because people distrusted that bank's management, and now the same bank is again penetrating foreign countries looking, as it seems, this time for foreign capital to support Wall Street speculators.

"'We regret that lack of space does not allow us to give to our American readers a short review of some of the foremost European papers regarding the New York Stock Market disaster. It would be interesting and instructive. These papers are mostly reserved in their utterances, but the gist of their comments is "Cave Americanem."'

"In 1929 the officials and directors of large corporations, being well aware that securities were selling far above their intrinsic value, began to sell 'against the box' to protect the gains made in the value of the stock they held—stock that had been gyrated to dizzy heights by 'wash' sales, false reports of fabulous earnings, pool manipulations, and misleading financial reports. Mr. Whitney naively disclaims any knowledge of such practices and asks for proof. I must state that my evidence is purely circumstantial, yet such factual evidence as exists—and make no mistake about it, gentlemen, it exists—is confined to the exchange members themselves. And how, I ask you, can one derive any knowledge of a corporation unless one has access to the records? These records are proof, and this explains Mr. Whitney's solicitude in preventing an examination of the exchange records.

"Professor Lawrence stated that he sympathized with the poor unfortunate short sellers; he gave us figures of the cost of short selling and endeavored to show us what the short seller contributes. That being the case, my bill will protect the short seller, and he should have no complaint. Professor Lawrence also pointed out that the unlisted stocks and the stocks not sold short suffered as great a deflation as those sold short. It is amusing for me to note what little respect these professors and New York lawyers have for the intelligence of the Members of this House. Do they not know that these unlisted stocks and bonds naturally follow the trend of the listed stocks and that bonds have suffered because many people in despair have been forced to sell their bonds and unlisted stocks rather than sacrifice the listed stock which they bought at the boom period with the encouragement of our financial and political prophets? Does Professor Lawrence feel that we do not know that the value of bank

stocks is bound to be affected when billions upon billions of deposits have been withdrawn from the banks and from the legitimate business channels?

"In addition, he has stated that there are 10 'bulls' to 1 'bear.'

"Up to a year ago the percentage was much greater, but due to the publicity which the 'bears' have received the ratio on the 'bear' side has naturally increased. And this, I believe, is another important reason why short selling should be prohibited or restricted without delay.

"There are other and more urgent reasons why we should legislate in this regard before it is too late. Thousands of people in an attempt to recoup their losses have again been 'taken in' and deprived of their last penny. It is to protect those who have lost everything and are in despair and who will be tempted to take long chances in order to recover their losses that we must curb this vicious practice. And, above all, it is to prevent a recurrence of the cataclysm in which we now find ourselves; a cataclysm which robs a people of their finer qualities and in passing leaves them cinderlike—hard, scarred, and misshapen. The great mass of the American people will never forget the haunting memory of these years and will censure us if we do not act, and act quickly."

Although you may or may not agree with me that it is a fair statement, yet I do not believe it brings home to you gentlemen all of the facts that I should like to have you know. Therefore I shall just ramble along and give you an outline of my efforts to correct this evil.

Short selling, gentlemen, is not a new question with me. I have been opposing it for more than two decades. However, it was not until 1929, when conditions appeared timely for a gigantic social and economic upheaval, that I began to attack this practice in earnest. I have been through several panics and crises and was acquainted with the conditions leading up to them as well as the part played by the short sellers. Gentlemen, we look with horror upon the ghouls who slink about under the cover of darkness to rob the dead. Yet these men, under a cloak of respectability, move about spreading false rumors, preying upon the fears and shortcomings of men, and breaking down this confidence of the people in our industry, our institutions, and our Government. The ghouls rob the dead; these men rob the living of their life savings and the Nation of its lifeblood. And yet nothing is done about it. Some day posterity will look upon the stock-exchange manipulations and practices of 1928–32 as the greatest crime committed upon the people of the Nation, and will hold those who had the power to stop these practices responsible for the great catastrophe that has occurred.

You are undoubtedly aware of the fact that the wealth of the Nation, due to the manipulations in stocks, has been reduced by nearly $150,000,000,000; that the stocks which are listed on the New York Stock Exchange and other exchanges are worth only 20 cents on the dollar; and that although their former value was about $170,000,000,000, today it is about $32,000,000,000. And when we take into consideration that in this terrific crash over 20,000,000 of our people have been imposed upon and made nearly penniless, then you will agree with me, I know, that we have permitted conditions to exist which should have been prohibited long ago.

In November 1929, when I saw what was going on, I wired the President, asking him to stop this abuse. I also sent telegrams to the chairman of the Federal Reserve Board, the Secretary of the Treasury, and the presidents of the stock exchanges.

And a few days afterward the officials of the New York Stock Exchange issued the so-called "questionnaire", requesting brokerage houses to make reports of the short sales. Of course, you know that the market immediately righted itself, and that it went along that way for 2 weeks until the officials saw fit to rescind the ruling; and then again the crash continued.

Mr. CONDON. What was that date? Will you put that in the record now?

Mr. SABATH. That was November 14. Now, may I insert here in the record, Mr. Chairman, my telegram to the President and to the board of governors of the New York Stock Exchange?

Mr. MCKEOWN. Yes.

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CHICAGO, ILL., *November 12, 1929.*

His Excellency, HERBERT HOOVER,
President of the United States, Washington, D.C.:

Today's New York press dispatch states that the professionals are still selling short. I am satisfied that 99 percent of the American people feel that this outrageous destruction of the small investors has gone far enough and that immediate steps are needed to save the Nation from the disastrous conditions that are bound to follow. It is the consensus of opinion of well-informed men that you, Mr. President, should call upon the financiers of this Nation to stop profiteering and formulate and carry out a plan to save the Nation from dire calamity.

A. J. SABATH.

CHICAGO, ILL., *November 12, 1929.*

The BOARD OF GOVERNORS,
The New York Stock Exchange,
New York City, N.Y.:

Today's New York press dispatches state that short selling is increasing. In view of conditions I express the opinion of many well-informed men that the board, having power to stop all short selling, should do so immediately, since the existing dangerous conditions demand such a step and may be helpful and beneficial to the entire Nation. Failure of the board to act may bring about conditions the seriousness of which no one can foretell and for which the board will be held responsible.

A. J. SABATH.

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At that time the officials claimed that they did not know of any short selling, but later on I will be able to show that the professional short selling began early in the fall of 1929, when all of the insiders, namely, the officials and directors of large corporations, who were aware of real conditions, were selling "against the box." There is no question that thousands upon thousands of shares were sold in this obviously unfair and unjust manner.

Now, to my mind the action of these officials and directors was not only unfair and unjust but criminal; it was like playing with the working people, who were asked to invest and did invest their funds, with loaded dice.

And they had the President and Mr. Mellon and others tell the people to come in and buy stocks—that stocks were cheap and would go higher; that is, while they themselves were selling—thus obtaining money from millions of American citizens under false pretenses. And I am satisfied that if these individuals were brought before any unbiased judge and this evidence submitted, the court would be obliged to find them guilty of a crime. Why, we convict people every day for obtaining a few hundred dollars on false pretenses. But here we have thousands of cases where the American people have been mulcted out of billions and billions of dollars, and no one has been convicted.

Now, the fact is, Mr. Chairman and gentlemen, that I have continued to harass the stock-exchange officials and Mr. Whitney with my telegrams and letters. And I have appealed to the President, and, in fact, everyone who I thought would help me stop this abuse, including the Postmaster General and the Attorney General. I ask leave at this time to insert these telegrams and letters in the record.

Mr. MCKEOWN. Those will be admitted in the record.

(The telegrams and letters referred to and subsequently submitted by Mr. SABATH are as follows:)

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CHICAGO, ILL., *December 26, 1929.*

His Excellency HERBERT HOOVER,
President of the United States,
Washington, D.C.:

For the purpose of restoring confidence and stabilizing business, industrial leaders of the United States have pledged themselves to cooperate; but a small coterie of gamblers willfully and deliberately, through short-sale manipulations, are not only undoing your constructive efforts but are further demoralizing business and general conditions. The exchanges which have it in their power to stop this destruction by stopping the tremendous short selling are indifferent to your efforts and the welfare of the country. In order to bring about your aims, I feel you should demand cessation of these purely gambling ruinous activities of the destructive forces. The large number of genuine investors of this country who own more than 90 per cent of its securities outright can demand that their values are protected against vicious manipulation and that their peace of mind is protected so that they may continue their work unharassed.

A. J. SABATH.

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CHICAGO, ILL., *October 11, 1930.*

BOARD OF GOVERNORS,
New York Stock Exchange,
New York, N.Y.

GENTLEMEN: A year ago, before the crash, I wired you that in the interests of the Nation all short selling should be discontinued. A few days later you issued a questionnaire to your members as to the loanings and borrowings of stock and market conditions improved. But within a few weeks you withdrew the questionnaire, with the result that another wave of short selling ensued, and is still continuing to the detriment of the entire country.

I have tried in every way by congressional action and through the administration to put a stop to the destructive practice of short selling but failed to obtain any cooperation at that time. You have permitted, sanctioned, and even approved of this infamous practice. Therefore I view with some degree of satisfaction the report in today's newspapers that you have declared war on the "bears." But instead of war, it is merely an apologetic request upon the organized destroyers of our stability, commerce, and business to be careful as their mass and collusive bear raiding.

This, to my mind, will not satisfy the American people. They now demand that not only the concentrated but all short selling cease, if not for all times, at least long enough to give business and industry a chance to recuperate from the Nation-wide depression and unemployment. I am convinced that this demand will not subside until this destructive practice ceases.

Neither you nor your shrewdest publicists can successfully deny or contradict the fact that these very manipulators in 1927–28 forced the prices of securities to unjustifiable heights and in the latter part of 1929 started the short-selling campaign, utilizing every conceivable rumor to aid them in their treasonable action which has brought about the greatest, most destructive financial tornado in the history of our land. A storm which wrecked hundreds of banks and financial institutions, closed thousands upon thousands of businesses, destroyed thousands of factories and

plants, thereby forcing out of employment millions of our citizens, and causing untold want and misery.

But this is not all. The life earnings of from ten to twenty millions of citizens were swept away; the very lives of hundreds of men have been taken; thousands have been driven to insanity. All this should and could have been avoided if your exchange and similar institutions had the slightest interest in the country's welfare.

I again call upon you to stop immediately all short selling, if not for the country's sake then do it for your own, as failure on your part to act may eventually stop not only short selling but all gambling transactions on all the stock exchanges and boards of trade.

Very truly yours,

A. J. SABATH.

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CHICAGO, ILL., *October 16, 1930.*

His Excellency HERBERT HOOVER,
President of the United States, Washington, D.C.

DEAR MR. PRESIDENT: A year ago, before the crash, I called your attention to the approaching alarming conditions and advocated and pleaded for a cessation of the disastrous pool, short-selling practice.

Therefore I read with some satisfaction in today's press of a conference you held with the New York Stock Exchange officials regarding short selling and the investigation of stock-exchange transactions by the Department of Justice. The report indicates that they question the Government's power to stop this prosperity-destroying practice.

No one can successfully deny today that the stock crash, to which you alluded in your December message, was responsible for and aggravated the conditions that have brought about the wrecking of hundreds of banks and financial institutions, the closing of thousands upon thousands of businesses, the destruction of thousands of factories and plants, thereby forcing out of employment millions of our citizens and causing untold want and misery.

It is known to be a fact that the New York Stock Exchange can curb short selling by the issuance of an order that all loanings and borrowings of stocks cease. This will bring short selling to a minimum. If the stock exchanges have any interest in the welfare of the Nation and in the reestablishment of confidence, they will, if not for the country's sake, then for their own sake, issue immediately such an order without questioning the power of the Government to stop this nefarious practice.

This in a great measure will eliminate uncertainty and will have a tendency to reestablish confidence, which is so sadly needed, for the resumption of the legitimate business of the country. Please be assured that my activity against these destructive shorts is prompted only by a sincere desire to improve the deplorable conditions of the Nation.

Permit me to remain, respectfully,

A. J. SABATH.

THE WHITE HOUSE,
Washington, October 17, 1930.

Hon. A. J. SABATH,
House of Representatives, Washington, D.C.

MY DEAR MR. SABATH: Your letter of October 16 has been received and will be brought to the attention of the President.

Sincerely yours,

LAWRENCE RICHEY,
Secretary to the President.

CHICAGO, ILL., *June 10, 1931.*

BOARD OF GOVERNORS,
New York Stock Exchange, New York, N.Y.:

Notwithstanding your questionnaire on borrowed stocks, the newspapers continue to call attention to the bear raids which are causing continuous uncertainty and fear and are making impossible reestablishment of confidence; therefore I again urge in the interests of the Nation as well as of your institution to stop all short selling, as the situation is serious and you should do your part to relieve conditions.

A. J. SABATH.

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CHICAGO, ILL., *September 23, 1931.*

To His Excellency HERBERT HOOVER,
President of the United States, Washington, D.C.

MY DEAR MR. PRESIDENT: I again take the liberty of asking that the governmental facilities be prohibited to the unlawful and criminal activities on the part of the professional short sellers who, beyond any doubt, are responsible for the great panic. No evidence of my position is necessary other than the statement on short selling of Mr. Whitney, president of the New York Stock Exchange, made the day before yesterday:

"During the present emergency it would tend to bring about a condition of demoralization in which prices would not fairly reflect market values."

I feel that it has been clearly demonstrated that if short selling ceases confidence can and will be restored and business resumed. I repeat, the Government has the power to stop this unlawful—yes, criminal—gambling practice.

Yours very respectfully,

A. J. SABATH.

THE WHITE HOUSE,
Washington, September 25, 1931.

Hon. A. J. SABATH,
Chicago, Ill.

MY DEAR MR. SABATH: Your letter of September 23 has been received, and I have placed it before the President. He has read it with interest.

Sincerely yours,

LAWRENCE RICHEY,
Secretary to the President.

CHICAGO, ILL., *September 23, 1931.*

Mr. RICHARD WHITNEY,
President New York Stock Exchange, New York, N.Y.

DEAR MR. WHITNEY: I was ready to congratulate you on your splendid and straightforward statement regarding short selling made on last Monday but I read today that the order banning short selling has already been rescinded.

In view of what you yourself have said about the demoralizing effect of this practice, I cannot conceive of any reason for this rescinding order.

For 2 years I have appealed to your patriotism and good citizenship to stem the growing depression by using your efforts to stop the destructive practice of selling short. Your statement and the 2-day ban helped considerably, the market reacted favorably and saved the situation when Great Britain suspended the gold standard.

I believe that a continuance of the restriction of short selling will be a great factor in helping to reestablish confidence in the people and in the restoration of business, and I hope that you and the governors of the exchange will see your duty clear to again ask your members to refuse to accept short-sale orders, thereby helping the entire Nation.

It is within your power to do this, and by so doing you can forestall legislation that will go away beyond the prohibition of short selling.

Very truly yours,

A. J. SABATH.

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CHICAGO, ILL., *October 5, 1931.*

Mr. RICHARD WHITNEY,
President of the New York Exchange,
New York City.

DEAR SIR: More than 2 years ago—even before the stock-market crash—I appealed, supplicated, and finally demanded that short selling, and particularly professional short selling, be stopped, feeling at the time that unscrupulous gamblers would take advantage of the then impending depression. I pointed out that in order to save the Nation from financial chaos and misery it was absolutely imperative to prevent, or at least restrict, short selling, for tremendous short selling was bound to affect not only stocks but bonds also, and thus impair the position of most of our banks, which held much of these securities as collateral.

These appeals I have reiterated on various occasions since then, but to all of my appeals you either have turned a deaf ear or have attempted to defend short selling as a necessary "brake" on "dangerous inflation." Yet during the period of extreme inflation, from 1925 to 1929, inclusive, short selling as a "brake" was of little or no consequence.

To be fair, I must concede that on November 12, 1929, or thereabouts, you did send out a questionnaire to the members of the exchange regarding the scope and extent of the short interest, though it is my recollection that the questionnaire, probably because it centered hostile attention on the large short sellers, had a very favorable effect on the market, which changed for the worse again almost as soon as the questionnaire was withdrawn. I must concede, also, that you did request, on the day preceding Britain's abolition of the gold standard, that short selling should cease temporarily; though the result was as I expected—the market reacted favorably, notwithstanding disquieting news from London. In both instances it was obvious to me that when short selling was prohibited the market seemed to adjust itself favorably.

In view of the alarming conditions, I feel it is imperative that short selling should cease immediately. The extreme inflation and the present deflation caused by professional short selling is responsible for the closing of 2,000 banks, has thrown more than 8,000,000 people out of employment, has sent thousands of business men into bankruptcy, and has brought misery and dissatisfaction to the entire Nation.

When I began my crusade against unmitigated "bear" operations 2 years ago, a majority of the financial publicists and economists, influenced by the avaricious professional short sellers, retarded my efforts. Today, however, not only enlightened economists and unsubserviant newspapers but that same apathetic group are beginning to realize the destruction that has been done. There is no question that the matter of the prohibition of short selling will be taken up in the next session of Congress.

Before Congress convenes, however, I am hoping that you will see the justice and righteousness of my position and restrict short selling of your own volition. Failure on your part to heed my warning to stop short selling may result in a demand to suspend all trading on the stock exchange until strict regulatory laws are enacted.

Very truly yours,

A. J. SABATH.

CHICAGO, ILL., *December 1, 1931.*

Mr. RICHARD WHITNEY,
President New York Stock Exchange,
New York City, N.Y.:

The current issue of Barron's states: "Meantime short selling has lost none of its vogue with the rank and file. The practice is general on all sides, so easy and so prompt have been the results." Wall Street tipster services disseminated by the vast majority of the brokerage houses throughout the United States in the interests of the shorts are endeavoring to create fear in the minds of the people against the approaching session of Congress; all with the deliberate intent to destroy whatever confidence there still remains. By immediately prohibiting short selling you can easily put an end to this vicious destructive propaganda and save the Nation, as well as your own institution, from complete demoralization. This action is absolutely necessary, inasmuch as your so-called "restrictive measures" have signally failed, as is stated by the best informed authorities on Wall Street.

A. J. SABATH.

Mr. SABATH. Thus it can be readily seen that I have done everything humanly possible to make the stock-exchange officials and the administration realize the destructiveness of short selling and the need for prohibiting it, at least, until conditions return to normal.

Now, Mr. Chairman and gentlemen, I shall try to bring home to your minds these vicious practices, as I view them, as well as I can; and I hope you will bear with me.

At the beginning all I received for my efforts in annoying them with those communications was condemnatory letters, mostly emanating from the offices of the brokers on Wall Street and LaSalle Street.

But finally Mr. Whitney realized that the people were beginning to take notice, and so in 1930 he began to defend his position. His first speech in defense of short selling was delivered in my city [Chicago] on Otober 10, 1930, just about a year after I started my crusade. He delivered the next one at the Hotel Astor on September 17, 1931; the third at Hartford, Conn., on October 16, 1931; and the last on December 15, 1931.

Mr. LAGUARDIA. That was at Syracuse, was it not?

Mr. SABATH. That was at Syracuse. All of these speeches were broadcast over the radio, and every stockbroker was requested to listen in, and, in addition, every investment house received a special communication from Mr. Whitney informing it that copies of the speeches would be forthcoming and asking that it make a general distribution of these speeches to all customers and boardroom habitues.

Mr. CONDON. Of course, you do not condemn him for that, do you? He had a perfect right to make out his own case, did he not?

Mr. SABATH. No; I do not. But what I say is that he appeared here a few days ago, directly and indirectly defending the practice of short selling.

Mr. LAGUARDIA. And doing more than that, Mr. SABATH; not only defending it, but justifying it and urging it as a necessity for the accomplishment of business.

Mr. SABATH. Yes; and he and the professors who have been sent down here by the stock exchange, notwithstanding the fact that they did not expressly say so——

Mr. CONDON (interposing). Well, Professor Lawrence did.

Mr. LAGUARDIA. And so did the other gentleman.

Mr. SABATH. Yes; perhaps so. In response to my inquiry addressed to the Wharton School of Finance and Commerce of the University of Pennsylvania as to whether or not Professor Huebner really represented the university, as he originally stated when he was here, and as I expected, I received the following letter from the dean:

UNIVERSITY OF PENNSYLVANIA,
Philadelphia, February 20, 1932.

Mr. A. J. SABATH,
House of Representatives, Congress of the United States,
Washington, D.C.

MY DEAR MR. SABATH: Your inquiry of the 19th instant has been received. As stated in the press, Prof. S. S. Huebner appeared before the Judiciary Committee of the House of Representatives on behalf of the Stock Exchange of New York. He had not been delegated to speak for the university.

Sincerely yours,

EMORY R. JOHNSON.

Mr. LAGUARDIA. Well, I think in fairness to Professor Huebner, Mr. SABATH, it should be made clear that he said he was of the faculty there; and I asked him if he was a consultant, and he said, yes; he was a consultant; and I asked him if the stock exchange has asked him to come here, and he said, yes. Is that not so?

Mr. CONDON. Yes.

Mr. SABATH. Well, I was not present.

Mr. LAGUARDIA. There is no doubt that he came here in a professional capacity.

Mr. SABATH. That is all right. I was not present when you asked him those questions.

Now, Mr. Whitney and these experts lay great stress upon the fact that this practice is permissible and that it is legal. I concede that where there is delivery some of the courts have held that it is legal. But in all instances where there is no intent of delivery the courts have criticized it and have declared it to be pure gambling. In this connection, I have several cases here which I wish to embody in the hearings, though I wish I had the time to read the severe criticisms made by some judges. I am embodying these cases, and there are three or four of them, merely to offset the statements which have been made that all courts have declared that short selling is legal and valid and that they have looked upon it with favor.

(The citation of cases reads as follows:)

"A short sale is not per se illegal as a gambling transaction: *Boyle* v. *Henning* (121 Fed. 376), *Appleman* v. *Fisher* (34 Md. 540), *In re Taylor* (192 Pa. 304).

"However, such a transaction is illegal if an actual sale is not contemplated and the real intent is to speculate in the rise and fall of prices: *Riordon* v. *McCabe* (341 Ill. 506), *Hurd* v. *Taylor* (181 N.Y. 231).

"The case of *Riordon* v. *McCabe*, supra, recently decided by the Illinois Supreme Court, would, in the light of the transactions held on the Chicago Board of Trade, make a great part of them mere gambling, being, in fact, bets and not contemplating the delivery of any property of any kind.

"Another important case on this subject decided by the Supreme Court of the United States (*Clews* v. *Jamieson*, 182 U.S. 461) reads in part as follows:

"'If, however, under the guise of a contract of sale the real intent and purpose of both parties is to speculate in the rise and fall of prices and the property is not to be delivered at the time fixed for delivery and one party is to pay the other the difference between the contract price and the market price, the whole transaction must be considered as a wager and invalid.'

"The reason for this rule is well stated by an early case (*Melchert* v. *American Tel. Co.*, 11 Fed. 193) in one of the district courts of the United States:

"'Such a dealing amounts to a mere speculation upon the rise and fall of prices. It required no capital except the small sums demanded to put up margins and pay differences. It promotes no legitimate trade. Any impecunious gambler can engage in it with infinite detriment to the bona fide dealer. It enables mere adventurers at small risk to agitate the markets, stimulate and depress prices, and bring down financial ruin upon the heads of the unwary, * * *. Black Fridays are its legitimate progeny.'

"Other cases might be cited, all to the same effect. A case, *Hurd* v. *Taylor* (181 N.Y. 231), which may be said to be the leading case in that State, clearly holds that a so-called 'short sale' may be conducted on the exchange the same as any other sale; but there is this well-understood rule that is found in this case and every other case which approves the short sale, that there must be a delivery of the stock. If the delivery is not made and such is not in contemplation by the parties, then the transaction is a wager. If it is understood that the broker keeps the stock so purchased in his name and never places it in the name of the customer and deals with it as if it were his property and keeps the gains and losses in a set of books which are the final basis of settlement, and the parties do not have in mind to do anything other than pay in cash the difference at the end, which in truth describes thousands of accounts, then such dealings do not come within the approved rule of short selling of any court of any State, but are described in all the cases as gambling."

Mr. LAGUARDIA. Mr. SABATH, only yesterday our colleague from New York, Mr. OLIVER, put in the record a decision rendered by the Supreme Court of the State of New York in the latter part of February—after Mr. Whitney had testified before this committee—characterizing these practices as to short selling——

Mr. SABATH (interposing). I cannot see how any honest judge or court can rule that it is legal or valid. Why, any rational person knows that short selling is nothing but pure gambling.

Mr. OLIVER. Judge SABATH, would you prefer to have us ask you questions as you go along, or would you prefer to go ahead with your statement uninterrupted?

Mr. SABATH. Well, I am trying to answer their defense first.

Mr. OLIVER. Then I do not want to disturb you; you may proceed.

Mr. SABATH. And when I get through with that I shall be glad to answer questions.

You have heard them say so often that short selling acts as a "cushion." The trouble with us is that many Members of the House are so busily engaged with their manifold duties that they are misled about these things.

Mr. Whitney, able man that he undoubtedly is, must hold the members of this committee and the people of the Nation in contempt by submitting figures purporting to show that the total short interest at any one time was insignificant when compared with the total amount of shares outstanding and by expecting them to draw the only inference—that short selling is of no consequence. I believe he said that at the height of the panic the ratio between the amount of shares sold short and the total amount listed was about one eighth of 1 percent. But why Mr. Whitney has chosen to compare the numbers of shares sold short with the total amount is indeed difficult to understand. Certainly it would be more a manifestation of common sense to compare the total short sales with the floating supply, or, of infinitely greater value and import, the total short sales with the total long sales on any given day. It has been stated that the market was never short at any one time more than 4,000,000 shares and that this small amount could not possibly affect the movement of millions of shares. To reason thus is to betray a lack of knowledge of trading. It must be plain that no short sellers would be so foolish as to spread short over the entire list of securities, many of which are seldom traded in during the year. The truth is that "bull" and "bear" operations are concentrated on a few pivotal

and volatile securities which are pushed up and down at will. The rest follow naturally enough.

Every short sale is made with the deliberate intent to destroy whatever commodity or stock that the short seller may sell. A short seller is not a producer. A short seller is a destructive individual; he is trying to destroy a thing that another man owns or produces. And I can hardly grasp the thought that we should have permitted such practices for so many years.

Mr. CONDON. May I ask you a question there?

Mr. SABATH. Yes.

Mr. CONDON. In that connection, may not the reason for it be this, that the short seller is trying to get stocks back to a value which he considers is fair, rather than the inflated values that he finds those particular stocks have when he starts his operations? In other words, is he not using his judgment as to what should be the true value of the stock? That is a question that I should like to have you answer.

Mr. SABATH. No short seller ever has the interest of a particular commodity or stock in mind. His mind is occupied with the question, how much money can I make on that particular deal? His aim is to make money; do you understand?

Mr. CONDON. Yes; but——

Mr. SABATH (interposing). And he sells short, not to equalize the prices, not to adjust the conditions, but to make money.

Mr. CONDON. May I suggest that that is the motive of all men of business—to make money, and as much as they can?

Mr. SABATH. This is not business, but a destructive practice; because anyone, even a fool, can destroy; but it takes a man of ability to help to build, to construct.

Mr. CONDON. Well, what do you think of the men who build up to such inflated values that many fools rush in to try to get some of that "easy money"?

Mr. SABATH. Now you have asked me something that I am mighty pleased to answer. I have no excuse for, and am ready to condemn the men who willfully and deliberately inflated values of the stocks. But I believe you will find that they are the same men who today are selling short; that they were the "bulls" in 1928 and 1929; and that they are bankers and officers of corporations. They are men who stand high in our communities. They go to church on Sundays and give little donations here and there to the poor. They are the men who have accumulated millions upon millions of dollars at the expense of thousands of widows and dependents who today are homeless and penniless.

I say that these men who caused the criminal inflation and who are destroying today should be publicly censured and restricted in their activities; and I am trying, if that be possible, to restrict them in their infamous operations.

Mr. CONDON. And that, you say, includes short selling and also selling long on the market?

Mr. SABATH. All professional manipulation, gambling, and pool action.

Mr. CONDON. Then the operations of all kinds on the stock exchange ought to be forbidden?

Mr. SABATH. No. I am not opposed to legitimate sales; and there is no question that a great number of the sales made are legitimate. But is it necessary to sell a certain stock 10 times every month, or 3 times a day? Is it necessary to turn over the total stock issued by a company every 4 days—as was the case in the J. I. Case stock in 1931? That is gambling. I do not object to a legitimate stock exchange or market place; but do we need to have three or four or five million shares, or ten million shares, of stock sold in a day? That is a professional market.

I want a man who owns stock to have a chance and an opportunity to sell it at the market—not an artificial and criminally manipulated market but a legitimate market.

Now, I have something here that might interest you in connection with that; and I ask you whether you think it is necessary to sell millions of shares of stock every day to create a legitimate market?

I have here a statement from a gentleman named A. V. Shaw; he states:

"The entire common capitalization of a well-known company listed on the New York Stock Exchange was sold 94 times on the stock exchange in 2 years, in 1930 and 1931. The commissions alone on this turnover amounted to over $8,000,000, or more than the entire issue was worth at the close of 1931."

Now, do you think these were all legitimate sales? No one is gullible enough to believe that they were. This was a clear-cut case of gambling, nothing else but dishonest gambling; and that, gentlemen, is what I am trying to stop.

I will tell you why these gentlemen of the stock exchange are so much interested in maintaining a free and open market, as they choose to call it. It is not so much because they are interested in providing a ready market for securities, as Mr. Whitney would have you believe, but rather because they are interested in continuing the activity that such a market represents. A free and open market means activity, and activity means business in the form of commissions and loans. Do you know that in 1929 the brokers' commissions and interest charges on loans amounted to $959,000,000? That sum, I believe, speaks for itself, and no expression of solicitude for the customer by Mr. Whitney or the gentlemen sent here by the exchange can mitigate the importance and significance of these figures.

Mr. YATES. What year was that, Mr. SABATH?

Mr. SABATH. 1929. Now, permit me to insert here the number of shares listed, the market value of them, the percentages, and the cost of operation. These figures were not compiled by me, but by Mr. E. C. Riegel, of New York.

The statement referred to was subsequently submitted by Mr. SABATH and is as follows:

New York Stock Exchange record, 1929

Number of shares listed		942,492,072
Sales of shares		1,124,608,910
Market value of sales		$112,460,691,000
Brokers' loans (average constant)		$6,000,000,000
Commissions to brokers on stocks	$449,843,564	
Commissions to brokers on bonds	7,550,790	
United States and New York revenue charges	44,984,356	
Interest charges (average 7.62 percent	457,200,000	
Total brokers' charges to customers		$959,578,710
Dividend yield on all listed shares (average 3¼ percent)		$3,654,978,957
Brokers' charges on stocks (compared to market price)—percent		0.85
Ratio of brokers' charges to dividend income—percent		26.00
Net dividend return—percent		2.40

"The above figures are not absolute, but are approximately correct and reveal a picture the stock exchange does not care to have revealed. It shows tnat by pyramiding prices and cnarges the stockholders' income during the boom was reduced to the small percentage of 2.40, or about one third of what it is now during depression. Of course, the stockholder who did not 'trade' did not suffer from this shaving process. On the other hand, a man who ran a 'trading' account of about $1,000 per week, with a weekly turnover, paid 52 times 0.85 percent, or 44.20 percent of his capital. With this sort of capital bleeding it is obvious that listed stocks must sooner or later develop a list, and that from an income standpoint, if 'traded' in upon the exchange, are a very poor buy. What the scalping process of the exchange is worth to the members may be seen from the price of a membership, which in 1929 sold as high as $625,000. With 1,100 members at that time the 'bookie value' of the New York Stock Exchange was $687,500,000. Today, with prices down, dividends high, and 'trading' small, the racket is valued, according to a recent sale of a seat, at about 25 percent of the 1929 value. In other words, the more the stockholder gets for his money the less a seat on the exchange is worth and vice versa."

It is amusing to note how far some gentlemen will go in trying to defend short selling. If my memory serves me, there was Professor Huebner, who said, "Oh, yes; that will prevent a man who is away from his home and owns shares of stock from selling them."

Mr. Chairman, this is not a short sale. I do not object to such a sale. In this case the man owns the stock, and the stock exchange can easily adopt a rule stating that when a man is away from his place of business or is traveling he can have additional time to deliver such stock. You understand that, I hope. I do not propose to deprive a man so situated of an opportunity to sell, it matters not where he be.

Mr. Whitney and others assert that stock prices are the result pure and simple of the great economic law of supply and demand and that they are an expression rather than a cause of this depression. Permit me to say that I disagree with Mr. Whitney and his gentlemen. In theory the stock prices should reflect the law of supply and demand and should be an effect rather than a cause. Yet a cause they are, for the natural law applies only to a condition where there are no unnatural machinations to interrupt it. Would any person deny that "wash sales", pool operations, misleading financial reports, and the circulation of false statements interfere with the law of supply and demand? I hardly think so.

Mr. Chairman, there was nothing to prevent short selling in 1927, 1928, and 1929. Why did not short selling do then what is claimed for it now? The answer is simple. The individuals who really determine the trend of the market and who are now "bears" were then "bulls." They were no more interested in equalizing prices or stabilizing the market than they are now as "bears." Ask the small short sellers who in 1928 and early in 1929 sold short in the belief that stock prices were too high—which, in fact, they were, selling in many instances more than 5 to 10 times their value—what happened when they went against the trend of the market. You will find that nearly all of them were thoroughly beaten and cuffed around. Ask them whether their sad experiences have taught them anything. I am confident they will say, "Do not trade against the trend of the market", to put it more correctly, "Do not trade against the trend created by the big operators."

The exchange, says Mr. Whitney, regulates all possible wrongdoing. Of course, it is difficult to understand just exactly what Mr. Whitney means, for he has a delightful way of being ambiguous. Oh, I have no doubt that when there is an apparent irregularity on the part of some member or brokerage house, for example, when some widow is swindled out of her life savings, heroic measures are used to punish the offenders. However, when cases of irregularities or wrongdoing are not so apparent—and I should say that a majority of the irregularities are of this nature—little is heard of punishment meted out, if any at all. Take, for instance, this question of "bear raiding."

In his broadcasts and talk before the committee Mr. Whitney was profuse in his statements that the exchange, while opposed to any restriction on short selling, is doing everything in its power

to prevent "bear raiding." Yet, during the course of his testimony before the committee, when he was asked how many individuals were punished by the exchange for "bear raiding" in the last 2 years, he made the startling statement that, although there had been many alleged instances of this practice, the committee on conduct could find no evidence of a single violation of the rules of the exchange in this regard, and therefore that no one had been punished.

Frankly, gentlemen, I am more interested in action than I am in profuse expressions of action. But I find it difficult to understand how it is, in the light of what has happened in the last 2 years, that this committee on conduct can find no evidence of this practice. Day after day editorialists and reputable financial writers inveigh against this vicious practice, and yet there is no "bear raiding." It is, of course, quite possible that there has been, and is, some measure of overstatement in these newspaper reports and editorials, but I am convinced that such information would not be published unless there was some basis in fact.

Mr. Whitney also stated that the exchange is extremely watchful in preventing corners, among other things. And in his speech, broadcast from Hartford, Conn., on October 16, 1931, he said, in reference to the ban that had been placed on short selling directly after Great Britain had gone off the gold standard, that "within two hours after short selling was forbidden, the governing committee found there was a real danger of technical corners and of crazy and dangerous price advances."

I must admit that I cannot follow his reasoning. I have a list of securities picked with reference to their volatility, and only in one instance has the oscillation been more than five points. If that constitutes a "crazy advance", I should like to know what the officials of the exchange thought of the advance in the stock of the Vanadium Corporation in 1929 when it was gyrated from $37 to $145. It appears quite evident to me that there was some form of irregularity here; that some group of individuals had cornered the floating supply and had pushed the stock up to the limit. The same may be said of the extraordinary movements of the stock of the Simmons Co. and the United Aircraft Co., not to mention a host of others. Yet I have no recollection of any investigation being held in regard to these apparent irregularities.

Short selling, said Mr. Whitney and Professors Huebner and Lawrence, is not the cause of the depression; the underlying cause is the forced liquidation. And as proof of their contention they submit figures showing that in the bond market, where short selling is practically nonexistent, the decline in the value of bonds has been almost as severe as that in the value of stocks. Now, no one, I believe, denies that liquidation was a factor in the bond market and that there was liquidation in the stock market and that, consequently, liquidation has a casual relationship to this depression. But what I deny is the thesis that it is the underlying cause of the depression.

It was the incessant and wanton destruction of security and commodity values by short selling that caused, and is prolonging, the depression. And it is the knowledge and the fear that security and commodity values can be knocked to perdition at will by the short sellers that deters people from investing. And it is this same fear that has caused the liquidation that Mr. Whitney so naively says is the cause of the depression. Prohibit short selling and thereby dispel the fear of huge losses, and liquidation, without question, will cease.

Now, I am forgetting—and this is the point I want to bring home to you gentlemen: I realize that they are trying hard to justify a condition. And I am going to put in the record that in September 1931 I again wired Mr. Whitney and made it clear to him that if the exchange did not stop short selling of its own volition Congress would force it to do so. In that wire I said:

"If not in the country's interest, in your own interest stop short selling, at least for the time being, so as to give the country a chance to revive."

And on the next day—or was it the same day?—Great Britain went off the gold standard. You remember that. Most of the stock exchanges closed. The New York Stock Exchange was about to close; but in the morning the governors met. Now, I know that they did not want to issue an order prohibiting short selling that day; but it was a question of closing the stock exchange for a few days or banning short selling. What did they do?

They put in an order prohibiting all short sales, in an effort to prevent the terrific crash which they expected would ensue from the unfavorable report that Great Britain had gone off the gold standard.

And what was the result? Instead of a crash there was a decided upward movement. I do not know how severe a crash there would have been if the exchange officials had not banned short selling, but there is every reason to believe that it would have been the worst in the history of the exchange. You see the effect, gentlemen, of the prohibition of this practice. A report is sent out, "No short selling", and instead of there being a crash the market reacts upward. And when the reaction is so pronounced, what do you think they do? Rescind the order. To protect the investors? Not at all. They are afraid that the prices will go to such heights that the short sellers will receive a deserved whipping. They rescind the order to protect the short sellers. The action of the stock-exchange officials makes it so clear that my position has been a correct one that it is not necessary for me to spend more time replying to their futile apologies for their action. They have convicted themselves by that very act, and they stand convicted before the country.

Mr. McKEOWN. Judge Sabath, how much more time do you want? We are compelled to go to the House early today.

Mr. SABATH. Let me say that I am grateful to you for this opportunity and that I will close shortly; and, inasmuch as I have been given the privilege of inserting some of these papers, I will not detain you much longer. I am inclined to think, gentlemen, that you are commencing to feel that I am right on this question.

Mr. SPARKS. Judge Sabath, I do not believe that you should assume that we are "commencing" to think that. I think that is an opinion some of the members may have had for some time.

Mr. YATES. I understand, Judge Sabath, that you are discussing the various justifications that have been introduced here; and one of the justifications which they have advanced was the stabilization of the market. And you made the point, as I understand you, that in 1927, 1928, and 1929, they had the power to stabilize and they did not stabilize.

Mr. SABATH. Why, of course—according to that theory they could have done that by selling short at that time. But it did not work that way; so it is obvious that their contention is not worthy of serious consideration.

Mr. McKEOWN. Well, is it not a matter of fact, Judge Sabath, that the shorts were out of the market at that time, and it went over the long side?

Mr. SABATH. Mr. Chairman and gentlemen, I have tried to point out to you this fundamental fact: That all of the present-day "bears" were the "bulls" of 1928 and 1929, the same persons who forced the prices of stocks to such unreasonable heights; that they are men who are not interested in the effects of their activities so long as they accumulate money. They are a destructive force because they throw our economic system and therefore our social system out of adjustment.

Mr. McKEOWN. In other words, they take the side that they think they can make the most money out of at a given time?

Mr. SABATH. Yes; and of course they are on both sides at different times.

Mr. SPARKS. Perhaps this has been shown in some of the testimony given before the committee; but do you know what the proportion of short selling is, on an average, as compared with the long selling?

Mr. SABATH. That depends on the news they have for dissemination. If they have a chance to send out a lot of detrimental news which will affect the market, the short selling is much greater. I am of the opinion, from evidence that I have before me and information that I have received from the insiders, that more than 50 percent of the buying and selling is done by the professional traders; and most of this in the last 2 years has been short selling. The statistics that Mr. Whitney gave us cannot be taken into consideration, because a great number of short sales are covered during the same days, and these sales do not appear in the figures which he submits. Do you understand?

Mr. SPARKS. Yes.

Mr. SABATH. They liquidate. These shorts, as you no doubt know, do not take any chances. You know the "sure-thing" gambler does not take any chance; his reasoning is that no matter how small a profit, it is still a profit.

Mr. CONDON. You have not any evidence of that statement that the shorts do not take any chances, have you? Now, Mr. Whitney made a remark to the effect——

Mr. SABATH (interposing). That they are all "broke"?

Mr. CONDON (continuing). That very few of them come out of the market eventually with a profit.

Mr. SABATH. It is for that reason that I am going to ask early action, and I shall tell you why: The outside shorts—that is, those individuals not closely connected with the exchange or with corporations—have not made money; they have lost it, because they are naïve enough to believe that they can go in and compete with these professionals and that they can sell short and make money out of it. But it is only the inside fellows, the floor brokers, the professionals—and there are only a few of them who control the situation—that make money. Ninety or ninety-five percent of those who go into the market on the long or short side of the market eventually lose everything.

Mr. CONDON. It amounts to this: That the outside fellows, the little fellows, who are sometimes "bulls" and sometimes "bears", generally wind up by being "lambs"? [Laughter.]

Mr. SABATH. Yes; they are all "boobs." But in reply to Mr. Whitney's statement relative to all "bears" being "broke," permit me to insert the following statement written by Mr. Leslie Gould which appeared in the Chicago Evening American on February 25, 1932:

"If the 1932 bears stick to their announced intention, they may upset that old adage quoted by Whitney, that none of the big shorts in the old days died millionaires. * * *

"Since the 1929 market crash the bears have taken rolled-up paper profit of upward of $2,000,000,000, with half of it going to European plungers. In this country 10 bears, it is said, have piled up upward of $600,000,000.

"Here's about the way the $600,000,000 profits is divided:

No. 1 bear	$200,000,000
No. 2 bear	150,000,000
No. 3 bear	50,000,000
No. 4 bear	50,000,000
No. 5 bear	30,000,000
No. 6 bear	25,000,000
No. 7 bear	25,000,000
No. 8 bear	25,000,000
No. 9 bear	10,000,000

"Of the 10 above, 1—no. 9—died late last year. He had covered nearly all his short lines before his death, so he beat the game.

"The other nine are very much alive and kicking. They are the ones who have stepped out of the market for the time being. * * *

"The bears who have clambered to the sidelines are not bullish. * * * They believe there is real danger of legislative action against short selling, both in securities and commodities * * *."

Mr. SPARKS. Do you think there would be a persistency in short selling if these people lost about every time and not ever make a profit?

Mr. SABATH. They would not be there. [Laughter.] Because that is their business; they go there in the morning and watch for the "boobs" and the "lambs" to make their bets, and then they come in. They know what orders have come in during the night; who must sell; what the conditions are. They go over the reports—there are 7,000 shares of this or that stock that must be sold. Yes; they know that it must be sold by a bank, or by some fellow; and they will go in and start to sell in advance.

Mr. Whitney says that the short seller cannot sell for less than the last day's prices. Do you remember when he made that statement? And he also said that one cannot sell short for a figure less than the previous long sale. Now, in one breath he says that any restriction on short selling will interfere with the free and open market and in another admits that the exchange is voluntarily restricting the practice itself. But aside from this contradiction, Mr. Chairman, if short selling be proper, if it be helpful to the market, if it be beneficial to the country, why should the exchange pass such rules? There is only one answer: All of these rules have been passed with one purpose in mind—to forestall congressional regulation. And though they may present some difficulties to the small short seller to surmount, they do not deter the big "bear" operators in their activities.

* * * * * * *

Oh, yes! Mr. Whitney issued a statement saying that there will be a more stringent rule imposed by the exchange on the short sellers, and that from now on everyone will have to sign an order agreeing that his stock may be loaned. We are told that the order will go into effect April 1. Now, let us see: What is April 1? Is it not "April Fools' Day"? Well, I think that is just what this order is—a hoax to fool the people, to fool you, Mr. Chairman and gentlemen, and everyone, so that you will give up your efforts to legislate on this question.

But I wonder why that order was issued? I understand that a few days before the statement of that ruling appeared in the press, Mr. Whitney had a conference with the President, though this is not the only conference which the President has had in this regard; for right here I want to be fair and say that I also conferred with him on this question of short selling some time ago——

Mr. CONDON (interposing). How long ago?

Mr. SABATH. Nearly a year ago. Yes. And he criticized short selling——

Mr. CONDON (interposing). Did he say that publicly, or just in a letter to you?

Mr. SABATH. Oh, publicly; he criticized short selling in a letter that was published—this occurred about the time the press first carried reports that Russia had sold 7,000,000 bushels of wheat short.

Mr. CONDON. That particular statement of his referred only to short selling on the commodities exchange, did it not?

Mr. SABATH. I know; but it also showed, at least to some extent, his inclinations and that he was beginning to realize that short selling was an unmitigated evil.

And I warned him on that point. I told him what he could do to protect the interest of the American wheatgrower. It is to be regretted that he has not followed his original statement and helped me to bring about this legislation, as he has in other matters. This is not the only matter I had discussed with him and pleaded for. I pleaded for the Finance Corporation legislation; the broadening of the Federal Reserve Board's power of rediscount; and the creation of a home-loan banking system. He adopted these three, and I thought I had him with me on this also; but unfortunately, after a conference with a certain influential lawyer, the lawyer from the Chicago Board of Trade——

Mr. CONDON (interposing) Mr. Strawn?

Mr. SABATH. Mr. Strawn, notwithstanding the fact that the United States Chamber of Commerce had gone on record against short selling, and that he was the chairman of it, he appeared before the President 3 or 4 months ago, and pointed out to him the necessity of short selling and probably convinced him to desist in his efforts to stop short selling.

Mr. MCKEOWN. Mr. Sabath, we will have to suspend now, as the House is in session.

Mr. SABATH. Now, Mr. Chairman, I want to say this in conclusion: I have here resolutions and copies of resolutions from bankers' associations, from the United States Chamber of Commerce, and from the various farm organizations throughout the country. I have here statements from professors and economists who are not controlled by Wall Street. I have letters from hundreds of bankers and others who have suffered—men who were formerly members of the stock exchange—all appealing for relief and asking that we put an end to this practice. I hope, therefore, that favorable action will be taken.

Mr. Chairman, though I have been fighting this practice for nearly two years and a half and have introduced several measures to regulate it, I wish to say that I am not wedded to my bills. I am only interested in the elimination of this evil. We have a drafting bureau here, and we are paying a good, substantial salary to these gentlemen, and they are efficient. They can draw a bill that will be constitutional, and that will eliminate this evil.

I have been working on another bill, which, I believe, is constitutional, and which will be much broader in scope than either of my bills, or the "blue sky" bill. I hope that it will be sent to this committee shortly, and I hope you will give all these bills the consideration to which, I believe, they are entitled.

I thank you, Mr. Chairman and gentlemen, for the courtesy you have extended to me.

Mr. MCKEOWN. We thank you very much, Judge Sabath, for your interesting and instructive statement. The subcommittee will now stand adjourned, subject to call of the chairman.

INCREASED TARIFFS WITH INSECURE REVENUE AND UNSATISFACTORY PROTECTION, OR TRADE QUOTAS WITH MORE REVENUE AND REAL PROTECTION

Mr. HARLAN. Mr. Speaker, for the last century and more we have been struggling with our tariff policy. Whatever may be our theories as to the advisability of a tariff from the viewpoint of political economy; whatever may have been the party promises that have been made at one time or another, some form of trade barrier is here to stay, at least for such a time as to be beyond the cares of the present generation.

When military wars disappear trade wars will probably vanish, and when trade wars vanish a very fundamental cause of military conflicts will be destroyed. It would seem that our present problem is not to remove trade barriers, but to obtain that kind which is least harmful to our export trade and most beneficial to ourselves.

I submit that our time-tried method of regulating foreign commerce solely through the use of import duties has not produced the greatest benefit in the past, and with our developing national program promises to be absolutely harmful in the future, also it would seem that a better method of regulating foreign commerce is to accomplish directly and by legislative fiat the basic purpose which we have attempted to accomplish indirectly through tariff duties; that is, to establish a definite specific quota of imports compatible with domestic production.

The main trouble with our effort to limit imports through tariff duties has been that (1) domestic production has not received definite protection, (2) in times of stress when revenue has been needed it has always disappeared, (3) tariffs have been imposed by blocs with little consideration to need and practically none to national welfare, (4) our export trade has received no scientific attention, and has been greatly injured.

We are now apparently entering an era of industrial planning and controlled competition. At every step we are met by the specter of foreign trade competition capable of destroying the domestic industry to which these advanced measures are to be applied. A continuation of this policy will make a development of our industrial planning program almost impossible.

Let us look at the protection which domestic production receives under our present system of tariff duties. The ideal of our tariff laws has been either to "insure equal competition", a Democratic slogan, or to secure rates "equalizing foreign and domestic costs", a Republican shibboleth. Even in normal times the fact that there is no such thing in a country the size of the United States as a standard of domestic costs is apparent. To attempt to compute foreign costs with the varying conditions of transportation, and taking into consideration "absolute costs" and "relative costs" makes this problem wholly unsolvable when world commerce is in its normal course. In times of economic upheaval, with exchange rates rising and falling like a mountain range, with countries depreciating their currencies, with bankruptcies necessitating immense sales of commodities without regard to costs, tariff walls for all practical purposes, built for normal trade conditions and within the limits of reason, simply disappear, and our domestic producer finds himself leaning upon a broken reed. He has no cost figures on which he can reliably base his manufacturing program, and he has no stable market which he can rely upon supplying.

As a revenue measure our present tariff laws are a bitter disappointment in times of need. As a result of the prolonged high-tariff policy the amount of goods imported subject to tariff duties has been reduced to a very small item. The great bulk of our commerce enters our ports free of duty, and those other items on which the high-tariff duties are imposed are very prone to be the ones that will most quickly disappear when the people become pressed financially. Our present tariff base is decidedly too narrow to supply a stable revenue. It is satisfactory in times of prosperity when people with discriminating tastes are willing to buy the imported article at any cost, but it is unsatisfactory when those tastes have been dulled by a crash in the stock market.

It is not necessary to discuss before this Congress the fact that tariff duties are fixed to a greater degree from political influence than from any scientific basis of fact justifying the specific duty involved. This, of course, does not apply to those duties fixed by the Tariff Commission. Instances to illustrate this are too numerous to mention, but the recent oil tariffs will furnish a fair example. The oil industry was divided between those interests owning foreign wells, and those interests whose holdings were wholly domestic. The domestic wells were completely helpless in the face of foreign production. While we might reasonably oppose any tariff on any basic element of industry, such as coal, oil, copper, and so forth, in view of the fact that tariff protection had been granted to practically every other such commodity there was no good reason why American oil ought not receive protection. But the American owners of foreign wells had the political power to defeat this protection, and it was done, leaving many domestic producers to seek their solace in bankruptcy.

In one of our recent tariff bills a duty was imposed upon foreign wool, but high-grade long-staple cotton, which did not have the necessary political influence, was maintained on the free list. In our present tariff bill most of the prominent automobile manufacturers felt themselves perfectly competent to protect themselves in world markets and did not want protection, but the rates were imposed because of the effect on the public mind of leaving this large item out of the benefits which the public supposed tariff protection afforded. Groups that have no just basis for high protective rates unite with other groups in the same situation; trading support, and tariff schedules mount regardless of party platforms or Executive opposition. Presidents Cleveland, Taft, and Hoover all found themselves helpless before this pernicious evil.

Our present system has wholly neglected the welfare of our export trade. We see in the shop windows Japanese-manufactured electric-light bulbs. We go to a banquet and pick up the flag patriotically put in front of every diner's place and note on the pedestal "made in Japan", and we are at once convinced that American trade is being supplanted. The machinery and structural steel and shoes that have been sent to Japan that have been manufactured here at a very substantial profit are out of sight and beyond our ken. We are interested in imports because they come to our personal knowledge, but we know nothing about and have little interest in our export industry, which cannot thrive without imports.

President Hoover on April 15, 1929, said:

> In determining changes in our tariff we must not fail to take into account the broad interests of the country as a whole, and such interests include our trade relations with other countries. It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a lesser amount of employment from imports.

With our present duties based on political expediency, bloc manipulation, and emotional appeal, at no time is any effort made to supply data on which we can select and advance those industries which are effective, which produce greater profits, and which establish the American wage scale.

These are a few of the weaknesses which have already developed from supplying trade protection through the manipulation of import duties alone. The experience of this present extraordinary session of Congress, I submit, has disclosed other inherent weaknesses which must be removed if any progress is to be made in industrial recovery and reorganization in this country.

We passed an Agricultural Allotment Bill, and discovered that it was necessary not only to delegate to the Secretary of Agriculture the questionable constitutional power to increase tariff rates disguised as taxes almost without limit on the products involved in the bill, but we also gave him power over competing products, such as rayon, oleomargarine, and so forth, over which the bill exercised no control. The 6-hour labor bill passed the Senate and was presented to the House. It there developed that to make such a law effective an absolute embargo on foreign manufacturers would be inevitable. In the industrial recovery law we conferred on the Executive embargo powers should he desire to use them. We are considering unemployment insurance, old-age pensions, controlled production, minimum wages, and so forth, and everywhere we are confronted by the ineffectiveness of trade protection based on tariff duties.

What to do about it? We cannot impose an embargo and crawl behind a Chinese wall. A country that contains 6 percent of the world's population, but produces 58 percent of the world's corn, 52 percent of its cotton, 34½ percent of its coal, 46½ percent of its copper, and has manufacturing capacity varying from 15 to 20 percent in excess of domestic consumption cannot impose an absolute embargo because by so doing it will also destroy our export trade, and we will have to produce at such a tremendously reduced efficiency that our whole social and industrial system will be turned back at least a century.

We speak hopefully of reciprocity treaties, but in the last 100 years, although we have made repeated efforts, we have never been able to negotiate a single reciprocity treaty with a real competitor. If the treaty affords an advantage to us the competitor will not agree, and if the treaty provisions are the reverse we have shown no disposition to act as Santa Claus. Our three reciprocity treaties to date have been with Canada, Hawaii, and Cuba, our neighbors and friends, not our commercial rivals.

In 1929 we declared war on the world with the Smoot-Hawley tariff bill. The last report shows that as a result of that bill $1,220,000,000 of American capital has gone abroad to build branch factories, employing 330,000 foreign laborers. This does not include investments in single factory units of less than $50,000 and does not include independent investments not associated as branch units of American plants. Neither does it include those concerns who for reasons of their own refused to report their factory plant investments. The total of all this would be very much greater than the figure submitted.

The whole world has built around us retaliatory tariff walls from which we as a large creditor Nation must suffer. There is no prospect that these countries which are unfriendly to us and which are obtaining great trade advantages under the present tariff system will become suddenly magnanimous to the country which precipitated the whole trade conflict. Our salvation, if it comes, must be obtained as always in the past, through our own ingenuity and our own efforts.

As a preliminary step toward our own protection might it not at this time be advisable to use the same methods in the control of our import trade that we are contemplating for use in our domestic industrial recovery efforts; that is, to establish a definite import quota with a definite zone in which reasonable competition shall be allowed between foreign and domestic producers and with a broad base on which very much reduced tariff rates shall be levied, thereby supplying a more constant revenue.

A few days ago a resolution was introduced into this House directing the Ways and Means Committee to investigate the advisability of such a plan, it being House Resolution No. 179. The tentative plan proposed is that the Tariff Commission shall submit to the Ways and Means Committee an itemized statement of the amount of the domestic consumption of all articles imported into the United States

together with the ratio of domestic production of each item and the total domestic consumption thereof.

The basic facts on which this report can be made are already prepared by the Tariff Commission in its "Economic Analysis of Foreign Trade", which report has not yet been given to the public, but is available to Members of Congress. In the resolution it is recommended that a definite quota limit be placed upon all imports into the United States, said quota representing the difference between the possible domestic production and domestic consumption plus 5 percent of the total domestic consumption. The tariff rates on the import quota permitted, except the 5 percent thereof, is to be fixed solely on a revenue basis; that is, to be fixed at such an amount as will produce the greatest revenue without any ideas of protection whatsoever, and shall include those commodities not produced in the United States at all as well as those which are produced in the United States.

It will be seen that this permitted quota, with the exception of the 5 percent referred to, shall be approximately on a free-trade basis. It is suggested that when the importation of any commodity reaches the last 5 percent of the quota the tariff duties on the first half thereof shall be 50 percent ad valorem at the port of entry, and that the last half shall be taxed 100 percent ad valorem. That when the entire quota, including the 5 percent, shall have been reached, an absolute embargo shall exist, and no further imports permitted. The percentage allowed for the competitive zone as well as the ad valorem duties thereon are purely estimates and will probably need amendment.

Briefly, this system will give the American producer absolute protection within his quota limits. It will furnish a zone constituting 5 percent of the domestic consumption, on which reasonable competition can be maintained between foreign and domestic goods. It will produce a relatively stable revenue on such a broad basis that the effect of economic upheavals will be reduced to a minimum.

By the simple process of observing over a period of years those products which have to rely on the embargo for their protection, those products which cannot compete with foreign producers, even with the 100-percent ad valorem duty, the ineffective, inefficient industries in the United States which are a burden to our whole industrial life, which tend to reduce wages, which handicap our effective and efficient industries in their effort to sell on the world market, can be gradually eliminated over a period of years by increasing the import quota. Capital invested in these industries can be reinvested in profitable ones, and the basis for scientific promotion of our export trade will be laid.

It is, of course, always possible to raise objections to any proposal, and immediately many could be suggested to this one; that is, the foreign producer, taking advantage of the low tariff rates on the permitted quota, could distribute the expense of the high ad valorem rates of the last 5 percent, and in a way nullify the beneficial effect of this competitive zone. However, unless such producer would engage in a dumping enterprise, there would be no inducement for him to sell this last 5 percent unless he were making a profit on that specific quantity, and if he were selling in the American market at a loss he would come under the provision of our antidumping laws. There would also be undoubtedly considerable confusion among the importing countries as to the allotment of the permitted quota, but that would not seem to be a problem which the American Customs Bureau would be called upon to consider. The ship bringing the importation within the quota would be the fortunate entry. If, however, this and many other small problems that might be suggested do furnish some opposition to the contemplated change, the objections are by no means as serious as those raised to our efforts to control the "rugged individualist" in his exercise of unrestricted competition, nor are any of these objections anything to be compared to the objections to our present protective system based upon import duties alone.

This system will be of uniform operation throughout the United States, and political corruption through which campaign contributions of specific industries seeking unfair protection will be removed, and we will have an opportunity at least to develop our own social and industrial legislation behind the protection afforded by the quota system in the way that our commercial and social leaders deem of best interest to the United States.

LOBSTER FISHERIES

Mr. MORAN. Mr. Speaker, I take the opportunity afforded under the privilege of extending my remarks to discuss the lobster fisheries of the United States in general and of the State of Maine in particular. First, let me present a few important basic facts.

(1) UNITED STATES PRODUCTION

The United States production of lobsters was 11,747,694 pounds in 1929, 13,916,042 pounds in 1930, and 12,460,749 pounds in 1931. The value of this production was $3,508,449 in 1929, $3,586,890 in 1930, and $3,010,820 in 1931. (Source: Fishery Industries of the United States.)

(2) 1931 UNITED STATES PRODUCTION BY GEOGRAPHICAL AREAS

The 1931 United States production by geographical areas shows that out of a total production of 12,460,749 pounds valued at $3,010,820, the State of Maine alone produced 7,166,310 pounds valued at $1,633,684. Maine alone produced 57.51 percent of the total 1931 United States production, which demonstrates Maine's special interest. The second largest producer was Massachusetts, with a production of 2,245,753 pounds valued at $627,198. The third largest producer was Rhode Island, producing 1,259,173 pounds at a value of $269,231. The fourth largest producer was New Jersey, producing 653,634 pounds at a value of $167,687. The fifth largest producer was Connecticut, producing 497,494 pounds at a value of $138,168. The sixth largest producer was New York, producing 483,846 pounds at a value of $121,887. The seventh largest producer was New Hampshire, producing 143,289 pounds at a value of $50,151. The eighth largest producer was Delaware, producing 11,250 pounds at a value of $2,814. (Source: Fishery Industries of the United States.)

(3) IMPORTS OF LOBSTERS

The imports of lobsters for consumption in the United States have increased annually since 1927, despite the marked reduction generally in international trade. Combining the importations of fresh and canned lobsters, we find that the imports have been as follows: 8,142,805 pounds in 1927; 8,143,673 pounds in 1928; 10,119,020 pounds in 1929; 11,176,386 pounds in 1930; 11,686,545 pounds in 1931; 13,001,420 pounds in 1932. The value of these imports were $2,677,062 in 1927; $2,275,322 in 1928; $3,168,257 in 1929; $2,890,896 in 1930; $2,991,477 in 1931; and $2,508,948 in 1932. (Source: Foreign Commerce and Navigation of the United States.)

Imports of lobsters by countries of shipment for calendar year 1932 show that almost all imports of fresh and canned lobsters come from Canada. Canada supplied 10,928,761 of the 11,694,342 pounds of fresh lobsters, and 1,257,550 of the 1,307,078 pounds of canned lobsters, imported into the United States in 1932. (Source: Foreign Commerce and Navigation of the United States.)

Imports almost equal total United States production. For 1930 the United States production was 13,916,042 pounds and the imports were 11,176,386 pounds; for 1931 the United States production was 12,460,749 pounds and the total imports were 11,686,545 pounds.

Imports are now increasing still further. The imports from Canada for the first 3 months of 1933 were 1,489,864 pounds, as compared to 1,064,578 for the same period in 1932. The total imports for the first quarter of 1933 were 1,936,149 pounds as compared to 1,712,155 pounds for the equivalent period in 1932 (Bureau of Domestic and Foreign Commerce).

(4) SUMMARY OF FACTS

To summarize the statistical, authoritative, and unquestioned facts, we find that: First, Maine produced 57.51 percent of the total 1931 United States production; second, that imports now practically equal United States production;

third, that imports have increased annually despite the depression that has reduced general international trade materially; and, fourth, that Canada supplies practically all of the imports.

(5) GENERAL SITUATION TODAY

My concern is primarily the condition of the Maine lobster fisherman, who is involved in one of the hardest struggles in the history of this fishery. Many of the fishermen and their families are actually destitute and on the verge of starvation (evidence, official report of Maine agent of Bureau of Fisheries, dated May 2, 1933). The catches have been small and the prevailing price of about 12 cents a pound (in some localities 10 cents and even 8 cents) does not begin to compensate them for their efforts. Unless the fishermen get relief, they will not be able to equip themselves with much-needed new gear. The buyers have been tiding them along year after year, and they, too, find themselves in no position to do so any longer.

The consensus of opinion of the leading fishermen and dealers is that the present plight is leading directly to certain ruin. With the Canadian lobsters pouring into our markets undeterred, this fate seems all the more inevitable. And the irony of it all is that Canada imposes a tariff on American lobsters! Quick and decisive action is necessary in order to alleviate the present deplorable condition. Under the existing circumstances our fishermen acknowledge their defeat and the futility of attempting to compete with the Canadian fishermen who are operating under the complete protection and assistance of their Government, besides being favored with an apparently inexhaustible supply from unexploited areas. Never before has the call been more urgent for a united and effective act on the part of our Government to rectify immediately the impending disaster.

The "new deal" was to care for "the forgotten man." If there ever was a "forgotten man", it is the Maine lobster fisherman. Knowing, as I do, the situation in which they find themselves; realizing that they must of necessity turn in their hour of distress to their Government, helpless as they are under present conditions, I dedicate myself to turn every stone to be of assistance to these Maine fishermen, than whom there are no finer group of people anywhere in any walk of life. I have a definite, specific plan in mind which I will develop later in detail. In order to help them, and the women and children who comprise their families, I ask the Congress of the United States to aid me in my endeavor to throw around them the assisting and protecting arm of the United States Government.

WORLD ECONOMIC CONFERENCE

Mr. KENNEDY of New York. Mr. Speaker, in an address which he delivered Tuesday night, June 13, over a network of the National Broadcasting Co., and which was released for all newspapers, Congressman FISH, of New York, took it upon himself to castigate our delegates to the World Economic Conference.

In his attempt to treat a most important mission in a facetious manner, he very carelessly selected as a simile a great sporting event, which occurred on a New Year's Day a few years ago in the Rose Bowl, in Pasadena, Calif. In view of the importance of the Conference and in the light of his intimate contact with the sport he mentions, as the once-famed captain of the Harvard team, he might have described the incident with greater accuracy. To this end I wish to admonish him that the particular player who caught the ball and ran the wrong way did not run sufficiently far to make a touch-down for the other side, with which the gentleman from New York credits him. Fortunately, he was tackled outside the goal line by one of his own men. Many experts explained that this almost inexplicable run was due entirely to a kick in the head which the player received just prior to his remarkable reversal.

There is a close analogy in the present situation when we find certain partisan individuals kicking with rare gusto at the heads of our leaders in a desperate hope that they may succeed in upsetting their equilibrium and witness a repetition of this rare phenomenon, whereupon they would sit back in glee, and gloat "I told you so."

IN 60 HOURS OF GENERAL DEBATE THE HOUSE ENACTED PRESIDENT ROOSEVELT'S ENTIRE LEGISLATIVE PROGRAM—A REMARKABLE RECORD

Mr. SMITH of Washington. Mr. Speaker and Members of the House, for many years Congress has been severely criticized by the press and the people generally for taking up too much time in protracted debate and almost interminable discussion of the measures and legislation which have come before it. Some of this criticism has undoubtedly been justified, for in the past single bills have frequently been debated and orated upon for many months while the country has suffered for want of action instead of speech making.

I therefore desire to take this opportunity in the closing hours of our deliberations to point out to the Members of the House and to the country the exceptional and unprecedented record which has been made by the House of Representatives in this regard in this special session of Congress. We have passed more important, far-reaching legislation, and consumed less time in general debate in doing so, than any other Congress in the 150 years of our national history.

Mr. Speaker, for the information of the Members of the House and the American people, I have compiled from the CONGRESSIONAL RECORD a list of the major bills which we have enacted into law and the hours of general debate devoted to each bill, which I will now read. It is probably the most remarkable record of expeditious action ever made by any law-making body in the history of the world.

General debate on major bills

	Passed	Debated
1. H.R. 1491. Emergency banking relief	Mar. 9	40 minutes.
2. H.R. 2820. Maintenance of Government's credit (economy).	Mar. 11	2 hours.
3. H.R. 3341. Permit and tax beer	Mar. 14	3 hours.
4. H.R. 3835. Emergency agricultural relief; farm mortgage relief; and currency issuance and regulation.	Mar. 22	5½ hours.
5. S. 598. Unemployment relief (reforestation)	Mar. 29	3 hours.
6. H.R. 4696. Federal emergency relief	Apr. 21	2 hours.
7. H.R. 5081. Muscle Shoals and Tennessee Valley development.	Apr. 25	6 hours.
8. H.R. 5240. Relief of small-home owners	Apr. 28	1½ hours.
9. H.R. 5480. Supervision of traffic in securities	May 5	5 hours.
10. H.R. 5755. Industrial recovery; public construction; and taxes.	May 26	6 hours.
11. S. 510. National employment system	June 1	3 hours.
12. S. 1580. Railroad reorganization and relief	June 5	3 hours.

Total, 40 hours and 40 minutes.

If we allow an additional 19 hours and 20 minutes consumed in debate on those bills which were also considered under the 5-minute rule, which would be a liberal allowance, there has been but 60 hours consumed in debate on the entire legislative program which has been written into law during this session, a truly remarkable record.

A BALANCED BUDGET VERSUS JUSTICE

Mr. MURDOCK. Mr. Speaker, at the very time that the American people, the American press, American statesmen, and leaders in every walk of life are vigorously protesting against the refusal of our allies to pay their war debt, America is repudiating her own just war debt. In the days when America's ideals, America's standards of justice and right, indeed America's very existence were threatened, those who are now called veterans offered as a token of their patriotism—not gold, not empty phrases, but life itself, in defense of that country and that Government which they loved and in which they had implicit faith. They fought for Americanism. They fought for the right to live, to work, and to be happy. They fought for family and home and jobs; they fought for fairness, for a "new deal" throughout the world.

The theory of American Government, it seems to me, implies a twofold obligation. First, in order that the Government may exist, it is necessary that "we, the people of the United States," bind ourselves together by law and loyalty to uphold and maintain the Government we have established. Second, in order to retain respect for law and to inspire loyalty, it is the duty of our Government, insofar as it is humanly possible, to—

establish (and maintain) justice, insure domestic tranquillity, * * * promote the general welfare, and secure the blessings of liberty * * *.

In accordance with their inborn sense of duty, these veterans have in times of war offered the "last full measure of devotion." Today the hardships and sufferings of economic depression have fallen heavily on them and on the world. Today they are assailed by enforced idleness, by want, by hunger. Now that we have the opportunity of translating into action our pompous and oft-repeated expressions of gratitude and appreciation, now that we who were the defended are called upon to protect our defenders, we offer them—not justice, not the blessings of liberty, not a new deal—but a balanced Budget!

On the 20th of March there was approved the so-called "Economy Act." Its only justification was its title, "An act to maintain the credit of the United States Government." To maintain the credit of the Government, we were told, it was necessary to balance the Budget; and to balance the Budget some have been deluded that it was necessary to evict homeless and helpless veterans from hospitals and cast loose on the uncertainties of private charity widows and orphans and war-wrecked soldiers. All this in the name of a balanced Budget! And what is the Budget but an accountant's nightmare? If millions are needed for Government office buildings or for the printing of useless bulletins, who cares about a balanced Budget? If the international banker's bond falls due, who cares about the credit of the United States Government? Indeed, in the last analysis, the credit of the United States Government depends, not upon a column of figures, but upon columns of young men who are willing to fight and live and die for their country, and upon the ranks of American womanhood who nourish and inspire them. It is mockery to speak of balancing the Nation's Budget when the budgets of American families are woefully and cruelly unbalanced. It is brutal to attempt to guarantee the value of the currency in the pockets of the rich by obliterating the income of countless disabled veterans and their wives and children.

Those who have made a friendly gesture toward the veteran, while half-heartedly defending the compromise under consideration, have done so on the ground that this compromise is the "best thing Congress can get!" It is written in the Constitution, "All legislative powers herein granted shall be vested in a Congress of the United States", and yet we are now told that that very Congress must sit impotently here while the Executive department tells it what laws it can enact and how they shall be administered; that Congress must stand helplessly aside and watch the promise of the Government to its most precious and oftenest-tried constituents trampled under foot by a ruthless bureaucracy. Yes; this is "the best thing Congress can get", if it is content to abdicate its vested power and abolish by its own action the very function that called it into being. Compromise under any circumstances is another name for cowardice, and is especially repulsive when applied to those who earned the deathless gratitude of this country by offering their lives in its defense.

We are told that any proposal more just and fair to the veteran than this compromise will be vetoed by the President and that as a result we will be kept in session all summer. And this declaration, which I do not question, seems of sufficient importance to some to cause them to cast their votes in favor of a measure that would otherwise not be acceptable to them. That attitude is exactly the same as fearing to vote for a bill which there was a probability the Supreme Court would declare unconstitutional. I cannot reconcile my own sense of right and my own conscience with that attitude. Let us not forget that we are representatives of a people accustomed to being led by men of the caliber of him who said:

> I'll fight it out on this line if it takes all summer.

I have heard of fair-weather friends; but now we are witnessing the desertion of the "friends of the veteran" because of the imminence of sunny weather.

When the so-called "economy bill" was first introduced I stated that in my judgment it was bad legislation, and I voted against it and worked against it. My original position is now vindicated by those who then criticized me most severely. No sooner was it enacted than many of its most ardent supporters began clamoring for its modification and attempting to nullify its provisions. Every day that passes convinces me so much more that the so-called "economy bill" was a blundering injustice. And I believe that the compromise reached by the joint conference adds insult to injury. The whole theory of the bill is fallacious and contrary to the fundamental principles of the Democratic new deal. It is undeniable that any hope of recovery from the depression depends upon an increase in purchasing power, and that the purchasing power can only be increased by planned and unified action on the part of the Federal Government. And yet the effect of this legislation is to reduce the compensation and allowances of veterans to the vanishing point and curtail to a dangerous extent the salaries of Federal employees. That is like whipping the horse to make him get home before he gets tired. The Director of the Budget proposes in this legislation to increase the national income by reducing the income of the individual; to raise the standard of living by destroying the source of livelihood; to fight undernourishment with starvation; to maintain the credit of the Nation by repudiating the moral obligation of the Government to its veterans. That may be politics, but it most certainly is not statesmanship.

My vote in favor of the Steiwer-Cutting amendment will not be a vote against Franklin D. Roosevelt, who ran for the Presidency and was elected upon a platform that said:

> We advocate the full measure of justice and generosity for all war veterans who have suffered disability or disease caused by or resulting from actual service in time of war and for their dependents.

It will be a vote against the Bureau of the Budget which has proposed this "joker" in the new deal. It will be a vote of confidence in the wisdom and justice of the American Government. It will be a vote of gratitude to those who preserved inviolate that Government and the ideals of fairness and equity it represents.

VETERAN'S BENEFITS COMPROMISE

Mr. BROWNING. Mr. Speaker, in looking back over the record on veterans' legislation for this session, I am content to say that I would not change a single vote I have cast. In fairness to those Members of Congress who voted for the so-called "economy bill", I think it should be said that they were surprised, yes, astonished at the drastic way it was planned to administer it. I felt at the time of its consideration that I could sense the result as inevitably cruel and shocking. I felt then, and feel now, that there is substantial merit in every large class of beneficiaries.

Our party platform declared for 25-percent reduction in the Federal Budget. The ex-service men were willing to make their proportionate contribution toward that saving to the taxpayers. When I offered in the Democratic caucus of the House on March 11 last a proposal to limit reductions on veterans' benefits to that figure a great majority of the Democratic Members accepted it, voted for it, but a few less than two thirds voted to bind on the provision, and it was lost through technicalities of parliamentary procedure. The "economy" bill was accepted on assurance that no injustice would be done. I knew injustice had to be done under such a program and opposed it to the end in the hope of defeating it.

But upon its passage any effort to vary the terms of the Economy Act has to have either the approval of the President and a majority of both Houses of Congress or two thirds of each House to reject a veto.

When H.R. 5389 was amended in the Senate by the inclusion of the Connally amendment the President let it be known that he would disapprove any measure containing its provisions. A special committee named by the House Democratic caucus then entered into direct negotiations with the President to obtain the best possible concessions from him in favor of the veterans. We had extensive and laborious conferences with him.

When the Economy Act went into force and the first regulations were issued over 700,000 disabled veterans and their dependents were eliminated from the Government rolls, and

the service-connected who remained were cut approximately 50 percent of the amount they were then receiving.

We feel that we were partially responsible for the liberalization made by the Executive on June 6, which restored the directly service-connected cases to within 18 percent of their former rating. We succeeded in obtaining an extension of benefits in addition to this, which were embodied in the House proposal substituted for the Connally amendment. So we brought back to the House over and above the allowance effective when we opened negotiations for concessions more than $100,000,000 per year in additional benefits to disabled men and their dependents.

The Connally amendment did more for the Spanish War Veterans who have no service connection, than does the House proposal. But it is quite debatable whether the World War presumptives were included in it. It is certain that it did not include 36,000 widows and other dependents of deceased World War veterans who had been separated from the rolls by the Economy Act, and who are restored by the House provision with full pay.

When the plan reached by the President and our committee was sent to the Senate there was substituted for it the Steiwer amendment, which did not differ materially from the House provision, except that it restored the Spanish War men to the rolls with three fourths of their original pay. The provisions as to presumptive cases will amount to the same if administered with any regard to the language or intent of Congress.

The President announced positively through the majority leader of the Senate that he would veto the bill if the Steiwer amendment were left in it. The vote in the Senate was official notice that his veto would be sustained. As one who puts the cause of the disabled service man second to nothing in the way of legislative obligation, I was faced with the positive barrier of a sustained veto if I stood for the Steiwer amendment, or with further insistence on the House provisions we could certainly have by standing against the Senate. There was no assurance of liberalization beyond present regulations if the bill failed. Had we forced a Presidential veto by standing for the Steiwer amendment, as much as I would prefer it, we would have pushed back the cause of the disabled soldiers of all wars 10 or more years. I disagree with the President on some positions he takes which I feel will take away benefits from many worthy cases. I heartily agree with him that some unworthy cases should be purged from the rolls. But when I face a condition in which I must take part of something or all of nothing for those who are suffering, I do not hesitate to accept the former. That is why I begged my colleagues in the Democratic caucus yesterday to accept all we could get short of a veto. Without any criticism of those who stood out for the most benefits, for it was my desire to get them, I give it as my deliberate opinion that those who stood for the House provision voted for the maximum it was possible to obtain, and rendered an invaluable service to the disabled man's cause by averting an open breach with our great and popular President, with whom they were constrained to differ on one issue. It was not an action under threat of a veto. It was facing realities about which there could be no doubt. The President is firm in his convictions, and this Nation loves and trusts him. There will be other times. Congress will be back in January next. I have no doubt the injustices will be so apparent then that the President will request any power necessary to treat these men in a way commensurate with national gratitude for sacrifices made in our common cause.

I give you again what we feel has been accomplished over the Economy Act by the most recent effort:

The presumptives, who were all to be cut off July 1, are left on the rolls at three fourths of their present rating a sufficient time for them to have a hearing before an independent board to determine their rights to service connection, independent of clinical findings or medical opinion but in the light of all evidence offered, with every reasonable doubt resolved in favor of the veteran and the burden of proof on the Government to show he is not entitled to it.

The directly service connected are restored from drastically low cuts to within 18 percent of the amount they were receiving, with a limitation of 25-percent reduction on any case.

The limitation of 90 days' service is removed, as such a provision is unjustified if a service connection is shown. The 36,000 widows and orphans and other dependents of World War veterans are restored to full allowance from nothing.

All total and permanent cases not service connected are raised from $20 to $30 per month.

All service-connected Spanish War cases are raised to the amount allowed the same class of World War cases.

All Spanish War veterans over 62 are raised from $6 to $15 on age alone.

All Spanish War veterans between 55 and 62 who are 50 percent disabled and need it will receive not less than $15.

These additional benefits, as said before, amount to more than $100,000,000. So we feel our efforts have not been in vain. It is not all that is required to do full justice. I have a deep sympathy for Spanish War men who entered and served under a pension system then in existence which they thought they had a right to rely on, but who now find themselves called upon to show service connection, and their evidence destroyed or in the grave, and required to establish by proof a condition of poverty. I sympathize with the World War man who knows his trouble was brought on by his service, yet tried to fight his battle of life without the help of his Government, until all reasonable presumptions and time have run against him. He accepted the disability allowance provided and was content to waive the greater benefits of the service-connected class. It is a hard rule that says to him this $12 is being paid to him wrongfully, and he has been receiving money for no just claim. It is surprising how many of these disability-allowance claims are to men who from the early months after discharge have been trying to show service-connection, and their claim has been defeated because of the technical requirements of regulations.

The bitter fight waged in the past few days is a testimonial to the fact that the National Economy League does not control the Membership in Congress, and the service men have loyal friends on whom they can rely. I hope my buddies will not measure the friendship of Members by one vote. Some of their best friends voted for the "economy" bill, believing all worthy cases would be protected. Because of their loyalty in the past, and their disposition to right the wrongs as far as conditions would permit in the last few days, they should be judged by a record of years, and not by an isolated act done in the face of impending national collapse.

MUSCLE SHOALS

Mr. BACON. Mr. Speaker, in declaring my unalterable opposition to the bill now before the House, it is unnecessary for me to dwell at length upon the sins of commission or omission that are now in the similar Norris bill pending before the Senate and that were in the original Hill bill prior to the amendments adopted by the Committee on Military Affairs. As a prime example, however, of the pernicious features of these bills I shall mention the absence of any provision for the protection of labor employed in the enormous projects envisaged. By the original language of this bill and of the Norris bill the very face of a great part of the Nation could have been changed by labor employed without a specified minimum-wage scale, possibly working under conditions similar to those in Soviet Russia which have shocked the world. By amending section 3, however, the committee at least removed this danger by requiring wages to be paid at the prevailing rate, and in accordance with classification service, any questions to be determined by the Secretary of Labor.

I do not cite this in order to recommend the amended bill, but merely to indicate the general character of the legislation that is proposed to meet this long-standing national problem of Muscle Shoals. Other improvements were made

in it, but it still remains inherently a dangerous measure. H.R. 5081 largely ignores or vitiates the purposes of section 124 of the National Defense Act, under whose authority Muscle Shoals was constructed, and by virtue of which the problem has heretofore been considered as one of national defense appropriate for action by the Committee on Military Affairs. This bill is not a national defense bill. It is, to a large measure, rather, a power bill, a basically new proposition contrasting with the Muscle Shoals bills referred to it in the past.

Under the filmy veil of the acknowledged governmental functions of navigation and flood control, we had masked provisions for placing the Federal Government in the power and fertilizer business, in competition with enterprises legitimately established by its private citizens. Undeniably there is not a single logical trace of connection between our Government and these industries, which circumstance and the authors of the bill have singled out as suitable objects for Government intervention. If we may do this at present merely to dispose of the Muscle Shoals problem, then we may expect our Government further to engage in commerce and industry to an extent that may represent a surrender of our individualistic system of government and an acceptance of the doctrines enunciated by Karl Marx in Das Kapital. The issue is clear cut beyond the possibility of equivocation.

This bill does, indeed, place the Government in two businesses, in addition to 41 others in which the Government has been found to be in competition with private enterprise, according to a report published in pursuance of a resolution of the Seventy-second Congress. But it does not place it in business in a businesslike manner. No testimony was heard by the committee as to the actual economic value of the proposed Government operations at Muscle Shoals. There is no mention of it in the majority report. To be sure, they amended subsection (k) of section 4 to provide that, with the exception of Cove Creek and Dam No. 3, future construction will be conditioned upon power market conditions and that they will not be undertaken except after satisfactory contracts have been made to provide for their self-liquidation. But the fact remains that neither the committee nor Congress has any adequate data concerning the actual economics of what it is proposed the Government shall do. All we know is the tragic experiences of other samples of Government operation in the past. And we know, too, as an unwritten law of government, that whenever optional authority is granted to an agency of the Government, that authority will be exercised to the limit, regardless of the merits of the option.

Let us look at section 28. The President is directed to recommend legislation in conformity with the following purposes:

(1) The maximum amount of flood control, (2) the maximum development of said Tennessee River and its tributaries for navigation purposes, (3) the maximum generation of electric power consistent with flood control and navigation, (4) the proper use of marginal lands, (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation, (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin, and (7) the economic and social well-being of the people living in said river basin and all adjacent territories.

Here are proposals affecting several departments and bureaus of the Government. Yet not one word of testimony from officials or representatives of any of the departments or bureaus affected was delivered to the committee either in public or private hearings. How then can we vote on such a proposition merely because we like the sound of the phrases without knowing their meaning?

But most sinister of all, most concealed from accurate appraisal, most insidious, is section 27. Here, under the mask of a benevolent paternalism, hidden in grandiloquent verbiage, we may discover the visions of a program so vast and so vague—so costly without limit—that it is likely to increase the bonded indebtedness of the Nation by unthinkable billions of dollars, that it may ultimately impair the credit of the Government to a greater extent than might an unsuccessful major war. I cite, first, section 29:

That all appropriations necessary to carry out the provisions of this act are hereby authorized.

Fantastic! I cite again, this time from section 15 of the Norris bill:

In connection with any future dam, steam plant, or other facility, to be used in whole or in part for the generation of hydroelectric power, the board, if directed to do so by the President of the United States, shall issue its bonds for the payment in part or in full of that part of said development that is allocated to the production of hydroelectric power.

Is this power or national defense?

Now, let us see what some of the provisions of the bill are as set forth in section 27:

To aid further the proper use, conservation, and development of the natural resources of the Tennessee Drainage Basin and of such adjoining territory as may be related or materially affected by the developments consequent to this act, and to provide for the general welfare of citizens of said areas the President is hereby authorized by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress to make such surveys of and general plans for said Tennessee Basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds or through the guidance or control of public authority, all for the general purposes of fostering an orderly and proper physical, economic, and social development of said areas.

What can this language mean? It was not revealed to us in any of the hearings. The President has not declared himself as to how far a government may go in fostering the social development of people. But this bill already covers 6 to 10 States, depending upon the interpretation of the expression "adjoining territories." We have been hearing the figure of $1,000,000,000 as a conservative figure for the cost which the people of the entire country will have to bear. And how many other regions are there between our two coasts for which a like plan may be offered? How shall we know where to stop once we have spent our first billion on this vague but sweeping philanthropy? Would $5,000,000,000 be enough to pay for it? Would ten? These things we do not know, but if we pass this bill with this language in it we are merely saying that it does not matter, that a Garden of Eden will be made to bloom from coast to coast without embarrassment to our credit or the enslavement of posterity under a fearful yoke of debt.

Up to this point I have been calling the attention of the House to the more general features and implications of the bill and of the way in which it has been drafted and considered. All that I have said applies with equal or greater force to the Norris bill. Now I propose to show some of the specific factual problems and difficulties that may reasonably be expected to result from the passage of this bill despite the changes we introduced—the economic waste, the ruthless devaluation by congressional fiat of private property in hundreds of millions of dollars, the possible disruption of two industries vital to the national welfare, and disposition of a public investment in a manner most likely to entail ultimate loss to the taxpayer.

Now, as to the power provisions of the bill, section 11 authorizes the board to sell surplus power not used in its operations to States, counties, municipalities, corporations, partnerships, or individuals for periods not to exceed 20 years, giving preference to States, counties, municipalities, and cooperative nonprofit associations of citizens or farmers. Contracts with private individuals may be canceled upon 5 years' notice if necessary to supply the requirements of States, counties, and municipalities. Section 12 declares it the policy of the Government to sell all surplus power equitably among States, counties, and municipalities within transmission distance.

Obviously power could not be sold to towns 400 miles distant without the use of transmission lines. Section 13, therefore, provides that, failing satisfactory contracts for the distribution and resale of power, the board is authorized to construct or lease or authorize the construction of transmission lines within a maximum transmission distance of 400 miles, with the approval of the President and if economically justified and necessary. The sale to industry is

declared to be only secondary and merely for the purpose of making possible, by increasing the volume of consumption, lower rates to domestic and rural consumers. It is further provided that any States, municipalities, counties, and cooperative nonprofit organizations that may build their own transmission lines and that propose to sell power without discrimination between consumers of the same class, the board may contract with them for a period not exceeding 30 years.

What do these sections mean? They mean that the Government is to engage in the power business for retail sale, regardless of the costs of producing and distributing that power, regardless of the prevailing market prices for power in the area, regardless of the existing surplus capacity of the existing facilities to the tune of 400,000 horsepower. It means that, willy-nilly, the taxpayer becomes party, at his own expense, to the possible destruction of private enterprice in which is invested some $400,000,000 in the six Southern States affected. To be sure the power industry is unpopular and suspect. Therefore it must be subjected to close supervision and regulation. But the 37,000 holders of preferred stock in these companies, most of them consumer customers, should not be the target of punitive legislation; nor should the thousands of bondholders in these States. Already, since it was announced that the Government would be launched into this socialistic adventure, the price of their holdings has declined rapidly. President Roosevelt himself expressed views in harmony with this viewpoint in a speech before the Conference of Governors at French Lick, Ind., in July 1931:

> State-owned or Federal-owned power sites can and should properly be developed by Government itself. When so developed, private capital should be given the first opportunity to transmit and distribute the power on the basis of the best service and the lowest rates to give a reasonable profit.

I cannot believe that the President has turned away from this just and unassailable attitude. Yet, where in this bill is any provision to protect the private companies? Why, if the bill is not a menace to them, have their securities dropped since the bill was first published? Because it threatens them, not with a new source of cheap power to sell, but with the complete destruction of their market, without which asset their entire physical property becomes nearly worthless.

Moreover, the prevailing power rates in the South have dropped, under public regulation, to a level far beneath the national average. They are now low and uniform, without discrimination against the rural consumer as against the urban centers. Why, then, invite States, counties, municipalities, and cooperative organizations to come to Muscle Shoals for this additional surplus of 400,000 horsepower that will probably be sold at a loss to the Government—to come, if they choose, with their own transmission lines?

Will the Muscle Shoals actually produce power more cheaply than do the privately operated systems? It is asserted that it will cut the cost in half. There has been presented to the Committee on Military Affairs an abundance of competent testimony to the effect that the project will be economically unsound if it is to serve an extended area. But let us read what Thomas A. Edison had to say about it in an interview with Samuel Crowther, published in the Saturday Evening Post:

> We shall steadily require more power; but a great deal more fuss is being made over hydroelectric power than its intrinsic value warrants. The first and best source of power is coal. The amount of coal available is not limitless, but for all practical purposes it is limitless. We can probably use coal at our present rate for a thousand years or so without any danger of exhausting our supply, and it is highly improbable that we really know our supply.
>
> Water power is a political issue, not a business one. It can never at the best mean very much to us, except as something to talk about. The monopolizing of water power is also just a political idea. The rates are fixed at any point by the cost of generating power from steam. A private monopoly which was foolish enough to put in high rates would only bankrupt itself, for no one would buy the power. There is far more danger in public monopoly than there is in private monopoly, for when the Government goes into business it can always shift its losses to the taxpayers. If it goes into the power business, it can pretend to sell cheap power and then cover up its losses.
>
> The Government never really goes into business, for it never makes ends meet. And that is the first requisite of business. It just mixes a little business with a lot of politics, and no one ever gets a chance to find out what is actually going on. I feel so strongly on the Government keeping out of business that if I had my way the post office would be privately managed by contract; all the Government should have is an efficient inspection bureau.

I shall not burden the House with the mass of statistics available with regard to the present surplus capacity of the privately operated fertilizer industry. It is sufficient to supply both our peace-time and maximum war-time needs. The industry as a whole has lost, since 1921, $300,000,000 to $350,000,000 owing to the collapse of prices and the excess of production over consumption. Why, then, should we give the coup de grâce to an industry which is fighting for its life, and which has usefully served us for decades in educating the farmer and advancing the science of soil efficiency? Here, again, we propose to destroy private initiative at the ultimate expense of the taxpayer.

In conclusion, let me quote the minority views on the present bill:

> It will be seen that the bill effectually conceals its real purposes and aims and commits the country to the expenditure of vast sums of money, the amount of which can only be imagined, and at a time when agriculture and industry are prostrate and our citizens staggering under the burden of governmental debts, even though this gigantic project will probably be financed by the sale of Government bonds—thereby adding to our large national debt.

COURTESIES EXTENDED BY THE SPEAKER AND MEMBERS OF THE HOUSE

Mr. BURNHAM. Mr. Speaker, in these closing hours of the first session of the Seventy-third Congress I desire to express my appreciation of the many courtesies extended by our beloved Speaker, by the distinguished leaders of both sides of the House, and by the Members generally.

This has been a strenuous session not only for those of us who are serving our first term but for the seasoned Members as well.

When we convened on March 9 we were told by our President that an emergency existed; that a crisis was impending; that bankruptcy and insolvency faced the Nation. Since then we have enacted much emergency legislation to meet this situation. By an overwhelming majority we voted for a measure to maintain the credit of the United States Government. By that act we gave to the President the authority he desired when he said:

> If the Congress chooses to vest me with this responsibility, it will be exercised in a spirit of justice to all, sympathy to those who are in need, and of maintaining inviolate the basic welfare of the United States.

We have supported the President; we have labored earnestly and honestly; we have compromised differences, the paramount purpose being to relieve unemployment, aid agriculture, encourage industry, stabilize banking, eliminate waste and extravagance, and improve conditions generally. We have done what we thought was for the best interest of the entire Nation, and we can only hope that the laws passed at this session will prove wise and profitable. If mistakes have been made, they were of the head and not of the heart.

No doubt there are conditions in each and every measure enacted that some of us would have otherwise, but all legislation is a matter of compromise. I, for one, am not satisfied with the veterans' program. My personal feeling is that we cannot do too much for the disabled veteran, or for the widows and orphans of those who made the supreme sacrifice, and I am convinced that the regulations issued under the authority of the "Act to maintain the credit of the United States Government" are entirely too drastic, and that they are causing severe and unnecessary hardships to many of our service-connected disabled veterans.

We must treat our disabled veterans with fairness and consideration. We must not allow them to become charges upon local and State governments. Their relief is a Federal obligation. These men did not go to war and risk their lives and their health for any particular community, but for the whole United States; therefore, the cost of caring

for them, when in distress, should be borne by all and distributed equably and equitably over all sections of this great land.

The apparent saving of some three hundred million dollars effected by these recent regulations is actually no saving at all. It is merely shifting the load from the main structure where it belongs to some of the weaker outbuildings that were not designed to carry it. It is transferring the burden from the Federal Government, where it does belong, to local communities, where it does not belong.

I believe I have more veterans in my district than are in any other congressional district of the United States. They come to southern California on account of the climatic conditions, hoping to regain their health. I am advised by the chairman of our board of county supervisors that the additional burden placed upon the taxpayers of San Diego County, due to the drastic regulations affecting disabled veterans, will be $1,920,000 per year, and this does not include provision which must be made for increased cost of operating our county medical institutions, due primarily to the laws of the use of the class A, United States naval hospital situated in San Diego, with its up-to-date equipment and adequate room to care for veteran patients.

Since Federal orders were issued that veterans would not be cared for at the naval hospital our county hospital load has increased on an average of 10 percent daily. I quote from a letter received from the chairman of the board of county supervisors as follows:

The denying of the use of the facilities of the naval hospital here is throwing a tremendous added burden upon the community and our county, together with the drastic slashing of monetary benefits which we are not prepared to meet. The limited facilities of the county hospital cannot begin to care for the veteran patients of this county, and the local naval hospital, with its adequate space and up-to-date equipment, must stand closed to the veteran, who, regardless of the seriousness of his condition, must comply with Public, No. 2, Seventy-third Congress, and endeavor to gain admittance to a hospital 150 miles away.

I realize that economy in government is essential, and I am opposed to extravagance and waste in the administration of governmental affairs, whether it be local, State, or Federal, and I believe that many economies can be effected in the administration of veterans' affairs without materially or drastically reducing the benefits in worthy cases. Also, I am opposed to paying exorbitant pensions to those who suffered no injury or disability as a result of their war service, many of whom are employed at good salaries, some enjoying lucrative positions, and others provided for with adequate incomes.

On June 7 I introduced in the House H.R. 5966, which seeks to correct some of the many injustices arising from the passage of the "Act to maintain the credit of the United States Government", and, yet, effects a reasonable economy in veterans' benefits. This bill is in the form of a compromise, and provides that notwithstanding any of the provisions of the original act in no event shall World War service-connected disability compensation of any veteran, or the pension of any veteran of a war prior to the World War, or the pension of any widow, or the dependents of such veterans, allowed prior to March 15, 1933, whether allowed upon direct service connection, a presumption of service connection, or otherwise, be reduced more than 20 percent of the rate being received prior to March 15.

I sincerely regret that the bill I introduced did not receive favorable action at this session, as I firmly believe that if enacted into law it would go a long way toward alleviating the havoc and mental anguish caused our service-connected disabled veterans, their widows, and their dependents by the orders and regulations emanating from the original bill. However, I submit to the superior judgment of my colleagues at all times.

I stated during the last campaign that if elected to Congress I would support the administration in all worth-while legislation having to do with the welfare of the Nation, regardless of which political party was in power, in an earnest and honest endeavor to hasten better times and bring about enduring prosperity. This I have endeavored to do consistently and conscientiously.

We will have an opportunity during the next 6 months to observe the workings of the most gigantic relief measures ever enacted by any Congress or any nation. I sincerely hope that much good will result, and that when we return to Congress in January the wheels of industry may be moving swiftly and the depressed condition of this country changed into one of happiness and full faith in the future. The outcome will be awaited by all with eager interest.

STATUS OF SUITS BROUGHT BY THE FIVE CIVILIZED TRIBES AGAINST THE GOVERNMENT

Mr. HASTINGS. Mr. Speaker, in 1924 jurisdictional bills were enacted by Congress to permit the Five Civilized Tribes in Oklahoma to bring suits against the Government of the United States in the Court of Claims, with the right of appeal to the Supreme Court, upon any claim which the tribes might have against the Government. By amendatory legislation the time within which suits might be filed was extended to June 30, 1930.

Before the expiration of this time there were filed on behalf of the Five Civilized Tribes by their attorneys, under contracts approved in accordance with the provisions of the several acts, the following cases:

CHEROKEE NATION

There have been filed on behalf of the Cherokee Nation nine suits, as follows:

1. Clifton Roll case: *Cherokee Nation* v. *United States*, in the Court of Claims, no. H-47, involving $436,803.36, with interest at 5 percent.

2. Too Late Baby case, no. J-8: This suit is to test the constitutionality of the act of April 26, 1906, under which a new roll of additional people was made and to whom allotments were given, and involves the sum of $8,915,160.20, with interest at 5 percent.

3. Freedmen case, no. K-17, involving the right of the Cherokee freedmen to land and money, the claim being for $10,638,559. The demurrer of the Government in this case was sustained, and a motion for rehearing has been filed and is pending in the Court of Claims.

4. Trust Fund, no. L-46: This claim is for $669,893.05, with interest at 5 percent to June 30, 1926, for money alleged to have been unlawfully paid out of trust funds of the Cherokees.

5. Suit no. L-174: (1) For the Eastern Cherokees and (2) for the Western Cherokees. The petition in this case contains two counts: (a) For and on behalf of the Eastern Cherokees, involving a restatement of interest amounting to $2,653,596.12; and (b) for the benefit of the Western Cherokees, involving a restatement of interest amounting to $362,687.01. Under the act of Congress of April 25, 1932, two additional suits were filed by the attorneys representing these two tribes.

6. Suit no. L-257: This claim is for shortage of land, and is for a balance of 575,082.23 acres of land described in the Cherokee patent of 1838, which has not been accounted for.

7. Suit no. L-266: This claim is for land embraced in the "outlet" and "promised", as stated in the first article of the treaty of 1846, or approximately 3,000,000 acres, which, at $1.25 per acre, would amount to $3,750,000.

8. Suit no. L-267: This suit has two counts: (1) Claim for money paid to intermarried whites, with interest from date of payment at 5 percent, $69,000; and (2) claim for money paid for intruder improvements, $250,000.

9. Suit no. L-268: General accounting petition challenging many items erroneously expended from tribal funds.

The following information, secured from Frank J. Boudinot, one of the attorneys for the Cherokee Nation, explains the status of the above-mentioned claims:

NO. H-47, THE CLIFTON ROLL CASE, SO-CALLED

This case was set for argument at the April 1933 call of the calendar. However, Mr. Frank K. Nebeker, attorney of record in that suit, found that certain facts, recorded or on file at the

Muskogee office and not here, and deemed to be necessary to have, were not in evidence. Consequently, Mr. Nebeker secured postponement of the trial until this evidence might be obtained. This is in process of being done.

NO. J-8, THE TOO LATE BABY CASE, SO-CALLED

Government attorneys have demurred to the petition in this case. The demurrer is still pending, the understanding being that it will not be disposed of, not heard, until a motion for a rehearing on the demurrer, sustained by the court some time ago in the Freedman case (no. K-17), has been argued and decided.

NO. K-17, THE FREEDMAN CASE, SO-CALLED

The Government demurred to the petition in this case and the demurrer was sustained. A motion for a rehearing has been filed and briefed, but has not yet been argued before the court.

NO. L-46, AN ACCOUNTING CASE (TRUST FUNDS)

The Government's attorneys are not willing to proceed in this case until the General Accounting Office has filed its report. I have been advised by that Office that the report will be completed and filed by September 1, 1933.

NO. L-174, "EASTERN" AND "WESTERN" CHEROKEES, INTEREST CASE

Frank J. Boudinot is attorney of record in this case. I am now preparing request for findings of fact, without waiting for General Accounting Office report. Senator Owen and Mr. Houston B. Teehee, attorneys for the Eastern and Western Cherokees, have suits pending for these claims, under the act of April 25, 1932, nos. 42077 and 42078. I may state that these suits will undoubtedly be brought to trial and final disposition next fall.

The remaining suits filed will have to wait for the General Accounting Office report.

CHOCTAWS AND CHICKASAWS

The following data furnished by W. F. Semple, one of the attorneys for the Choctaw and Chickasaw Nations, gives a list of the cases filed by and on behalf of these nations and the present status of each suit:

No. F-181: *Choctaw and Chickasaw Nations* v. *United States.* Involving freedmen minor allotments and freedmen preferential filings. Amount, $525,508.81, with interest at 5 percent since 1912. Case filed June 4, 1926. Case closed by plaintiff December 1, 1930. Report from Indian Office on file; none from Accounting Office or Comptroller. All testimony of plaintiff taken.

No. F-182: *Choctaw Nation* v. *United States.* Owen fee, Mississippi Choctaws. Case filed in July 1926. Amount involved, $139,156.75. Report from Indian Office filed; none from Accounting Office, but report from Comptroller General filed May 15, 1931. Docket marked "Closed."

No. H-37: *Choctaw and Chickasaw Nations* v. *United States.* Involves railroads original Choctaw freedmen, Mississippi, per capita funds. Filed January 1927. Amount involved, $4,880,339.37. Report from Indian Office on file as to freedmen and Mississippi Choctaws only, but no report from other offices. Testimony taken by plaintiffs.

No. J-231: *Choctaw Nation* v. *United States.* Involves one-quarter and three-quarter division of funds. Filed April 24, 1928. Amount, $468,000. No report from Indian Office, but preliminary report from Accounting Office filed June 1928.

No. J-619: *Choctaw and Chickasaw Nations* v. *United States.* Filed September 27, 1928. Amount, $85,000. Report filed from Accounting Office April 1933. Report from Indian Office October 1928, and report from Comptroller October 1928.

No. K-281. *Choctaw Nation* v. *United States.* Involves Mansfield, McMurray, and Cornish fee; $750,000 and expenses in maintaining field office, hospitals, etc. Filed June 18, 1929. Amount involved, $162,500. No report from either Indian or Accounting Office.

No. J-620: *Choctaw and Chickasaw Nations* v. *United States.* Amount involved, $8,839,015.01. Filed September 27, 1928. Case closed by plaintiff December 1, 1930. No report from Accounting Office. Case closed by plaintiff December 1, 1930. Reports on file from Comptroller and Interior.

No. K-187. *Choctaw Nation* v. *United States.* School case, involving school funds. Filed May 27, 1929. Amount involved, $1,000,000. Report from Accounting Office on file. No report from Indian Office.

No. K-260. *Choctaw Nation* v. *United States.* General Accounting case. Filed June 1929. No report from either Indian or Accounting Offices, but Accounting Office report will be filed June 1, 1933.

No. L-261. *Choctaw and Chickasaw Nations* v. *United States.* Involves station grounds. Filed June 27, 1930. Amount claimed $1,000,000. No report from Indian Office or Accounting Office, but preliminary report from Comptroller on file.

No. L-253: *Choctaw and Chickasaw Nations* v. *United States.* Involves coal royalty. Filed June 26, 1930. No definite amount claimed. Report on file from Accounting Office. None from Indian Office.

CREEK NATION

The attorneys for the Creek Nation employed under the provisions of the Jurisdictional Act, prior to June 30, 1930, instituted 15 suits involving large amounts of money, which have heretofore been reported in detail to the Creek Tribe at its various conventions.

Preparation has been made by E. J. Van Court and his associates for the trial of all of these cases, both as to law and fact, the claims have been carefully audited, and the attorneys representing the Creek Nation are prepared, as soon as the Government is ready, to submit all of these cases. Because of the large number of cases brought on behalf of the members of all of the Five Civilized Tribes, delays have been occasioned in securing reports from the Indian Bureau in a number of them. Reports have been made in some of the cases, others are in course of preparation, and it is hoped that reports will have been made in all of them during the coming fiscal year.

In the meantime a judgment has been rendered in the Court of Claims in behalf of the Creek Nation, in what is known as the "Boundary case", in the sum of $86,823.19. The time for appeal by the Government to the Supreme Court of the United States has not yet expired.

There have also been argued two other cases, no. H-510, the Creek accounting suit, and no. L-168, the Alabama Reservation case, and these two cases are under advisement by the court.

In these three cases, and in other cases, many of the questions of law have been argued and submitted to the court.

The long-delayed General Accounting Office report was filed last June 1932, which permitted the attorneys to try the case no. H-510.

SEMINOLE NATION

It is hoped that the accounting reports in the Seminole cases will be forthcoming in the near future, which will permit the attorneys for the Seminole Nation, E. J. Van Court and associates, to try several of their cases during the fall term, 1933, of the court.

The attorneys for each of the Five Civilized Tribes had, from the time of the enactment of the original jurisdictional acts in 1924 up to June 30, 1930, within which to make a complete and exhaustive investigation of all the records pertaining to the respective tribes, prepare the petitions, have accountants audit the claims, and prepare for trial. The attorneys for the Government insist that they must have time to recheck the records and to have their auditors go over them and examine each claim in order to properly represent the Government in these cases.

In addition to the suits brought on behalf of the Five Civilized Tribes, a large number of other suits have been brought on behalf of other Indian tribes, and the Indian Bureau contends that every effort is being made not to delay the Government's audit of these claims, and that they are being expedited as rapidly as possible.

I have been keeping in touch with the attorneys who represent the Five Civilized Tribes and have urged that the cases be expedited. All of the attorneys insist that the cases should be tried during the coming fiscal year, and that by June 30, 1934, all of them should have been tried in the Court of Claims.

I have secured all of the legislation recommended as necessary for the determination of these cases.

MARCH 31, 1932.

Hon. W. W. HASTINGS,
House of Representatives, Washington, D.C.

MY DEAR MR. HASTINGS: I hand you herewith a copy of our brief on the Government's demurrer in the Cherokee Freedmen case which you have been good enough to freely and helpfully advise me about.

I regret to have had to make this brief so lengthy, but exceedingly important questions are involved, and I hope to get a decision by the court on this demurrer which will practically settle the case.

I took the liberty of quoting quite freely from one of your very able and excellent briefs filed for the Cherokees some years ago. I think your argument is as unanswerable now as it was then.

I wish to take advantage of this occasion to express the very deep appreciation of my associates, and particularly of myself, of the great and intelligent service you have so frequently rendered for and on behalf of our clients, the Cherokees. Speaking personally and from an extensive knowledge, I wish to say that the Cherokees and all of the Indians of our county have never had a more loyal and helpful friend in our Congress than you have proven yourself to be upon all occasions. You have been strong in your advocacy for justice and fair dealings with the Indians, and have always protested strongly against any injustice and wrongs which have

been done the Indians, particularly the Cherokees and the other Indians of your State. I have a sense of personal gratitude to you for the services you have rendered my clients and take advantage of this occasion to express it.

Very sincerely yours, C. C. CALHOUN.

APRIL 12, 1932.

DEAR MR. HASTINGS: Representing the Cherokees, I have been in Washington continuously since you were first elected to Congress and desire not only to agree with the statements made by Mr. Calhoun but to further state in my own behalf that it has been through your efforts that we have been able to secure the enactment of legislation through which the claims of the Cherokees, in nine suits, are now pending in the Court of Claims, and to say that no one could have been more loyal or rendered at all times more effective service. You have secured for us all of the legislation required to present these claims to the court.

Yours very truly,

FRANK J. BOUDINOT.

When these cases shall have all been tried and final judgments rendered, any amounts found due the respective tribes will be certified to Congress for an appropriation and will be available for distribution per capita among those found by the court entitled to share the same.

It has been a long struggle, but all of these cases have been filed, and certainly we may express the confident hope that they will all be tried during the coming fiscal year ending June 30, 1934.

SAVINGS AND EXPENDITURES OF THE SPECIAL SESSION OF THE SEVENTY-THIRD CONGRESS

Mr. TABER. Mr. Speaker, at this time I feel that the people should be informed of the progress that has been made at Washington toward saving and spending money. I feel that these savings which should be counted are those that are sure to come. Those items where consolidations have been made, where an extra overhead will be superimposed, and where no saving will be made in all probability, I have left out.

Total savings

Veterans' Bureau	$292,000,000
Salary cuts	100,000,000
Army	20,000,000
Navy	10,000,000
Agricultural provisions of Executive order of June 10	6,000,000
	428,000,000

The Veterans' Bureau savings totaled $410,000,000 before the changes made by the Executive orders of June 6, 1933, and the amendment to the Economy Act contained in the independent offices appropriation bill. I do not count the $50,000,000 by which that bill reduces the annual appropriations to amortize the bonus certificates, because that is not a saving but a postponement.

I have not included the savings for the Post Office Department, because none of the basic changes necessary to save the $75,000,000 which has been estimated by the administration have been made, nor is there any prospect that any will be made. I have included the savings which can result from the Executive order of June 10. I have been very liberal in that and am certain that the procurement division means simply imposition of extra overhead.

The Veterans' Bureau figures I have shown above shows a slight difference, $8,000,000, from the figures which I have previously given. This is due to the fact that the clerks of the Appropriations Committee estimated the result of the Senate amendment on veterans as it was finally agreed to a little different than I estimated it on Saturday last.

As against these savings we have the following increases in expenditures:

1. The so-called "labor camps" set up under the "Sapling Act" by which it was proposed to people to work for $1 a day	$250,000,000.00
2. The Wagner-Costigan dole to States	500,000,000.00
3. The third deficiency bill	1,408,451.13
4. The fourth deficiency bill	3,613,079,167.74
	4,364,487,618.87

Of these items, every single one is an appropriation, except as hereinafter outlined.

Every single one is an increase over previous appropriations. The outstanding items included are:

For public works	$3,300,000,000
Farm-loan and home-loan banks	115,000,000
Bank-guaranty fund	150,000,000
Wagner-Costigan dole (is not directly an appropriation, but it is a loan not to be paid back by the Reconstruction Finance Corporation, so that it amounts to the same thing as a gift charged against the Treasury)	500,000,000
The net result of these operations is	4,065,000,000

The item of $250,000,000 under the "Sapling Act" is being spent in a most riotous way. From one town in New Jersey three trains of Pullman cars went out to carry the boys to Idaho. Riding around in Pullmans, when the same money would relieve five times the distress in the cities, is ridiculous. Countless thousands of officers and supervisors of these people are included.

We have a total for expenditures of	$4,065,000,000
We have a total possible savings of	428,000,000
Net increase	3,637,000,000

In addition to this legislation there are authorizations for appropriations amounting to:

To start the Domestic Allotment Act in operation	$100,000,000
Provision which will add probably $60,000,000 to our interest charge to carry out the provisions of the Farm Mortgage Act	60,000,000
Like provision for Home Mortgage Act	60,000,000
Additional authorization for the Tennessee Valley Authority, alias Muscle Shoals	50,000,000
To subscribe for preferred stock in insurance companies to the Reconstruction Finance Corporation	50,000,000
For Reconstruction Finance Corporation to loan money to closed banks, savings banks, and building-and-loan associations	300,000,000
Total authorizations	620,000,000

These figures must probably be added to what will be spent during the fiscal year 1934. The Treasury bonds outstanding increased since the 4th of March at the approximate rate of $400,000,000 per month. This rate probably will be increased and the Budget will be unbalanced beyond the wildest dreams.

THE "BAKER'S DOZEN" AT WORK

Mr. SNYDER. Mr. Speaker and Members of the House, when the Members of the Seventy-third Congress came to Washington for the inauguration, they were unofficially informed that they would be called back about the 1st of April for an extraordinary session. Most of them threw a few shirts and collars in a suitcase and came to Washington for the inaugural ceremonies expecting to return home in a few days.

Many of us remember the emotional and mental attitude of the people when the announcement was made that Hobson sank the *Merrimac* in Santiago Harbor. We also remember the mingled feeling and the excitement that followed the sinking of the *Lusitania* during the World War. Those were crucial and dark hours in the Nation's history.

However, I dare say that those hours were not so dark as the hours following the 4th day of March 1933, when it was discovered that the financial structure of the Nation had been broadsided with 16-inch guns to such an intense degree that it was necessary for the President to declare the bank holiday to save not only the little depositors but the entire financial fabric of the Nation.

This was the first of the many creative and constructive measures of our new administration and of our leader, President Roosevelt. This measure was followed during the next 14 weeks by other measures enacted by a Congress that were inspired and prompted solely on the basis of conserving and saving our national resources and credit.

It was most encouraging to a young Congressman to hear an older Member of the House say that the Members of the Seventy-third Congress had more courage and showed more initiative, purposeful activity, and willingness to sacrifice their own personal interests that the Nation might be again restored to prosperity than any of the former sessions he had sat in during his 20 some years of service.

In the 14 weeks referred to Congress spread upon the statute books a "baker's dozen" of administrative measures that embodies initiative and creative activities of a greater magnitude than any other similar measures ever enacted by a Congress. The people made up their minds that the old, boss-ridden governmental procedure that had plunged them into the most bottomless pit of depression must be thrown overboard, and they immediately proceeded to do this. Their attitude and determination spoke the words of Lincoln: That the Government should be "of the people, by the people, and for the people." As a result, a new era in behalf of the common people sprung into existence beginning March 4.

The measures I refer to as the "baker's dozen" are as follows:

First. Wagner-Lewis emergency relief law.
Second. Muscle Shoals and Tennessee Valley Development Act.
Third. Supervision of traffic in securities law.
Fourth. Emergency banking relief law.
Fifth. Maintenance of Government's credit.
Sixth. Beer-wine revenue law.
Seventh. Emergency Agricultural Relief Act.
Eighth. Reforestation unemployment relief bill.
Ninth. Small Home Owners' Refinancing Act.
Tenth. Railroad reorganization and relief law.
Eleventh. Industrial recovery law.
Twelfth. Glass-Steagall banking bill.
Thirteenth. Independent Offices Appropriation Act.

As in substance expressed by the President, I do not expect all of these measures to work out 100 percent. The people do not expect them to work out 100 percent. We know that adjustments must be made as we go along in the application of the many set-ups in these measures. We know that discrepancies will creep in here and there. We know that when we come back to Congress in January 1934 that there will be a number of adjustments to be made relative to the social and economic application of different articles in these several laws or measures.

I was not wholly in accord with all the provisions and articles in all these 13 bills as enumerated above.

For instance, in the railroad reorganization and relief law, I personally would have inserted several different provisions. However, it was an omnibus measure; and with all but a few of the provisions acceptable to the majority in Congress, it was only fitting and constructive that I support the measure.

In the Glass-Steagall banking bill we find a number of provisions that did not exactly suit me—the wording and the set-up relative to branch banking and the article with reference to the insuring of bank deposits were not what I should like to have seen. But it was a great step forward, and the majority of the Members of Congress saw it that way. They saw that it was for the stabilizing of our banking system as well as for reestablishing the confidence of the people in our banking structure.

Again, in the independent offices appropriation bill, that portion which dealt with the pensions of war veterans did not suit me in many respects. I was one of the many to think that the clauses pertaining to the Spanish War veterans and the presumptive cases were not broad enough, and that the Spanish War veterans, particularly, should have greater financial assistance. But again, as you well know, it was an omnibus bill in nature, and embodied some 25 other major articles and sections, and upon its passage depended the working out of other major administrative measures which came under the administration program and carried with them the hope of putting millions of men back to work.

I join in attitude with most of the other Congressmen; that is, if these set-ups do not work out for the common good of all, we will have an opportunity after January 3, 1934, to adjust them. That is what 120,000,000 people virtually wanted us to do. We had our instructions from the masses to come to Washington and do something. One banker wrote me, "For God's sake, do something, even if it's the wrong thing. We have had everything wrong long enough, and you can make things no worse." The people of the Nation wanted action; the President of the United States gave them action; the Congress of the United States gave to the President the authority to steer the ship of state.

Contrary to some few newspaper headlines, Congress did not give away any of its power. Congress can take back at any time any of the powers it gave to the President or to any other group. Thanks to the great news agencies and builders of public sentiment that give this Congress credit for having the courage to think through measures, come to conclusions, and pass upon them in such fashion that would start the wheels of progress and put the farmer, the laborer, and the little business man back to work.

INDUSTRIAL LOANS—A MEANS OF PROVIDING EMPLOYMENT AND ACCELERATING ECONOMIC RECOVERY

Mr. WALDRON. Mr. Speaker, under the various economic-recovery proposals enacted, or about to be enacted, by the first session of the Seventy-third Congress, practically every class of citizen, except the manufacturer and the business man, may obtain loans from the Reconstruction Finance Corporation, or certain of the new agencies created by these acts. These borrowers include States and municipalities, corporations engaged in building public and semipublic projects of self-liquidating character, banks, building-and-loan associations, insurance companies, railroads, and others. Credits have been extended farmers and provision has been made to take up farm mortgages. Home owners will likewise be able to obtain mortgage relief, or funds to pay taxes, to make improvements on their properties, or to save their homes from sheriff's sales.

Industry, which is the basic creator of employment and the source from which most of our revenue to run the Government comes, has received no consideration in the matter of obtaining funds to rehabilitate itself. Unless our great industrial population is employed, it cannot consume the products of the farm in quantities sufficient to pay the farmer a fair price for his products, and the huge future obligations created in the effort to assist agriculture will be met only through the ability of industry to furnish employment and consume the growers' products.

Under the agricultural-relief plan, many of the products the industrial worker consumes are to be taxed for the benefit of the farmer who reduces the acreage of his crops in an effort to control and eliminate great surpluses and thus give him better prices for the food produced and a fair profit for his labor. The industrial-recovery plan proposes to regulate business in an effort to spread employment and assure adequate wages. In the belief of many this plan will also increase prices and the farmer, as well as the consumer in the cities, will have to pay more for the manufactured articles he uses. From these manufactured articles the Government derives revenue by way of excise taxes, and from the business profits and the wages of industry it receives other revenue through the income tax. The farmer pays little or no income tax to the United States Government.

These new and untried experiments in the field of Government control approach economic recovery with an outstanding major difference, namely, the farmer can borrow funds from a generous Government to plant, harvest, and market his product, but the manufacturer and business man cannot borrow one single penny from any governmental agency. This failure to place industry and agriculture on the same basis in respect of financial assistance may seriously retard the recovery program and break down sources of potential revenue sorely needed to meet the huge expenditures to be made.

In my own district and elsewhere throughout the United States reputable manufacturers and business men tell me that they could resume operation of their plants and provide employment for thousands of workers if credits could be obtained. Normal credit sources, they declare, have been closed during the past few years. Money is hard to get. The banks and investment houses are either unwilling or unable to extend new credit to the manufacturers, and in many instances have called existing loans. Insurance companies, private investors, and others have no mortgage-in-

vestment funds available, and the free flow into commerce and industry of more than $6,000,000,000 has been prevented by its impoundment in the more than 5,000 State and National banks which have remained closed or in the hands of conservators since the Presidential proclamation of March 4, 1933. Established and going concerns during this period have reorganized and rebudgeted to meet the competitive situation occasioned by the deflation of commodity prices, but the lack of working capital has reduced business to a hand-to-mouth basis, while stocks on hand have vanished. Many mills have closed their doors and labor has suffered unemployment. Business men throughout the country declare that if there were some governmental source through which they could obtain a reasonable amount of credit, they could resume the operation of their plants and furnish work for thousands of people. To place men and women upon a self-supporting basis and eliminate the unemployment doles which have been a burden to the various municipalities and States is a subject ardently to be desired and toward which we are all striving.

In an effort to provide the funds with which to assist industry to adjust itself, I have introduced three bills—H.R. 6095, H.R. 6114, and H.R. 6124.

H.R. 6095 proposes to amend section 5 of the Reconstruction Finance Corporation Act, as amended, so as to permit "any person" doing business within the United States, upon such security as is acceptable to the Corporation, to obtain a loan in an amount which shall not exceed 80 percent of the assessed value or 60 percent of the appraised value—whichever is lower—of the real-estate holdings of such person at the time the loan or advance is made. The term "person" is defined to mean an individual, a trust or estate, a partnership, a corporation, an association, or a joint-stock company.

H.R. 6114 eliminates the 80 percent assessed value limitation provided for in H.R. 6095, and limits the amount that can be borrowed to an amount which does not exceed 60 percent of the appraised value of the real-estate holdings of the borrower.

H.R. 6124 attempts to reach the situation in another way. Under section 201 (d) of the Reconstruction Finance Corporation Act loans may be made to "institutions" organized under the laws of any State or in the United States and having resources adequate for their undertaking, for the purpose of enabling such institutions to finance the "carrying and orderly marketing of agricultural commodities and livestock products" in the United States. No unincorporated individual can borrow under these provisions for the very limited purposes set forth. H.R. 6124 removes the limitation restricting borrowers to those engaged in "carrying and marketing agricultural commodities and livestock", and empowers the Corporation to make loans or advances to bona fide individuals—as well as institutions—for the purpose of enabling them "to finance agriculture, commerce, and industry" upon such security and in such amounts as the Reconstruction Finance Corporation Act permits. This measure is much broader in its scope than the other bills, but will also furnish the relief sought.

In the belief that there would be a freer flow of capital into industry, or that some provision would be made to assist the manufacturer, I delayed bringing this matter to the attention of the House. No visible change has taken place in the general situation, however, and nothing is included in any of the administration's proposals to provide the manufacturer with this much-needed working capital. To open the doors of the Treasury to one of the two great groups of citizens—agriculture and industry—who are a part of these plans and to deny the same privilege to the other group—which group is the source of the revenue from which those funds are to be obtained—seems to me to be nothing short of economic disaster. Under such a policy the stronger concern will survive, but the weaker concern, even though long established and respected in the business world, will be compelled to close its doors and remain closed unless relief is furnished. I urge you, therefore, to plug up this one great loophole in the scheme for economic recovery lest it wreck the entire machinery.

In my opinion the passage of one of these measures will do more to furnish immediate employment for thousands of industrial workers than any other proposal. It will accelerate production and restore confidence to the manufacturer, the worker, and the consumer.

ACCOMPLISHMENTS OF THE FIRST OR SPECIAL SESSION OF THE SEVENTY-THIRD CONGRESS

Mr. LOZIER. Mr. Speaker, now that the first or special session of the Seventy-third Congress has ended, I consider it proper to comment on its accomplishments. In the whole range of human history no Congress, Parliament, or other legislative body has ever accomplished so much in such a short space of time, and I think I am keeping within the truth when I say that no other Congress has ever placed on the statute books more liberal, progressive, forward-looking, and constructive legislation than the Congress that recently closed its sessions.

This Congress marked the beginning of a new era in our national history, the commencement of a new economic age, a period of transition from an old to a new order, from policies worn threadbare by time and experience to more practical formulas, more idealistic conceptions of the functions and purposes of government, more practical methods to establish social justice and make our Government the servant rather than the master of the people.

The following are some of the major accomplishments of the recent session of Congress under the superb leadership of President Roosevelt:

1. The Industrial Recovery Act.
2. The public-works program.
3. The modification of the Volstead law.
4. The resolution for the repeal of the eighteenth amendment.
5. The emergency banking legislation.
6. The Farm Relief Act.
7. The Muscle Shoals-Tennessee Valley Authority.
8. The Wagner human relief appropriation.
9. The creation of national employment agencies.
10. The emergency railroad legislation.
11. The Farm Loan Mortgage Act.
12. The Home Loan Mortgage Act.
13. The Securities Regulation Act.
14. Banking and currency reform.
15. The revenue-producing proposals.
16. The reduction of postage rates.
17. The bill authorizing the President to reduce and consolidate Federal agencies.

As 1 of the 13 Representatives of the great State of Missouri in the lower House of Congress, I supported each and every one of these measures, and whatever influence I had was ungrudgingly exerted to sustain the President and put over his legislative program. My record is 100 percent in support of President Roosevelt and the policies of his administration. I do not mean to say that I approved each and every major or minor item in his legislative program, because, as I have heretofore stated, I have serious doubts as to the wisdom, constitutionality, and workability of some of his proposals. But as a whole no more progressive and benevolent program was ever submitted by an executive to any Parliament or Congress. The questionable provisions to which I have referred may be abandoned if it be found that they are unwise and unworkable without in any manner impairing the usefulness of the major activities established by this legislation.

Being in full accord with the President on most of his proposals, I was willing to subordinate my judgment to that of the President on the comparatively few questions where we were in disagreement, because the American people were looking to and depending on President Roosevelt to lead them out of the wilderness, and I did not feel that I should veto any part of his program. Each measure enacted by Congress at the request of the President was a necessary part of a comprehensive plan for lifting the depression, avoiding economic chaos, and restoring normal national life. Each bill was an important part of a legislative machine through the operation of which the return of prosperity is to

be hastened and assured. The defeat of any one of the President's bills would have had the same effect as the removal from a machine of one or more of its important parts. No one measure provided relief for every vocational group, but relief was provided in the several acts for every occupation and for people in all the walks of life.

In supporting some of these measures I was helping the Democratic Party carry out its platform pledges. As a lifelong Democrat and one who has been honored by my party, I have never opposed the creed or platform declarations of the Democratic Party, and as long as I stay in public life I will never use my voice or vote to prevent our party from fulfilling its platform or preelection pledges.

I shall not attempt in this statement to explain the provisions of the 17 major laws enacted during the recent session of Congress, but I will say that the President's program has been adopted, and we are now making splendid headway in our war against depression and the forces of fear. We have clothed the President with adequate powers to meet every emergency and bring the country back to a condition of prosperity, contentment, and happiness. Under the wise and patriotic leadership of Franklin D. Roosevelt, and with the cooperation and support of the American people without regard to their politics, we may with confidence expect a rehabilitation of our agricultural, industrial, financial, and commercial structures and a restoration of Nation-wide prosperity.

The following is a brief summation of the extraordinary powers conferred on the President to enable him to deal with the unprecedented economic conditions and emergencies. The President was given the power to allocate appropriations for public works; to reduce first-class mail rates; to alter tariffs, levy quotas, and establish embargoes, with the advice of the United States Tariff Commission; to regulate or prohibit the interstate shipment of oil produced in violation of State quota laws; to regulate and coordinate industrial production and banking and railroad operations; to develop and operate Muscle Shoals; to alter the gold content of the dollar; to remonetize silver; to suspend or alter, within limits, governmental contracts, including Federal salaries, pensions, and allotments, and air and ocean mail subsidies.

Under the Industrial Recovery Act, public-works measure, Agricultural Adjustment Act, Wagner Human Relief Act, emergency railroad legislation, Securities Regulation Act, and other major legislative measures, the President has been given exceedingly broad powers to meet this epoch-marking, history-making depression.

The record of the Democratic President and of the Democratic Congress will meet with almost universal public approval, and justifies the continued confidence of the American people in both the President and Congress. I shall always be proud of the fact that I was a Member of the first or special session of the Seventy-third Congress, which, under the wise leadership of President Roosevelt, rolled back the tide of depression, grappled with and overcame the forces of fear and disaster, and pointed the way to better and more prosperous days.

I desire to pay a deserved tribute to the Republican Members of Congress, who, in a fine spirit of cooperation, joined the Democratic majority in putting over the President's legislative program. The Republican minority gave cordial and patriotic support to practically all the measures recommended by President Roosevelt. Indeed it is a source of pride and satisfaction that both Democratic and Republican Members of Congress, realizing the gravity of the situation, for the time being forgot politics and partisanship and united in the prompt enactment of these emergency measures.

REVIEW OF THE LEGISLATION OF THE SPECIAL SESSION OF CONGRESS

Mr. GIBSON. Mr. Speaker, true to its practice when in control of the Government but false to its preachments and professions when not in power, the Democratic Party, with its huge majorities in both Houses of Congress, in its mass production of legislation during this special session, has made 12 distinct raids on the Civil Service system, and otherwise, by threats and attempted emasculation of the Civil Service law has made the merit system a hollow mockery. These actual raids and these attempted inroads upon the Civil Service have created a sense of insecurity among faithful and efficient public servants, many thousands of whom are affiliated in their political principles with the Democratic Party, and have all but demoralized the public service. Under the plea of emergency many new agencies have been created necessitating the employment of thousands of employees who will be appointed as the spoils of Democratic victory and thus undermine the already weakened merit system.

The jobs newly created and placed outside the Civil Service law should be utilized to take care of efficient Government employees who will be furloughed as the result of the economy program of the Democratic administration, and arrangements made to transfer competent employees from bureaus that are to be abolished to the new agencies which are being set up.

The President has the authority under the Civil Service law to do these things and prevent injustice to worthy employees and disservice to the Government itself, but the deliberate and successful effort of the Democratic majorities in Congress to fill all new jobs with hungry Democrats by disregarding the merit system renders Executive interference doubtful, notwithstanding the President's alleged sympathy with the merit system.

A review of the legislation of this special session with its vast grants of power to the President and its enormous and bewildering appropriations shows, in respect to the Civil Service, a studied and an avowed purpose to capitulate to the hungry job seekers at the expense of the taxpayers and of the merit system.

When the emergency relief bill, otherwise known as the "dole bill", was under consideration in the House it contained originally the following provision:

> The administration may appoint and fix the compensation of such experts and, subject to the provisions of the Civil Service law, appoint and, in accordance with the Classification Act of 1923, as amended, fix the compensation of such other officers and employees as are necessary to carry out the provisions of this act.

For these purposes the bill made $350,000 available.

In Committee of the Whole the gentleman from Arkansas [Mr. FULLER] succeeded by an amendment in striking out the words:

> Subject to the provisions of the Civil Service laws, appoint and, in accordance with the Classification Act of 1923, as amended.

In the House a separate vote was taken on this amendment by the yeas and nays on the demand of the gentleman from Massachusetts [Mr. LUCE], a stanch friend of the merit system.

This vote resulted, yeas 215, nays 161; so the obnoxious amendment was agreed to. But be it said to their credit that 51 Democrats joined 110 Republicans in voting against the amendment, and not a single Republican voted for it. (CONGRESSIONAL RECORD, April 21, 1933, pp. 2121, 2128.)

The Senate restored to the bill the language stricken out by the House and the bill went to conference. The conference committee, by exceeding its authority, again eliminated the provision and substituted for it the following:

> The Administrator may appoint and fix the compensation of such experts and their appointment may be made and compensation fixed without regard to the Civil Service laws or the Classification Act of 1923, as amended.

The conferees discovered that to effect this purpose, it was not enough merely to strike out the original words, but to insert a positive provision to disregard the Civil Service laws. This provision would clearly have been subject to a point of order as exceeding the authority of the conferees had the conference report been considered in the usual way, but in their zeal for spoils the Democratic-controlled Rules Committee brought in a drastic rule waiving points of order, and this rule was adopted against the protesting votes of 27

Democrats and of the votes of Republican and Farmer-Labor Members. (CONGRESSIONAL RECORD, May 9, 1933, pp. 3085, 3089.)

The gentleman from Arkansas [Mr. DRIVER] in his remarks on the drastic rule reported by him made this statement:

The only opposition will come from those who believe in the adherence to the Civil Service law in all legislation and that it should be applied to the personnel to be selected for the administration of this law. (CONGRESSIONAL RECORD, May 9, 1933, p. 3085.)

The vote shows that the only opposition came from Republican and Farmer-Labor Members "who believe in the adherence to the Civil Service law."

In vigorous defense of the Civil Service laws three Republicans stated their belief in adherence to the Civil Service laws and the time-honored position of the Republican Party in favor of the merit system. The gentleman from Michigan [Mr. MAPES] declared:

I have been an advocate of the Civil Service ever since I entered public life, and I do not like to see it torn down. (RECORD, May 9, 1933, p. 3087.)

The gentleman from Massachusetts [Mr. MARTIN] said:

I hope the Democratic Party does not intend to stultify itself by taking this extreme method of getting a few patronage jobs. * * * I believe the American people believe in the Civil Service, and personally I do not believe that the President of the United States is in favor of what we are asked to do today. * * * I ask you to think seriously of what you are doing in striking down the Civil Service laws, which Democrats as well as Republicans have supported for many years. (CONGRESSIONAL RECORD, May 9, 1933, p. 3086.)

And the gentleman from Massachusetts [Mr. LUCE], in his usual forceful and logical way, reviewed the history of the pending proposition and its purpose to despoil the Civil Service, and reviewed also the history of the Civil Service law passed 50 years ago, the father of which was George H. Pendleton, a Democratic Senator from Ohio. Mr. LUCE read the first sentence of the Civil Service law, as follows:

The President is authorized to proscribe such regulations for the admission of persons into the Civil Service of the United States as may best promote the efficiency thereof, and ascertain the fitness of each candidate in respect of age, health, character, knowledge, and ability for the branch of service into which he seeks to enter.

Mr. LUCE then made the following statement, which it would be well for Democratic spoilsmen to remember:

It was the speech of Senator Pendleton that did most to secure the passage of the law of which I have read the first sentence as it now stands. In its course he reminded the Senate that Jefferson on taking office in 1801 had established fidelity, capacity, and honesty as the tests. I know how unfashionable it is now to quote Thomas Jefferson. The gentlemen on my right have forsaken his doctrines, trodden on them, turned their backs on them, and now of Thomas Jefferson it may be said that on my right "there is none so poor to do him reverence." Ah, they worship now at the altar of Andrew Jackson, and it is idle for me to repeat these words of Jefferson to men who have forgotten even his existence.

Mr. Pendleton further said that—and here I venture to read in order that I may be correct—describing the condition to which the conduct of government had been brought by the belief of Jackson and the utterance of Marcy, "To the victors belong the spoils."

I do not say that the Civil Service of the Government is wholly bad. * * * But I do say that the Civil Service is inefficient; that it is expensive; that it is extravagant; that it is in many cases and in some senses corrupt. * * *

This whole system demoralizes everybody who is engaged in it. It demoralizes the clerks who are appointed. That is inevitable. It demoralizes those who make the appointment. That also is inevitable. And it demoralizes Senators and Representatives who, by the exercise of their powers as Senators and Representatives, exert pressure upon the appointing power.

Mark you, these words of a great Democrat, a man incorruptible and fearless, a champion of the welfare of the country:

I believe that the existing system which, for want of a better name, I call the "spoils system", must be killed or it will kill the Republic. I believe that it is impossible to maintain free institutions in the country upon any basis of that sort.

I believe the spoils system to be a great crime. I believe it to be fraught with danger. I believe that the highest duty of patriotism is to prevent the crime and avoid the danger.

And so, if you do not care to decide this question today upon the issue of whether you will trust your President, turn to these words, dwell upon them in your minds, let them appeal to your judgments, and to your conscience, and do not now, when first the opportunity squarely presents itself, say that it is your wish to return to that system which menaced the very life of the Republic itself. (CONGRESSIONAL RECORD, May 9, 1933, p. 3089.)

In connection with the Civilian Conservation Corps, created by the act of March 31, 1933, which the Senator from Louisiana [Mr. LONG] referred to as the "sapling bill", it appears from information furnished the House by the gentleman from Mississippi [Mr. COLLINS] that 20,300 civilian employees at average pay of $140 per month had been appointed up to the end of May to supervise the forestation work of 274,375 registrants. This new army of civilian employees were appointed without regard to the Civil Service law, although the Reforestation Act did not so provide, as was the case in other emergency acts. Their employment, whether under Civil Service regulations or not, was discretionary with the administration, and in the absence of regulations, prescribed by the President, for their selection from eligible lists of the Civil Servce Commission they were, of course—20,300 of them—placed on the Government pay roll without regard to the Civil Service law.

The men enlisted in the Civilian Conservation Corps were not required to take the oath of enlistment, although operating under the direction of Army officers, and yet they receive more pay than the regularly enlisted men of the Army, and are not subject to the same discipline; and in case of death the widow of a man who serves in one of these temporary jobs in the woods would receive $45 per month under the compensation law while the widow of a soldier would receive, in most cases, less than half that amount.

The national employment system created by the act of June 6, 1933 (Public Law No. 30, 73d Cong.), replacing the old system under the Department of Labor, provides for employment agencies throughout the country to act in conjunction with like State agencies, requiring the services of a host of employees, all of whom are to be appointed and their salaries fixed, without regard to the Civil Service laws, as will be seen by the following provision of the act:

The Secretary of Labor is authorized, without regard to the Civil Service laws, to appoint and, without regard to the Classification Act of 1932, as amended, to fix the compensation of one or more assistant directors and such other officers, employees, and assistants, and to make such expenditures for personal services * * * as may be necessary to carry out the provisions of this act.

This will be good news for the hungry army of faithful partisans who already are clamoring for these jobs, but is it another blow at the merit system?

Another haven of refuge for the spoils hunter was provided in the Federal Emergency Relief Administration Act (Public Law No. 15, 73d Cong.), whereby a dole of $500,000,000 is to be given away to States and individuals. This act provides—

The Administrator may appoint and fix the compensation of such experts and their appointment may be made and compensation fixed without regard to Civil Service laws or the Classification Act of 1923, as amended, and the Administrator may, in the same manner, appoint and fix the compensation of such other officers and employees as are necessary to carry out the provisions of this act.

The Tennessee Valley Authority Act (Public Law No. 17, 73d Cong.), better known as the "Muscle Shoals bill", sets up a "corporation" designated as "the board", composed of three members appointed by the President, and all other officials, agents, and employees are to be designated or selected by the board.

Following closely the language of other acts disregarding the Civil Service laws, it is provided in this act that—

The board shall without regard to the provisions of Civil Service laws applicable to officers and employees of the United States, appoint such managers, assistant managers, officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation, * * * and provide a system of organization to fix responsibility and promote efficiency.

The last words "and promote efficiency" were doubtless added with a pang of conscience as a generous concession

to the merit system. What a splendid opportunity is here afforded to acquire a trained, efficient personnel from the ranks of thousands of qualified Civil Service employees who have been and will be guillotined and those placed on indefinite furloughs by the various economy measures.

Even the act to help home owners from foreclosures of mortgages on their homes did not escape the attention of the marauding spoils hunter, for we find in the Home Owners' Loan Act (Public, No. 43, 73d Cong.) a broad, sweeping power to the Home Owners' Loan Corporation, created by that act, to appoint at will its employees and to fix their salaries.

Here is the provision:

> The Corporation shall have power to select, employ, and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States.

In other words, the Civil Service laws and the Classification Act are to be ignored and inapplicable and the door is thrown wide open to an insatiable horde of "victors" in question of the spoils of victory.

In conferring upon the Secretary of Agriculture absolute power over the destiny of farm operations, the authors of the Farm Relief Act, with all of its far-reaching provisions into an untrodden field of governmental experiment, did not overlook the little matter of jobs made necessary for the administration of its complex machinery.

In section 10 of that act (Public, No. 10, 73d Cong.) it would seem at first glance as though its sponsors really purposed to give the merit system some recognition when we read:

> The Secretary of Agriculture may appoint such officers and employees, subject to the provisions of the Classification Act of 1923 and acts amendatory thereof, and such experts as are necessary to execute the functions vested in him by this title.

But the Classification Act is one thing and the Civil Service laws are something else. The former is good enough for classification purposes after appointments are made, but when we come to the matter of making appointments we find this further provision—

> And the Secretary may make such appointments without regard to the Civil Service law or regulations.

Here again we run across our old Civil Service nemesis, those fatal words, "Without regard to the Civil Service laws."

How much of the huge sum of $100,000,000 appropriated for administrative expenses will be used for "classified" jobs without regard to the Civil Service laws remains to be seen.

Under the provisions of the same act the Farm Loan Commissioner is authorized to appoint, employ, and fix the compensation of such officers, employees, attorneys, and agents as may be necessary to carry out the purposes of this title * * * without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States.

The production credit corporations and the production credit associations created under the Farm Credit Act, as in the case of other farm-relief agencies, will select their personnel and administer the law "without regard to the Civil Service laws and regulations."

Still another agency created by the Securities Act (Public, No. 22, 73d Cong.), designated as the "Corporation of Foreign Security Holders", is authorized—

> To select, employ, and fix the compensation of officers, directors, members of committees, employees, attorneys, and agents of the Corporation without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States.

Perhaps of all the instrumentalities created by Congress involving difficulty in administration and requiring the greatest number of civilian employees is that of the Federal Emergency Administration of Public Works under the provisions of the National Industrial Recovery Act (Public, No. 67, 73d Cong.).

One has only to read this act without attempting to understand its intricacies to see the possibility of an addition to the Federal pay roll of thousands of officers and employees "without regard to Civil Service laws." Not only does this law provide for outright new appointments but it reaches out and embraces such State and local officers and employees as may be found necessary and add them to Uncle Sam's roster with such pay as may be prescribed. What a grand opportunity this affords to dump upon the Federal pay roll untold numbers of State, county, and city employees and thus relieve local governments of that burden; and incidentally it will follow as a matter of course that care will be exercised by Mr. Farley, the lord high executioner and dispenser of patronage de luxe, to see that only those drafted for this service have the proper password, "come across", from local Democratic political chieftains. There is more than one way, it seems, to meet that deficit in the Democratic campaign chest.

The power to appoint is vested in the President, but he is authorized to delegate this power, which he will no doubt do.

The law has the same provision as in others herein quoted—that is, the authority "to appoint, without regard to the Civil Service laws, such officers and employees as he may find necessary"—but it goes still further and provides for the appointment of—

> such State and local officers and employees as he may find necessary; to prescribe their authorities, duties, responsibilities, and tenure; and without regard to the Classification Act of 1923, as amended, to fix the compensation of any officers and employees so appointed.

Encouraged by these wholesale assaults upon the merit system another and even greater inroad was attempted and was partially successful in the closing days of the session.

Without the consideration its importance deserved a bill was passed in another body lifting at least 5,000 positions from the Civil Service system and placing them in the patronage bag. This bill (S. 1869) reads as follows:

> That notwithstanding any other provisions of law after this act becomes effective, all appointments to office in the executive branch of the Government of the United States at a rate of compensation in excess of $5,000 per annum shall be made by the President, by and with the advice and consent of the Senate: *Provided*, That the provisions of this act shall not apply to appointments by the President of persons as secretaries or clerks in his service.

As originally introduced and reported from the committee the bill required Presidential appointment and confirmation by the Senate of all positions paying more than $3,500. Left in this form the bill would have covered thousands of men and women in technical and administrative fields, experts in their lines of work, and made them the prey of politics. This was so clearly unjust and destructive of good service that the bill was amended before its hasty passage so as to effect only positions paying more than $5,000.

This bill came to the House on the eve of final adjournment and was referred to the Committee on the Civil Service, where all true friends of the merit system hope it will repose indefinitely.

As further indicating a determined purpose to render the Civil Service laws ineffective and to flout the merit system a bill was reported favorably from the Committee on Civil Service in another body on June 13, 1933, but was not reached for consideration. This bill speaks for itself in the following language:

> That after the date this act takes effect the Civil Service laws shall not be construed to apply to any office or position in the Government covered into the classified Civil Service by Executive order, or any officer or employee of the Government appointed to the classified Civil Service without examination after March 4, 1929, and prior to the date this act takes effect.
>
> SEC. 2. After the date this act takes effect the Civil Service laws shall not be construed to permit the covering into the classified Civil Service of any office or position not included therein, or the appointment to the classified Civil Service of any person without examination, unless the Congress shall specifically so provide: *Provided*, That in all cases where employees not officials have heretofore been covered into the Civil Service by Executive order, such employees may be allowed to stand a special competitive Civil Service examination for the places they now hold.

Another blow at the merit system was the "involuntary retirement" provision in the independent offices appropriation bill.

The measure itself appears to be guileless—

Says a commentary—

It purports to extend a privilege to employees who are dismissed after 30 years or more of service. But the possibility that this measure might be used as a means of reducing Civil Service personnel makes thousands of faithful servants of the Government uneasy over their jobs.

When the plan of eliminating employees who have been in the service for 30 years or more was first submitted to Congress by the Budget Bureau it provided for compulsory retirement. Under that arrangement 22,000 Government workers would have been arbitrarily dismissed. Congress refused to sanction a measure so drastic. The original plan underwent considerable modification in both the House and the Senate, but as finally approved it permits the President to withdraw much of the protection which now surrounds employees who have devoted most of their lives to Government service.

The law merely gives Federal workers who are involuntarily separated from the service after 30 years a right to retirement pay. But this opens the way for dismissals on a grand scale among employees in this class. Government workers are rated on their efficiency, length of service, dependability, material status, and military service. The President may, by Executive order, eliminate length of service as a factor in employees' ratings, thereby destroying the seniority advantage they have built up over many years.

That it would be an injustice to oust middle-aged employees from their jobs because they have served 30 years is apparent to every one. Many capable specialists, administrators, and division chiefs may thus be forced out through the caprice of a department head. Employees who have served the Government for long periods in a nonpartisan spirit under the promise of security in their positions may suddenly be displaced for political reasons, and they would be denied any appeal to higher authority.

This prospect is extremely discouraging to men and women who plan to enter the Government service as their life's work, as well as to those whose careers may be thus terminated. The Government would be under a handicap in securing efficient and impartial service. If advantage should be taken of the opportunity Congress has given to emasculate the safeguards of the Civil Service, the morale of the Federal personnel will be seriously impaired.

Since the passage of the Civil Service Law, 50 years ago, every President has exercised his authority under it to extend the merit system by covering into the Civil Service through Executive order various classes of employees, temporary appointees primarily who demonstrated their fitness by experience and whose services were required by the Government. Doubtless this practice, in rare instances, may have been abused in both Democratic and Republican administrations for partisan purposes, but in the main and in large degree the Government service has been benefited and the merit system extended and strengthened.

During the World War thousands of additional employees were required, and it is a well-known fact that President Wilson covered many of them into the Civil Service, where they are to this day. Appointees, many of them in so-called "key" positions, appointed during the Wilson administration, were undisturbed in their positions during the subsequent Republican administrations.

It has been said upon the floor of the House recently that positions at the disposal of the Reconstruction Finance Corporation were filled without regard to the Civil Service laws and that they were filled by the appointment of Republicans. The first part of this statement is true, but the latter part is absolutely contrary to the facts. It is well known that President Hoover appointed a prominent Democrat, former Senator Atlee Pomerene, as chairman of the Corporation, in order to avoid the appearance of partisanship; and the subordinate employees of the Corporation in all of its various ramifications were selected for their qualifications. The truth is that, according to the best obtainable information, as many appointees in that service were Democrats as there were Republicans.

It is a fair statement that by and large, throughout the life of the Civil Service law for a half century, the Republican Party, in practice as well as in promise, as a party, with individual exceptions, has been the friend of the merit system; and that, by and large, in the main, the Democratic Party, as a party, with individual exceptions, has been the party of spoils and the foe of the merit system.

The distinguished gentleman from Alabama [Mr. BANKHEAD], an able leader of the Democratic Party in the House, reflected the views of his party associates, with some exceptions, when he frankly admitted in an outburst of partisan zeal on the 22d of last March his antipathy for the merit system. His remarks warmed the cockles of his Democratic colleagues' hearts, as evidenced by their vociferous applause.

After saying that he would vote to abolish the whole system the gentleman from Alabama, in true Jacksonian style, exclaimed:

I may say I do hope and pray, adopting somewhat the spirit of old Andrew Jackson on these propositions of rewarding the faithful, inasmuch as we have so many faithful and so many deserving, that we will not be limited in some of the new offices that are to be filled to merely the crumbs that fall from the table, but that we may have some of the loaves and fishes, and that the rights and interests of really deserving Democrats will not be forgotten. (CONGRESSIONAL RECORD, Mar. 22, 1933, p. 736.)

It is no wonder, in view of the raids on the merit system by the Democratic Party, with its tremendous majorities in Congress, that the National Civil Service Reform League should come to life and make a vigorous protest in its annual report.

Not since Grover Cleveland's administration—

Says the league's report—

has the merit system had to face a serious challenge to its existence as it faces now upon the latest change of administration.

And the report goes on to say, referring to the numerous new agencies created:

The new administration has turned its back upon the only method of safeguarding these new agencies from maladministration. Without a single exception, these new agencies thus created have been thrown open to the political spoilsmen to do with as they see fit. The excuse given when objection had been made to exemption from the Civil Service tests has been that these agencies are a part of the emergency program and that they may be temporary in character. A more specious excuse could not be devised to hoodwink the public. * * * It would be tragic if the recovery program were to be defeated or impeded by the clamor for spoils of office.

And now comes the crowning infamy against the merit system, the capstone to the monument of Democratic depredations, a frontal attack upon the Library of Congress, an institution above all others upon which the spoilsman has not dared heretofore to lay his unholy hands. One of the distinguishing features of that great Library, to which is attributable its marvelous efficiency, is its absolute freedom and separation from partisan politics. Its well-trained corps of experts and attendants are men and women who have been specially trained for library work, and now to disrupt that force, which has been built up through years of painstaking care, and make a shambles of it to satisfy the desire of politicians in quest of prey would be nothing short of a crime.

And yet it is seriously proposed to do this very thing. An account of this atrocious undertaking is given in an Associated Press dispatch, from which the following is quoted:

DEMOCRATS UNITING TO GET G.O.P. JOBS—HOUSE MEMBERS DISSATISFIED WITH FARLEY'S POLICY IN HANDLING PATRONAGE

Democratic House Members, dissatisfied with the way Postmaster General Farley is passing out patronage, have organized a special committee to find jobs for Democrats which are now being held by Republicans.

The committee was created by the Democratic National Congressional Committee. Representative MCCLINTIC, of Oklahoma, was named chairman. He said yesterday that Members of the House were so harassed by job seekers that, having failed to get the administration to take on Democrats, they had decided to try to find some jobs for their constituents.

The committee first turned its study to the 800 places in the Library of Congress, where the pay roll amounts to $773,360 annually and salaries run from $1,200 to $6,000 a year. These employees are not under the Civil Service and may be filled by Presidential appointment.

"There are about 800 employees in the Library of Congress," MCCLINTIC said. "The best check-up we can make is that about 40 or 50 are Democrats. Most of the others are Republicans and nearly all of them have been appointed in the past 12 years. At least 50 percent were appointed during the Hoover administration.

"We have tried to find out about these people holding these good jobs, but they won't give up all the information we want."

McCLINTIC said a check-up showed that most of them came from Illinois, Pennsylvania, Maryland, and Virginia, and that about 50 were foreigners.

McCLINTIC wrote a letter to his Democratic colleagues saying:

"The special committee appointed by the congressional committee to make a study for the purpose of bringing about more efficiency has endeavored to secure all the information available concerning employees in the Congressional Library who are employed from your State.

"It has been difficult to obtain detailed information concerning the identity of each person, and we are going to suggest that you call your delegation together and submit this list for identification.

"After you have done so, if you are desirous of supplementing any of the persons listed, it is our suggestion that you have the delegation present endorsements favorable to the persons you would like to have appointed and file the same with the Honorable James A. Farley, chairman of the Democratic National Committee, with the request that such persons as you have in mind be named to fill such vacancies.

"The committee also suggests that it would be advisable to contact the Democratic Senators from your State for the purpose of finding out whether any of those on this list have the kind of status that will entitle them to retain their present position."

The committee requested that the Members recommend "only such persons who are well qualified from an educational standpoint" for the positions. It added there was no desire to impair the efficiency of the institution.

"The committee further desires to say that the States are not equally represented in the present apportionment," the letter said, "and if some arrangement can be made to give additional employees to States that are not properly represented it will be a pleasure on our part to cooperate in the best manner possible."

McCLINTIC said many Members of the House were "almost afraid to go home, because they haven't been able to get any jobs for deserving Democrats in their districts."

He said there were many Republicans still on the Federal pay roll, that should be replaced as quickly as possible, and that his committee would cooperate with Farley in expediting the changes.

Is the Library of Congress, one of the greatest libraries in the world, to be dismantled in its personnel to appease the appetite of hungry office mongers and to furnish a spoils holiday for faithful partisans? By all means this great temple, which exemplifies the wisdom and practical results of the merit system, should not be defiled.

FINANCIAL INTERESTS SHOULD NOT DICTATE FOREIGN POLICY OF UNITED STATES GOVERNMENT

Mr. McFADDEN. Mr. Speaker, I doubt if the history of the relations between this country and Russia is known to every American citizen. It may not be considered amiss, therefore, if I dwell for a few moments on our past relations with that strange and interesting country. To do so it will be necessary for me to go back to the late eighties and the early nineties of the last century, when the United States was turning the corner and becoming rich and powerful. At that time a man named Jacob Schiff came to this country as the agent of certain foreign money lenders. His mission was to get control of American railroads. This man was a Jew. He was the son of a rabbi. He was born in one of the Rothschilds' houses in Frankfort, Germany. He was a small fellow with a pleasant face and, if I remember correctly, his eyes were blue. At an early age he set out from Frankfort to seek his fortune and went to Hamburg, Germany. At Hamburg he entered the Warburg banking establishment. The Warburgs of Hamburg are bankers of long standing, with branches in Amsterdam and Sweden. After Schiff had served his time with them, he went to London and worked with their London correspondents. He was also connected with the firm of Samuel Montagu & Co., the London gold merchants. When he came to this country, he was well equipped to do business as an international money changer. He knew how to be polite, he could write a smooth letter, and he always pretended to be a man of holiness and a philanthropist.

Sometime before Schiff's arrival there was a firm of Jewish peddlers or merchants in Lafayette, Ind., by the name of Kuhn & Loeb. I think they were there about 1850. Probably they made money out of the new settlers who passed through Indiana on their way to the Northwest. This firm of Jews had finally moved to New York and had set themselves up as private bankers and had grown rich. Jacob Schiff married Teresa Loeb and became the head of Kuhn, Loeb & Co. Schiff made a great deal of money here for himself and for the Jewish money lenders of London. He began to give orders to Presidents almost as a matter of course. He appears to have been a man who would stop at nothing to gain his own ends. I do not blame him for being a Jew. I blame him for being a trouble maker.

Russia had a powerful enemy in this man, Jacob Schiff. The people of the United States were taught to believe that this enmity of his was caused by wrongs done to Russian Jews. I look elsewhere for the motives which animated him.

In the 1890's Schiff was the agent in this country of Ernest Cassell and other London money lenders. These money lenders were looking forward to a war between England and Russia and were making preparations for propaganda designed to support England in the United States. This country was then a debtor nation, paying a high yearly tribute to Schiff and his principals. Schiff accordingly took it upon himself to create a prejudice in the United States against Russia. He did this by presenting the supposed wrongs of the Russian Jews to the American public. Unpleasant tales began to appear in print. School children in this country were told that Jewish children were crippled for life by Russian soldiers wielding the knout. By unfair means a wedge was driven between Russia and the United States.

One of Schiff's schemes was a sort of wholesale importation of Russian Jews into the United States. He drew up divers and sundry regulations for the temporary transplantation of these Jewish emigrants. He would not, he said, have them enter this country through the port of New York, because they might like New York too well to leave it for the outposts he had selected for them. He said it would be best to have them come in at New Orleans and to have them stay there 2 weeks, "so that they could pick up a few words of English and get a little money" before setting off for what he called the "American hinterland." How they were to get the money he did not say.

Aided by Schiff and his associates, many Russian Jews came to this country about that time and were naturalized here. A number of these naturalized Jews then returned to Russia. Upon their return to that country, they immediately claimed exemption there from the regulations of domicile imposed on Jews; that is, they claimed the right to live on purely Russian soil because they were American citizens, or "Yankee" Jews. Disorders occurred and were exploited in the American press. Riots and bombings and assassinations, for which somebody furnished money, took place. The perpetrators of these outrages appear to have been shielded by powerful financial interests. While this was going on in Russia, a shameless campaign of lying was conducted here, and large sums of money were spent to make the general American public believe that the Jews in Russia were a simple and guileless folk ground down by the Russians and needing the protection of the great benefactor of all the world—Uncle Sam. In other words, we were deceived. We were so deceived that we allowed them to come in here and to take the bread out of the mouths of our own American citizens.

I come now to the time when war was declared between Russia and Japan. This was brought about by a skillful use of Japan so that England would not have to fight Russia in India. It was cheaper and more convenient for England to have Japan fight Russia than to do it herself. As was to be expected, Schiff and his London associates financed Japan. They drew immense quantities of money out of the United States for that purpose. The background for the loans they floated in this country had been skillfully prepared. The "sob stuff", of which Schiff was a master, had sunk into the hearts of sympathetic Americans. The loans were a great success. Millions of American dollars were sent to Japan by Schiff and his London associates. England's stranglehold on India was made secure. Russia was prevented from entering the Khyber Pass and falling on India from the northwest. Japan at the same time was built up and became a great world power, and as such is now facing us in the Pacific. All this was accomplished by control of the organs of American publicity, releases to the

effect that Russian Jews and "Yankee" Jews were being persecuted in Russia, and by the selling of Japanese war bonds to American citizens.

While the Russo-Japanese War was in progress President Theodore Roosevelt offered to act as peacemaker, and a conference between representatives of the belligerents was arranged to take place at Portsmouth, N.H.

When the Portsmouth Conference took place, Jacob Schiff attended it and used such influence as he had with Theodore Roosevelt to win favors for Japan at the expense of Russia. His main object, then as always, was humiliation of Russians, whose only crime was that they were Russians and not Jews. He endeavored to humiliate the Russians, but Count Witte, the Russian plenipotentiary, did not allow him to succeed in this attempt. Schiff's power and the power of his organized propaganda were well understood by Count Witte, however. Consequently he was not surprised when President Roosevelt, who was often deceived, twice asked him to have Russia treat Russian Jews who had become naturalized in the United States and who had thereafter returned to live in Russia with special consideration; that is, not as Jews but as Americans. Witte carried home a letter from Roosevelt embodying this plea.

Mr. Speaker, the restrictions upon Jews in Russia at that time may or may not have been onerous. But onerous or not, before the Russians had time to change them, Schiff had the 80-year-old treaty of friendship and good will between Russia and the United States denounced. Speaking of this matter, Count Witte says in his autobiography:

The Russians lost the friendship of the American people.

Mr. Speaker, I cannot believe that those people—the real Russians—ever lost the true friendship of the American people. They were done away with to suit the ambitions of those who intend to be the financial masters of the world, and some of us were deceived into thinking that in some mysterious way they, themselves, were to blame. The chasm that suddenly opened between ourselves and our old friends and well-wishers in Russia was a chasm created by Schiff the vindictive in his inhuman greed, and he created it in the name of the Jewish religion.

Mr. Speaker, it was a mistake for the United States to permit the integrity of its foreign policy to be jeopardized or affected adversely by such religious, racial, and financial meddling as that practiced upon us by Schiff and his London associates. The United States should manage its foreign affairs with more distinction than that which is implied in the picture of Jacob Schiff shaking his fist at the White House and muttering threats against William Howard Taft, then President of the United States, a man who was excessively distinguished in his chosen field and who represented the integrity and the patriotic Americanism of every generation of New Englanders from the first of Massachusetts Bay Colony to his own, and represented them well.

Mr. Speaker, the people of the United States should not permit financial interests or any other special interests to dictate the foreign policy of the United States Government. But in this connection history is now repeating itself. You have heard, no doubt, of the so-called persecution of Jews in Germany.

Mr. Speaker, there is no real persecution of Jews in Germany. Hitler and the Warburgs, the Mendelssohns and the Rothschilds, appear to be on the best of terms. There is no real persecution of the Jews in Germany, but there has been a pretended persecution of them because there are 200,000 unwanted Communistic Jews in Germany, largely Galician Jews who entered Germany after the World War, and Germany is very anxious to get rid of those particular Communistic Jews. The Germans wish to preserve the purity of their own blond racial stock. They are willing to keep rich Jews like Max Warburg and Franz Mendelssohns, whose families have lived in Germany so long that they have acquired some German national characteristics. But the Germans are not willing to keep the Galician Jews, the upstarts. So a great show is put on, largely by German Jews themselves, in the hope that Uncle Sam will prove himself to be as foolish as he was before and that we will allow those Galician and Communistic Jews to come in here. That is why Miss Perkins has been placed in charge of the Department of Labor. She is there to lower the immigration bars. It is thought that, being a woman, she may disarm criticism. She is an old hand with the international Jewish bankers. If she were not, she would not be here in a Jewish-controlled administration.

When the so-called "anti-Semitic campaign" designed for American consumption was launched in Germany, France was alarmed because she feared the Galician Jews might be dumped on French soil. French newspapers published articles concerning the menace, but now that France has been shown that the purpose of the anti-Semitic campaign is to dump the 200,000 communistic Jews on the United States she is worried no longer. "Ah", she says, "l'Oncle Sam, he is to be the goat. Very good."

Mr. Speaker, I regard it as a pity that there are Americans who love to fawn upon the money Jews and to flatter them. Some of these unfortunates are under obligations to Jewish money changers and dare not cross them. On June 6, 1933, there was a meeting in the city of Washington at which the following resolution was adopted:

America has been greatly enriched through generations past by men and women of high quality who have come to our shores as a result of persecution in their own lands. Our country is known throughout the world as the haven of those who suffer from wrong and injustices, and who seek an opportunity for freedom not afforded in their own land. The present is another critical time, and there are many victims of religious and racial persecution in Germany who, because of superior attainments and qualities of fine citizenship, would make valuable additions to our Commonwealth. We, therefore, ask the Government temporarily to relax the immigration barriers in favor of such persons and urge the passage of such measures as will effect this result.

Mr. Speaker, the time for such tactics has gone by. We would be very foolish to allow Germany to dump her unwanted Jewish population on the United States. If the money Jews are as noble as they advertise themselves to be, let them advocate the payment of the veterans' adjusted-compensation certificates. Let them ease the burdens of the consumptive Jewish boys who are hauling heavy carts of fur and other material around the garment center of New York. Let them see that the long-suffering Jewish school teachers receive the salaries which are due to them but which are now in arrears. That would be better than to bring 200,000 Jewish Communists in here for political purposes.

Mr. Speaker, Jacob Schiff flourished like the green bay tree during the World War, but there are passages in his life which show his hysterical despair when the Allies sent their representatives here to obtain a loan. He endeavored to have Lord Reading, formerly Rufus Isaacs, prevent any part of it from going to Russia, although at the time Russia had a very large army of soldiers in the marshes, including thousands of Jewish soldiers, fighting the battle of the Allies on short rations and with insufficient supplies. He was willing to join in the loan, but he wished to have Russia and Russian Jews excluded from the benefits of it. Upon that occasion he was torn between a desire for profit and his professional hatred of Russia, and he cried out to his fellow directors in Kuhn, Loeb & Co. that he ought not to be placed in such a position. And then I believe he said they could do as they liked about it.

In the end it was one of the European Warburgs, a relative of Schiff's, who went to Brest-Litovsk to negotiate the separate peace—a peace which was deeply resented by a large number of loyal Russian Jews—a peace which was followed shortly afterward by the Third Internationale, one of the purposes of which is the destruction of constitutional government in the United States and the establishment here of the same form of government as that which now prevails in Russia. The rights of the sovereign States in the United States are being steadily undermined for that sinister purpose. How far down into the bottomless pit of communism the United States has been dragged by the Roosevelt administration under the smoke screen of an emergency is shown by a comparison of the program of the Third Internationale and the Roosevelt communistic measures forced into law

here during this special session of Congress under threats to deprive Democratic Congressmen of patronage and influence, or, as the President is said to have expressed it to a London correspondent, a determination on his part to keep every Republican officeholder in office until he got what he wanted from the Democratic Congress. Among the tasks set before the communistic party in the United States, as shown in Russia U.S.S.R., a Complete Handbook, edited by the scholar, P. Malevsky-Malevitch, and published by Payson in New York this year, I find the following:

Transfer to the state of all gold reserves, valuables, securities, deposits, etc.; the centralization of all banking operations and the subordination of all the nationalized banks to a central state bank—

And so forth.

You have witnessed the unlawful seizure by Franklin D. Roosevelt of gold reserves and other values belonging to the people of the United States, the destruction of banks, the attempted whitewashing of the Federal Reserve Board and Federal Reserve banks, the corruption of which he admitted in his campaign harangues; and you may have noticed that what was confiscated is not in the hands of the present constitutional Government but in the hands of the international bankers who are the nucleus of the new government Roosevelt is seeking to establish here. Roosevelt's actions are not in accordance with the Constitution of the United States. They are in accordance with the plans of the Third International.

At one time Trotzky was a favorite with Jacob Schiff. During the war Trotzky edited Novy Mir and conducted mass meetings in New York. When he left the United States to return to Russia, he is said upon good authority to have traveled on Schiff's money and under Schiff's protection. He was captured by the British at Halifax and immediately, on advice from a highly placed personage, set free. Shortly after his arrival in Russia he was informed that he had a credit in Sweden at the Swedish branch of the bank owned by Max Warburg, of Hamburg. This credit helped to finance the seizure of the Russian revolution by the international Jewish bankers. It assisted them in subverting it to their own ends. At the present time the Soviet Union is in debt.

From the date of Trotzky's return to Russia the course of Russian history has, indeed, been greatly affected by the operations of international bankers. They have acted through German and English institutions and have kept Russian in bondage to Germany and both Germany and Russia in bondage to themselves. Their relatives in Germany have drawn immense sums of money from the United States and have in turn financed their agents in Russia at a handsome profit.

The Soviet Government has been given United States Treasury funds by the Federal Reserve Board and the Federal Reserve banks acting through the Chase Bank and the Guaranty Trust Co. and other banks in New York City. England, no less than Germany, has drawn money from us through the Federal Reserve banks and has re-lent it at high rates of interest to the Soviet Government or has used it to finance her sales to Soviet Russia and her engineering works within the Russian boundaries. The Dnieperstroy Dam was built with funds unlawfully taken from the United States Treasury by the corrupt and dishonest Federal Reserve Board and the Federal Reserve banks.

Mr. Speaker, our workingmen have been told that Russia is the best country in the world today for a workingman to live in. They have been made to regret that they cannot go to Russia to work on one of the great enterprises being carried on by the Soviet Government from which American workingmen are excluded. Mr. Speaker, in my opinion, the Russians have a right to set up any form of government that pleases them and suits their needs. But for some reason, whether due to some defect in the Soviet form of government or to some other cause, Russia has not been able to maintain its present form of government otherwise than at the expense of countries in which there is greater freedom for individuals and in which the property rights of citizens have been respected and preserved. Open up the books of Amtorg, the trading organization of the Soviet Government in New York, and of Gostorg, the general office of the Soviet trade organization, and of the State Bank of the Union of Socialistic Soviet Republics, and you will be staggered to see how much American money has been taken from the United States Treasury for the benefit of Russia. Find out what business has been transacted for the State Bank of Soviet Russia by its correspondent, the Chase Bank of New York; by Lloyd's Bank of London; by Kleinwort Sons & Co. of London, whose correspondents are the principal New York banks; by Glyn Mills & Co. of London and their American agents, that is, the International Acceptance Bank of New York, the Guaranty Trust of New York, the Central Hanover Bank of New York, the Chemical Bank & Trust Co., H. Clews & Co., Kidder Peabody & Co., Winslow Lanier & Co., and Lee, Higginson & Co., the promoters of Swedish Match. Find out how much United States money has passed through the Bank for Russian Trade of London and through the Midland Bank, Ltd.

If the extent of these transactions were known to the American workingman and if he could see that the raw material, the United States dollars, in those transactions came out of his own pocket and the pockets of his fellow citizens, he would understand that Russia is not a good place for a workingman unless other workingmen in other countries are forced to pay tribute to its needs. Russia owes the United States a large sum of money. If we had what Russia owes us today, the veterans of the United States would not need to fear the first of July 1933 when they are to be despoiled of their pension rights and privileges. Mr. Speaker, I am unalterably opposed to a reduction in the pensions that were lawfully conferred upon the United States veterans of all wars, their widows and dependents. I am in favor of the immediate payment of the veterans' adjusted-compensation certificates. If the United States can carry Germany and Soviet Russia and John Bull on its back, it can pay its veterans. If it can lend $50,000,000 to sovietized China and furnish material for the manufacture of high explosives, it can pay its veterans.

Mr. Speaker, an immense amount of United States money has been used abroad in preparations for war and in the acquisition and the manufacture of war supplies. Germany is said to be part owner of a large poison-gas factory at Troitsk on Russian soil. China is almost completely sovietized, and in the Asiatic interior huge stocks of munitions are said to be stored awaiting the day when the war lords of the United States will ship United States troops to Asia. Mr. Speaker, the United States should look before it leaps into another war, especially a war in Asia. It should decide whether it is worth while to join hands with Russia and China in a war against Japan. For myself, I say and I have said it often that the United States should remember George Washington's advice. It should mind its own business and stay at home. It should not permit the Jewish international bankers to drive it into another war so that they and their Gentile fronts and sycophants by way of Louis McHenry Howe, the graftmaster, may reap rich profits on everything an army needs from toilet kits to airplanes, submarines, tanks, gas masks, poison gas, ammunition, bayonets, guns, and other paraphernalia and instruments of destruction.

EXECUTIVE ORDERS AND THE AMERICAN CONSULS WITH SPECIAL REFERENCE TO IMMIGRATION VISAS

Mr. CELLER. Mr. Speaker, under the general leave for extension of remarks granted Members at the close of the session, I desire to submit the following:

I wish to call attention to the attitude of the State Department toward Congress in connection with the Executive order of President Hoover and the interpretation of that order by American consuls abroad, in the granting of immigration visas. The State Department has virtually slapped Congress in the face by its attitude during the last few years. I repeat that this Executive order issued by President Hoover and the orders promulgated by the Department of State thereafter is an absolute slap in the face of Congress.

We have adopted a statute which says that there shall be admitted into this country, under all the proper safeguards relative to contract labor, relative to becoming public charges, 150,000 or so immigrants every year.

The conclusion, to my mind, is inescapable, when the State Department undertakes to reduce that quota by 92 percent—not by 10 percent, not by 15 percent, not by 25 percent, but by 92 percent—that they are flouting the will of Congress. Ten or 15 percent might be excusable, but 92 percent cannot be accepted with complacency. That cut is absolutely unlawful and unwarranted under any condition. It is tantamount to almost total exclusion.

I can give you any number of cases within my own experience, in my own office, where the American consuls have been laws unto themselves. The courts have held that we cannot reach out and by certiorari, mandamus, or any other proceeding make them change their wills or judgments in these cases, and they know it and they have acted unreasonably. The State Department's attitude has been such as to give undue emphasis to the Executive order about economic conditions prevailing in this country. The State Department has construed that order to mean absolute exclusion, nonimmigration. And as to the actions of the Department relative to the "public-charge" provisions, I am concerned and alarmed about the undue emphasis given to the Executive order of President Hoover. Had the order been personally construed, I would not complain. But the Department has used the order as an instrument of utter exclusion in 92 percent of all the cases. That is outrageous and unpardonable and must stop. If we could pass a resolution, some sort of a resolution, which would "crack some of these consuls across the knuckles", we would be getting relief, and we need relief. I do not mean to disparage our consuls generally. Most of them are fine men. Perhaps they have acted under instructions from home. If so, we must "crack on the knuckles" some of our State Department officials here in Washington.

I have been asked whether or not the President could not "crack" the Department, or the State Department could not "crack" the consular officers in the various parts of the world and force them to correct the evil conditions. This could be done. The State Department can and should do the "cracking." This expression is a figurative one for discipline or punishment with admonition to sin no more. We could call the Department to task, and it in turn could admonish the consuls not to give undue emphasis to this Presidential proclamation, not to be cruel and oppressive or unreasonable in its application; but then in many cases the consuls would again arbitrarily refuse visas to persons who would not really become public charges—persons who have had as much, taking the combined resources of the immigrant on the other side of the water and what they have had here, as $2,500. It is ridiculous to refuse visas to those with that much money. They would never become public charges. That is a lot of money these days. Some of these excluded immigrants have had more than some Congressmen can claim to their credit. And they have been denied admission into this country. That is what I mean when I say undue emphasis was laid upon the Executive order.

Furthermore, there is no warrant in the statute for the order issued by President Hoover. We pride ourselves on being a Government of law and not of men, but Mr. Hoover made it a Government of men when he issued that order.

Now the Immigration Act is not flexible; it is an inflexible statute. The Secretary of Labor for years has been pleading with you to give him some flexible power, some discretionary power, for example, which would enable him not to deport in cases where there would be an undue hardship. Congress has always denied that right, has always refused to give him that discretion, has always refused to consider the statute flexible; yet we have the State Department saying that the law is flexible, that it can be bent in any way they wish, because of the construction that they wish to place upon the "public-charge" provisions.

Of course, it is true that there must be some distinction between the interpretation given with reference to this public-charge clause in a time of plenty and prosperity and that given when the economic conditions of the country are what they are today with 12,000,000 idle people walking the streets. But, nevertheless, I say that the State Department has twisted the provisions of the statute entirely out of their original purpose; and, while it is true the Department must give color to their construction of the statutes by pointing to the present economic conditions obtaining in this country, I maintain that the Department has not raised its finger to hold in curb, to hold within certain limitations, reasonable limitations, the American consuls abroad. They have been laws unto themselves, and in innumerable cases that have come under my ken and that have come under the ken of the city Members particularly they have been more vigilant, they have been unduly vigilant, they have been unjustly vigilant, of the rights of American workmen in that regard. They have gone to extremes. Instead of weighing the evidence carefully, they have just excluded. It could not be otherwise when they excluded 92 percent. That number is startling.

It may be said that I am inconsistent when I admit that the State Department has a right to construe the law according to the exigencies of any situation that may arise; that a law has to be construed according to the intention of the lawmakers; and if the State Department has a right to interpret it in one way at one time and in another way at another time, we are inconsistent. But this seems to me to be a situation where the rule of reason should operate, just as the Supreme Court adopted a rule of reason in the *Anti-trust cases*. In a way, by taking this position, we do go right out of court; but I say when you cut the number down to 92 percent, you cut it down unreasonably. It only takes 8 percent more, and then what have you? You have total exclusion—by Congress? No! By the State Department.

How can we go about changing this interpretation and administration of the law? We can do this: We can suggest to the President the rescinding of the order. Every provision of the order is objectionable. The President has no right to issue such an order. The same may be said as to the order issued by Secretary Doak, where that Secretary of Labor said that after a certain date all aliens entering into this country shall be fingerprinted. Now, we who are the older Members of this Congress have set our faces against a proposition of that character and Congress refused to adopt a provision that all aliens shall be fingerprinted or registered. Congress many times refused to pass such a law, yet the Secretary of Labor went out of his way to issue that kind of an order. Thus the Secretary did what Congress forbade. That is what I am inveighing against—these orders issued by executives, whether they be the Secretary of Labor, the President, or the head of a bureau. They have got to stop. The Congress has acted; the Congress has given its word in these matters, and Congress has said that 150,000 aliens should be admitted, and Congress has said that the provisions relative to contract labor and public charges shall be respected, and all I want is that the consuls shall respect them. They do not need any acceleration in their vigilance by Executive orders of this character. I say this: I say rescind that order and you will get what you want, and everyone will be satisfied.

The President has the right to rescind that order, even without a suggestion from Congress. I think the mere adoption of a resolution by the Committee on Immigration and Naturalization would be sufficient, and I believe that would be the desirable thing to do; it would be the diplomatic way to do it and, I think, would win our point.

I think the committee would be doing a great service also in the matter of what is happening in Germany at the present time. This, to my mind, would be a very gentle protest; it would give no offense to the German Government—none whatsoever. And I might say, in passing, that Secretary Hull and his immediate staff in a very temperate, fair, and statesmanlike manner have handled admirably the situation

which has developed relative to the Jewish question in Germany. His ministrations are healing and will bring a cure, I am sure. Time will vindicate his attitude.

I am not one of those who want to indulge in any intemperate, wild, vituperate, and revengeful remarks against any nation, but what is happening in Germany today is such as to force the entire humanity of the world to take heed and bow its head in shame for Germany. Certainly there is a carnival of hate, an orgy of unreasonable and unreasoning persecution going on at the present time in Germany. The Jews there undoubtedly live in a poisoned atmosphere. We can and ought to succor them if they be eligible for immigration into this country, and we should not be unduly harsh and unreasonable with them on the question of the "public-charge" matter and this unlawful Executive order. We all know that we have always given relief to the persecuted and tempest-tossed. You have but to refer to your history to find copious examples in that regard. Roger Williams founded a colony for those persecuted for their religion. I remember well the words of Washington, written to a very distinguished group of citizens of the Portugese synagogue of Newport, wherein he said he rejoiced that the children of the stock of Abraham can now live in safety under their own vine and fig tree, and there shall be none to make them afraid. Indeed, what is happening in Germany today makes all who happen to be of the stock of Abraham, Isaac, and Jacob afraid. Let us remember here and now these words of Washington. Let these hunted and baited Jews live here under their own vine and fig tree unafraid.

If you go to the Statue of Liberty in New York Harbor, at the base thereof you will find a very splendid tablet upon which is engraved "The New Colossus." I will just read you one or two lines of the sonnet, "The New Colossus", by Emma Lazarus. America through Liberty is supposed to be speaking and says—

Give me your tired, your poor, your huddled masses, yearning to breathe free;
* * * send these, the homeless, tempest-tost, to me.
I lift my lamp beside the golden door.

The suggested resolution, in a very temperate way, in a very dignified way, would be a solemn and effective protest to Germany; on the other hand, it would be giving a modicum of relief to some of the children and the aged parents of those who are afflicted now in Germany and who are indeed sorely distraught, who are "tempest-tost" and "homeless" and whose only fault is that they are of the faith in which was born the author of Christianity.

THE VITALLY IMPORTANT INTERESTS OF ALL AMERICANS IN THE DISTRICT OF COLUMBIA

Mr. BLANTON. Mr. Speaker, availing myself of the privilege unanimously accorded by the House to extend my remarks, I want to say that all the people of the United States are vitally affected by every important transaction that occurs in the Nation's Capital.

Until recently the Washington Post has been in the McLean family for two generations. On June 1 it was sold under a receivership at public auction for $825,000 bid by a lawyer, who refused to disclose the name of the real buyer, its publisher, Edward McLean, having been removed by court order. His estranged wife, Mrs. Evalyn Walsh McLean, made bids up to $600,000, in a strenuous effort to save their newspaper heritage for her two fine boys—the third generation in the McLean-Post lineage. But this struggling mother was ground between the upper and neither millstone of avarice and greed for press power, and her efforts were in vain, for against her on one side was shrewd legal talent representing William Randolph Hearst bidding $800,000, and on her other side was this secret, unnamed dark horse, whose wealth was apparently unlimited, who ran the bidding up successfully to $825,000, taking from her sons their coveted heritage.

With him, in a few years, it will be forgotten that Edward McLean once took to Albert B. Fall $100,000 in greenbacks in a little black satchel. But the parenthood of the world will never forget the mother's love that prompted Evalyn Walsh McLean to spend $100,000 of her own money in trying to find the little baby of Colonel and Mrs. Charles Augustus Lindbergh. So the sympathy of mothers and fathers was with this losing mother in her fight for her boys.

Not until June 12, after the court had approved and confirmed the sale, did this secret buyer come out of hiding and let his identity be known. Then in a center, top, double-column announcement on the front page Eugene Meyer heralded the fact that the Post had been bought for him, that he "is the sole stockholder", that he acted "entirely on my own behalf", and that he had incorporated it for $1,250,000, and would conduct it as an independent paper.

Just what is the purpose of Mr. Eugene Meyer in paying $825,000 for the Washington Post? He has been on the public pay roll of the Government since 1917 handling billions of dollars. He was first adviser nonferrous metals, Advisory Commission of Council of National Defense, and later held the same position with the War Industries Board; was a member of the National Committee on War Savings, and then a director of the War Finance Corporation, becoming managing director; was a member of the Federal Farm Loan Board, and 2 years later became Federal Farm Loan Commissioner; was appointed by President Hoover as Governor of the Federal Reserve Board on September 16, 1930, and also chairman of the board of the Reconstruction Finance Corporation, and not until President Franklin D. Roosevelt had taken over the affairs of this Nation did Eugene Meyer leave his Government positions to become publisher of a newspaper.

All of us remember the unconscionably large salaries of $20,000, $25,000, $30,000, $40,000, $50,000, and even $75,000 that Eugene Meyer permitted to be paid under his regime and the waste and extravagance that existed in his organizations. On April 4, 1933, the gentleman from Mississippi [Mr. BUSBY], a member of the Committee on Banking and Currency, stated from this floor that during the past 3 or 4 years he had seen the management of the Treasury and of the Federal Reserve Board conducted in a way that was undoubtedly destructive to the best interests of the people of this Nation; and he was applauded for saying it. Then he said that he regarded the present Governor of the Federal Reserve Board, Mr. Eugene Meyer, as the most detrimental influence to the recovery of this country that it is possible for you to find in all the bounds of this fair land; and again the House applauded him. Then he predicted that unless President Roosevelt discarded Eugene Meyer we would go down in disrepute, just as the Hoover administration did; and again the House applauded. And shortly thereafter Mr. Eugene Meyer separated himself from Government service.

Then on May 23, 1933, the gentleman from Pennsylvania [Mr. MCFADDEN], who for years during Republican regime was Chairman of the great Banking and Currency Committee of the House of Representatives, arose on the floor and on his own responsibility filed impeachment charges against Eugene Meyer and others, which, on motion duly passed, were referred to and are now pending before the Committee on the Judiciary, and among numerous others Mr. Eugene Meyer and associates were charged with having defrauded the Government of the United States and the people out of billions of dollars and with causing losses amounting to billions of dollars to the depositors of closed banks.

So, with the above confronting him, Mr. Eugene Meyer, now a private citizen, as a secret, unnamed buyer, paid at a public auction $825,000 for the Washington Post. Just what was his purpose? He says "to run an independent newspaper." If the charges made against him by Congressman BUSBY and Congressman MCFADDEN are true, that is the way he ran our Government business—independent, when it should have been for the public. When, after secretly bidding $825,000 for the Post at auction on June 1, and then after getting such purchase confirmed by the court on June 12, he announced on the front page of his Washington Post the next morning that he "acted entirely on his own behalf", it may make the public wonder just what they may expect from it.

Immediately Publisher Eugene Meyer's Washington Post began to attack the administration. He attacked the President. He attacked the Congress. He attacked me personally. He prophesies that should President Roosevelt propose a reorganization of the municipal government with one man at the head of it, House Members will contend that some citizen of the States be appointed, and that this would embarrass the President because of his Hawaiian Island program. Then his Post asserts that the District will have many violent enemies and few defenders who are more than lukewarm, and that undoubtedly the House, "led by such tirading enemies of the District as Representative THOMAS L. BLANTON (Democrat), of Texas", will want to rewrite the measure to suit themselves. He refers to the enemies of the District as "the Blantons." He even uses the following Attack of the Blantons as a subheadline. And under it he refers to such distinguished, outstanding patriots as Congressman CLARENCE CANNON, of Missouri; JOHN TABER, of New York; JAMES P. BUCHANAN, of Texas (Chairman of the Committee on Appropriations); CARL MAPES, of Michigan; and JAMES FREAR, of Wisconsin, as "enemies of the District", and says that they are determined to impose heavier and heavier taxes on District residents and to restrict their liberty of expenditure, when in truth and in fact he knows full well that through the efforts of these gentlemen he attacked the tax rate for the people of Washington was reduced this coming year from $1.70 to $1.50 per $100, which is the lowest tax rate in the whole United States for any city of comparable size. And he knows that Washington people pay only $8.75 per year per family for the best water in the world; that they pay only $1 per year to register and get license tags for their automobiles, whether they are Fords or Rolls-Royces; that the tax on gasoline here is only 3 cents per gallon, when it is 7 cents in Tennessee; that no additional school or other taxes are paid in Washington notwithstanding the 85,000 school children have the finest schools, the most commodious playgrounds, and the best advantages, and are furnished all of their schoolbooks free, as the tax rate of $1.50 on the $100 covers all taxes paid in Washington, D.C., with an exemption of $1,000 allowed on household furniture. And to try to curry favor with them, Publisher Eugene Meyer has his Post list two Senators by name as dependable friends, whose people back home do not have half of the advantages enjoyed here in Washington, but who pay several times the taxes Washington people pay.

Is not Publisher Eugene Meyer thinking about his own pocketbook? Remember when he bought the Post he said he acted "entirely on his own behalf." Is not he now acting on his own behalf when he thinks that Congress is going to make him pay a tax rate of $1.50 on the $100, and he does not want to pay such tax on his new $825,000 investment here, and he thinks that by attacking some Congressmen and praising some Senators he may be able to reduce the tax rate below $1.50 on the $100, when publishers in other comparable cities are paying as high as $4.70 on the $100?

Then because a Mr. George Reynolds registered at the Pennsylvania Hotel and bought a bottle of rot-gut whisky and was arrested and taken to police station no. 1, where shortly after 5 p.m., he gave his name as that of a prominent Democratic official, though giving an age that was not that of such official and giving an address that was not that of such official, which would clearly indicate him to be an impostor, such police lieutenant at no. 1 station received from such man the $15 collateral required for release, which entitled him to immediate release, but nevertheless held such party locked up from 5 p.m., until 2 a.m., so that a night reporter for the Washington Post could carry the story in front-page headlines in the 1:30 a.m. edition, it looked very much like a frame-up between a newspaper and a police station, especially when the wife, the son, and the office employees of said official all notified said newspaper that such official was in New York and not in Washington.

Just what does Mr. Eugene Meyer hope to profit by running that kind of a newspaper? He may sell that kind of news to the night clubs and running such a newspaper may be profitable in money to him, just as was the way he ran the Federal Reserve banks and other Government business. Fortune Magazine once stated that he started out on his own and has made his money since he was 25 years of age. He ought to remember that it does not pay to commercialize "the souls of men." And every policeman in any way responsible for taking that $15 collateral from the arrested man who registered at the Pennsylvania Hotel as George Reynolds and then kept him locked up for 9 hours thereafter, until an early edition of the Washington Post carrying such scandal was being sold on the streets, ought to be kicked out, lock, stock, and barrel, off of the Metropolitan police force.

Mr. Eugene Meyer is a member of the Metropolitan Club, the Cosmos Club, the Congressional Club, the Racquet Club, the National Press Club, and the Washington Golf and Country Club here in Washington, and also a member of the following clubs in New York, to wit: The Players Club, the Lotos Club, and the Grolier Club. He really does not have time to properly run a newspaper if he attends any of his clubs regularly.

If I would vote to spend all of the millions of dollars out of the Federal Treasury that the Eugene Meyers want expended, and would vote to make the 120,000,000 Americans living in the States pay all of the civic expenses here and the taxes in Washington so as to relieve the Eugene Meyers from paying any taxes on their $825,000 investments in Washington, the Eugene Meyers would gladly give me a several-column write-up, with pictures and everything, on the front page of their Washington newspapers every day. But the newspapers of the Eugene Meyers do not eulogize public officials for doing their duty and protecting the interest of all the people. They eulogize only such Congressmen and Senators as servilely vote big Treasury hand-outs to Washington people at the expense of all the taxpayers of the United States.

As we are to go to our homes until next January, I want to say a word of praise for the three splendid officials who faithfully serve us daily here on the House floor, and who are to remain here hard at work with their many cares, burdens, and responsibilities hanging heavily upon their shoulders every day, every week, and every month between now and next January.

Our able, efficient, and popular Clerk of the House, Hon. South Trimble, of Kentucky, while a farmer by occupation, was twice elected to the Kentucky House of Representatives, and served as speaker of the house during the last year of his second term. He served as a Member of this House of Representatives in the Fifty-seventh, Fifty-eighth, and Fifty-ninth Congresses. He was the Democratic nominee for lieutenant governor of Kentucky in 1907. He was elected and served as Clerk of this House of Representatives for the Sixty-second, Sixty-third, Sixty-fourth, and Sixty-fifth Congresses. And when the Democrats resumed control of the House he was reelected and has served as Clerk of the House in the Seventy-second and this Seventy-third Congress. He is universally well liked and is most accommodating and obliging to every Member.

Our capable and always dependable Sergeant at Arms of the House, Hon. Kenneth Romney, of Montana, has been serving the House of Representatives continuously for the past 19 years. During the time Hon. Champ Clark was Speaker of the House Kenneth Romney was the Assistant Sergeant at Arms. During the 12 years the Republicans were in power Romney served as cashier in the Sergeant at Arms' office. As soon as the Democrats regained control of the House in the Seventy-second Congress, Kenneth Romney was elected Sergeant at Arms, and was reelected for the Seventy-third Congress. No official employed in the Capitol is more courteous, more obliging, more painstaking to serve, or more dependable than is Kenneth Romney. Many Members who know him personally have deep affection for him. Numerous Members fraternize with him socially, and no man in the Capitol has more friends. Kenneth Romney is well educated, with training in the University of the State of Washington and in the George Washington Uni-

versity here. He has a splendid young son who has just reached the age of 21. Kenneth Romney has been the official tally clerk in the last three Democratic National Conventions, and is a loyal, patriotic party Democrat.

Hon. Joseph J. Sinnott, of Virginia, is our always-dependable Doorkeeper of the House of Representatives, and is one of the best-known party Democrats in Washington. During the years Champ Clark was Speaker Joe Sinnott served as Doorkeeper of the House. On the many occasions during the war Congress that it was necessary to assemble both Houses in joint session to hear President Woodrow Wilson deliver his famous messages to Congress, and on the occasions when all high officials, foreign and domestic, would be present, it was Joe Sinnott who with so much dignity and efficiency formally announced them all as in line of seniority they appeared at the door. Joe Sinnott has been doorkeeper of several Democratic National Conventions and has rendered many courtesies to numerous Members. As Doorkeeper of the House, he has under his jurisdiction and personal control many scores of employees, and he is kept busy every month in the entire year. He is a fine official, a good friend, and a loyal Democrat.

THE VINDICATION (?) OF C. E. MITCHELL, FORMER PRESIDENT OF THE NATIONAL CITY BANK

Mr. SABATH. Mr. Speaker, during the last few years more than 200 small bankers have been convicted or plead guilty and many more have been indicted and will be sent to the penitentiary or the jails for illegal acts.

Today's newspapers, in enlarged headlines, herald the distressing and poignant information that Charles E. Mitchell, erstwhile head of the National City Bank, has been acquitted. I am surprised that the jury did not award Mr. Mitchell a medal for his "uprightness" and "honesty" and zeal in "protecting" the investing and depositing public.

No wonder the people of the United States are commencing to lose confidence in their judicial system and how justice is being administered.

From the statements of Senator GLASS on the floor of the Senate, and many other responsible and well-informed authorities, Mr. Mitchell, one-time head of the National City Bank, in conjunction with the House of Morgan, the Chase National, and a few other large banking institutions, brought about the existing deplorable conditions in the United States, which have caused the closing of about 6,000 banks and are responsible for the losses and the plight of many of the smaller bankers who have been imposed upon by this atrocious, flagitious, heinous Wall Street interlocking combination. These small bankers, in some cases of improper or limited experience, relied upon the selfish and criminal recommendations of the big bankers in connection with the sale and buying of millions of worthless bonds and stocks that have been shamefully unloaded, and thereby rendered these small banks insolvent. Consequently these small bankers are being sent daily to the penitentiary while the arch conspirators, potential felons, one and all, headed by Mr. Mitchell and his unique kind, are being made free, perhaps in the due course of time, again to plague the business world.

Although I do not desire to attempt to defend some of the small bankers who have crassly become a prey to these dishonest manipulations, nevertheless my sympathies are with most of those who unwittingly, ignorantly erred through machination of that nefarious coterie of investment bankers headed by Mr. Mitchell and such like who brought about the downfall of so many small banks. Therefore I am very much pleased to read in the press of today that Attorney General Cummings, able foe of wrongdoers, is determined to prosecute and bring to justice not only the little fellows, many of whom have simply been unfortunate, but will persistently and zealously go after those actually responsible.

Something must be done, and done soon, before the masses of the people of this country lose all respect for the courts of the land. Gradually the feeling is growing that there is one kind of justice for the rich and another for the poor. The acquittal of Charles E. Mitchell will tend to increase that suspicion.

The acquittal came as a great surprise to nearly everyone that had been following the case. The newspaper accounts of the testimony tended to create the impression in the public mind that a strong case had been set up by the Government against Mitchell.

The charge was that this banker tried to defraud the Government of income taxes in 1929 and 1930 through fake sales of stock and through failure to report receipt of income from the National City Co.'s management fund. It was alleged that the sale of stock to his wife was a racket by which he could appear to sell the stock but actually keep it. This charge seemed to have been fully proven by the following facts: No transfer tax stamps were affixed. No notice was given to J. P. Morgan & Co. that he had sold the stock which they held as collateral for his loan. His wife paid no cash whatever for the stock, nor did she receive delivery of the stock.

Therefore, it is little wonder that millions of people view the acquittal of this money king as a miscarriage of justice.

One thing is self-evident to me, and that is that Congress at the very next session must tighten up the laws if we have not sufficiently done so in the session just closed, to make this kind of juggling hereafter and forever impossible.

AN ANALYSIS AND DISCUSSION OF SOME OF THE MAJOR MEASURES PASSED BY THE SEVENTY-THIRD CONGRESS, INCLUDING THE SUBMISSION OF THE AMENDMENT TO THE STATES FOR THE REPEAL OF THE EIGHTEENTH AMENDMENT

Mr. OLIVER of Alabama. Mr. Speaker, leave having been granted to extend my remarks, I desire to place in the Record a letter written by me to Hon. W. E. W. Yerby, of Greensboro, Ala., in reply to a letter from him requesting a statement from me relative to the major measures passed by the Seventy-third Congress, and making special inquiry as to the submission of the amendment to the States for the repeal of the eighteenth amendment.

Mr. Yerby has served several terms as a Member of our State legislature and has for many years been the owner and editor of one of the outstanding weekly papers of the State and a lifelong prohibitionist.

Since his letter typifies inquiries received from other constituents and he has requested that my reply be made public, I here insert in the RECORD my letter, in which I have briefly analyzed and discussed some of the major measures passed by Congress, including the repeal amendment.

Hon. W. E. W. YERBY,
Editor Greensboro Watchman,
Greensboro, Ala.

DEAR MR. YERBY: I am grateful for your letter of recent date, and it is a pleasure to comply with your request for a statement of the achievements of President Roosevelt's administration during the few months our party has had control of the National Government. It is a record of which we, as Jeffersonian Democrats, have every right to be proud, and one to the larger fulfillment of which we can dedicate ourselves with confidence.

Our Democratic platform, adopted at Chicago, carried these words:

"We believe that a party platform is a covenant with the people to be faithfully kept by the party when intrusted with power."

Never has any party moved as swiftly to keep such a covenant with the people who voted it in power. Our major pledges have been translated into law; the President now is moving to carry them into action:

To establish control over all industry, with the view to fixing minimum wages and maximum hours of work, regulating production, and otherwise to promote, encourage, and require fair competition;

To set up a system of Government licenses for business, if necessary to require conformance to the above;

To initiate and direct, through a Federal director of public works, a $3,300,000,000 public-works program as a further Government contribution to reemployment—of which sum more than $12,000,000 has already been allocated for immediate expenditure in Alabama;

To direct, through a Federal Director of Relief, expenditure of $500,000,000 supplied by the Reconstruction Finance Corporation for relief of destitution;

To invoke the Presidential powers of the World War to regulate transactions in credit, currency, gold, and silver, even to embargo gold or foreign exchange; to fix restrictions on the banking business of the Federal Reserve System irrespective of the Federal Reserve Board;

To extend direct price relief to agriculture to raise the growers' prices of cotton, wheat, and other basic commodities. (The President's plan will be presented to the farmers of Alabama at once, and my earnest hope is that they will willingly cooperate);

To provide for refinancing loans on farms and on homes in cities and towns, definite information as to the details of which is available through State and county agents in Alabama;

To reduce Federal expenditures looking to a balanced Budget;

To reduce by Executive order the salaries of all Government employees by an amount not to exceed 15 percent upon the finding of commensurate reduction in cost of living;

To transfer, eliminate, consolidate, or rearrange bureaus in the executive branch of the Government in the interest of public economy;

To repeal by Executive proclamation certain new taxes voted in the Industrial Recovery Act upon showing of restoration of business or in event of repeal of the eighteenth amendment.

To publish heretofore secret income-tax returns to the extent the President may deem in the public interest, and under such rules and regulations as he may prescribe;

To inflate the currency either by requiring open-market operations in Federal securities, devaluing the gold dollar by not more than 50 percent, issuing United States notes up to $3,000,000,000, or accepting up to $200,000,000 in silver in payment of the allied war debts;

To employ more than 250,000 unemployed men in reforestation operations, as a still further Government contribution to reemployment;

To appoint a coordinator of railroads to effect economies among the carriers and improve the service to the public;

To appoint a Tennessee Valley Authority to develop natural resources of Tennessee River Basin, including completion of Muscle Shoals project, for which $50,000,000 has already been appropriated and allocated;

The Glass-Steagall bill to prevent banks from employing deposits of the public in speculation and to separate them from affiliates dealing in securities, for stricter supervision of banking, and to set up a corporation to insure bank deposits.

It is my purpose during the summer to visit the counties of my district and discuss such parts of this important legislation as may be of immediate interest to my constituents.

You ask me specifically about repeal of the eighteenth amendment.

President Roosevelt, as a true Jeffersonian, dedicated himself and the Democratic Party to accomplish repeal when he said in his speech of acceptance at Chicago:

"This convention wants repeal. Your candidate wants repeal. And I am confident that the United States of America wants repeal."

During the campaign Mr. Roosevelt devoted his major addresses to specific issues one at a time. His first formal speech was devoted to repeal of the eighteenth amendment. Not content with that, however, he reiterated his stand in several subsequent addresses in different parts of the country. He set his feet squarely on the Jeffersonian principle of State rights and there he has stood and called the Democratic Party to stand with him.

That I propose to do, and it pleases me that you take the same position.

I am confident Alabama can and will do no less.

President Roosevelt has linked repeal of the eighteenth amendment with the whole of his economic, reconstruction, and prosperity program in such a way as to render it impossible now for any true supporter of the President to tear them apart. It is inconsistent to back the President on his great industrial and public-works program, while refusing to accept his plan to finance the necessary bond issue through taxation. The temporary taxes which Congress voted are to remain only until repeal shall have been accomplished.

In urging that the States repeal the eighteenth amendment at the earliest possible date, the administration in Washington has sought merely to confirm the party platform on which a triumphant Democracy rode into office last November promising a better day for America. The Democratic platform declared not merely for the submission of a repeal resolution by the Congress but for actual repeal. That cannot be accomplished until 36 States have ratified the repealing resolution.

It is a dual purpose, therefore, which President Roosevelt has in mind and for which he has engaged the full strength of his administration. The first was to make good on the party pledge. The second is to enable him to carry forward his reconstruction program with a balanced system of Federal revenues.

Anyone moderately familiar with the situation prevailing today respecting national prohibition cannot help but realize that repeal of the eighteenth amendment is inevitable. As State after State has registered its sentiments, the size of the popular majorities for repeal have mounted beyond the expectations even of the most ardent repealists.

Since you ask permission to publish my reply, I trust it will not be thought inappropriate to interject this brief personal reference:

As you and other friends at home know, I am a total abstainer from all forms of alcoholic beverages and, recognizing the value of prohibition, have endeavored in my private and public life to foster a public sentiment for the observance and enforcement of our State and National prohibition laws.

I voted to submit the eighteenth amendment to the determination of the voters of the several States, and after its submission favored ratification by our State. It was my confident hope that it would grow in public favor and that its resultant benefits to the spiritual, social, and economic life of our people would insure for it widespread and national support.

Frankness forces me to say that my hope of such national support has not been realized, but, on the contrary, a widespread national sentiment against the retention of the eighteenth amendment has steadily grown and for some time prior to June 1932 it had become so pronounced as to be reflected in resolutions strongly urging repeal, adopted by many representative national organizations, including the American Legion, the American Federation of Labor, and the American Bar Association.

The repeal plank in the platform of our party at its last national convention was responsive to this sentiment so dominant throughout the Nation. I respectfully submit that it harmonizes with the Jeffersonian doctrine of State rights and with the basic fundamental of democracy that ours is a Government of, for, and by the people.

Now, in conclusion I wish to appeal to the people of my district to give full and hearty support to our party and its great President on July 18 next, just as they did in November last. I concede the absolute sincerity and honesty of conviction of those prohibition friends whose views may not be in accord with those herein expressed by me, but it is my firm conviction, after a careful survey of all the facts, that the cause of temperance will be substantially advanced by returning to the sovereign States the control of the liquor traffic within their own boundaries and guaranteeing full Federal aid to prevent the importation of alcoholic beverages into any State contrary to its laws, as the pending amendment does. My belief is that all States will immediately pass strict regulatory measures and restrictions where liquors are permitted to be sold and that eventually many States now without any enforcement or regulatory statutes whatever will return to the prohibition fold with a strong sustaining public opinion for the strict enforcement of State laws.

The representatives from Alabama, in both House and Senate, favored the submission of the pending repeal amendment, and, without consulting them, I venture to assert that none of them will say to his constituents that it is wise or advisable to longer retain the eighteenth amendment in the Federal Constitution.

It has been said that those who favor repeal seek a return of saloons. This may be true of some, but I am sure it is not true of many. Certainly no one will claim that the many prohibitionists of Alabama who will vote for repeal favor the return of saloons, but, on the contrary, I am confident they stand ready to oppose any such effort.

The repeal of the eighteenth amendment will leave unimpaired Alabama's prohibition laws and will simply clothe the people of Alabama with full power to solve the problem as may to them be deemed best, and in their own way. There can be no return of saloons in our State unless our people so decide. I do not fear such a development and I am willing to trust the sovereign voters of the State to safeguard us against the evils of the liquor traffic, and I personally favor the retention of our present prohibition laws.

Alabama, I respectfully submit, should no longer insist on retaining the eighteenth amendment in the Constitution, contrary to the undisputed and undeniable attitude of the American people. To do so can only serve to arouse intense bitterness and dissensions that may seriously hamper the effectiveness of the support and cooperation which, I believe, our people earnestly desire to extend to our President in this critical hour of our country's history. The greatest asset to recovery from our economic ills is to continue our implicit confidence and faith in the integrity and high purposes of our President.

With kind personal regards and best wishes, I am,

Sincerely yours,

W. B. OLIVER.

THE HAWLEY-SMOOT TARIFF ACT MATERIALLY CONTRIBUTED TO THE IMPOVERISHMENT OF AMERICAN AGRICULTURE BY DESTROYING THE FOREIGN AND DOMESTIC MARKETS FOR OUR SURPLUS AGRICULTURAL PRODUCTS

Mr. LOZIER. Mr. Speaker, when the Hawley-Smoot tariff bill was pending, I repeatedly protested against its excessive and unconscionable rates, and contended that its enactment would provoke other nations and cause them to enact retaliatory tariff laws which would destroy the foreign market for the products of our farms, factories, mills, and mines. I pointed out that the productivity of the American people had increased so tremendously that we must have a foreign market to absorb our surplus products, otherwise we would be compelled to market our commodities far below the cost of production, which would inevitably end in the impoverishment of our people.

When the high priests of the Republican Party were railroading the Hawley-Smoot bill through the House, I presented official statistics showing the magnitude and value of our foreign trade. I showed that without a foreign market for our surplus agricultural and industrial products the American farmers and American manufacturers would be compelled to reduce production below a profitable level, which would mean a nonutilization of our tremendous resources and halt our hitherto resistless march toward financial and economic world power.

I told my Republican friends that we had no copyright, patent, or monopoly on high tariff laws and that other

nations could very easily retaliate and impose such high tariffs against our products that we would no longer be able to ship them abroad, which would mean a very substantial impairment of our national income and national wealth. But in violation of their platform pledges and disregard of the campaign promises of Mr. Hoover, the Republican Party proceeded to enact the highest tariff schedules in the history of our Nation.

Although the Republican leaders and Members of Congress eloquently argued that the passage of the Hawley-Smoot tariff bill would not irritate other nations or provoke them to enact retaliatory tariff legislation, nevertheless in a few months after the passage of the Hawley-Smoot bill more than 40 great nations had raised their tariff schedules and made their tariffs against American products so high that the foreign market for our surplus commodities was not only made unprofitable but practically destroyed. Republican leaders in and out of Congress boldly asserted that within 60 or 90 days after the enactment of the Hawley-Smoot Tariff Law good times would return and we would be flooded with prosperity. Everyone, including these Republican leaders, now knows, how empty, idle, and worthless those prophesies were.

The Hawley-Smoot tariff bill not only destroyed our foreign market for products of our farms, factories, and mills but it contributed materially to the impoverishment of practically every vocational group, including the manufacturers. Under the pernicious influence of this legislation the market price of farm commodities fell to the lowest level in history, our railroad systems were paralyzed, our factories idle, commerce at a standstill, business unprofitable, and the myriad millions of our citizenry either in or on the brink of the bottomless pit of disaster.

When the Hawley-Smoot tariff bill was pending, more than 1,000 outstanding economists connected with practically every one of our great universities protested against the high tariff rates and appealed to Mr. Hoover to veto the measure. These men were not politicians but economists and profound students of government, and most of them were Republicans. But the scholarship of America counted for nothing when the industrial lords were clamoring for increased bounties.

Far-seeing business men warned President Hoover against this bill, which they said would destroy our foreign market and ultimately destroy our domestic industries. In answer to the argument that the Hawley-Smoot tariff bill would revive industry and cure unemployment Henry Ford said:

> I say it will have precisely the reverse effect. It will stultify business and industry and increase unemployment. When you prevent your customers from purchasing your goods, you are absolutely throwing men out of work. I know something about employment, and I say that this tariff reduces the number of American jobs.

Ever since the Hawley-Smoot bill was enacted practically all great foreign nations have raised their tariff walls so high that American farm and industrial products are practically excluded from these foreign markets, where they had previously sold at a profit to the American agriculturist. For instance, the tariff on wheat in most of the European countries will average $1 per bushel, or four times the farm price of wheat in the United States during the lowest stage of the Hoover depression.

The French Parliament is now considering a radical price-fixing wheat bill, an essential feature of which establishes the minimum price of wheat at 115 francs a metric quintal, which at the present exchange rate is approximately $1.54 per bushel, as a quintal contains 3⅔ bushels. The mimimum price of 115 francs a quintal is to increase 1 franc per quintal on the first of each month until and including June 1934, by which time the price will have reached 125 francs a quintal, or $1.73 a bushel, at the current rate of exchange. The funds to sustain this price-fixing program are to be provided by a progressive tax on grinding. To supplement the agricultural-credit fund already accumulated, amounting to 200,000,000 francs, the bill provides for an additional 400,000,000 francs, or a total of approximately $28,000,000, to insure the operation of the plan, including the subsidy to exporters.

As a direct and inescapable result of this legislation no wheat will be imported into France for at least a year, as without an embargo against foreign wheat France could not maintain the domestic price of wheat at more than double the level of the world price. For some time there have been no importations of wheat into France because foreign wheat cannot leap the French tariff wall already so high as to be prohibitive, and for the further reason that there is a law in France requiring the use of 100 percent domestic wheat in flour.

The French Government is trying to reach the same objective as that for which President Roosevelt is striving, namely, the stabilization of the price of wheat on a higher level, although conditions differ greatly in the two countries. The French Government is taking this stabilization step as a result of long study and agitation, and because of the heavy crop last year from which there is a large carry-over.

When the price of wheat in France began to decline as a result of last year's heavy production, on complaint of the farmers the Government first paid a bonus to those who withheld their surplus wheat from the market, and then encouraged the use of wheat in making alcohol, but these measures were unavailing to prevent a sharp decline in prices, and the indications that this year's crop will be large caused a further sagging of the market.

At the present time the official price of wheat in France is about $1.14 a bushel, which does not return to the French peasant the cost of production. It is quite evident that the French Government has embarked on this price-stabilization program determined to maintain wheat prices on a level that will yield the growers a fair profit over and above production costs.

The bill which will undoubtedly be enacted will have the following effects:

First. Foreign wheat imports into France would be prohibited.

Second. A bonus of approximately a dollar a bushel on wheat is granted to French exporters, which anywhere in the world will permit French wheat to undersell wheat from any other country.

Third. The bill fixes the legal price of wheat in France at 115 francs a quintal, which at the fluctuating rates of exchange will be from $1.33 to $1.54 per bushel. The bill provides that anyone selling or buying wheat under the fixed price is liable to prosecution, and anyone holding as much as 33 bushels of wheat flour must declare whether it is domestic or foreign. The bill also contains drastic regulations on crops and sowings.

The action of France in closing her markets to our agricultural products is not different from that of other European nations that have been irritated and outraged by our high tariff laws and who are giving us "a dose of our own medicine" in the form of retaliatory tariff laws.

I am wondering if the American farmers know that for several years the price of wheat has been by law artificially fixed and maintained with a reasonable degree of success in several European nations. I am not ignorant of the so-called "inexorable law of supply and demand", under the cover of which many plausible fallacies and much false propaganda flourish. While recognizing the law of supply and demand, I nevertheless assert what is a self-evident truth, that in the United States and in every one of the States there are numerous laws which directly or indirectly neutralize, and at times render impotent and ineffective, the much misunderstood law of supply and demand.

Our entire industrial structure is built on a system of high tariff laws that tremendously weakens and often destroys the law of supply and demand. We have statutes that set at naught the law of supply and demand with reference to railroad passenger and freight rates. We have laws that destroy the law of supply and demand with reference to telephone, electric lights, gas, and water rates. We have numerous statutes that protect public-utility companies from the law of supply and demand. The law of supply and

demand is quite elastic, is easily manipulated, and often entirely neutralized by Federal and State statutes. It is a garment that special privilege puts on and off at pleasure. For instance, the Interstate Commerce Commission and all public-service boards and commissions are created for the express purpose of neutralizing, artificially controlling, and often for the purpose of destroying the so-called "ruthless law of supply and demand."

I am wondering how long the American farmers will continue to be hewers of wood and drawers of water; how long they will tolerate a tariff system that destroys the market for their surplus products, reduces their purchasing power to the vanishing point, and which is relentlessly driving them to a state of peasantry. Industry has always been the favorite and spoiled child of Uncle Sam. Agriculture has produced a larger proportion of our national wealth than has come from any other vocational group, but by legislative favoritism, special-privilege laws, and class legislation other occupations have been unjustly favored and enriched, while agriculture has been denied equal opportunity with industry and has been driven from the council table around which the political and economic policies of the Nation are formulated.

Before the farmer can come into his own the market price of his commodities must be stabilized on a higher level, so as to yield him not only the cost of production but a fair profit over and above production costs. His purchasing power must be very substantially increased, and the spread between what he gets for his commodities and the price he pays for his supplies must be materially reduced so the farmer may be able to balance his budget and live in the comfort to which he is entitled by reason of his unremitting industry and contribution to our social order, civic progress, and the stabilization of our civilization. Moreover, the farmer's mortgages must be refinanced over a long term of years, and at a low rate of interest, and his National, State, and local taxes must be radically reduced. Unless these objectives can be obtained the future of the American farmer is without hope.

The Democratic Party for 150 years has been the aggressive and consistent friend of agriculture, and when the present Democratic national administration was inaugurated probably the most important of the many outstanding policies of the administration were those having for their object the immediate and permanent rehabilitation of agriculture. I am convinced that under the leadership of the Democratic Party Roosevelt will revitalize this great basic industry and restore it to its rightful place among the profitable occupations. If agriculture is reduced to a state of peasantry, our scheme of government will fail and our civilization perish.

THE EXTRA SESSION OF THE SEVENTY-THIRD CONGRESS

Mr. McCLINTIC. Mr. Speaker, when President Roosevelt called into extra session the Seventy-third Congress the citizens of the United States were experiencing the most serious situation that had ever confronted any nation. Our banks were practically all closed; industry had reached its lowest ebb, and there were more people out of employment than ever before. It was absolutely necessary that something be done at once or this Nation might have undergone such a change as to have produced a Hitler or a Mussolini, in order to break the strangle hold that big business had obtained because of special favors received at the hands of administrations in the past.

President Roosevelt submitted a program which consisted of farm relief, reforestation, emergency gold control, Tennessee Valley development, reorganization of railroads, emergency bank control—including guaranty of deposits, home-mortgage refinancing, public works, and industrial control, and the reorganization of various bureaus of the Government to bring about economy. Never before in the past has legislation been enacted into law so fast. In other words, something had to be done immediately or there would have been a financial collapse such as would have paralyzed industry and had a disastrous effect on every citizen. I am proud to have had a small part in cooperating with our beloved President and feel that he is entitled to the congratulations of every citizen in the Nation.

During my tenure in office never at any time has a deaf ear been turned to any veteran of any war, but, on the other hand, I have sponsored the cause of every individual who has this status, and no one can truthfully say that any act of mine has been detrimental to the wishes of those who volunteered or were taken into the service for the purpose of defending our country.

Recently my attention has been called to an affidavit made by a man by the name of William M. Siegers, who resides at Amarillo, Tex., and who claims to have had an interview with me. This affidavit originated at Clinton, Okla. It appears to be a deliberate frame-up on the part of those who have opposed me in the past. It will probably be circulated by someone who is an enemy of the ex-service men. The statements contained in the same cannot be corroborated by any other person in the United States or in any letter that was ever written from my office, and this attempt on the part of designing politicians only goes to show what cheap efforts will be taken by individuals when they go outside of the State to get someone to make an affidavit who admits that he was gassed, and if such is the case his mind was probably affected to the extent that he could be used as a cat's-paw for others and be made to sign a statement that is absolutely false. In fact, I do not have any recollection of ever talking to any such person, and no one in my office even remembers him.

There are thousands of ex-service men, fathers and mothers, widows and orphans, who have been directly interested in benefits which have been secured for them by me who will resent any such method that may be used by those who are responsible for this act, and all I ask is that the records speak for themselves.

I am grateful to the fine citizenship of the Seventh Congressional District for the loyal way they have cooperated with me in the past. I am proud of the confidence that has been bestowed upon me by my colleagues in Congress, and I am highly gratified that it has been my pleasure to stand with our great President, whose record will always mark him as a humanitarian of the highest order.

THE ACCOMPLISHMENTS OF THE SPECIAL SESSION OF THE SEVENTY-THIRD CONGRESS—THE MOST MOMENTOUS AND UNUSUAL PEACE TIME SESSION IN THE HISTORY OF ALL CONGRESSES

Mr. BYRNS. Mr. Speaker, the special session of the Seventy-third Congress came to a close in the early morning hours of June 16. Never before in history had one short session of Congress accomplished more—never had a legislative body been faced with more momentous problems to untangle, and never had a Congress more splendidly met their duty to their country, their President, and their people. The far-reaching effect of the major measures enacted at this session cannot be realized for many months, but there can be no question of the statement that the lives and fortunes of every individual in this Nation will be touched and the course of many changed.

In the short space of 3½ months it enacted 12 major constructive measures and passed legislation which enabled the President, by bringing about economies in governmental expenditures, to balance the Budget for the first time in several years. It was indeed a remarkable feat to so quickly wipe out the deficit which has occurred for the past 3 years and which aggregated over $5,000,000,000. All of these laws were recommended by the great leader in the White House and passed by Congress with the object of restoring the purchasing power of the people, reviving industry, business, and agriculture, and putting the millions of unemployed back to work and giving relief to those who needed it.

It was manifest that a return to prosperity could not be brought about by the old methods—a "new deal" was necessary, and the President so declared in his preelection campaign. When Mr. Roosevelt was inaugurated President on March 4 a national bank holiday had been declared in many States of the Union. In fact, nearly every bank had either closed its doors or was on the verge of doing so. Business

and industry was at its lowest ebb since the beginning of the economic depression. Agriculture was in the depths of despair. Millions of idle men and women were walking the streets in increasing numbers looking for jobs. The people had lost confidence in the ability of their Government to bring about a recovery. Economic chaos threatened the country to a more alarming extent than in the darkest days of the preceding years. The Government seemed powerless to relieve the situation. A "new deal" was not only required but a leader of courage and quick decision was needed to put it into effect and to inspire that confidence in the people which was essential to recovery. Such a leader appeared in President Roosevelt. His short inaugural address was an inspiration and served as a clarion call to the people of all parties to rally together and shake off the depression which was holding our country in its grasp. In that address he declared:

So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed effort to convert retreat into advance. In every dark hour of our national life a leadership of frankness and vigor has met with that understanding and support of the people themselves which is essential to victory. I am convinced that you will again give that support to leadership in these critical days.

The American people responded immediately. Hope and courage replaced despair and fear. There was an instant rebirth of confidence and the Nation turned its eyes toward their new leader in whom they placed their faith. Congress was at once called into extra session and recommendations for changes in our banking laws were made and enacted into law, giving relief in the existing national emergency in banking. Within a few days all sound banks were reopened and the "unreasoning" fear of a bank debacle was dissipated by prompt and courageous action.

This was followed by other recommendations looking to the relief of the country, all of which were enacted into law. I dare say that there is no other instance in history where a President has made so many recommendations and all of them so quickly enacted without one single exception.

And I would not fail to pay tribute to the fine spirit of cooperation of the Republican minority which joined the Democratic majority in placing the stamp of approval on nearly all of these measures. I wish to give the full meed of praise to every Member of Congress who joined in the support of the President in his effort to relieve conditions which were in many respects even worse than those of war times.

Commenting the other day on the work of the special session of the Seventy-third Congress and of the achievements of the Roosevelt administration up to that time, a prominent Washington newspaper writer, in a leading independent daily said that—

A check at the end of the first phase of the Roosevelt administration reveals that most of the major Democratic Party platform pledges have been started on the way to fulfillment.

This—

He added—

is one of the most exceptional feats in modern politics. First, because of the rapid-fire speed with which it has been done and, second, because it is a real novelty to have such a thing happen at all, since politicians generally have regarded platforms as being made to run on and not to stand on.

The writer went on to show that a "check on the fate of Democratic platform pledges adopted a year ago at the Chicago convention" shows action has been taken toward execution of promises in the following:

First. Government economy.
Second. Balancing the Budget.
Third. Reduction of tariffs by negotiation.
Fourth. Unemployment relief and reemployment.
Fifth. Farm and mortgage relief.
Sixth. Water-power development in the public interest.
Seventh. Securities control.
Eighth. Correction of banking weaknesses.
Ninth. Pursuance of a foreign policy which would include a pledge to consult with other nations in carrying out the Kellogg Anti-war Pact.
Tenth. Repeal of prohibition and modification of the Volstead Act.

Although the administration was only 100 days old, it was remarked that of all the pledges made by the Democratic Party in its national platform adopted at Chicago, action had not as yet been taken with respect to but two—regulation of holding companies, interstate utility rates, and commodity and stock exchanges for one, and the strengthening of the Corrupt Practices Act for the other.

Truly this is a remarkable record. It is therefore with a feeling of pride in my party, pride in its chosen leader, President Roosevelt, pride in its majority in this Congress, that I bring into review for consideration the events and the accomplishments of the administration of President Roosevelt and of the Democratic majority in the special session of the Seventy-third Congress.

I truly hope that this country will never again be faced with a situation so grave as that with which it was confronted when the present Democratic administration came into complete control of the Government with the inauguration of President Roosevelt on March 4 last. The events of the last several weeks preceding that inauguration are too fresh in your memories to be recalled here; the picture of the distress, the doubts, and the fears and dangers which then existed are too vivid ever to be forgotten.

Never in the peace-time history of the American Republic did the Nation face a situation so grave, and I doubt if it is any exaggeration to say that not even in any war emergency which we as a people have ever faced was there a time when the peril to our institutions and to our well-being was as great. More than 10,000,000 of men and women were, through no fault of their own, out of employment, and no work was to be found anywhere. Industry was paralyzed, credit was destroyed, agriculture was at the very brink of bankruptcy, and millions of citizens, on the farms, in the villages, and towns and in the cities, were threatened with the loss of everything they had saved through a lifetime of toil and struggle. As I have said, banks were failing at such a rapid rate that in a score of States bank holidays had been declared. Money had either gone into hiding or was locked up in bank vaults, credit had been destroyed, and in many communities the old-fashioned custom of trade and barter of a century and a half ago had been revived in order that people might obtain the bare necessities of bodily comfort—food, clothing, and fuel.

This was the situation when President Roosevelt assumed the guidance of our national destiny at noon on that fateful 4th day of March. A nation, indeed the whole world, stood by to listen to his inaugural address, to hear what of comfort or of hope he could hold out to a stricken people in their hour of peril.

I have referred to the promises which were contained in the Democratic Party's platform of 1932. It was the shortest, clearest, and most unequivocal declaration of principles and pledges ever written by the national convention of any great political party. Although the Democratic administration is as yet only 100 days old, practically every pledge of that platform has been kept, and the country now knows that there is at least one party which believes that pledges are sacred and must be kept.

As that platform was short and to the point, so was the inaugural address of the President brief and specific. It fell upon the ear of a waiting world as a message of hope. None who heard his ringing pledge to service could fail to be cheered. It was clear that as in the days of Jackson and Wilson, another great crisis had developed another great leader; that a firm hand, a great mind, and a devoted heart were united in the person of the man who had come into the most powerful and the most important position in all the world.

President Roosevelt's first Executive order, effective on Monday, March 6, the first working day of the new administration, declared a banking holiday to meet the financial crisis which had settled upon the country, sweeping thousands of banks into insolvency and wiping out the savings of millions of depositors and stockholders. This order was

intended to stop the runs on banking institutions and to save those which were yet solvent. He at the same time declared an embargo on gold exports for the period of the bank holiday.

Not only did these orders accomplish the purpose for which they were intended but they did far more. They did much to restore public confidence. They stopped runs on the banks, so that when the period of the banking holiday had expired every bank that was solvent was enabled to reopen and confidence in it was reestablished.

On the same day on which he declared the banking holiday the President issued a call for Congress to meet in special session on March 9. When this body had convened, with its large Democratic majorities in both Senate and House, the President sent to it, and it enacted that day, the first of the series of legislative enactments which have restored public confidence, have started the wheels of industry revolving again, have stimulated trade, started commodity prices upward, and have, in short, caused confidence to displace doubt, hope to succeed despair, and have set at work constructive instead of destructive forces, until today the American people are again facing the future with courage, with pride, and with confidence.

In quick succession the President transmitted to Congress recommendations for the enactment of the various measures which have subsequently been passed and are now law, such as the Economy Act, the Farm Credits Act, bills for the relief of the unemployed and for reemployment, the Railroad Act, and other measures, all units in a great planned program of reconstruction and rehabilitation, which I shall enumerate in somewhat more detail a little further along.

No darker picture ever met the view of the American people than that upon which they were compelled to look during the closing days of the last administration With what relief, with what new hope and confidence, we view the altered picture of today. Let me give you just a few facts and figures. We all know, and have long known, that agriculture is the basic industry of our country. If it is prosperous, other industry prospers and the people are busy and happy. The farmer cannot be prosperous until he obtains a decent return for his labor. That he cannot obtain until he is paid a price for his products which will give him a fair margin above his cost of production. Although the Roosevelt administration is only 100 days old, and the Democratic Party's reconstruction program is not yet entirely in operation, there has been a sharp upward curve in the price of farm products, and there is reason to believe that on this year's crops the American farmer will realize a profit for the first time in many, many years. Increases in the price of wheat and cotton, two of our greatest staples, furnish evidence of the truth of what I have said.

On March 3 last hard winter wheat sold at Kansas City for as little as 44.4 cents per bushel. On June 10 last the same wheat sold on the same market for 73.4 cents per bushel, an increase of 66 percent.

On March 3 last the average price of spot middling cotton on nine principal exchanges in the United States was 6.06 cents, while on June 10 last it sold on the same exchanges at an average price of 9.13 cents per pound, an increase of 3.07 cents per pound, or of 50 percent. The figures I have quoted are from the Department of Agriculture.

It has been said that under present conditions the American farmer can be prosperous and happy with dollar wheat and 10-cent cotton. Dollar wheat is in sight and 10-cent cotton is almost at hand.

Increased prices, which make for increased values, are being quoted on every hand, and, with few exceptions, these increases are finding their way in part into the pockets of the workingman. Where during the last 3 or 4 years reduced wages and vanishing dividends have been the rule, we now see daily in the public press announcements of workers returning to the mills, of increases in wages, and it is no longer too much to expect that the day of regular and substantial dividends for the investor is not remotely in the future.

That there is confidence that such a day will soon again be at hand we may see in the rising value of securities listed on the country's trading exchanges.

The average value of stock securities listed on the New York exchange rose from 52 to 92 between March 4 and June 10.

The average value of bonds listed on the same exchange rose between the same dates from 74 to 84½.

Between those same dates the level of commodity prices on the produce exchanges rose from 85 points to 120, an increase of 35 points, or more than 40 percent.

Also the return of confidence in the country's financial institutions is reflected in the average price of the stocks of banks and trust companies listed on the New York counter market, that increase having approximated 50 percent between March 4 and June 10.

Certainly these figures reflect a restoration of confidence, the dawn of hope in the future of our country and the return of prosperity to its people. Certainly, too, it reflects the faith of the people in a Democratic administration which, in this short time, has achieved this record, unsurpassed in the entire history of the country.

Let me now call your attention item by item to the series of legislative achievements of the present administration and of the special session of the Democratic Seventy-third Congress which go to make up this marvelous record.

INDUSTRIAL RECOVERY AND PUBLIC WORKS

The purposes of this act are, as defined by President Roosevelt: (1) To obtain wide reemployment; (2) to shorten the working week; (3) to pay decent wages for the shorter week; (4) to prevent unfair competition; and (5) to prevent disastrous overproduction.

This act repeals for 1 year those sections of the antitrust laws which forbid trade agreements, looking to the stabilization of wages, of prices, and of working conditions. It establishes a Federal license system to enforce agreements against recalcitrant units, and empowers the President to regulate production and stabilize industry.

The purpose underlying this act is to have industry regulate itself, through trade associations which industry will set up, the Government to deal with each industry through the association organized within itself. To some extent the antitrust laws are suspended, but price fixing is prohibited, although industry may control production. In short, it is, in the language of the President, "A great cooperative movement throughout all industry" to bring about wide reemployment, a shorter working week, with decent wages, the prevention of unfair competition and of disastrous overproduction.

This measure, which the President preferred to define as a "partnership with industry" rather than the control of industry, provides for a bond issue of $3,300,000,000 to be retired at the rate of $220,000,000 annually. It is estimated that this program will put at least 3,000,000 men back to work at a time when the need for employment is greatest.

Proceeds of the bonds to be sold under authority of the Recovery Act may be expended for highway construction, public buildings, conservation and development of natural resources, the utilization and purification of water, development of water power, transmission of electrical energy, for river and harbor improvements where they are found to be justified, for low-cost housing and slum-clearing projects—in short, for any public or semipublic enterprise found to be constructive and worthy and which the President may approve. Among other things, the bill provides for the expenditure of $400,000,000 for highway construction.

For the protection of labor it is provided that in the various States contracts involving the expenditure of funds obtained from the Federal Treasury shall contain provisions establishing rates of wages to be predetermined by the proper State authorities; that this protection shall be accorded both skilled and unskilled labor; and that in the invitation for bids on such contracts the rates of wages shall be stated so as to be included in the contract biddings.

Operations of the Industrial Recovery Act are limited to 2 years, but may be terminated sooner if the emergency passes.

UNEMPLOYMENT

The first attack on the unemployment problem came before the Roosevelt administration had been in power 3 weeks. On March 21, the President sent to Congress the reforestation bill, which was promptly enacted by Congress, and under which 250,000 young men are being put to work at reforestation camps. Subsequently, the President issued an order under which 25,000 eligible young men from the ranks of former service men are to be included in the reforestation army, known as the "Civilian Conservation Corps." Members of this corps receive $30 per month, with food, shelter, clothing, and medical attendance, with certain provision for pay increases for those most meritorious.

As they are drawn largely from the towns and cities, employment of these men in a valuable work relieves such communities of their support at a time when there is a very heavy strain upon the resources of the various charitable agencies, both private and public. A fund of $200,000,000 to meet the expense of the reforestation work was obtained out of an unexpended balance in the Treasury appropriated for public works, and thus this reforestation program does not require additional taxation.

In addition, the Congress passed an act authorizing outright grants of $500,000,000 to the respective States, the money to be expended by the States in relieving the hardship and suffering caused by unemployment.

Also, the Congress passed the Wagner unemployment agency bill, providing for the establishment of Federal employment agencies in industrial communities in cooperation with the States and authorizing appropriations therefor until 1938. This act was passed during the last administration, but was vetoed by President Hoover.

AGRICULTURE

Enactment of emergency legislation under which the President has set up the Farm Credit Administration. By Executive order the President had consolidated the activities of the Federal Farm Board and the various other boards and bureaus set up by preceding administrations in their futile efforts to deal with the farm crisis and save the agricultural industry from bankruptcy.

Under this legislation authority is conferred upon the President to expand credits, stimulate the price of farm products, increase the currency in circulation, and take such other steps as the Chief Executive and his advisers may deem necessary to restore agriculture to a basis of prosperity and end the orgy of bankruptcies which have swept away the homes and other property of literally millions of farm families. The sum of $200,000,000 is provided for additional farm credits, and even more far-reaching in its effect will be the authorization of the issuance of $2,000,000,000 in bonds with which farm mortgages may be refinanced at the low interest rate to the farm owner of 4½ percent. Thus the farmer who has been burdened under mortgage interest rates of 6 and 7 percent, and sometimes even higher rates, will be able to refinance his mortgage at 4½ percent and is given 15 years during which to amortize the mortgage. Under the authority conferred upon the President the duties of the various existing agencies, such as the Federal Farm Board, the Farm Loan Board of the Treasury Department, the Crop Loan Bureau of the Department of Agriculture, the Regional Agricultural Credit Corporation, and others were transferred, and all authority to deal with the farm-credit problem centralized in the Farm Credit Administration.

In the program of farm legislation Congress provided for the establishment and maintenance of such balance between the production and consumption of agricultural commodities as it is hoped will reestablish prices paid to farmers so that their agricultural commodities will have a purchasing power equivalent to that which they enjoyed before the war. Authority is given to the Secretary of Agriculture to bring about reduced production to increase farm commodity prices and to negotiate marketing agreements with processors and handlers of agricultural commodities to accomplish the purposes of the legislation.

MUSCLE SHOALS

After more than 12 years of enormous waste under Republican administrations, during which time many millions of dollars worth of water power has gone over the great Muscle Shoals Dam with neither the Government nor the American public receiving any benefits therefrom, the Congress, under the leadership of President Roosevelt and Senator Norris, passed the Tennessee Valley Authority Act. Under this act a board of three members has been appointed to put the great Muscle Shoals property and Tennessee River to work for the people. By the development of Muscle Shoals and the construction of the Cove Creek Dam, not only will agriculture be served but flood control in the Tennessee and Mississippi Valleys will be furthered, navigation will be encouraged, and power developed and conserved. It will open additional avenues for a large number of workers and lead to the industrial development of a section of our country rivaling the Ruhr Basin of Germany in its richness.

In addition, this great property, whose development was begun by another Democratic President, Woodrow Wilson, will be kept in the control of the people in stand-by condition for use in case of war emergency. It will produce fertilizer to the end that the farmer's fertilizer bill will be reduced; and it will mark a long forward step in flood control, thereby helping to remove from the lives of thousands of citizens and of hundreds of millions of dollars worth of property the annual menace from the recurring floods which in the past have claimed an enormous toll in human life and property damage. It will also open the Tennessee River to navigation the year round and contribute enormously to the development of the immensely valuable natural resources in the Tennessee River Basin. Moreover, development of water power at Muscle Shoals will set up a yardstick for the determination of fair and reasonable rates for electric energy, bringing cheaper power to consumers throughout the entire country, and mark the dawn of a new day of electrification, rural as well as urban. This development will contribute materially to the accomplishment of the great Nation-wide program of conservation for which the Democratic Party has long stood, to the end that the country's vast natural resources may be saved to the people rather than be conferred as special privileges upon monopolistic selfish interests for the serving of special ends at the expense of the people.

MONEY AND BANKING

Enactment of emergency banking legislation, passed March 9—the first day of the special session of Congress—under which approximately 14,500 banks were reopened after the bank-panic holiday. Control over currency passed to the President under the inflation sections of the Farm Act; the gold clause was outlawed in public and private contracts and the President authorized to fix gold and silver coinage ratio. The Glass-Steagall banking bill passed in the closing days of the session has been declared the greatest piece of banking legislation since the passage of the Federal Reserve Act in the first administration of President Wilson. This legislation amends the Federal Reserve Act by empowering the Federal Reserve Board to suspend banks from the use of credit facilities of the Federal Reserve banks for the speculative carrying of or trading in securities, or other purposes not consistent with the maintenance of sound credit conditions; it makes Morris plan and other industrial loan banks eligible for membership in the Federal Reserve System; it provides for the divorcement of member banks from security affiliates to prevent speculation with depositors' money; it makes provision for the prompt liquidation of closed banks, for the relief of depositors, and sets up a corporation to insure bank deposits within certain limitations in order to safeguard the depositors and prevent further such terrific losses as have occurred to depositors during recent years through the failure of many thousands of banking institutions. A Democratic Congress in the administration of Woodrow Wilson enacted the Federal Reserve Act, admitted by all classes to be one of the most constructive banking measures passed for over half a century. The recent session under the leadership of President Roosevelt enacted the Glass-Steagall banking bill, which I

have said is declared to be the greatest piece of banking legislation since the passage of the Federal Reserve Act. This is a complete answer to the challenge which has been so continuously made that the Democratic Party cannot be safely entrusted with the business affairs of the Nation.

SECURITIES ACT

This act provides for Federal supervision, through the Federal Trade Commission, of interstate traffic in investment securities, and is designed to protect the American public against further flotation of securities of doubtful value, the sale of which in recent years has cost the public many billions of dollars. The act requires that the fullest possible information concerning security issues it is proposed to market shall be filed under oath with the Federal Trade Commission, so that the prospective investor may have accurate and reliable knowledge of the business and properties on which the securities are based. Severe penalties are imposed for failure to comply with the provisions of this act.

HOME MORTGAGES

Under the bill for the relief of home owners, persons whose homes are threatened with mortgage foreclosure may on homes with an assessed valuation up to $20,000 refinance their mortgages at an interest rate of 5 percent, and may have 15 years in which to pay off the mortgage. Through this legislation it is expected that not only will millions of families be able to save their homes, but that a more considerate policy on the part of private mortgage holders will be forced.

ECONOMY

As a result of the passage of the Economy Act and through the reorganization of the various departments and bureaus of the Government, to eliminate waste, duplication of effort, and to abolish unnecessary Federal activities, it is estimated that the cost of the Federal Government will be reduced $1,000,000,000 during the next fiscal year. This is about 25 percent of the total cost of the Federal Government and therefore is in strict fulfillment of the pledge contained in the Democratic platform adopted at Chicago last year to reduce the cost of the National Government by one fourth.

Government salaries have been reduced by 15 percent, and as a result all the economies which have been provided for, and with the additional revenue expected to be brought into the Treasury, it is expected that the Federal Budget will be substantially balanced during the next fiscal year, thus contributing to the restoration of public confidence and to economic recovery. At the last session of the Seventy-second Congress appropriations made for the ordinary operations of the Government for the fiscal year 1934 amounted to $4,358,879,635.98, which was $1,323,188,585.97 less than the appropriations made at the previous session, which amounted to $5,682,068,221.95. For this reduction a Democratic appropriations committee and a Democratic House can justly claim the chief credit. Included in the total appropriations made at the closing session of the Seventy-second Congress were amounts appropriated for the District of Columbia for 1934, viz: $36,291,647 and $1,003,314,981, which was carried for independent offices for the same fiscal year. These two bills failed of passage and were reenacted at this special session with a saving of $377,428,248. In the District of Columbia appropriation bill enacted at this special session $30,375,834 was carried, thereby effecting a saving of $5,915,813. The reenacted independent offices bill carried $631,802,546, a saving of $371,512,435.

In fact, since the Democratic Party organized the House at the beginning of the Seventy-second Congress, including that Congress and the special session, there has been a total reduction of appropriations for the ordinary operations of the Government amounting to $2,840,470,452.91.

REVENUES

The Industrial Recovery Act provides for $227,000,000 of new revenues. Of this $62,000,000 will be derived from the increase of one half cent on gasoline and $165,000,000 from changes in the income- and profits-tax sections of the Revenue Act of 1932, which includes a tax of 5 percent on stock dividends, estimated to yield $70,000,000. These amendments also transfer the power tax from the consumer to the producer. The tax on beer is estimated to yield a sum of not less than $125,000,000 to possibly $200,000,000 annually.

Congress has amended the Revenue Act of 1932 in two respects to prevent the escape of wealthy classes from the payment of income taxes, as was disclosed by the Senate committee's investigation into the J. P. Morgan partnership. Under the 1932 Revenue Act, private bankers were exempt from the provisions of that act with respect to deductions for short-term losses. This exemption has been removed and private bankers are now treated in this respect exactly like any private individual or corporation. The other amendment provides that no part of a loss disallowed to a partnership, because of the fact that it is sustained in connection with transactions in stocks and bonds covering a period of 2 years or less, shall be allowed as a deduction to an individual member of the partnership. These two amendments are expected to bring a good many millions of dollars in taxes, heretofore evaded, or avoided, into the Federal Treasury.

PROHIBITION

In keeping with the pledge made by the Democratic Party in its 1932 platform, this Congress modified the Volstead Act to permit the manufacture and sale of beer (in such States as legalize such manufacture and sale) having an alcoholic content of not to exceed 3.2. This is expected to bring revenue into the Federal Treasury of from $125,000,000 to $200,000,000 a year.

RAILROADS

The Railroad Act provides for railroad combinations and coordination, to link the systems together, enable them to use one another's terminals and like facilities, and to jointly adjust schedules and bring about savings to investors and lower rates to the shippers. Labor is protected against the loss of jobs. The office of coordinator is established; that officer to enforce the economies and adjustments contemplated in the act, with three regional assistant coordinators provided for.

TARIFF

In the Industrial Recovery Act, the President is authorized to adjust tariffs and impose embargoes to meet damaging foreign competition made possible through depreciated currencies.

EXTRAORDINARY MEASURES

Through the series of measures passed during the closing session of Congress vast extraordinary powers have been vested in the President to empower him to deal with the critical economic situation. He has been given the power to alter the gold content of the dollar; to remonetize silver; to suspend or alter, within limits, governmental contracts, including Federal salaries, pensions, and allotments, air and ocean mail subsidies; to regulate and coordinate industrial production and banking and railroad operations; to develop and operate Muscle Shoals; to allocate appropriations for public works; to reduce the first-class mail rates; to alter tariffs, levy quotas, and establish embargoes, with the advice of the United States Tariff Commission, and to regulate or prohibit the interstate shipment of oil produced in violation of State quota laws. This delegation of power was conferred to meet an acute emergency and is limited to a period of not more than 2 years.

In this remarkable achievement it has been necessary for everyone to make sacrifices as their share toward victory in the war being waged against depression. That these sacrifices will be cheerfully made I have no doubt, for the patriotic spirit of the Americans today is characteristic of that which they evidenced when war clouds enveloped our country.

This record abundantly justifies the continued confidence of the American people in a Democratic President and a Democratic Congress, in which every Member has played a necessary and important part.

When the weary Members of the Congress returned to their homes I am sure they met on every hand evidences of the confidence of the home people and received commenda-

tion from them for the service which they had rendered their districts, their State, and their Nation during the momentous session which has just come to an end.

May I say in conclusion that everyone should exhibit a spirit of optimism and confidence in the future which is justified by the present trend of events, and those who may seek, for any reason whatever, to lessen this spirit of optimism and confidence are not serving the best interests of their country.

LEGISLATIVE RECORD OF SEVENTY-THIRD CONGRESS

Mr. SNELL. Mr. Speaker, availing himself of his constitutional powers, President Roosevelt called an extraordinary session of the newly elected Seventy-third Congress to assemble March 9 this year. An even 100 days elapsed from the date of its assemblage to the date of its adjournment, June 16.

It was in every sense of the word an extraordinary session of Congress. No legislative body in the history of the United States ever wrought such profound changes in the laws and the Constitution.

It appropriated more money, levied more and heavier new taxes, and authorized a larger bond issuance, calling for heavier annual interest charges, than any other Congress in the history of the United States, with the single exception of the Congress in session during the World War.

In those 100 days the extraordinary session of the Democratic Congress appropriated, in round numbers, $4,400,000,000.

It continued in force the new special taxes the last Democratic Congress levied, amounting to $400,000,000. When those taxes were levied a year ago, the Democratic Congress characterized them as temporary, and the law provided they would expire as of June 30 this year. But this new Congress continued those taxes and added $220,000,000 more new taxes, making $620,000,000 additional new taxes to be paid by the American people during the coming fiscal year.

This Congress authorized the issuance of $8,560,000,000 in new Government bonds or securities. The Government disavows responsibility for the payment of the principal of $4,000,000,000 of this amount. This disavowal is carried in the acts of Congress which authorized their issuance. The Government does, however, agree to pay the interest. Of the remaining $4,500,000,000 the Government promises payment of interest and the redemption of the principal in whatever we may be using for money at the time the principal and interest become due. Assuming that these bonds may be floated at the same rate of interest as the most recent issue was floated, namely 2⅞ percent, this enormous bond issue will increase the annual interest charges of the Government in the sum of $244,662,500. With the issuance of these bonds, our interest-bearing public debt will exceed by $5,000,000,000 the peak of our public debt during the World War.

In view of this, what of the pledge of the Democratic Party to reduce expenditures of the Federal Government 25 percent and balance the Budget? It has gone to the realm of forgotten things; just another one of those Democratic campaign promises.

Instead of reducing the Federal expenditures 25 percent, the Democratic administration in 100 days more than doubled them.

When this Congress assembled it found the short session of the Seventy-second Congress, which closed March 4, had passed all but two of the regular appropriation bills providing funds to run the Government for the fiscal year beginning July 1 next. All the special session had to do to carry out the program of a 25 percent reduction in public expenditures was to pass the two appropriation bills which the previous Congress had not acted upon and start its program of economy. It did pass the two appropriation bills, carrying a total of $662,000,000. With the passage of these the work of providing funds for the regular expenditures of the Government for the fiscal year beginning next July was completed. But instead of setting about to save 25 percent of the appropriations made, this special session of Congress started on a spending spree. It passed additional appropriation bills carrying a total of $3,708,000,000, to take care of new agencies, new activities, new machinery demanded by the Democratic administration and created by the special session of the Democratic Congress. (See table A, at close of remarks.) One appropriation bill alone, passed on the last day of the special session of Congress, carried appropriations for these new activities in the sum of $3,608,915,000—which is $600,000,000 more than the entire cost of running the Government for the last fiscal year, not including the interest on the public debt and the sinking fund.

The Federal Budget has not been balanced. It is more out of balance than at any time in the history of the United States, with the single exception of 1 year during the World War.

There has been a persistent attempt upon the part of this administration to make the public believe the Budget has been balanced. It is doing this through the device of keeping two sets of books. One set is known as the "ordinary Budget." The other set is known as the "extraordinary Budget." The "ordinary Budget" consists purely of operating expenses. The "extraordinary Budget" consists of major expenditures, labeled "Emergency" or "Capital investments."

To illustrate: The average citizen, running his household in this manner, would charge up against his salary or wages his incidental day-by-day household expenses, such as food, clothing, gas, light, and fuel, and call it his "ordinary budget." But if he had doctor or hospital bills or some other unforeseen expense, he would label it "emergency" and put it in his "extraordinary budget." If he desired to purchase a motor car or household furniture or repair his property, he would borrow the money, charge it to "capital investment" and place it in his "extraordinary budget."

If, at the end of the year he had been able to meet his incidental expenses out of his salary or wages, he would claim that he had balanced his budget. He would take no account, insofar as his budget was concerned, of the money he had borrowed to buy his motor car or furniture or to repair his property.

That is a delightful way of fooling oneself until the day of reckoning is at hand. But the time comes quickly when the householder who runs his financial affairs in this manner appears in the bankruptcy court. The obligations which he has incurred must be paid, regardless of whether he classifies them as "ordinary" or "extraordinary."

So it is with this Government. Tricky bookkeeping, devised to conceal from the public the real financial condition of the Government, may succeed in its purpose for a brief time, but it does not pay off the debts. It does not stop the drain on the public credit. It does not stop the increase in interest charges. It does not halt the upward march of Federal taxes.

Heretofore there has been no deception regarding our Federal expenditures. Since the organization of this Government, under both parties, our methods of handling the public's money have been subject to no concealment. For example, appropriations for Federal aid in public highway construction were carried in the regular appropriation bill for the Department of Agriculture, because the Public Highway Bureau is an integral part of the Agricultural Department, and the Secretary of Agriculture is held responsible for its administration and for the proper expenditure of the Federal funds for public highway work. In like manner, and for like reasons, the public buildings appropriations appeared in the routine budget of the Treasury Department, new Navy construction was properly included in the regular appropriation bill for the Navy, and reclamation appropriations appeared in the routine appropriation bill of the Department of the Interior, and so on. By this method the people knew what their Government was costing them. If at the end of the year there was a deficit, they at least knew where and how that deficit had been created.

Under the "new deal" the Federal expenditures for public highway construction, public buildings, naval construction, reclamation, and other like expenditures are no longer found in the budgets of those departments that spend the money.

They are kept in another set of books. They are classified as "capital investments", and when the Budget is to be balanced these expenditures are completely ignored.

But bookkeeping or no bookkeeping, the $400,000,000 appropriation for public highway construction made by the special session of Congress just closed must be paid by the taxpayers. So, too, must the $247,000,000 of new construction for the Navy and the $50,000,000 authorized for work in reclamation, irrigation, and drainage projects, and the billions of dollars that are to be expended by the Treasury Department for public buildings. You cannot escape the sheriff and the debtors' court by the mental process of capitalizing your debts and calling them investments.

Had the Republican administration adopted this trick of Budget balancing by keeping two sets of books, the deficit of $903,000,000 for the fiscal year of 1931, which the Democrats in Congress characterized as "stupendous" and "staggering", would have been transformed into a handsome surplus of $360,000,000, and the Democratic Party would have been deprived of one of its principal campaign issues. The Republican administration spent the money and kept the account in only one set of books, which are always open to the public. It attempted no deception in order to lull the people into a false sense of financial security. That was old fashioned, according to economic standards set up by this administration. But it may be said in justification of those old-fashioned Republican methods that history records the unvarying story that double bookkeeping and juggled budgets have been the favorite tools of short-sighted politicians since the beginning of organized government—devices to deceive the taxpayers that inevitably resulted in bankrupt governments and economic and political uprisings.

The system of double bookkeeping has been carried by this administration into the matter of issuing Government bonds, which increases our interest-bearing public debt. The special session of Congress authorized the increase of our interest-bearing public debt by the stupendous sum of $8,560,000,000. As stated previously, the Government does not undertake to redeem $4,000,000,000 of these new bonds authorized by the acts refinancing farm and home mortgages, although it does guarantee the interest. The National Recovery Act made necessary the issuance of $3,300,000,000 of Government bonds in order to provide the money appropriated to carry out the provisions of that act. In addition to the above, the special session of Congress authorized the expenditure of $1,210,000,000 to carry out other activities inaugurated by this Democratic administration and directed that the money be obtained from the Reconstruction Finance Corporation. The Reconstruction Finance Corporation is financially merely the alter ego of the United States Treasury. It borrows no money anywhere except of the United States Treasury. The United States Treasury is its only creditor. Every time the Congress authorizes the Reconstruction Finance Corporation to make loans or advance money to any project and authorizes it to increase its outstanding obligations in that amount, insofar as the taxpayers of this country are concerned and insofar as the credit of the United States Government is concerned, it is merely issuing an order for the United States Treasury to increase our outstanding interest-bearing public debt by just that amount and turn the money over to the Reconstruction Finance Corporation, which, in the capacity of a middleman, passes it on as directed by the act of Congress.

Not only has this administration more than doubled the Federal expenditure, but it has prostituted the public service by stipulating in the legislation creating new activities and setting up new machinery that the Federal employees needed in those operations shall be political spoilsmen. Some conception may be had of the extent of this vast army of political spoilsmen now advancing on Washington when the Department of Agriculture estimates it will take 200,000 individuals to carry out the provisions of the domestic allotment law alone.

During its 100 days of existence, the Democratic Congress legally repudiated the gold standard, an act that was not found necessary during the dark days of the Civil War or during the period of financial stress during the World War. By reason of that action the United States Government, for the first time in its history, deliberately dishonored its pledges to those who had bought Government securities. This act of outright repudiation has set an example to other nations owing us money which is already bearing us costly fruit. It will operate to our financial loss and our national humiliation for generations to come.

As a corollary to this action, the Congress branded as a statutory criminal anyone who had accumulated savings out of his wages or income and held them in the form of what has been legal-tender money since this Government was first established 150 years ago.

This Congress put the Government directly into Federal ownership and operation of public utilities, and took a long, long step toward establishing Government ownership and operation of railroads and other transportation systems. It did this in the face of the miserable failure of Government operation of the railroads during the last Democratic administration.

This Congress set up the most elaborate system of bureaucratic dictation that has been known to the civilized world outside of Russia, and in some respects equal to that of Russia. This was done in the provisions of the Domestic Farm Allotment Act and the National Recovery Act. Under the provisions of those laws, Federal officials are empowered to put a Federal agent on every farm and in the office of every factory for the express purpose of dictating to agricultural and industrial producers conditions under which they must run their private affairs and imposing penalties of the law for disregard of bureaucratic orders.

In repudiation not only of the Democratic platform of 1932 but the Democratic platforms of the last half century, this Congress repealed the antitrust laws.

In some instances, in direct violation of the United States Constitution and in practically all instances in violation of the traditions and practices of this Republic, extending over a period of 150 years, this Congress gave to the President of the United States more power than was given to Lincoln to save the Nation or to Wilson to win the World War. It empowered him—

To increase or decrease the wages of every Government employee;

To close all the banks, or any bank, State or National, to keep them closed for any period he directs, and to fix the terms of their reopening;

To outlaw the possession by any individual, firm, or corporation of gold or gold certificates, to compel such legal tender to be delivered to the Government in exchange for whatever kind of money the Government chose to offer;

To impose taxes of unspecified amounts upon manufacturers and processors handling seven major farm products and, if necessary, competitive products;

To distribute the money thus raised as a bounty or bonus to certain agricultural producers;

To fix within certain broad limits pensions and compensation to be paid to veterans of the various wars and their dependents;

To require industries, or groups of industries, to adopt codes of practice within their industries affecting wages, maximum hours, working conditions, prices, restriction of output, and combinations;

To reject or modify such codes and to dictate substitute codes and compel industries to accept them, under penalty of being deprived of the right to continue in business, in addition to being subject to fine;

To expend in his discretion all or any part of $3,000,000,000 in the construction of public works of whatever character he dictates and in whatever locality he selects, or to use the money in loans to cities and States for that purpose;

To expend up to $250,000,000 in maintenance of reforestation conservation work camps;

To impose operating conditions on the railroads of the United States;

To reorganize and consolidate executive agencies of the Government; to reallocate them or to abolish them alto-

gether, forcing into idleness an untold number of employees of the agencies and activities so abolished;

To raise or lower postal rates, which gives him punitive power over the public press;

To cancel or annul existing air and ocean mail contracts;

To make public the income-tax returns of individuals in his discretion;

To compel the Federal Reserve banks to purchase up to $3,000,000,000 in Government securities, in order to sustain the market in Government bonds;

To start the printing presses and issue $3,000,000,000 in greenbacks; and

To debase the gold content of the dollar down to 50 percent of its present value.

This may not be a complete list of the powers the Congress delegated to the President, but it certainly is a formidable one, even though it may be incomplete.

In delegating those powers to the President, as well as in acting upon other measures, the Congress, insofar as the House of Representatives is concerned, has been a legislative but not a deliberative body. There never has been such a travesty upon representative government as the procedure of the House of Representatives in the extraordinary session of the Seventy-third Congress. Bills were written in the executive departments of the Government, sent to the House, and ordered passed as written.

In some cases, bills have been passed before they were printed, before any copies were available even for the leaders of the House or members of the committees sponsoring them, without anyone's knowing what they contained. Those bills were passed under special rules which made of the House of Representatives merely a rubber stamp to furnish the necessary legality to the desires of the executive branch of the Government. Those rules permitted no amendments to be offered to the bills in question. But the rules were not intended to be partisan. They were not directed at the Republican minority. They were merely intended to prevent freedom of action upon the part of the House of Representatives. In point of fact, their real purpose was to prevent the Democratic majority from getting out of control and refusing to take orders from the White House. Upon one or two occasions, these rules were invoked to force through bills which the Democratic caucus had refused to support.

All this was done upon the ground that dire emergencies existed, which could not be handled except by a highly centralized authority. Haste was represented as being the essential need of the hour.

With some of the legislation the Republican minority is in sympathy. To some of it, it is vigorously and unalterably opposed upon the ground that it violates every sound economic principle as well as the letter and spirit of the Constitution, and is subversive of the institutions of this Republic. Against such legislation the Republican minority has registered its protest. Under the Democratic rules which have governed the pracedure of the House, it could do nothing more.

With much of the legislation the Republican minority heartily agrees with the President that it is purely "an experiment." No time was permitted for careful analysis of or sober second thought upon that legislation. As Prof. Raymond Moley, Assistant Secretary of State and probably the closest adviser of the President, stated in a public article during the time Congress was in session:

> We are conscious of the danger that there is so little time to think.

In the opinion of the Republican minority much of the legislation of this session furnishes conclusive proof the danger referred to by Professor Moley was very real.

Rather than to take time to deliberate the mass of legislation thrust upon it by the executive departments with peremptory orders to pass it without hesitation or modification, rather than live up to the solemn duty of a body elected to reflect the will of the people and embody their wishes in the statutes of the land, this Congress has permitted itself to be driven in panicky haste to affixing its approval to the most revolutionary and far-reaching legislation ever enacted by any American Congress.

One thing, however, admits of no controversy. This Congress has dealt generously—even prodigally—with the Nation's Chief Executive. With some minor exceptions he obtained everything for which he asked—even to our adjournment. The record of the Republican minority in this Congress bears out the statement that we resorted to no captious criticism. We attempted no petty partisan obstruction. Even where we violently disagreed with the proposals before us, we registered our disagreement in a dignified and parliamentary manner, without bickering or vilification.

This extraordinary session is closing, leaving with the President unprecedented power and unparalleled funds to work out the salvation of the American people according to his own theories and strategy.

As upright American citizens whose first concern is for the welfare of their fellow countrymen and the integrity of their Nation's institutions, we all hope these experiments will prove equal to the hopes of the President who proposed them. As President Hayes stated in his inaugural address:

> He serves his party best who serves his country best.

The Republican minority of this House still subscribes to that sentiment.

Whether or not the measures enacted by this Congress fulfill the hopes of those proposing them is a question which time only will determine. If they prove successful, their very success is the vindication of their wisdom. But if they fail, let it be said that they failed because they were economically unsound rather than because they were unwisely administered. The President asked for the legislation and he asked for the power to be used as a public trust, and it was in such a spirit his requests were granted. The people of this country at least have the right to demand that he use this power in the same spirit it was granted and not as a political opportunity or a partisan weapon. Great as is the power now centered in the Chief Executive, still greater is his solemn responsibility to see to it that power is not prostituted or misused. The opportunities offered in much of the legislation enacted invite the building up of a corruptible and corrupting political machine, capable of intolerable abuses and immense scandals. Already there are evidences that certain interests and individuals are preparing to take advantage of just such opportunities. The American people will not demand that the President bring about an economic millennium through the powers vested in him and the laws enacted at his request, but they do expect and have a right to demand that if he fails in his high purpose that he return those powers untainted by political corruption or partisan favoritism. They had better remain unused than to be abused.

In closing, may I venture the opinion that whatever mistakes have been committed by this Congress have been committed because of the persistent demand that we sacrifice calm judgment and due deliberation in order to make haste. And may I recall the admonition of President Lincoln in his first inaugural address, when, at a time practically all factions and all parties were clamoring for action, action, action, he stated:

> Nothing valuable can be lost by taking time. If there be an object to hurry any of you in hot haste to take a step which you would never take deliberately, that object will be frustrated by taking time; but no good object can be frustrated by taking time.

TABLE A.—*Summary of appropriations of first (extraordinary) session of the Seventy-third Congress*

Independent Offices Appropriation Act		$631,802,546
District of Columbia Appropriation Act		30,375,834
Third Deficiency Appropriation Act		994,597
Department of Agriculture:		
Agricultural Adjustment (Domestic Allotment) Act, sec. 12 (a), for administrative expenses		100,000,000
Fourth Deficiency Appropriation Act:		
Farm Credit Administration, sec. 5, Farm Credit Act, 1933:		
Revolving fund	$40,000,000	
Administrative expenses	2,000,000	

TABLE A.—*Summary of appropriations of first (extraordinary) session of the Seventy-third Congress*—Continued

Fourth deficiency appropriation act—Continued		
Federal Trade Commission, for administration of Security Act of 1933	$265,000	
Federal Home Loan Bank Board: To promote local thrift (sec. 6, Home Owners' Loan Act, 1933)	150,000	
Federal savings-and-loan associations (sec. 5 (g) Home Owners' Loan Act, 1933)	50,000,000	
Department of Labor: Establishment national employment system (Wagner bill approved June 6, 1933)	1,500,000	
Federal land bank (sec. 23, Emergency Farm Mortgage Act)	50,000,000	
Federal land bank (sec. 24, Emergency Farm Mortgage Act)	$15,000,000	
Bank-deposit insurance (sec. 12B, par. (c), Glass banking bill)	150,000,000	
Miscellaneous items	1,164,670	
National Industrial Recovery and Public Works Act (sec. 220)	3,300,000,000	
		$3,610,079,670
Grand total, appropriations, 1st sess. 73d Cong.		4,373,252,647

NOTE.—The independent offices and District of Columbia appropriations were the two regular appropriation bills left over from the short session of Congress, which adjourned March 4 last. The third deficiency appropriation consisted almost wholly of providing funds to pay court judgments and claims against the Government. The miscellaneous items of the Fourth Deficiency Act were to pay claims and judgments against the Government, provide for the George Rogers Clarke Sesquicentennial Commission, pay the expenses of the delegation of the United States at the London Economic Conference, and pay expenses of inquiries and investigations ordered by the United States Senate. All the rest of the appropriations under the Fourth Deficiency Act were to finance projects and activities inaugurated by this administration. They totaled $3,608,915,000, to which must be added the $100,000,000 appropriated by the Agricultural Adjustment Act for administrative expenses in carrying out the provisions of that act. This makes a grand total of $3,708,915,000 that this special session of Congress appropriated over and above the routine expenses necessary to run the Government for the next fiscal year.

Part of the item of $3,300,000,000 in the Fourth Deficiency Act is "earmarked" under the provisions of the act. Four hundred million dollars is set aside for Federal aid in public-highway construction. Not less than $50,000,000 is set aside for consideration of public highways in national parks, forests, and Indian reservations. Twenty-five million dollars is set aside to be used at the discretion of the President to finance the back-to-the-land movement in an endeavor to relieve the congestion in industrial centers.

In addition, under the provisions of the Fourth Deficiency Act itself $50,000,000 is set aside for use by the directors of the Tennessee Valley Authority (Muscle Shoals).

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn sine die.

The motion was agreed to; accordingly (at 1:22 o'clock a.m.), the first session of the Seventy-third Congress adjourned sine die.

EXECUTIVE COMMUNICATIONS, ETC.

109. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting a report of the Chief of Engineers, pursuant to the Rivers and Harbors Act of July 3, 1930, on preliminary examination of Kalihi Harbor and Keehi Lagoon, Island of Oahu, Hawaii, entrance into Honolulu and Pearl Harbors, together with accompanying papers, was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MALONEY of Louisiana: A bill (H.R. 6123) to provide for the survey of Bayou Sennette, in Jefferson Parish, La., with a view to maintaining an adequate channel of suitable width; to the Committee on Rivers and Harbors.

By Mr. WALDRON: A bill (H.R. 6124) authorizing the Reconstruction Finance Corporation to make loans to bona-fide institutions or individuals, for the purpose of financing agriculture, commerce, and industry; to the Committee on Banking and Currency.

By Mr. CELLER: A bill (H.R. 6125) to establish uniform requirements affecting Government contracts, and for other purposes; to the Committee on the Judiciary.

By Mr. CRAVENS: A bill (H.R. 6126) to provide for the construction of a post-office building at Fort Smith, Ark.; to the Committee on Public Buildings and Grounds.

By Mr. TINKHAM: Joint resolution (H.J.Res. 208) authorizing and directing the President of the United States to recall Norman H. Davis as chairman of the American delegation to the General Disarmament Conference with the personal rank of ambassador and as a member of the organizing committee of the Economic Conference; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to give serious consideration to allotting for highways a larger proportion of the funds set aside for the public-works program; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Arizona, requesting Congress to, either by legislation or regulation, reinstate the time heretofore in force for allowing presumptive disability; to allow the same rules for reduction of compensation for direct service-connected disability to apply to presumptive disabilities; and to reinstate all life statutory awards for arrested tuberculosis as the same heretofore existed; to the Committee on Expenditures in the Executive Departments.

Also, memorial of the Legislature of the State of Wisconsin, relating to cost of production for farmers; to the Committee on Agricuture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JOHNSON of West Virginia: A bill (H.R. 6127) granting Distinguished Service Cross to Acors Rathbun Thompson; to the Committee on Military Affairs.

By Mrs. ROGERS of Massachusetts: A bill (H.R. 6128) to correct the naval record of Joseph Horace Albion Normandin; to the Committee on Naval Affairs.

By Mr. TRAEGER: A bill (H.R. 6129) for the relief of Edna M. Callahan and Anna Scott; to the Committee on Claims.

By Mr. PATMAN: A bill (H.R. 6130) to prevent misrepresentation and deception in the sale of milk and cream in the District of Columbia; to the Committee on the District of Columbia.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1387. By Mr. CARTER of California: Petition of H. J. Walters, James L. Mills, and 65 other residents of Oakland, Calif., urging the passage of a general manufacturers tax; to the Committee on Ways and Means.

1388. Also, petition of Carl Hanson, R. E. Hussey, and 15 other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1389. Also, petition of Arthur D. Lambie, Jessie V. Rudolf, D. L. Black, and 50 other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1390. Also, petition of C. S. McGeorge, W. A. Triebe, G. Anderson, and 30 other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1391. Also, petition of Edward F. Berlin, W. H. McKelvey, and nine other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1392. Also, petition of C. L. McNulty, Philip Bradshaw, and 20 other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1393. Also, petition of Robert L. Miller, Maynard Church, and 50 other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1394. Also, petition of George J. Luttrell, A. C. McCurrie, and 30 other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1395. Also, petition of John Milne, Herbert W. French, and 20 other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1396. Also, petition of Mrs. Earl Christiansen, Mrs. D. M. McCarthy, and 40 other residents of Oakland, Calif, urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1397. Also, petition of J. A. Sutton, Earl Hunter, T. B. Bridges, and 20 other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1398. Also, petition of Rev. James E. Jackson, W. R. Forsey, and 30 other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1399. Also, petition of M. G. Lowry, R. L. McMahon, A. E. Castro, and 60 other residents of Oakland, Calif., protesting the action of the President in cutting down and taking away the pensions of the Spanish-American War veterans and urging that the President restore these pensions; to the Committee on Pensions.

1400. Also, petition of J. A. Young, E. M. Lamd, Mrs. B. Johnstone, and 20 other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them and their dependents; to the Committee on Pensions.

1401. Also, petition of C. J. Hogan and 1,800 other residents of Oakland, Calif., urging that the pensions cut down and taken away from the Spanish War veterans by the Economy Act be restored to them; to the Committee on Pensions.

1402. By Mr. SUTPHIN: Petition of Ancient Order of Hibernians of America, Middlesex County Board, opposing reduction or cancelation of foreign war debts; to the Committee on Foreign Affairs.

1403. By the SPEAKER: Petition of the city of Chicago, re the construction of highways in the greater Chicago metropolitan region; to the Committee on Roads.